

**PARKING AUTHORITY OF THE  
TOWN OF WEST NEW YORK  
(A Component Unit of the Town of West New York)  
REPORT OF AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

# PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK

## TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-7
	Basic Financial Statements	
A	Comparative Statements of Net Assets at December 31, 2009 and 2008	8-9
B	Comparative Statements of Revenues, Expenses and Changes in Net Assets for the Years ended December 31, 2009 and 2008	10
C	Comparative Statements of Cash Flows for the Years ended December 31, 2009 and 2008	11-12
	Notes to the Basic Financial Statements	13-27
 <u>Schedule</u>		
1	Schedule of Revenues for the years ended December 31, 2009 and 2008	28
2	Schedule of Revenues and Expenses Compared to Budget for the year ended December 31, 2009	29
	Government Auditing Standards Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	30-31
	Schedule of Findings and Responses	32
	Roster of Officials and General Comments and Recommendations	
	Roster of Officials	33
	General Comments	34
	Appreciation	34
	Recommendations	35

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## INDEPENDENT AUDITORS' REPORT

Honorable Chairperson and Members of the Board of Commissioners  
Parking Authority of the Town of West New York  
West New York, New Jersey

We have audited the accompanying basic financial statements of the Parking Authority of the Town of West New York, a component unit of the Town of West New York as of and for the years ended December 31, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parking Authority of the Town of West New York's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Parking Authority of the Town of West New York as of December 31, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

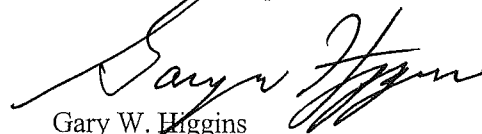
In accordance with Government Auditing Standards, we have also issued our report dated May 12, 2010 on our consideration of the Parking Authority of the Town of West New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Parking Authority of the Town of West New York. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Parking Authority of the Town of West New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants



Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR000405

Fair Lawn, New Jersey  
May 12, 2010

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2009**

This section of the Parking Authority of the Town of West New York's (the "Authority") annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended December 31, 2009. Please read it in conjunction with the Authority's financial statements and accompanying notes.

The Authority was created by municipal ordinance adopted on September 7, 1964 by the Town of West New York. The principal purpose of the Authority is to provide a means of addressing the current and future parking demands of the Town.

### **Financial Highlights**

- The Authority generated operating revenues of \$1,424,307 which was comprised of \$1,220,488 of parking meter fees and permits and \$203,819 of parking fines.
- Operating expenses amounted to \$1,464,255 which included \$851,011 of administrative and executive expenses, \$386,618 for parking operations and \$226,626 for depreciation.
- Non operating revenues consisted of \$23,559 of investment earnings and \$6,693 of amortization of original issue premium.
- Non operating expenses consisted of \$443,710 in interest and amortization of debt issuance costs on long-term debt.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The Authority follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Enterprise Fund statements offer short- and long-term financial information about the activities and operations of the Authority. These statements are presented in the manner prescribed by the Government Accounting Standards Board ("GASB").

# PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2009

### FINANCIAL ANALYSIS OF THE AGENCY

*Net Assets* – Net Assets at December 31, 2009, 2008 and 2007 were as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets:			
Current and Other Assets	\$ 4,436,928	\$ 8,262,971	\$ 12,934,573
Capital Assets	<u>13,379,086</u>	<u>11,734,919</u>	<u>5,656,273</u>
Total Assets	<u>17,816,014</u>	<u>19,997,890</u>	<u>18,590,846</u>
Liabilities:			
Non-Current Liabilities	10,127,366	10,384,059	10,635,752
Current Liabilities	<u>1,072,488</u>	<u>2,544,265</u>	<u>775,996</u>
Total Liabilities	<u>11,199,854</u>	<u>12,928,324</u>	<u>11,411,748</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ 5,797,407	\$ 5,773,208	\$ 5,388,825
Unrestricted	<u>818,753</u>	<u>1,296,358</u>	<u>1,790,273</u>
Total Net Assets	<u>\$ 6,616,160</u>	<u>\$ 7,069,566</u>	<u>\$ 7,179,098</u>

# PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2009

### OPERATING ACTIVITIES

The following table summarizes the revenues, expenses and changes in net assets for the fiscal years ended December 31, 2009, 2008 and 2007.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>OPERATING REVENUES</b>			
Parking Fees and Permits	\$ 1,220,488	\$ 1,044,112	\$ 1,091,100
Parking Fines	<u>203,819</u>	<u>151,184</u>	<u>157,691</u>
 Total Operating Revenues	 <u>1,424,307</u>	 <u>1,195,296</u>	 <u>1,248,791</u>
<b>OPERATING EXPENSES</b>			
Administrative and Executive	851,011	771,496	693,691
Cost of Providing Services	386,618	212,610	200,838
Depreciation	<u>226,626</u>	<u>71,476</u>	<u>61,687</u>
 Total Operating Expenses	 <u>1,464,255</u>	 <u>1,055,582</u>	 <u>956,216</u>
 OPERATING INCOME (LOSS)	 <u>(39,948)</u>	 <u>139,714</u>	 <u>292,575</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Earnings	23,559	239,301	618,575
Interest Expense	(433,594)	(485,124)	(462,382)
Amortization of Original Issue Premium	6,693	6,693	
Amortization of Debt Issuance Costs	(10,116)	(10,116)	(10,063)
NJ Dept of Treasury Grant	<u>-</u>	<u>-</u>	<u>2,000,000</u>
 Total Nonoperating Revenues (Expenses)	 <u>(413,458)</u>	 <u>(249,246)</u>	 <u>2,146,130</u>
 CHANGE IN NET ASSETS	 <u>(453,406)</u>	 <u>(109,532)</u>	 <u>2,438,705</u>
 Total Net Assets, Beginning of Year	 <u>7,069,566</u>	 <u>7,179,098</u>	 <u>4,740,393</u>
 Total Net Assets, End of Year	 <u>\$ 6,616,160</u>	 <u>\$ 7,069,566</u>	 <u>\$ 7,179,098</u>



