

PARKING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN

REPORT ON EXAMINATION OF ACCOUNTS

DECEMBER 31, 2009

SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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FINANCIAL STATEMENTS

DECEMBER 31, 2009

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INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman and Authority Commissioners
Parking Authority of the Township of North Bergen
7224 Bergenline Avenue
North Bergen, New Jersey 07047

We have audited the accompanying financial statements and supplementary schedules of the Parking Authority of the Township of North Bergen as of December 31, 2009 and December 31, 2008, and the related statements of revenue, expenses and changes in net assets and cash flows for the years then ended. These basic financial statements and schedules are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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; and audit requirements prescribed by the Bureau of Authority Regulations, Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Parking Authority of the Township of North Bergen as of December 31, 2009 and December 31, 2008 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America and New Jersey Local Authority Accounting Principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2010 on our consideration of the North Bergen Parking Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on Pages 4 through 7 and the supplementary schedules on pages 20 through 24 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 and the Bureau of Authority Regulations, Division of Local Government Services, Department of Community Affairs, State of New Jersey. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The information included in the supplementary schedules is presented for purposes of additional analysis and is not a required part of the financial statements. This information has been subjected to the tests and other auditing procedures applied in the audit of the basic financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
March 23, 2010

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS



NORTH BERGEN PARKING AUTHORITY

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STEVEN R. MONETTI
CHAIRMAN
ROBERT P. BASELICE
EXECUTIVE DIRECTOR
NEIL D. MAROTTA
GENERAL COUNSEL

COMMISSIONERS
FRANK COLALUCA
DIANA MADRID
VASU RAO
HECTOR ZULUETA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the North Bergen Parking Authority's (Authority) annual financial report, the management of the Authority provides narrative discussion and analysis of the financial activities of the Authority for the audit year ending December 31, 2009.

The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes following this section.

Discussion of Financial Statements Included in Annual Audit

The Authority prepares and presents its financial statements and schedules on several different accounting bases, because of reporting requirements and for internal use purposes.

Exhibits A, B and C are the Basic Financial Statements and consist of the Comparative Statement of Net Assets, the Comparative Statement of Revenues, Expenses and Changes in Net Assets, and the Comparative Cash Flows. The basic financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. These statements are the official financial statements of the North Bergen Parking Authority.

After the first set of statements and the "Notes to the Financial Statements" that follow is the second set of exhibits. These schedules are considered "Supplementary Information".

The Authority has historically presented its financial statements on a "GAAP Basis", and continues to do so because it relates more fairly to the annual budget for the same period. The annual budget records all encumbrances as charges against the adopted appropriation even if the items or services have not been received.

Contained in the supplementary information are statements that report the Comparative Schedule of Operating Revenues and Expenditures Compared to Budget. This statement compares budgeted revenues and expenses to "Actual" revenues and expenses. This includes both operating and non-operating revenues and expenses. Principal and interest payments are reported on this schedule as Debt Service expense in lieu of depreciation. The Authority had no Debt Service expense during the year 2009. On the "GAAP" basis and "Modified GAAP" basis, depreciation expense is included and only the interest expense component of Debt Service is reported.

The Budget to Actual Schedule is a significant tool used by management staff to measure financial performance, particularly as it compares to the approved and adopted annual budget and how it relates to the operational performance.

Other information or statements incorporated within the annual audit report are the schedules of cash receipts and disbursements, other expenses and a detailed listing of accounts payables. This supplemental information is provided to reinforce the basic financial statements.

For the purpose of the Management Discussion and Analysis, the ensuing discussion will review the financial statements of the North Bergen Parking Authority, those prepared on an accrual basis and in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. This is the first set of statements included in the annual audit report.

Comparative Statements of Net Assets (Exhibit A)

The statement of net assets (formerly the balance sheet) presents the financial position of the Authority. It presents information on the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The North Bergen Parking Authority's total assets increased by \$205,218.41. An increase of \$1,780.23 in total liabilities was the result of an increase in accrued liabilities. Assets exceed liabilities by \$657,272.76 compared to 2008 where the assets exceeded liabilities by \$453,834.58.

The North Bergen Parking Authority's Net Assets of \$657,272.76 are comprised of the following:

1. Invested in Capital Assets of \$95,388.20 includes property, plant and equipment, net of accumulated depreciation.
2. Unrestricted net assets of \$561,884.56 represent the portion available to maintain the Authority's continuing obligations to the contractual customers of its service area and current liabilities.

Invested in Capital Assets decreased by \$7,802.36. Unrestricted Net Assets increased by \$211,240.54.

Total Current Assets increased by \$213,020.77 due to the use of Cash for the purchase of fixed assets and the payment of liabilities.

A net decrease in capital assets of \$7,802.36 because of depreciation expense of \$31,583.36 and the purchase of fixed assets in the amount of \$23,781.00.

Net change in Total Current Liabilities Payable from Current Assets decreased because of payment of operating expenses and a decrease in operating accounts payable.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current Assets	\$ 690,698.59	\$ 477,677.82	\$ 283,289.38
Net Capital Assets	<u>95,388.20</u>	<u>103,190.56</u>	<u>84,488.35</u>
Total Assets	<u>786,086.79</u>	<u>580,868.38</u>	<u>367,777.73</u>
Current Liabilities	118,221.72	109,784.31	22,454.15
Long-Term Liabilities	7,369.25	11,665.25	45,000.00
Expenditure Reserves	<u>3,223.06</u>	<u>5,584.24</u>	<u>4,246.29</u>
Total Liabilities	<u>128,814.03</u>	<u>127,033.80</u>	<u>71,700.44</u>
Net Assets:			
Net Investment in Capital Assets	95,388.20	103,190.56	84,488.35
Unrestricted	<u>561,884.56</u>	<u>350,644.02</u>	<u>211,588.94</u>
Total Net Assets	<u>\$ 657,272.76</u>	<u>\$ 453,834.58</u>	<u>\$ 296,077.29</u>

Comparative Statement of Revenues, Expenses and Change in Net Assets

The statement of activities and changes in net assets presents information showing how the Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues are recognized when earned, not when they are received. Expenses are recognized when incurred, not when they are paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., payroll deductions payable).

There was a decrease to Operating Revenues of the Authority of .01%.

Total Operating Expenses decreased .04% from the prior year.

Total Operating Revenues less Total Operating Expenses produced an increase to Operating Income of \$48,398.84 as compared to 2008.

Total Net Non-Operating Revenue decreased by \$2,717.95.

Total Net Assets as of December 31, 2009 increased \$45,680.89 from \$157,757.29 to \$203,438.18.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating Revenues:			
Parking	\$ 788,726.83	\$ 795,642.03	\$ 685,850.25
Surcharge	616,989.00	603,457.00	448,015.00
Other	<u>1,400.00</u>	<u>8,690.00</u>	<u>9,425.00</u>
Total Operating Revenue	<u>1,407,115.83</u>	<u>1,407,789.03</u>	<u>1,143,290.25</u>
Operating Expenses:			
Cost of Providing Services	752,955.33	773,607.24	629,604.51
Administration	420,452.33	454,069.21	379,722.02
Depreciation	<u>31,583.36</u>	<u>26,386.61</u>	<u>19,791.09</u>
Total Operating Expenses	<u>1,204,991.02</u>	<u>1,254,063.06</u>	<u>1,029,117.62</u>
Non-Operating Revenues:			
Interest Earnings	115.99	4,031.32	4,745.75
Sales Tax Payable	<u>1,197.38</u>	<u>4,031.32</u>	<u>4,745.75</u>
	<u>1,313.37</u>	<u>4,031.32</u>	<u>4,745.75</u>
Increase in Net Assets	<u>\$ 203,438.18</u>	<u>\$ 157,757.29</u>	<u>\$ 118,918.38</u>

Comparative Statement of Cash Flows (Exhibit C)

The statement of cash flows presents information on the effects that changes in assets and liabilities have on cash during the course of the fiscal year.

Net increase in cash and cash equivalents is \$265,340.64.

Net cash provided by investment activities was interest earned of \$115.99.

Governing Body

The Governing Body of the North Bergen Parking Authority consists of a 5-member board that is appointed for five-year terms by the North Bergen Mayor and Commissioners.

The Authority Board Members are:

Steven R. Monetti, Chairman

Hector A. Zulueta, Vice-Chairman

Vasu Rao, Treasurer

Diana Madrid, Commissioner

Frank Colaluca, Commissioner

Accountability

The North Bergen Parking Authority's mission statement is to provide parking in the business districts and residential areas of the Township of North Bergen in Hudson County. This is accomplished by maintaining parking meters, off-street parking lots, and a residential parking program throughout the Township. Always responsive to the public's need in compliance with the applicable laws, rules and regulations, the Authority will continue to set and exceed the standards for the provision of parking, while operating the most efficient system and maintaining a cost-effective budget.

As a parking utility, the Authority is also guided by or accountable to state government and the applicable rules and regulations that govern the Parking Authority. More specifically, the Authority is accountable to the State of New Jersey, Department of Community Affairs, Division of Local Government Services, Bureau of Authority Regulation.