**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2009**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets*

The following table summarizes the changes in capital assets between fiscal years 2009, 2008 and 2007.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Capital Assets:</u>			
Land	\$ 4,120,137	\$ 4,120,137	\$ 4,120,137
Parking Lot Improvements	859,227	859,227	859,227
Buildings	9,045,816		
Equipment	923,982	923,982	892,267
Construction in Progress	<u>-</u>	<u>7,175,023</u>	<u>1,056,616</u>
 Total Capital Assets	 14,949,162	 13,078,369	 6,928,247
 Less:			
Accumulated Depreciation	<u>(1,570,076)</u>	<u>(1,343,450)</u>	<u>(1,271,974)</u>
 Total Capital Assets (Net of Accumulated Depreciation)	 <u>\$ 13,379,086</u>	 <u>\$ 11,734,919</u>	 <u>\$ 5,656,273</u>

Additional information on the Authority's capital assets can be found in the Notes to the Basic Financial Statements.

*Capital Debt*

The Authority had the following outstanding debt as of December 31, 2009, 2008 and 2007.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Serial Bonds Payable	\$ 8,655,000	\$ 8,830,000	\$ 9,000,000
Obligations Under Capital Lease Payable	<u>1,545,000</u>	<u>1,615,000</u>	<u>1,680,000</u>
 Project Notes Payable	 <u>\$10,200,000</u>	 <u>\$10,445,000</u>	 <u>\$10,680,000</u>

Additional information on the Authority's capital debt can be found in the Notes to the Basic Financial Statements.

# **PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2009**

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The adopted calendar year 2010 budget was approved by the Division of Local Government Services in December of 2009. The following is anticipated to be undertaken during calendar year 2010:

- Adoption of a five year plan which includes annual goals to reconfigure and improve existing facilities, upgrade and replacement of existing meter equipment, stricter controls on collection and inventory procedures.
- Purchase and installation of multispace meter machines in strategically located places and lots.
- Ongoing preparation/review of alternate locations for the construction of a parking garage in the Town of West New York.
- Improvement and replacement of signage in the municipal parking lots and streets for clearer notice to the public and more efficient enforcement.
- Resurfacing and repairing of various municipal parking lots.

### **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Town of West New York, New Jersey citizens with a general overview of the Authority's finances to demonstrate the Authority's accountability for the revenues it receives. If you have questions about this report or need additional financial information, contact the Parking Authority of the Town of West New York.

**BASIC FINANCIAL STATEMENTS**

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
COMPARATIVE STATEMENTS OF NET ASSETS  
AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Current Assets		
Unrestricted Current Assets:		
Cash and Cash Equivalents	\$ 854,450	\$ 1,475,296
Prepaid Items	14,139	14,139
Other Accounts Receivable	<u>27,118</u>	<u>11,733</u>
Total Unrestricted Current Assets	<u>895,707</u>	<u>1,501,168</u>
Restricted Current Assets:		
Project Fund		
Cash and Cash Equivalents	1,883,518	5,086,537
Interest Receivable	14	8,288
Grants Receivable	1,000,000	1,000,000
Debt Service Reserve Fund		
Cash and Cash Equivalents	313,265	312,111
Interest Receivable	3	492
Cost of Issuance Fund		
Cash and Cash Equivalents	81,394	81,105
Interest Receivable	<u>1</u>	<u>128</u>
Total Restricted Current Assets	<u>3,278,195</u>	<u>6,488,661</u>
Total Current Assets	<u>4,173,902</u>	<u>7,989,829</u>
Noncurrent Assets		
Deferred Charges		
Debt Issuance Costs - Net	<u>263,026</u>	<u>273,142</u>
Capital Assets Not Being Depreciated:		
Land	4,120,137	4,120,137
Construction in Progress		7,175,023
Capital Assets Net of Accumulated Depreciation:		
Parking Lot Improvements	363,868	395,386
Buildings	8,864,900	
Equipment	<u>30,181</u>	<u>44,373</u>
Total Capital Assets (net of accumulated depreciation)	<u>13,379,086</u>	<u>11,734,919</u>
Total Noncurrent Assets	<u>13,642,112</u>	<u>12,008,061</u>
Total Assets	<u>17,816,014</u>	<u>19,997,890</u>

See Accompanying Notes to the Basic Financial Statements

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK**  
**COMPARATIVE STATEMENTS OF NET ASSETS**  
**AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>LIABILITIES</b>		
Current Liabilities Payable from Unrestricted Assets		
Accounts Payable	\$ 76,954	\$ 4,606
Accrued Interest Payable	197,142	200,204
	<u>274,096</u>	<u>204,810</u>
Total Current Liabilities Payable from Unrestricted Assets		
Current Liabilities Payable from Restricted Assets		
Contracts Payable	548,392	2,094,455
Revenue Bonds Payable, Current Portion	180,000	175,000
Obligations Under Capital Lease Payable, Current Portion	70,000	70,000
	<u>798,392</u>	<u>2,339,455</u>
Total Current Liabilities Payable from Restricted Assets		
Non-Current Liabilities		
Revenue Bonds Payable	8,652,366	8,839,059
Obligations Under Capital Lease Payable	1,475,000	1,545,000
	<u>10,127,366</u>	<u>10,384,059</u>
Total Non-Current Liabilities		
Total Liabilities	<u>11,199,854</u>	<u>12,928,324</u>
<b>NET ASSETS</b>		
Investment in Capital Assets, Net of Related Debt	5,797,407	5,773,208
Unrestricted	818,753	1,296,358
	<u>6,616,160</u>	<u>7,069,566</u>
Total Net Assets	<u>\$ 6,616,160</u>	<u>\$ 7,069,566</u>