Funding of Infrastructure and Debt Management

It is the current policy of the North Bergen Parking Authority Board Members that funding for capital improvements, additions or replacements is to be accomplished with the Authority's funds.

Future Economic Outlook

The North Bergen Parking Authority can expect a potential increase in revenue due to continued expansion of metered parking, residential parking and additional off-street parking. The Township of North Bergen has located and is in the process of acquiring a new site which would house the Municipal Court and the Parking Authority by early 2011. The site would allow for continued expansion of residential parking to the remainder of the Township, additional off-street parking and parking meters resulting in a potential increase in revenue. Additionally, the new site would give us the ability to hire additional staff and purchase equipment to reach our full potential.

BASIC FINANCIAL STATEMENTS

PARKING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN

COMPARATIVE STATEMENTS OF NET ASSETS

Exhibit A

<u>ASSETS</u>	Balance <u>Dec. 31, 2009</u>	Balance <u>Dec. 31, 2008</u>
Current Assets:		
Cash and Cash Equivalents	\$ 645,304.88	\$ 379,964.24
Revenue Accounts Receivable	41,636.00	86,461.00
Prepaid Expenses	2,000.00	8,694.00
Due from State of New Jersey	1,757.71	2,558.58
Total Current Assets	<u>690,698.59</u>	<u>477,677.82</u>
Capital Assets:		
Machinery and Equipment	229,190.21	205,409.21
Less: Accumulated Depreciation	<u>(133,802.01)</u>	<u>(102,218.65)</u>
Net Capital Assets	<u>95,388.20</u>	<u>103,190.56</u>
Total Assets	<u>\$ 786,086.79</u>	<u>\$ 580,868.38</u>
 <u>LIABILITIES AND RESERVES</u>		
Current Liabilities:		
Accounts Payable	\$ 32,653.73	\$ 35,584.70
Other Accounts Payable		287.77
Pension Deductions Payable	2,988.27	3,686.54
Sales Tax Payable		1,197.38
Prepaid Revenue	10,875.00	12,300.00
Accrued Liabilities	71,704.72	56,727.92
Long-Term Liabilities:		
Lease Payable	7,369.25	11,665.25
Reserves:		
State Unemployment Insurance	3,148.06	5,509.24
Security Deposits	<u>75.00</u>	<u>75.00</u>
Total Liabilities and Reserves	<u>\$ 128,814.03</u>	<u>\$ 127,033.80</u>
 <u>NETASSETS</u>		
Unreserved	\$ 561,884.56	\$ 350,644.02
Investment in Capital Assets, Net	<u>95,388.20</u>	<u>103,190.56</u>
Total Net Assets	<u>\$ 657,272.76</u>	<u>\$ 453,834.58</u>

See accompanying notes to financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

Exhibit B

	<u>2009</u>	<u>2008</u>
Operating Revenue:		
Lot Rental	\$ 89,759.00	\$ 72,695.10
Meter Operations	389,548.33	370,637.13
Parking Permits	309,419.50	352,309.80
Summons Surcharge	616,989.00	603,457.00
Vehicle Booting	1,400.00	1,200.00
Vehicle Insurance - Reimbursement		7,490.00
Total Operating Revenue	<u>1,407,115.83</u>	<u>1,407,789.03</u>
Operating Expenses:		
Costs of Providing Services	752,955.33	773,607.24
Administration	420,452.33	454,069.21
	<u>1,173,407.66</u>	<u>1,227,676.45</u>
Depreciation	31,583.36	26,386.61
Total Operating Expenses	<u>1,204,991.02</u>	<u>1,254,063.06</u>
Operating Excess	<u>202,124.81</u>	<u>153,725.97</u>
Non-Operating Revenue:		
Interest Earned on Investments	115.99	4,031.32
Sales Tax Payable Cancelled	1,197.38	
	<u>1,313.37</u>	<u>4,031.32</u>
Change in Net Assets	203,438.18	157,757.29
Net Assets, Beginning of Year	<u>453,834.58</u>	<u>296,077.29</u>
Net Assets, End of Year	<u>\$ 657,272.76</u>	<u>\$ 453,834.58</u>

See accompanying notes to financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN

COMPARATIVE STATEMENTS OF CASH FLOWS

Exhibit C

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Operating Excess	\$ 202,124.81	\$ 153,725.97
Depreciation	31,583.36	26,386.61
(Increase) Decrease in Assets:		
Petty Cash Fund		200.00
Accounts Receivable	44,825.00	(57,161.00)
Prepaid Expenses	6,694.00	(6,694.00)
Due from State of New Jersey	800.87	(2,558.58)
Increase (Decrease) in Liabilities:		
Accounts Payable	(2,930.97)	14,441.03
Other Accounts Payable	(287.77)	287.77
Pension Deductions Payable	(698.27)	3,686.54
Due to State of New Jersey		(113.10)
Prepaid Revenue	(1,425.00)	12,300.00
Accrued Liabilities	14,976.80	56,727.92
Intergovernmental Loan		(45,000.00)
Sales Tax Payable	(1,197.38)	
Lease Payable	(4,296.00)	11,665.25
Expenditure Reserves	(2,361.18)	1,337.95
Net Cash from Operating Activities	<u>287,808.27</u>	<u>169,232.36</u>
Cash from Capital Activities:		
Acquisition of Capital Assets	<u>(23,781.00)</u>	<u>(45,088.82)</u>
	<u>264,027.27</u>	<u>124,143.54</u>
Cash from Non-Operating Activity:		
Interest Earned on Investments	115.99	4,031.32
Sales Tax Payable Cancelled	<u>1,197.38</u>	
	<u>1,313.37</u>	<u>4,031.32</u>
Increase/(Decrease) in Cash and Cash Equivalents	265,340.64	128,174.86
Cash and Cash Equivalents, Beginning of Year	<u>379,964.24</u>	<u>251,789.38</u>
Cash and Cash Equivalents, End of Year	<u>\$ 645,304.88</u>	<u>\$ 379,964.24</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

PARKING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

1. GENERAL

The Parking Authority of the Township of North Bergen, New Jersey is a public body, corporate and politic, organized and existing under the provisions of New Jersey Law of 1948, New Jersey Statutes Annotated 40:11A. The Authority was created on November 5, 1981 to develop, operate, maintain and improve parking facilities within the Township of North Bergen. The Commissioners of the Authority are appointed for five year terms by the Mayor and Commissioners of the Township of North Bergen.

Pursuant to the mandates of the "Local Authorities Fiscal Control Law" (N.J.S.A. 40A:5-1 et seq.), the Authority is considered an independent entity, and is required to submit audited financial statements, on an annual basis, to the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Although the Authority's members are appointed by the Governing Body of the Township of North Bergen, the legal form of the Authority is that it is not financially accountable to the Township and no service contract with the Township exists for specific services to be performed. As a result, the financial statements of the Authority are not included in those of the Township of North Bergen.

The Authority has neither stockholders nor equity holders. As a public body, under existing statute, the Authority is exempt from Federal, State and Local taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are as described below.

The accounting policies of the Authority is required to conform to the accounting principles applicable to local authorities which have been prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Authority is required to prepare its financial statements in conformity with accounting principles generally accepted in the United States of America. The following is a summary of the significant accounting policies:

A. Basis of Financial Statements

The financial statements of the Authority have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of local governments. Revenues are recognized when earned and measurable. Expenses are recognized when incurred, if measurable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Capital Assets

Land acquisition is the costs associated with the purchase of the land.

Property and equipment is stated at cost which includes direct construction costs and other expenditures related to construction.

Construction costs are charged to construction-in-progress until such time as a facility is completed and put into operation.

Depreciation is determined on a straight-line basis for all plant and equipment. It is provided over the following useful lives:

Building	40 Years
Machinery and Equipment	5 Years
New Vehicles	5 Years
Used Vehicles	3 Years

Cost of repairs and maintenance are charged to operations in the period incurred. The cost of major renewals and betterments are capitalized. Upon retirement or disposition of assets, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is reflected in the Statements of Revenues, Expenses and Changes in Net Assets.

The following schedule is a summarization of the changes in the major classes of capital assets for the year ended December 31, 2009:

	Balance Dec. 31, 2008	Additions	Deletions	Balance Dec. 31, 2009
Parking Meters	\$ 7,820.50	\$	\$	\$ 7,820.50
Vehicles	133,429.67	23,781.00		157,210.67
Furniture and Leasehold Improvements	2,732.50			2,732.50
Equipment	61,426.54			61,426.54
	<u>205,409.21</u>	<u>23,781.00</u>	<u>-</u>	<u>229,190.21</u>
Less Accumulated Depreciation:				
Parking Meters	(6,949.52)	(506.60)		(7,456.12)
Vehicles	(65,328.29)	(21,507.86)		(86,836.15)
Furniture and Leasehold Improvements	(2,732.50)			(2,732.50)
Equipment	(27,208.34)	(9,568.90)		(36,777.24)
	<u>(102,218.65)</u>	<u>(31,583.36)</u>	<u>-</u>	<u>(133,802.01)</u>
Net Assets	<u>\$ 103,190.56</u>	<u>\$ (7,802.36)</u>	<u>\$ -</u>	<u>\$ 95,388.20</u>

Depreciation expense was \$31,583.36 and \$26,386.61 for 2009 and 2008, respectively.