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Parking Meters	\$ 951,893	\$ 815,677
Parking Permits	268,595	228,435
Fine Revenue	<u>203,819</u>	<u>151,184</u>
 Total Operating Revenues	 <u>1,424,307</u>	 <u>1,195,296</u>
OPERATING EXPENSES		
Administrative and Executive	851,011	771,496
Cost of Providing Services	386,618	212,610
Depreciation	<u>226,626</u>	<u>71,476</u>
 Total Operating Expenses	 <u>1,464,255</u>	 <u>1,055,582</u>
 OPERATING INCOME (LOSS)	 <u>(39,948)</u>	 <u>139,714</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment Earnings	23,559	239,301
Interest Expense	(433,594)	(485,124)
Amortization of Original Issue Premium	6,693	6,693
Amortization of Debt Issuance Costs	<u>(10,116)</u>	<u>(10,116)</u>
 Total Non-Operating Revenues (Expenses)	 <u>(413,458)</u>	 <u>(249,246)</u>
 CHANGE IN NET ASSETS	 <u>(453,406)</u>	 <u>(109,532)</u>
 Total Net Assets, Beginning of Year	 <u>7,069,566</u>	 <u>7,179,098</u>
 Total Net Assets, End of Year	 <u>\$ 6,616,160</u>	 <u>\$ 7,069,566</u>

See Accompanying Notes to the Basic Financial Statements

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Receipts from Parking Fees and Permits	\$ 1,408,922	\$ 1,195,345
Payments for Employees Salaries and Benefits	(851,011)	(771,496)
Payments to Suppliers	<u>(314,270)</u>	<u>(227,009)</u>
Net Cash Provided by Operating Activities	<u>243,641</u>	<u>196,840</u>
Cash flows from Capital and Related Financing Activities		
Payments for Capital Expenditures	(3,416,856)	(4,342,021)
Purchase of Equipment		(31,715)
Principal Payment - Capital Lease Obligation	(70,000)	(65,000)
Principal Payment - Revenue Bonds Payable	(175,000)	(170,000)
Payment of Bond Issuance Costs		(10,000)
Restricted Income from Investments	18,131	264,961
Proceeds from Intergovernmental Grants		1,000,000
Interest Paid on Capital lease Obligation	(36,247)	(81,315)
Interest Paid on Bonds	<u>(400,409)</u>	<u>(407,209)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(4,080,381)</u>	<u>(3,842,299)</u>
Cash Flows from Investing Activities		
Maturities of Investments		198,602
Interest on Investments	<u>14,318</u>	<u>5,005</u>
Net Cash Provided by Investing Activities	<u>14,318</u>	<u>203,607</u>
Net Decrease in Cash and Cash Equivalents	(3,822,422)	(3,441,852)
Cash and Cash Equivalents, Beginning of Year	<u>6,955,049</u>	<u>10,396,901</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,132,627</u>	<u>\$ 6,955,049</u>
Analysis of Balance at December,		
Unrestricted	\$ 854,450	\$ 1,475,296
Restricted	<u>2,278,177</u>	<u>5,479,753</u>
	<u>\$ 3,132,627</u>	<u>\$ 6,955,049</u>

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$ (39,948)	\$ 139,714
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	226,626	71,476
Changes in Assets and Liabilities:		
Decrease (Increase) in Prepaid Items		318
Decrease (Increase) in Other Receivable	(15,385)	49
Increase (Decrease) in Accounts Payable	72,348	(14,717)
Total Adjustments	<u>283,589</u>	<u>57,126</u>
Net Cash Provided by Operating Activities	<u>\$ 243,641</u>	<u>\$ 196,840</u>
<b>Noncash Investing, Capital and Financing Activities:</b>		
Purchase of Capital Assets on Account	\$ 548,392	\$ 2,094,455



**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Parking Authority of the Town of West New York (the "Authority") is a public body corporate and politic of the State of New Jersey. The Authority was created by a municipal ordinance adopted on September 7, 1964 by the Town of West New York (the "Town") pursuant to the provisions of the Parking Authorities Law (the "Act") (N.J.S.A. 40:11A-1 et. seq.)

The Town created the Authority for the principal purpose to provide a means of addressing the current and future parking demands of the Town including the preparation of a comprehensive and coordinated plan for the development, financing, construction, operation and/or management of parking resources and certain specific parking facilities located within the Town.

The Authority is governed by a Board of Commissioners (the "Board") consisting of five members each of whom is appointed by the Town's governing body. The Commissioners, who receive no compensation, who are first appointed, shall be designated to serve terms of one, two, three, four and five years, respectively from the date of their appointment, but thereafter Commissioners shall be appointed for a term of five years. All vacancies shall be filled for the unexpired term.

The Authority has broad powers under the Act, including, among others, the following: to retain, operate, manage and administer its property; to enforce applicable ordinances, laws and regulations as to parking of vehicles in the Town; to acquire, lease or otherwise hold and use parking projects and land; to provide for bonds and secure their payment and rights of holders thereof; to charge and collect fees and service charges for the use of its facilities and to revise such fees and service charges to ensure that the revenues of the Authority will at all times be adequate to pay all operating and maintenance expenses, including reserves and to pay the principal of and the interest on any bonds, notes or loans, and to maintain such reserves or sinking funds therefore as may be required by the terms of any contract of the Authority; and to make and enforce rules and regulations for the management of its business and affairs.

The Parking Authority of the Town of West New York includes in its financial statements the primary government and those component units for which the primary government is financially accountable or for which the nature and significant of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's board, and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Authority is legally entitled to or can otherwise access the organization's resources; the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the Authority has no component units. The Authority would be includable as a component unit of the Town of West New York on the basis of such criteria.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the Authority are organized on the basis of funds, in accordance with the 2006 Bond Resolution (see Note 1C), each of which is considered a separate accounting entity. The accounts are accounted for with a separate set of self-balancing accounting records that comprise its assets, liabilities, net assets, revenues and expenses. Government resources are allocated and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various activities are grouped into one generic fund type and one broad fund category, as follows:

**Proprietary Fund Types**

*Enterprise Fund* - The Enterprise Fund is used to account for governmental operations which are financed and operated in a manner similar to private enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to its users on a continuing basis be financed or recovered primarily through user charges.

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with these operations are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority's financial transactions are recorded in accounts that are created by various resolutions adopted by the Authority to meet bond or note covenant requirements (more fully defined in Note 1C).

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow FASB guidance issued subsequent to December 1, 1989.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are parking fees and parking fines. Operating expenses include the cost of operations and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. Assets, Liabilities and Net Assets**

***1. Deposits and Investments***

Cash and cash equivalents are considered to be cash on hand, cash in banks, certificates of deposit and all short-term investments with original maturities of three months or less from the date of purchase. Investments are reported at market value. See Note 3 for specific disclosures on cash and investments.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Net Assets (Continued)**

**2. *Inventory***

The costs of inventories are deemed immaterial and are recognized as expenses when purchased. The Authority does not record inventory on its statement of net assets.

**3. *Restricted Assets***

Certain proceeds of the Authority's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. The revenue bonds capitalized interest, debt service reserve, and reserve for cost of issuance have been classified as restricted assets for the payment of interest, principal and costs associated with the outstanding revenue bonds. Remaining long-term debt proceeds which have been set aside to finance the construction are also reported as restricted assets.

Cash has been deposited into various trustee funds with a fiscal agent to satisfy legal covenants. Further, the amounts have been invested into various short and long-term investments in compliance with the Parking Authority's investment policy.

The following is a brief synopsis of the various trustee funds:

Project Fund

The project fund was established to fund construction of the parking decks.

Debt Service and Debt Service Reserve Fund

The debt service and debt service reserve funds were established to fulfill the debt service requirements on the outstanding bonds as and when they become due and payable.

Cost of Issuance Fund

The cost of issuance trust fund was established to pay for all legal, financial and other costs related to acquiring and maintaining various bond issues.

**4. *Accounts Receivable***

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**5. *Capital Assets***

All capital assets acquired or constructed by the Authority are reported as expenses in the account that finances the acquisition of the assets and are capitalized in the operating account. Capital assets are defined by the Authority as assets with an individual cost of \$300 and an estimated useful life of at least five years. Such capital assets are valued at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Net Assets (Continued)**

**5. *Capital Assets (Continued)***

Construction costs are charged to construction in progress until such time as they are completed and certified by the Authority's consulting engineers, at which time they are transferred to their respective asset category and are then depreciated over their useful lives. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Authority during 2009 and 2008 was \$433,594 and \$485,124. Of these amounts, \$-0- was included as part of the cost of capital assets under construction for those years.

All capital assets are depreciated on the straight-line method based on their asset class and estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings	50
Parking Lot Improvements	10-40
Equipment	5-7

**6. *Deferred Charges***

**Debt Issuance Costs**

In connection with the Authority's issuance of debt, the Authority incurred certain professional and printing costs. These expenses are deferred and amortized over the life of the debt.

**7. *Prepaid Items***

Certain payments to vendors and/or the Town effect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements

**8. *Net Assets***

Restricted net assets are limited to outside third-party restrictions either by law or by other organizations or persons external to the Authority. Unrestricted net assets represent the net assets neither restricted nor invested in capital assets, net of related debt.

**9. *Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Authority to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**10. *Long-Term Obligations***

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums are deferred and amortized over the life of the debt. Bonds payable are reported net of the applicable unamortized bond premium.

**11. *Reclassifications***

Certain reclassifications have been made to the December 31, 2008 balances to conform to the December 31, 2009 presentation.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**1. *Budgetary Accounting***

The Authority annually prepares an operating budget. The budget is prepared in accordance with the Budget Manual for Local Public Authorities as promulgated by the Division of Local Government Services, which differs in certain respects from accounting principles generally accepted in the United States of America. The budgets serve as a plan for expenses and the proposed means for financing them. Unexpended appropriations lapse at year end.

The annual budget is generally approved at least sixty days prior to the beginning of the fiscal year. The budgets must be approved by the Board and submitted to the Division of Local Government Services, Bureau of Authority regulation for approval prior to adoption. Budget adoptions and amendments are recorded in the Authority's minutes.

Six Year Capital budgets are also prepared. Included within the budget are individual projects along with their estimated cost, completion date and source of funding.

The encumbrance method of accounting is utilized by the Authority for budgetary purposes. Under this method purchase orders, contracts and other commitments for expenditures of resources are recorded to reserve a portion of the applicable budget appropriation.

In accordance with accounting principles generally accepted in the United States of America, outstanding encumbrances at year-end for which goods or services are received, are classified to expenses and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year-end and are either cancelled or are included as reappropriations of fund equity for the subsequent year. Encumbrances at year-end in funds that are budgeted on a project basis automatically carry forward along with their related appropriations and are not subject to annual cancellations and reappropriations.

**2. *Revenues***

Revenues from user charges are recognized on the accrual basis when earned. Grants received are recognized as revenue when the resources are expended for the purpose specified in the grant agreement. Grant funds received and the related program income not yet expended are reported as deferred revenue.

**NOTE 3 DEPOSITS AND INVESTMENTS**

**Deposits** - The Authority's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act. The Authority is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank for a temporary period ending December 31, 2013. SIPC replaces cash claims up to a maximum of \$100,000 for each failed brokerage firm. At December 31, 2009 and 2008, the book value of the Authority's deposits were \$3,132,627 and \$6,955,049 and bank balances of the Authority's cash and deposits amounted to \$3,136,795 and \$6,964,112.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

**Deposits (Continued)**

The Authority's deposits which are displayed on the balance sheet as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balances at December 31,</u>	
	<u>2009</u>	<u>2008</u>
Insured	<u>\$3,136,795</u>	<u>\$6,964,112</u>

As of December 31, 2009 and 2008, the Authority had no investments.