C. Inventory

Purchases of parts and supplies for maintaining parking meters, and other supplies and materials are recognized and recorded as expenditures when they are acquired, regardless of when used.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Statement of Cash Flows

The Authority considers all cash, demand deposits, certificates of deposit and savings accounts to be cash and/or cash equivalents for the purposes of the statement of cash flows.

E. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

F. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used by the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, authorities are allowed to invest in Government Money Market Mutual Funds purchased through state registered brokers/dealers and banks.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or

If the public funds deposited exceed 75 per cent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits (Continued)

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

B. Investments

New Jersey statutes permit the Authority to purchase the following types of securities:

- . Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- . Government money market mutual funds.
- . Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- . Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- . Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- . Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- . New Jersey State Cash Management Fund.
- . Repurchase agreements of fully collateralized securities, subject to special conditions.

C. Risk Analysis

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk.

As of December 31, 2009, the Authority had funds of \$647,258.72 on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40.

4. PENSION PLAN

Plan Description

The Authority contributes to the Public Employees' Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Division of Pensions in the Department of the Treasury, State of New Jersey. The plan provides retirement, death, disability benefits and medical benefits to certain qualifying plan members and beneficiaries. The Public Employees' Retirement System was established January 1, 1955 under the provisions of N.J.S.A. 43:15A. The Public Employees' Retirement System issues publicly available financial reports that include financial statements and required supplementary information. This report may be obtained by writing to the State of New Jersey, Division of Pensions.

4. PENSION PLAN (Continued)

Funding Policy

Employee contributions are based on a statutorily defined percentage of employees' annual compensation. Employer's contributions are actuarially determined annually by the Division of Pensions.

Authority employees are also covered by the Federal Insurance Contribution Act.

5. RISK MANAGEMENT

The Authority has chosen traditional insurance coverage and contracted with private insurance carriers for risk of loss related to general liability, workmen's compensation, property damage and public officials' liability. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Authority for matters which may have been caused or related to the Authority or its employees.

Authority employees are covered by the Township of North Bergen's health benefit plan. The Authority, on a monthly basis, reimburses the Township for health benefit costs.

6. POST-RETIREMENT BENEFITS

Plan Description

The North Bergen Parking Authority's Post-Retirement Benefits Plan covers the entire cost of coverage for its employees and their dependents, who have satisfied one of the following: (a) who have retired on a disability pension in accordance with PERS rules and regulations; (b) who have retired after 25 years or more of service credit in the Public Employees' Retirement System and at least 10 years of service with the North Bergen Parking Authority; (c) who have retired and reached the age of 62 years or older with at least 15 years of service with the North Bergen Parking Authority. The coverage shall mirror the coverage provided to active employees.

The Authority defines "dependents" shall mean an employee's spouse and the employee's unmarried children, including stepchildren, and legally adopted children, under the age of 23 who live with the employee in a regular parent-child relationship, and depend on the employee for maintenance and support.

The benefits apply only to those employees employed by the North Bergen Parking Authority after January 1, 2003 and who have retired thereafter from the Parking Authority. This Plan is not retroactive.

Once the retiree becomes eligible to receive benefits pursuant to Medicare, the health benefits under this plan shall become secondary to those benefits provided to the retiree under Medicare.

The benefits shall be secondary to any other health benefits or coverage available to the retiree and/or their dependents from other sources.

As of December 31, 2009, there were no retirees eligible to receive Post-Retirement Benefits.

7. LONG-TERM DEBT

A. Capital Lease Payable

The Authority is leasing a copier totaling \$11,665.25. The capital lease is for a term of three years. The following is a schedule of the future minimum lease payments under the capital lease. The future minimum lease obligation as of December 31, 2009 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Balance</u>
				\$ 7,369.25
2010	\$ 4,569.99	\$ 328.41	\$ 4,898.40	2,799.26
2011	<u>2,799.26</u>	<u>58.14</u>	<u>2,857.40</u>	<u>-</u>
	<u>\$ 7,369.25</u>	<u>\$ 386.55</u>	<u>\$ 7,755.80</u>	<u>\$ -</u>

8. CONTINGENT LIABILITIES

a. Compensated Absences

Management's estimate of \$71,704.72 of possible liabilities for compensated absences as of December 31, 2009 is based upon 100% of the employees' accrued sick days at their current earnings. The above amount represents operating expenses and is reflected on the financial statements within accrued liabilities.

b. Litigation

The Authority's Attorney did not indicate any litigation, claims or contingent liabilities that are not covered by the Authority's insurance carrier.