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the period ended December 31, 2009 and 2008 were as follows:

	Balance January 1, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer</u>	Balance, December 31, <u>2009</u>
Capital assets, not being depreciated:					
Land	\$ 4,120,137				\$ 4,120,137
Construction in Progress	<u>7,175,023</u>	<u>-</u>	<u>-</u>	<u>\$ (7,175,023)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>11,295,160</u>	<u>-</u>	<u>-</u>	<u>(7,175,023)</u>	<u>4,120,137</u>
Capital assets, being depreciated:					
Buildings		\$ 1,870,793		7,175,023	9,045,816
Parking Lot Improvements	859,227				859,227
Equipment	<u>923,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>923,982</u>
Total capital assets being depreciated	<u>1,783,209</u>	<u>1,870,793</u>	<u>-</u>	<u>7,175,023</u>	<u>10,829,025</u>
Less accumulated depreciation for:					
Buildings		(180,916)			(180,916)
Parking Lot Improvements	(463,841)	(31,518)			(495,359)
Equipment	<u>(879,609)</u>	<u>(14,192)</u>	<u>-</u>	<u>-</u>	<u>(893,801)</u>
Total accumulated depreciation	<u>(1,343,450)</u>	<u>(226,626)</u>	<u>-</u>	<u>-</u>	<u>(1,570,076)</u>
Total capital assets, being depreciated, net	<u>439,759</u>	<u>1,644,167</u>	<u>-</u>	<u>7,175,023</u>	<u>9,258,949</u>
Total capital assets, net	<u>\$ 11,734,919</u>	<u>\$ 1,644,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,379,086</u>

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 4 CAPITAL ASSETS (Continued)**

	Balance January 1, <u>2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2008</u>
Capital assets, not being depreciated:				
Land	\$ 4,120,137			\$ 4,120,137
Construction in Progress	<u>1,056,616</u>	\$ 6,118,407	-	<u>7,175,023</u>
Total capital assets, not being depreciated	<u>5,176,753</u>	<u>6,118,407</u>	-	<u>11,295,160</u>
Capital assets, being depreciated:				
Parking Lot Improvements	859,227			859,227
Equipment	<u>892,267</u>	31,715	-	<u>923,982</u>
Total capital assets being depreciated	<u>1,751,494</u>	<u>31,715</u>	-	<u>1,783,209</u>
Less accumulated depreciation for:				
Parking Lot Improvements	(425,954)	(37,887)		(463,841)
Equipment	<u>(846,020)</u>	<u>(33,589)</u>	-	<u>(879,609)</u>
Total accumulated depreciation	<u>(1,271,974)</u>	<u>(71,476)</u>	-	<u>(1,343,450)</u>
Total capital assets, being depreciated, net	<u>479,520</u>	<u>(39,761)</u>	-	<u>439,759</u>
Total capital assets, net	<u>\$ 5,656,273</u>	<u>\$ 6,078,646</u>	<u>\$ -</u>	<u>\$ 11,734,919</u>

**NOTE 5 LONG-TERM DEBT**

**Long-Term Debt**

**Revenue Bonds**

The Parking Revenue Bonds, Series 2006 of the Parking Authority of the Town of West New York were issued pursuant to a general bond resolution of the Authority authorizing the issuance of the Series 2006 Bonds. The bonds were issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the bonds is payable on January and July 1 of each year, commencing January 1, 2007. The issue matures annually beginning July 1, 2008 through 2024. The Bonds maturing on July 1, 2030 and 2036 are subject to mandatory sinking fund redemptions beginning July 1, 2025 through 2036. Interest is paid semiannually at interest rates ranging from 3.5% to 5%.

The Series 2006 bonds were being issued to provide funds to finance the construction of parking decks in the Town of West New York. In conjunction with this bond project, there are approximately \$3,000,000 in available grants for completion of the construction projects of the parking decks, upon satisfaction of the terms and the conditions of the grant agreements.

The principal and interest on the Series 2006 Bonds is fully and unconditionally secured by the guarantee of the Town of West New York pursuant to Section 22 of the N.J.S.A. 40:11A-42.



**THE PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 5 LONG-TERM DEBT (Continued)**

The Authority's long-term portion of revenue bonds as of December 31, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Revenue Bonds	\$ 8,655,000	\$ 8,830,000
Less: Current Portion of Revenue Bonds Payable	(180,000)	(175,000)
Add: Unamortized Premium	<u>177,366</u>	<u>184,059</u>
Net Long-Term Portion of Revenue Bonds Payable	<u>\$ 8,652,366</u>	<u>\$ 8,839,059</u>

The changes in the Authority's long-term debt during the years ended December 31, 2009 and 2008 were as follows:

	<u>January 1,</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u>	<u>Due Within One Year</u>
<u>2009</u>					
Revenue Bonds	\$ 8,830,000		\$ 175,000	\$ 8,655,000	\$ 180,000
Add: Unamortized Premium	<u>184,059</u>	<u>-</u>	<u>6,693</u>	<u>177,366</u>	<u>-</u>
Total Revenue Bonds-Net	9,014,059	-	181,693	8,832,366	180,000
Obligations Under Capital Leases	<u>1,615,000</u>	<u>-</u>	<u>70,000</u>	<u>1,545,000</u>	<u>70,000</u>
Long-Term Liabilities	<u>\$ 10,629,059</u>	<u>\$ -</u>	<u>\$ 251,693</u>	<u>\$ 10,377,366</u>	<u>\$ 250,000</u>
	<u>January 1,</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u>	<u>Due Within One Year</u>
<u>2008</u>					
Revenue Bonds	\$ 9,000,000		\$ 170,000	\$ 8,830,000	\$ 175,000
Add: Unamortized Premium	<u>190,752</u>	<u>-</u>	<u>6,693</u>	<u>184,059</u>	<u>-</u>
Total Revenue Bonds-Net	9,190,752	-	176,693	9,014,059	175,000
Obligations Under Capital Leases	<u>1,680,000</u>	<u>-</u>	<u>65,000</u>	<u>1,615,000</u>	<u>70,000</u>
Long-Term Liabilities	<u>\$ 10,870,752</u>	<u>\$ -</u>	<u>\$ 241,693</u>	<u>\$ 10,629,059</u>	<u>\$ 245,000</u>

**THE PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 5 LONG-TERM DEBT (Continued)**

The Authority's schedule of principal and interest for long-term debt issued and outstanding as of December 31, 2009 is as follows:

Period Ending <u>December 31,</u>	<u>Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2010	\$ 180,000	\$ 394,284	\$ 574,284
2011	190,000	387,984	577,984
2012	195,000	381,334	576,334
2013	200,000	374,314	574,314
2014	210,000	367,064	577,064
2015-2019	1,165,000	1,710,506	2,875,506
2020-2024	1,415,000	1,457,906	2,872,906
2025-2029	1,770,000	1,106,750	2,876,750
2030-2034	2,260,000	617,250	2,877,250
2035-2037	1,070,000	81,000	1,151,000
	<u>\$ 8,655,000</u>	<u>\$ 6,878,392</u>	<u>\$ 15,533,392</u>

**NOTE 6 LEASE FINANCING AGREEMENT**

On June 15, 1997, the Authority entered into a lease financing agreement, through the Town of West New York, with the Hudson County Improvement Authority (HCIA). The agreement is for the HCIA to provide funding to the Town of West New York for various real estate rehabilitation and improvement projects within the Town of West New York.

The Authority, as a participant in the agreement, has received funding of \$2,200,000 from the HCIA for the acquisition of certain land and construction of the 51<sup>st</sup>/52<sup>nd</sup> Street lot, a 178 space parking facility. In consideration for the funding received, the Authority will lease the land to the HCIA and then in turn lease the entire completed facility, land and improvements, from the HCIA for a term to expire July 1, 2025.

Upon the satisfaction of certain criteria, which must include the approval of the Town of West New York, the Authority can elect to purchase the facility from the HCIA. Under the terms of the agreement, it is estimated that the exercise date of the purchase option would be July 1, 2025, the expiration date of the original lease term. The Authority will receive significant credit for the value of net minimum lease payments made to such date to be applied toward the option purchase price. As such, this agreement has been recorded as a capital lease obligation, the terms and conditions of which are detailed in Note 7.

**THE PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 7 CAPITAL LEASE OBLIGATION**

The Authority is the lessee of land and improvements thereto, referred to as the 51<sup>st</sup>/52<sup>nd</sup> Street lot, under a capital lease which expires July 1, 2025 (See Note 6). The assets and liabilities under capital lease are recorded at the present value of the minimum lease payments. The assets are depreciated over their estimated productive lives, which is 5 to 7 years for equipment and 10 years for property improvements. Depreciation expense of assets under capital lease in the financial statements amounted to \$-0- and \$6,369 for the years ended December 31, 2009 and 2008, respectively.

The capital lease obligation for the years ended December 31, 2009 and 2008 was \$70,000 and \$65,000, respectively.

Minimum future lease payments under the capital lease as of December 31, 2009 for each of the next five years and in the aggregate are:

Year Ended December 31:	
2010	\$ 145,792
2011	147,188
2012	148,333
2013	149,229
2014	149,875
2015-2019	745,417
2020-2024	<u>708,230</u>
Total minimum lease payments	2,194,064
Less: Amount representing interest	<u>(649,064)</u>
Present Value of Net Minimum Lease Payments	<u>\$1,545,000</u>

The initial interest rate on the capital lease was 5% and was based on the HCIA's borrowing rate at the inception of the lease. The future minimum lease payments set forth above assumes a 5% interest rate. However, as of the date of the Agreement, the interest rate payable on the outstanding principal is reset weekly by the Remarketing Agent for the HCIA Pooled Loan Program. The average interest rate for the years ended December 31, 2009 and 2008 were 2.20% and 4.77%, respectively.

The total minimum lease payments do not include certain other rental payments that will be paid under the lease. Such additional rental payments will be based upon administrative and financing costs incurred by the lessor.

The capital assets acquired through capital leases are as follows:

	<u>2009</u>	<u>2008</u>
Land	\$1,538,779	\$1,538,779
Machinery and Equipment	127,389	127,389
Less: Accumulated Depreciation	<u>(127,389)</u>	<u>(127,389)</u>
	<u>\$1,538,779</u>	<u>\$1,538,779</u>

**NOTE 8 EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement system (retirement system) covering substantially all state and local government employees which includes those Authority employees who are eligible for pension coverage.

**THE PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees' Retirement System (PERS)** – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement healthcare coverage.

**Other Pension Funds**

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PERS is funded directly by the retirement system and is considered in the annual actuarial calculation of the required contribution for the system.

According to state law, all obligations of the retirement system will be assumed by the State of New Jersey should the retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the retirement system and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pension](http://www.state.nj.us/treasury/pension).

**Basis of Accounting**

The financial statements of the retirement system are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement system. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement system.

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

**THE PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Investment Valuation (Continued)**

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Significant Legislation**

P.L. 2009, c. 19, effective March 17, 2009 provides an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS for payments due in State fiscal year 2009. This law also provides that a local employer may pay 100 percent of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of PERS to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

**Funded Status and Funding Progress**

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS is 72.6 percent with an unfunded actuarial accrued liability of \$34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded system is 69.6 percent and \$23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 77.2 percent and \$11.4 billion.

The funded status and funding progress of the retirement system is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement system in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**THE PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Actuarial Methods and Assumptions**

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement system; and (2) 5.45 percent for projected salary increases for the retirement system.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the retirement system requires employee contributions based on 5.5% for PERS.