SUPPLEMENTARY INFORMATION

PARKING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN

COMPARATIVE SCHEDULE OF OPERATING REVENUES
AND EXPENDITURES COMPARED TO BUDGET

Schedule 1

	<u>2009 Budget</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
<u>Revenue</u>			
Lot Rental	\$ 90,000.00	\$ 89,759.00	\$ 72,695.10
Meter Operations	360,500.00	389,548.33	370,637.13
Parking Permits	390,000.00	309,419.50	352,309.80
Summons Surcharge	607,000.00	616,989.00	603,457.00
Miscellaneous		1,400.00	8,690.00
Total Anticipated Revenue	<u>1,447,500.00</u>	<u>1,407,115.83</u>	<u>1,407,789.03</u>
<u>Appropriations</u>			
Administration:			
Salaries and Wages	359,375.00	255,350.83	262,204.98
Employee Benefits	179,474.00	103,255.91	104,490.69
Other Expenses	67,000.00	61,845.59	59,058.10
Cost of Providing Service:			
Salaries and Wages	315,625.00	338,790.78	284,751.69
Employee Benefits	159,156.00	200,437.96	202,834.87
Other Expenses	337,050.00	213,726.59	257,608.20
Depreciation		31,583.36	26,386.61
Total Cost Funded by Operating Revenue	<u>1,417,680.00</u>	<u>1,204,991.02</u>	<u>1,197,335.14</u>
Excess from Operations	<u>29,820.00</u>	<u>202,124.81</u>	<u>210,453.89</u>
<u>Non-Operating Revenue</u>			
Interest on Investments	4,500.00	115.99	4,031.32
Sales Tax Payable Cancelled		1,197.38	
	<u>4,500.00</u>	<u>1,313.37</u>	<u>4,031.32</u>
Surplus	<u>\$ 34,320.00</u>	<u>\$ 203,438.18</u>	<u>\$ 214,485.21</u>

PARKING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN

SCHEDULE OF OTHER EXPENSES

Schedule 2

Administration Expenses:

Bank Charges	\$ 4,757.13
Computer	2,076.43
Computer Services	1,200.00
Insurance	9,643.08
Interest Expense	602.40
Office Supplies	6,124.86
Payroll Data Processing	541.69
Professional Fees	15,000.00
Rent	<u>21,900.00</u>

\$ 61,845.59

Cost of Providing Services:

Advertising	15,193.66
Consulting	28,983.36
Dues and Subscriptions	931.00
Gasoline and Vehicle Costs	44,054.21
Insurance	55,919.92
Maintenance	13,645.11
Miscellaneous	5,807.66
Parking Lot	8,741.00
Payroll Data Processing	1,051.51
Postage	824.27
Printing	9,693.42
Seminars	2,210.82
Signs	6,677.00
Telephone	8,993.07
Uniforms	5,008.05
Utilities	<u>5,992.53</u>

213,726.59

Total Other Expenses

\$ 275,572.18

PARKING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Schedule 3

Balance December 31, 2008 \$ 379,964.24

Increased by Cash Receipts:

Parking Lot Rentals	\$ 88,109.00	
Meter Operations	389,984.29	
Parking Permits	313,626.50	
Summons Surcharge	662,264.00	
Interest on Investments	115.99	
Vehicle Booting	1,400.00	
Petty Cash Returned	200.00	
Vehicle Insurance - Reimbursement	<u>1,220.63</u>	
		<u>1,456,920.41</u>
		1,836,884.65

Decreased by Cash Disbursed:

Accounts Payable	300,458.11	
Health Benefits Payable	218,118.48	
Payroll Deductions and Taxes Payable	85,622.42	
Lease Payable	4,296.00	
Net Payroll	579,164.81	
Due to State of New Jersey	3,719.95	
Petty Cash Established	<u>200.00</u>	
		<u>1,191,579.77</u>

Balance December 31, 2009 \$ 645,304.88

Bank Reconciliation December 31, 2009

Balance Per Bank Certification:

Wachovia Bank Account #2000031091060	\$ 92,971.57
Banco Popular Bank Account #6806355308	554,287.15

Add: Deposit-in-Transit	<u>7,176.00</u>
	664,434.72

Less: Outstanding Checks	<u>9,129.84</u>
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Book Balance December 31, 2009 \$ 645,304.88