**Annual Pension Cost (APC)**

For PERS, which is a cost sharing multi-employer defined benefit pension plan, annual pension cost equals contributions made.

During the years ended December 31, 2009, 2008 and 2007, the Authority was required to contribute for normal cost pension contributions the following amounts which equaled the required contributions for each year:

<u>Year Ended</u> <u>December 31,</u>	<u>PERS</u>
2009	\$28,290
2008	25,693
2007	21,879

**NOTE 9 ACCRUED COMPENSATION ABSENCES**

Under the existing policies of the Authority, employees are not allowed to accumulate unused sick leave and vacation benefits over the life of their working careers.

**THE PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 10 TOWN OF WEST NEW YORK DEBT GUARANTY**

On October 4, 2006 the Town of West New York adopted an ordinance to provide an unconditional guaranty in an amount not to exceed \$9,000,000. The Guaranty provides for the payment of the principal of and interest on bonds and/or notes issued by the Authority for the purpose of the Project as defined in Note 5.

**NOTE 11 RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to general liability, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has obtained insurance coverage to guard against these events which will provide minimum exposure to the Authority should they occur.

**NOTE 12 OPERATING LEASE**

On September 1, 2002, the West New York Parking Authority entered into an agreement to lease new office facilities for a 15-year period with the West New York Housing Corporation, a New Jersey Not-for-Profit Corporation. The Authority will rent commercial office space at a minimum annual rental of \$42,000 with adjustments on the fifth (5<sup>th</sup>) and tenth (10<sup>th</sup>) anniversaries of the lease to the then market rate for the rental of the premises. The maximum increase of base rent will not exceed 3% of the previous minimum net rent. The Authority is also responsible for its pro-rata share of pass-through expenses, such as real estate taxes, insurance, maintenance and other expenses.

Total rent expense for each of the years ended December 31, 2009 and 2008 was \$42,000.

The future minimum obligation under these leases is as follows:

<u>Year Ended</u> <u>December 31</u>	
2010	\$ 42,000
2011	42,000
2012	42,000
2013	42,000
2014	42,000
2015-2017	<u>126,000</u>
Total minimum lease payments	<u>\$336,000</u>

**NOTE 13 RELATED PARTIES**

The Town of West New York provides health insurance coverage for the Authority's employees. On a monthly basis the Town bills the Authority for the cost of insurance using standard cobra rates provided by the Town's insurance administrator. The total cost of insurance billed and paid by the Authority was \$219,710 in 2009 and \$216,218 in 2008. The amount due to the Town at December 31, 2009 and 2008 was \$-0-.

**THE PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 14 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, the Authority had the following commitments with respect to unfinished capital projects:

	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2009</u>			
	Construction of Parking Garage on 62 <sup>nd</sup> Street	\$ 548,292	2010
<u>2008</u>			
	Construction of Parking Garage on 62 <sup>nd</sup> Street	2,094,455	2009

**NOTE 15 FEDERAL ARBITRAGE REGULATIONS**

The Authority is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2009 and 2008, the Authority has not performed the calculation to determine if estimated arbitrage earnings are due to the IRS. This amount, if any, however, may be material.



**SUPPLEMENTARY SCHEDULES**

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK**  
**SCHEDULE OF REVENUES**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**  
**BUDGETARY BASIS**

	<u>2009</u>	<u>2008</u>
<b>OPERATING REVENUES</b>		
Parking Meters -		
Parking Lots		
Madison & 59th Streets	\$ 55,021	\$ 49,493
Van Buren and 62nd Streets	11,443	32,416
57th and 58th Streets	58,729	42,740
63rd Street	29,768	23,391
67th Street	17,562	14,835
Park Avenue and 54th Street	18,186	13,040
Park Avenue and 66th Street	38,769	27,750
51st/52nd Streets	51,708	46,974
55th Hudson Ave.	9,221	8,192
62nd Street Garage	<u>52,961</u>	<u>-</u>
	343,368	258,831
On Street	<u>608,525</u>	<u>556,846</u>
 Total	 951,893	 815,677
 Parking Permits	 268,595	 228,435
 Fine Revenue	 <u>203,819</u>	 <u>151,184</u>
 Total Operating Revenues	 <u>1,424,307</u>	 <u>1,195,296</u>
 <b>NON-OPERATING REVENUES</b>		
Interest Income	14,318	61,811
Restricted Income - Debt Service	663	6,765
Restricted Income - Capital Projects	<u>8,578</u>	<u>170,725</u>
 Total Non-Operating Revenues	 <u>23,559</u>	 <u>239,301</u>
 Total Revenues	 <u>\$ 1,447,866</u>	 <u>\$ 1,434,597</u>

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK**  
**SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009**  
**BUDGETARY BASIS**

(With comparative actual amounts for the fiscal year ended December 31, 2008)