PARKING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN

SCHEDULE OF ACCOUNTS PAYABLE

Schedule 4
Sheet #1

Balance December 31, 2008		\$ 35,584.70
Increased by:		
Advertising	\$ 15,193.66	
Auto Expense	44,054.21	
Bank Service Charges	4,757.13	
Computer	2,076.43	
Computer Services	1,200.00	
Dues and Subscriptions	931.00	
Fixed Assets	23,781.00	
Insurance	53,747.00	
Interest Expense	602.40	
Maintenance	13,645.11	
Miscellaneous	5,807.66	
Office Supplies	6,124.86	
Payroll Data Processing	1,593.20	
Parking Lot	8,741.00	
Postage	824.27	
Printing	9,693.42	
Professional Fees	43,983.36	
Refunds	4,867.96	
Rent	21,900.00	
Seminars	2,210.82	
Signs	6,677.00	
Telephone	8,993.07	
Uniforms	5,008.05	
Utilities	5,992.53	
Workers Compensation	5,122.00	
		<u>297,527.14</u>
		333,111.84
Decreased by:		
Paid		<u>300,458.11</u>
Balance December 31, 2009		<u>\$ 32,653.73</u>

PARKING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN

SCHEDULE OF ACCOUNTS PAYABLE

Schedule 4
Sheet #2

Analysis of Balance

<u>Vendor</u>	<u>Check Number</u>	<u>Amount</u>
Township of North Bergen	1125	\$ 1,652.84
Neil Marrota, Esq.	1126	2,166.67
Henry C. Fitschen	1127	450.00
Smart Center Englewood	1128	61.34
Antonia's by the Park	1129	630.00
Michael's Commercial Signs	1130	350.00
Kanka's Inc.	1132	88.50
Cambio Publications Group, LLC	1134	800.00
Verizon Wireless	1135	138.99
Jolius R. Castellanos Picayo	1136	225.00
Tri - My - Bags	1138	52.00
Verizon Wireless	1139	323.48
Lowes	1143	65.06
Harrahs Atlantic City	1147	423.00
Dunbar Armored, Inc.	1148	667.94
Jimmy's Glass, Inc.	1152	165.00
Turnout Fire & Safety, Inc.	1157	599.98
Verizon	1158	55.72
PSE&G	1162	512.65
WCT Products, Inc.	1163	1,235.55
P.O.M. Incorporated	1164	40.00
Northern Safety Company, Inc.	1165	1,007.82
North Jersey Media Group	1167	324.41
Hudson Reporter Assoc. LP	1168	1,531.20
The Evening Journal Assoc.	1169	3,578.97
MacKay Meters, Inc.	1170	340.00
Michael's Commercial Signs	1183	194.00
Township of North Bergen	1185	150.00
Office Depot		23.79
Robert P. Baselice, Executive Director		77.82
Liberty Mutual Insurance Group		5,122.00
Samuel Klein and Company		9,600.00
		<u>\$ 32,653.73</u>

REPORT ON INTERNAL CONTROL
ROSTER OF OFFICIALS, LETTER OF TRANSMITTAL AND GENERAL COMMENTS
YEAR ENDED DECEMBER 31, 2009

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR
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PHONE (973) 624-6100
FAX (973) 624-6101

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FAX (732) 780-1030

**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**

The Honorable Chairman and Authority Commissioners
Parking Authority of the Township of North Bergen
7224 Bergenline Avenue
North Bergen, New Jersey 07047

We have audited the financial statements of the Parking Authority of the Township of North Bergen in the County of Hudson, State of New Jersey, as of and for the year ended December 31, 2009 and have issued our report thereon dated March 23, 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; and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 Authority'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, the Parking Authority of the Township of North Bergen and appropriate state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.



SAUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
March 23, 2010

ROSTER OF OFFICIALS AS OF DECEMBER 31, 2009

The following officials were in office during the period under review:

<u>Name</u>	<u>Office</u>
<u>Board of Commissioners</u>	
Steven R. Monetti	Chairperson
Frank Colaluca	Commissioner
Diana Madrid	Commissioner
Vasu N. Rao	Commissioner
Hector A. Zulueta	Commissioner
<u>Other Officials</u>	
Robert P. Baselice	Executive Director
Neil D. Marotta	General Counsel
Belinda Mendez	Board Clerk/Secretary

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FAX (732) 780-1030

The Honorable Chairman and Authority Commissioners
Parking Authority of the Township of North Bergen
7224 Bergenline Avenue
North Bergen, New Jersey 07047

Madame and Gentlemen:

We have audited the basic financial statements and supplemental schedules of the

**PARKING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
TOWNSHIP OF NORTH BERGEN
COUNTY OF HUDSON**

for the year ended December 31, 2009 and have issued our report thereon. As part of our audit, we reviewed and tested the Authority's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America; the Local Finance Board of the Department of Community Affairs, State of New Jersey; and *Government Auditing Standards* issued by the United States General Accounting Office. Compliance requirements were also reviewed in accordance with the requirements of the aforementioned standards and guidelines.

Our comments with respect to the audit, internal control, and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the audit are herewith set forth.

Contracts and Agreements Required to be Advertised for (N.J.S. 40A:11-4) - As Amended

N.J.S. 40A:11-4, as amended, states "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to (N.J.S. 40A:11-3c) except by contract or agreement."

It is pointed out that the Board of Commissioners has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Board Attorney should be sought before a commitment is made.

The provisions of N.J.S. 40A:11-3b directs the Governor of the State in consultation with the Department of the Treasury to adjust the threshold in direct proportion to the rise or fall of the area consumer price index as reported by the United States Department of Labor. Adjusted thresholds become effective on July 1st of each odd-numbered year. The threshold for the period under audit was the sum of \$21,000.00.

The minutes indicate that no bids were requested by public advertising for any items.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for professional services in accordance with provisions of N.J.S.A. 40A:11-5.

The results of our examination indicated that no individual payments, contracts, or agreements were made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of the Local Public Contracts Law. The system of records is not required to provide for an accumulation of payments for categories of materials and supplies or related work or labor, however, disbursements were reviewed to determine whether any clear-cut violations existed.

Cash

The cash balances were verified with the statements rendered by depositories and also confirmed by direct communication.

The Petty Cash Fund was verified by count during the course of the audit.

Examination of Claims

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

An examination was made of the employees' compensation records for the year ended December 31, 2009 to determine that salaries were paid in conformity to the amounts of salaries and wages authorized by Resolution Number 0-654 adopted December 17, 2008.

The propriety of deductions from employee salaries for pensions, social security, withholding tax and other purposes from employee payrolls were not verified as part of this audit. Remittances of deductions and withholdings to authorized agencies, however, were ascertained.

In accordance with the Local Fiscal Control Law (40A:5A-11) the Authority adopted annual operating budgets for fiscal years ending December 31, 2009 and December 31, 2008. In addition, the annual operating budget for the year ending December 31, 2010 was adopted by the Authority on December 21, 2009.

Payroll Fund

State Unemployment Insurance is withheld from employees at the rate of .00425 and a portion of the withholdings is to be remitted to the State of New Jersey at the rate of .00125 and the balance of .00300 is to be placed in a reserve account.

Our test of the State Unemployment Insurance indicated that the funds were withheld correctly, but the remittance made to the State of New Jersey by the payroll company for the first quarter of 2009 was at the incorrect rate. The result of this remittance to the State of New Jersey was an overpayment to the State in the amount of \$57.93.

The overpayment of State Unemployment Insurance in the amount of \$57.93 has been received in March 2010.

Sales Tax Payable

As of October 1, 2006, N.J.S.A. 54:32B-3(1) required sales tax to be imposed on charges for parking, storing or garaging a motor vehicle, excluding residential parking, employee parking and municipal metered parking. Effective July 1, 2007, the law was amended to exclude all municipal parking, not just municipal metered parking. The amount reflected on the balance sheet as sales tax payable was cancelled as of December 31, 2009.

Status of Prior Years' Audit Recommendations

In accordance with regulations promulgated by the Single Audit Act and the Division of Local Government Services, all local government units are required to prepare and submit to the Division of Local Government Services, a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received.

A review was performed on all prior year's recommendations.

RECOMMENDATION

No recommendations were developed as a result of our auditing procedures.

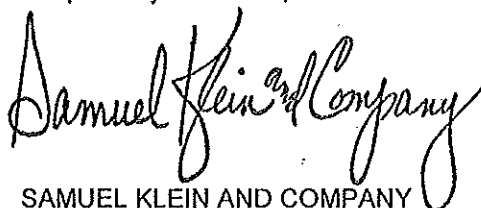
* * *

The foregoing comments are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

We shall be pleased to confer on any questions that might arise with respect to any matters in this report.

We desire to express our appreciation for the assistance and courtesies rendered by the Authority officials and employees during the course of the examination.

Respectfully submitted,

A handwritten signature in cursive script that reads "Samuel Klein and Company". The signature is written in dark ink and is positioned above the printed name of the firm.

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
March 23, 2010