	2009 Modified <u>Budget</u>	2009 <u>Actual</u>	Variance <u>Excess (Deficit)</u>	2008 <u>Actual</u>
<b>OPERATING REVENUES</b>				
Operating Revenues				
Parking Meters	\$ 1,081,000	\$ 951,893	\$ (129,107)	\$ 815,677
Parking Permits	242,000	268,595	26,595	228,435
Fine Revenue	<u>151,000</u>	<u>203,819</u>	<u>52,819</u>	<u>151,184</u>
Total Revenues	<u>1,474,000</u>	<u>1,424,307</u>	<u>(49,693)</u>	<u>1,195,296</u>
<b>OPERATING EXPENSES</b>				
Salaries and Wages	554,000	548,053	5,947	463,498
Fringe Benefits	357,800	302,958	54,842	307,998
Other Expenses	<u>365,300</u>	<u>386,618</u>	<u>(21,318)</u>	<u>212,610</u>
Total Operating Expenses	<u>1,277,100</u>	<u>1,237,629</u>	<u>39,471</u>	<u>984,106</u>
<b>NON-OPERATING REVENUES</b>				
Interest on Investments	<u>39,600</u>	<u>23,559</u>	<u>(16,041)</u>	<u>239,301</u>
<b>NON-OPERATING EXPENSE:</b>				
Principal Payment - Capital Lease	70,000	70,000		65,000
Principal Payment - Bond Payable	175,000	175,000		170,000
Interest Expense - Capital Lease	71,000	36,248	34,752	81,315
Interest Expense - Bond Payable	<u>400,409</u>	<u>397,346</u>	<u>3,063</u>	<u>403,809</u>
Total Non-Operating Expense	<u>716,409</u>	<u>678,594</u>	<u>37,815</u>	<u>720,124</u>
Total Expenses	<u>1,993,509</u>	<u>1,916,223</u>	<u>77,286</u>	<u>1,704,230</u>
Budgetary Income (Loss)	<u>\$ (479,909)</u>	(468,357)	<u>\$ 11,552</u>	<u>\$ (269,633)</u>
<b>Reconciliation to GAAP Basis:</b>				
Amortization of Bond Issuance Cost		(10,116)		
Amortization of Original Issue Premium		6,693		
Depreciation Expense		(226,626)		
Principal Paid on Debt		<u>245,000</u>		
Change in Net Assets - GAAP Basis		<u>\$ (453,406)</u>		

**GOVERNMENT AUDITING STANDARDS**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Chairperson and Members of the Board of Commissioners  
Parking Authority of the Town of West New York  
West New York, New Jersey

We have audited the basic financial statements of the Parking Authority of the Town of West New York as of and for the year ended December 31, 2009, and have issued our report thereon dated May 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Parking Authority of the Town of West New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

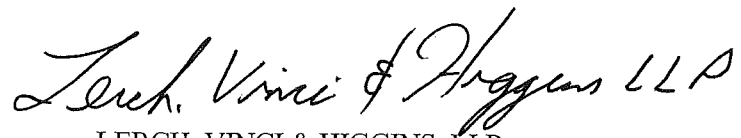
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parking Authority of the Town of West New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and responses as item 2009-1.

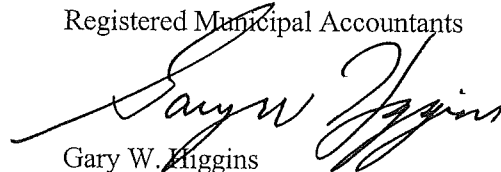
We also noted certain other matters that we have reported to management of the Parking Authority of the Town of West New York in the section of our report entitled, "General Comments and Recommendations".

The Parking Authority of the Town of West New York's response to the funds identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Authority's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Parking Authority of the Town of West New York board members, management, New Jersey State Department of Community Affairs and is not intended to be and should not be used by anyone other than these specified parties.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants



Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR000405

Fair Lawn, New Jersey  
May 12, 2010

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK  
SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2009-1:**

Payments were made for parking meter upgrades and repairs which exceeded the quote threshold for which no quotes were sought.

**Criteria or specific requirement:**

New Jersey Local Public Contracts Law – NJSA 40A:11-6.1, “Award of Purchases, Contracts or Agreements”.

**Condition:**

Payments were made for parking meter upgrades and repairs totaling \$20,220 and \$4,718, respectively. However, competitive quotes were not solicited as required by the Local Public Contracts law.

**Questioned Costs:**

Undeterminable.

**Context:**

The Authority contracted for goods and services without competitive quotes.

**Effect:**

Noncompliance with the Local Public Contracts Law.

**Cause:**

Unknown.

**Recommendation:**

The Authority solicit quotes for parking meter upgrades and repairs where such services are anticipated to exceed the quote threshold.

**Management’s Response:**

Management has reviewed this finding and has indicated that bids will be sought in the future for parking meter upgrades and repairs.

**ROSTER OF OFFICIALS**  
**AND**  
**GENERAL COMMENTS AND RECOMMENDATIONS**



**ROSTER OF OFFICIALS**

**AT DECEMBER 31, 2009**

<u>Name</u>	<u>Title</u>
Robert DiVincent	Commissioner (Chairman)
Medardo Perez	Commissioner (Vice Chairman)
Bertica Martens	Commissioner
John Fauta	Commissioner
Vacant	Commissioner
Harold Schroeder	Executive Director
Elnardo Webster	General Counsel

## GENERAL COMMENTS AND RECOMMENDATIONS

### General Comments

#### Current Year

Our audit indicated a corrective action plan was not presented to the Board of Commissioners for the previous year's audit. It is recommended that a corrective action plan be presented to the Board of Commissioners for approval and be made available for public inspection within 45 days of advertisement of synopsis.

The audit revealed that certain financial disclosure statements were not filed by the applicable authority officials for the fiscal year ended December 31, 2009. It is recommended that financial disclosure statements be completed and filed by the applicable authority officials.

#### Appreciation

We desire to express our appreciation of the assistance of the Executive Director and Board of Commissioners, during the course of the audit.

## RECOMMENDATIONS

It is recommended that:

1. The Authority solicit quotes for parking meter upgrades and repairs where such services are anticipated to exceed the quote threshold.
2. A corrective action plan be presented to the Board of Commissioners for approval and be made available for public inspection within 45 days of advertisement of synopsis.
3. Financial disclosure statements be completed and filed by the applicable authority officials.

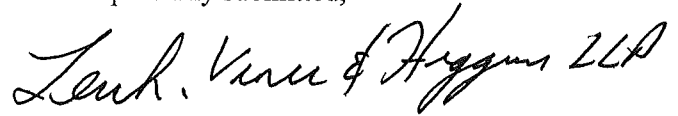
\* \* \* \* \*

### Status of Prior Year's Audit Findings/Recommendations

Corrective action was taken on all prior year's audit recommendations.

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

Respectfully submitted,



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants