

**PARKING AUTHORITY OF THE
TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, New Jersey)**

Financial Statements and Supplementary Information

For the years ended December 31, 2012 and 2011

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Financial Statements and Supplementary Information
For the years ended December 31, 2012 and 2011

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5
Management's Discussion and Analysis	6-8
Statements of Net Position	9-10
Statements of Revenues, Expenses and Changes in Net Position	11
Statements of Cash Flows	12-13
Notes to Financial Statements	14-22
Schedule I – Revenues, Expenses and Changes in Net Position – Restricted and Unrestricted	23
Schedule II – Operating Expenses – Restricted and Unrestricted	24
Schedule III – Modified Revenues and Expenses – Unrestricted Budget to Actual, for the year ended December 31, 2012	25
Schedule IV – Modified Revenues and Expenses – Unrestricted Budget to Actual, for the year ended December 31, 2011	26
Board of Commissioners and Management	27
General Comments and Recommendations	28-31



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INDEPENDENT AUDITORS' REPORT

Board of Commissioners of the
Parking Authority of the Township of Toms River

Report on the Financial Statements

We have audited the accompanying financial statements of the Parking Authority of the Township of Toms River, a component unit of the Township of Toms River, County of Ocean, State of New Jersey, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 in compliance with audit standards prescribed by the Local Finance Board and by the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Parking Authority of the Township of Toms River, a component unit of the Township of Toms River, County of Ocean, State of New Jersey, as of December 31, 2012 and 2011, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-8 and 25-26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parking Authority of the Township of Toms River's basic financial statements. The accompanying supplementary schedules I and II, on pages 23 to 24 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules I and II, on pages 23 to 24 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary schedules I and II, on pages 23 to 24 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2013 on our consideration of the Parking Authority of the Township of Toms River'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Parking Authority of the Township of Toms River's internal control over financial reporting and compliance.


HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

April 19, 2013
Toms River, New Jersey



**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**

Board of Commissioners of the
Parking Authority of the Township of Toms River

We have audited, in accordance with the 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 Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Parking Authority of the Township of Toms River, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Parking Authority of the Township of Toms River's basic financial statements, and have issued our report thereon dated April 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Parking Authority of the Township of Toms River's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Parking Authority of the Township of Toms River's internal control. Accordingly, we do not express an opinion on the effectiveness of the Parking Authority of the Township of Toms River's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying General Comments and Recommendations that we consider to be significant deficiencies in internal control, as items 2012-01 and 2012-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parking Authority of the Township of Toms River's financial statements are free from 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* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

The Parking Authority of the Township of Toms River's Response to Findings

The Parking Authority of the Township of Toms River's responses to the findings identified in our audit is described in the accompanying General Comments and Recommendations. The Parking Authority of the Township of Toms River's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

April 19, 2013
Toms River, New Jersey

PARKING AUTHORITY
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OFFICE OF THE COMMISSIONERS

Michael Sutton, Chairman *Bill Beining, Treasurer*
Tariq M.S. Siddiqui, Vice Chairman
Bertram O. Yereance, Commissioner
Norvella Lightbody, Secretary
Richard J. Banach, Vice Treasurer

The Management's Discussion and Analysis (MD&A) provides an overview and analysis of the Parking Authority of the Township of Toms River's (the "Parking Authority") financial activities for the fiscal year ended December 31, 2012 as compared to the prior year. It should be read in conjunction with the accompanying financial statements.

Financial Statements

The financial statements included in this report are the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows as of and for the years ended December 31, 2012 and 2011.

The Statements of Net Position shows the financial position of the Parking Authority at December 31st of each year. Assets are compared with liabilities and net position is the result.

The Statements of Revenues, Expenses and Changes in Net Position measure performance for each year and how this performance impacts the net assets of the Parking Authority.

Finally, the Statements of Cash Flows demonstrates why cash balances increased or decreased during the two years shown on this report.

Financial Analysis

The Parking Authority at December 31, 2012, has total assets of \$1,058,744 compared to \$982,615 at December 31, 2011. This can be primarily attributed to the increase in cash as a result of an operations and an increase in deferred revenue received.

The Parking Authority at December 31, 2012 has total liabilities of \$586,078 compared to \$571,105 at December 31, 2011. The majority of this increase is due to an increase in deferred revenue, bus fees payable, and accounts payable.

The Parking Authority at December 31, 2012 has total net assets of \$472,666 compared to \$411,510 at December 31, 2011.

The Parking Authority has net earnings of \$61,156 for the year ended December 31, 2012. This net earnings resulted from grant income and insurance claims received by the Authority.

Condensed Financial Information

Key Parking Authority financial information for the years ended December 31, 2012 and 2011 includes the following balances:

Financial Position:

	<u>2012</u>	<u>2011</u>
ASSETS		
Current unrestricted assets	\$ 535,436	\$ 483,444
Current restricted assets	185,149	184,120
Property and equipment, net	<u>338,159</u>	<u>315,051</u>
Total assets	<u>1,058,744</u>	<u>982,615</u>
LIABILITIES		
Current unrestricted liabilities	424,492	395,597
Current restricted liabilities	38,703	36,761
Long-term unrestricted liabilities	<u>122,883</u>	<u>138,747</u>
Total liabilities	<u>586,078</u>	<u>571,105</u>
NET POSITION		
Investments in capital assets, net of related debt	245,887	203,604
Reserved for New Jersey Transit contingency capital fund	94,765	86,490
Unreserved net position	<u>132,014</u>	<u>121,416</u>
Total net position	<u>\$ 472,666</u>	<u>\$ 411,510</u>

Other Financial Information

	<u>2012</u>	<u>2011</u>
Total revenue	\$ 990,217	\$ 962,486
Total expenses	<u>929,061</u>	<u>920,999</u>
Change in net position	<u>\$ 61,156</u>	<u>\$ 41,487</u>
Meter revenues	\$ 368,082	\$ 391,050
Note principal paid	\$ 19,175	\$ 17,204

Parking Authority operating expenses had a favorable variance of \$80,621 when compared to the budget for 2012 due to lower expenses associated with providing services than were budgeted for.

Parking Authority non-operating revenues had a favorable variance of \$86,877 when compared to the budget for 2012 due to miscellaneous income related to an insurance claim and grant revenue that was not budgeted for.

The Parking Authority's financial report is designed to provide users of the financial statements with a general overview of the Parking Authority's finances and to show the Parking Authority's accountability for the money it receives. The financial statements of the Parking Authority are a matter of public record and may be examined at 33 Washington Street, Toms River, New Jersey, during the Parking Authority's business hours.

Respectfully submitted,



Pamela L. Piner
Executive Director

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Statements of Net Position
December 31, 2012 and 2011

ASSETS	2012	2011
Current unrestricted assets:		
Cash and cash equivalents	\$ 507,472	\$ 453,156
Accounts receivable	17,515	8,829
Inventory	2,737	-
Prepaid expenses	7,712	21,459
Total current unrestricted assets	535,436	483,444
Current restricted assets:		
Cash and cash equivalents	183,828	182,837
Prepaid expenses	1,321	1,283
Total current restricted assets	185,149	184,120
Property and equipment, net	338,159	315,051
Total assets	1,058,744	982,615

The accompanying notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Statements of Net Position (continued)
December 31, 2012 and 2011

	2012	2011
LIABILITIES		
Current unrestricted liabilities:		
Accounts payable	16,338	10,723
Accrued expenses	10,193	9,582
Payroll withholdings payable	6,027	5,122
Deferred revenue	34,159	22,472
Bus fees payable	339,219	329,896
Current portion of notes payable	18,556	17,802
Total current unrestricted liabilities	424,492	395,597
Current restricted liabilities:		
Accounts payable and other accrued expenses	10,263	11,921
Deferred revenue	28,440	24,840
Total current restricted liabilities	38,703	36,761
Long-term unrestricted liabilities:		
Compensated absences	49,167	45,102
Notes payable, net of current portion	73,716	93,645
Total long-term unrestricted liabilities	122,883	138,747
Total liabilities	586,078	571,105
NET POSITION		
Investments in capital assets, net of related debt	245,887	203,604
Reserved for New Jersey Transit contingency funds	94,765	86,490
Unreserved net position	132,014	121,416
Total net position	\$ 472,666	\$ 411,510

The accompanying notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Statements of Revenues, Expenses and Changes in Net Position
For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Meters	\$ 368,082	\$ 391,050
Bus ticket commissions	313,738	301,857
Decals	112,223	127,693
Fines	44,464	53,032
Contracts	<u>16,000</u>	<u>16,000</u>
Total operating revenues	<u>854,507</u>	<u>889,632</u>
Operating expenses:		
Cost of providing services	667,382	679,477
Administrative and general	210,614	199,787
Depreciation	<u>34,431</u>	<u>34,127</u>
Total operating expenses	<u>912,427</u>	<u>913,391</u>
Operating loss	(57,920)	(23,759)
Non-operating revenues (expenses):		
Commissions - vending machines, telephone, ATM	72,467	72,199
Parking study	(12,000)	-
Grant income	35,211	-
Interest expense	(4,634)	(7,608)
Insurance claim income	25,125	-
Miscellaneous income	<u>2,907</u>	<u>655</u>
Total non-operating revenues (expenses)	<u>119,076</u>	<u>65,246</u>
Change in net position	61,156	41,487
Net position, January 1	<u>411,510</u>	<u>370,023</u>
Net position, December 31	<u>\$ 472,666</u>	<u>\$ 411,510</u>

The accompanying notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Statements of Cash Flows
For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers	\$ 996,818	\$ 943,016
Cash paid to suppliers and employees	(860,163)	(835,434)
Interest paid	(4,634)	(7,608)
	<u>132,021</u>	<u>99,974</u>
Cash flows from investing activities:		
Purchases of property and equipment	(57,539)	(49,359)
	<u>(57,539)</u>	<u>(49,359)</u>
Cash flows from financing activities:		
Proceeds from loan issuance	-	32,329
Repayment of long-term debt	(19,175)	(17,204)
	<u>(19,175)</u>	<u>15,125</u>
Net change in cash and cash equivalents	55,307	65,740
Cash and cash equivalents, January 1	<u>635,993</u>	<u>570,253</u>
Cash and cash equivalents, December 31	<u>\$ 691,300</u>	<u>\$ 635,993</u>
 Per Statements of Net Position:		
Cash and cash equivalents - unrestricted	\$ 507,472	\$ 453,156
Cash and cash equivalents - restricted	183,828	182,837
	<u>183,828</u>	<u>182,837</u>
Cash and cash equivalents, December 31	<u>\$ 691,300</u>	<u>\$ 635,993</u>

The accompanying notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Statements of Cash Flows (continued)
For the years ended December 31, 2012 and 2011

	2012	2011
Reconciliation of change in net position to net cash flows from operating activities:		
Change in net position	\$ 61,156	\$ 41,487
Items which did not use/(provide) cash:		
Depreciation	34,431	34,127
Working capital changes which (used)/provided cash:		
Accounts receivable	(8,686)	6,296
Inventory	(2,737)	-
Prepaid expenses	13,709	(2,665)
Accounts payable	3,957	(4,755)
Accrued expenses	611	(5,402)
Payroll withholdings payable	905	(854)
Deferred revenue	15,287	(25,766)
Bus fees payable	9,323	50,459
Compensated absences	4,065	7,047
Net cash flows from operating activities	\$ 132,021	\$ 99,974

The accompanying notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Notes to Financial Statements
For the years ended December 31, 2012 and 2011

NOTE 1: CREATION OF THE AUTHORITY AND NATURE OF ACTIVITIES

The Parking Authority of the Township of Toms River (the "Parking Authority") is a special governmental unit constituting an instrumentality and component unit of the Township of Toms River. The Parking Authority was created by an ordinance of the Township of Toms River and adopted by the governing body in 1973. The Parking Authority is a public body politic and corporate organized pursuant to Chapter 198, P.L. 1948 (Revised Statutes 40:11A).

The Parking Authority is authorized and empowered, among other things, to own, install, maintain, operate, and manage parking meters and parking lot projects within any nonresidential zone of the Township of Toms River. Additionally, the Parking Authority is authorized to maintain and operate a bus terminal facility at the Toms River Bus Park and Ride Facility. The Parking Authority operates municipal lots and parking garages in the Township of Toms River.

The Parking Authority is a component unit of the primary government of the Township of Toms River. The Township Committee appoints the Commissioners of the Parking Authority for staggering terms of five years. The Parking Authority is also required to seek formal approval of the Township of Toms River to change any meter rates on roads maintained by the Township.

Toms River Bus Park and Ride Facility

Under an agreement with the New Jersey Transit Corporation and the New Jersey Department of Transportation, the Parking Authority is to operate and maintain a Park and Ride Facility, which began operations on January 5, 1983. The Park and Ride Facility maintains a separate set of accounting books for the purpose of reporting to the New Jersey Transit Corporation. The terms of this agreement require the books of the Park and Ride Facility to be maintained on a contractual basis, which prescribes that fixed assets are expensed in the year purchased. The adjustments required to conform the Park and Ride Facility's fund balances to net assets in accordance with accounting principles generally accepted in the United States of America are reflected in the balance sheet under the general fund. Therefore, on a combined basis, the net assets of the Parking Authority are stated in accordance with accounting principles generally accepted in the United States of America.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation and Accounting

The Parking Authority's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The Parking Authority applies all Governmental Accounting Standards Board ("GASB") pronouncements as well as Financial Accounting Standards Board statements and interpretations, and the Accounting Principles Board of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements.

These financial statements include the implementation of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This standard provides for significant changes in the presentation of the basic financial statements in addition to requiring the inclusion of a management discussion and analysis as supplementary information.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Notes to Financial Statements (continued)
For the years ended December 31, 2012 and 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation and Accounting (continued)

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets was renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Whereas the provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011, the Authority has implemented this Statement for the year ended December 31, 2012.

B. Use of Estimates

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

C. Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Parking Authority. Operating revenues consist primarily of revenues earned from meter and decal collections and commissions earned on sales of bus tickets.

D. Cash and Investments

Cash includes amounts in demand deposits. Cash equivalents include all highly liquid deposits with an original maturity of three months or less when purchased. These deposits are fully collateralized or covered by federal deposit insurance. The carrying amount of the cash equivalents and investments is fair value.

E. Inventory

Inventory consists principally of packaged food and beverages utilized for resale in the vending machines. Inventory is valued at cost, and determined on a first-in, first-out basis. Inventories, which benefit future periods, are recorded as an expenditure during the year of purchase.

F. Property and Equipment

Property and equipment are stated at cost. The Parking Authority considers all assets with a cost exceeding \$3,000 and a useful life of more than one year to be capital assets. Depreciation is provided by the straight-line method over the estimated economic useful lives of the assets. Depreciation for the years ended December 31, 2012 and 2011 was \$34,431 and \$34,127.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Notes to Financial Statements (continued)
For the years ended December 31, 2012 and 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accrued Sick Time

It is the Parking Authority's policy to permit employees to accumulate a limited amount of earned but unused sick time benefits, which will be paid to the employees upon separation from service. The amounts of accrued sick time earned but unused and the anticipated payroll tax expense associated with the earned but unused sick time benefits is \$49,167 and \$45,102 at December 31, 2012 and 2011, respectively. This long-term unrestricted liability is included in the financial statements as "Compensated absences."

H. Income Tax Status

The Parking Authority is exempt from Federal income tax under Section 501(c)(1) of the Internal Revenue Code since it was created by virtue of a Township of Toms River ordinance. In addition, the Parking Authority is exempt from State income taxes as a government unit.

I. Subsequent Events

The Parking Authority has evaluated subsequent events occurring after the Statements of Net Position date and through April 19, 2013, which is the date the financial statements were available to be issued. See Note 11 for additional information.

NOTE 3: CASH AND CASH EQUIVALENTS

The Parking Authority is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at December 31, 2012 and 2011, and reported at fair value, are as follows:

	<u>2012</u>	<u>2011</u>
Deposits:		
Demand deposits	\$ 691,300	\$ 635,993
Reconciliation of Statements of Net Position:		
Current unrestricted assets:		
Cash and cash equivalents	\$ 507,472	\$ 453,156
Current restricted assets:		
Cash and cash equivalents	<u>183,828</u>	<u>182,837</u>
Total cash and cash equivalents	<u>\$ 691,300</u>	<u>\$ 635,993</u>

A. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2012 and 2011, the Authority's bank balances of \$500,230 and \$567,078, were insured or collateralized as follows:

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Notes to Financial Statements (continued)
For the years ended December 31, 2012 and 2011

NOTE 3: CASH AND CASH EQUIVALENTS (continued)

	2012	2011
Insured	\$ 250,000	\$ 250,000
Collateralized in the Authority's name under GUDPA (See Note 4)	250,230	317,078
Total	\$ 500,230	\$ 567,078

NOTE 4: GOVERNMENTAL UNIT DEPOSIT PROTECTION ACT (GUDPA)

The Parking Authority has deposited cash in 2012 and 2011 with an approved public fund depository qualified under the provisions of the Governmental Unit Deposit Protection Act. In addition to savings and checking accounts, the Parking Authority invests monies in certificates of deposits. The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236 was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the six month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the six month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by the FDIC or any other U.S. agency that insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s), which in aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Notes to Financial Statements (continued)
For the years ended December 31, 2012 and 2011

NOTE 4: GOVERNMENTAL UNIT DEPOSIT PROTECTION ACT (GUDPA) (continued)

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months (June 30 and December 31) with the Commissioner of Banking. Any public depository, which refuses or neglects to give any such information so requested, may be excluded from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The municipality should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Meters	\$ 210,744	\$ 210,744
Machinery and equipment	105,675	105,675
Furniture and fixtures	25,594	25,594
Transportation equipment	127,876	127,876
Land	153,250	153,250
Facility improvements	299,463	241,924
Less: accumulated depreciation	<u>(584,443)</u>	<u>(550,012)</u>
Property and equipment, net	<u>\$ 338,159</u>	<u>\$ 315,051</u>

NOTE 6: LONG-TERM DEBT

The Parking Authority's long-term debt at December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Mortgage payable to Sovereign Bank, secured by the land purchased, with an interest rate of 5.10% with monthly principal and interest payments of \$1,004.	\$ 80,868	\$ 88,394
Loan payable to Ford Motor Credit Company, secured by the vehicle purchased, with an interest rate of 5.65% with monthly principal and interest payments of \$979.61.	<u>11,404</u>	<u>23,053</u>
Total debt	92,272	111,447
Less: current portion	<u>(18,556)</u>	<u>(17,802)</u>
Long-term debt, net of current portion	<u>\$ 73,716</u>	<u>\$ 93,645</u>

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Notes to Financial Statements (continued)
For the years ended December 31, 2012 and 2011

NOTE 6: LONG-TERM DEBT (continued)

Future maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 18,556	\$ 4,368	\$ 22,924
2014	9,491	3,537	13,028
2015	8,961	3,092	12,053
2016	9,429	2,624	12,053
2017	9,921	2,133	12,054
2018-2021	<u>35,914</u>	<u>5,788</u>	<u>41,702</u>
	<u>\$ 92,272</u>	<u>\$ 21,542</u>	<u>\$ 113,814</u>

NOTE 7: NET POSITION – RESERVED FOR NEW JERSEY TRANSIT CONTINGENCY FUNDS

Under the terms of an agreement with the New Jersey Transit Corporation, parking fees generated at the Toms River Bus Park and Ride Facility shall be sufficient to meet operating and normal maintenance costs and provide a contingency fund equal to ten percent of gross monthly revenues. Beginning on January 1, 2004, the annual ten percent contingency capital fund reserve requirement was replaced with a flat contingency fund reserve amount of \$2,500 per quarter, or \$10,000 annually. Monies accumulated in the contingency fund must be retained for major repairs of the Facility or for construction, purchases, or lease of additional commuter parking facilities. Should there be any excess revenue after these costs and the reserve for contingency capital fund, these excesses will be deposited into the contingency fund and is payable to the New Jersey Transit Corporation within thirty-one (31) days of the end of each calendar year. As of December 31, 2012 and 2011, there was a cumulative balance in this fund of \$(13,395) and \$(11,670), respectively. The contingency capital fund set aside for future major repairs as of December 31, 2012 and 2011 was \$108,160 and \$98,160, respectively. Combined, this resulted in net asset balances reserved for the New Jersey Transit contingency funds as of December 31, 2012 and 2011 of \$94,765 and \$86,490, respectively.

NOTE 8: RELATED PARTY COMMITMENTS

A. Parking Lot

The Parking Authority leases property from the Township of Toms River for use as a parking lot on a monthly basis. There is no rental cost to the Parking Authority, providing that a tax exemption for tax-exempt use can be maintained. Otherwise, the Parking Authority will assume payments for the real estate taxes on the property. The Parking Authority provides for all maintenance and insurance costs.

B. Parking Garage

Under an agreement with the Township of Toms River, the Parking Authority is to operate and maintain a municipal parking garage. The Parking Authority is responsible for the operating expenses of the facility including insurance, repairs and maintenance, utilities, and personnel salaries. The second level of the garage is reserved for use by the Township of Toms River.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Notes to Financial Statements (continued)
For the years ended December 31, 2012 and 2011

NOTE 8: RELATED PARTY COMMITMENTS (continued)

C. Office Space

The Township of Toms River also allows the Parking Authority to occupy space as an office within the Township's administration building.

NOTE 9: PENSIONS

A. Plan Description

The Parking Authority contributes to a cost-sharing multiple-employer defined benefit pension plan administered by Public Employees' Retirement System (PERS) of New Jersey, which is part of the Division of Pensions in the Department of the Treasury, State of New Jersey. It provides retirement, disability, annual cost-of-living and death benefits to plan members and beneficiaries.

The Public Employees' Retirement System (P.E.R.S.) was established in January 1955 under the provisions of *N.J.S.A.43:15A*. The plan was set up to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625, or calling (609) 984-1684.

B. Vesting and Benefit Provisions

The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B*. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Note 9C below.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Notes to Financial Statements (continued)
For the years ended December 31, 2012 and 2011

NOTE 9: PENSIONS (continued)

C. Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for PERS were reduced.

Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio."

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

D. Contribution Requirements

The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 6.5%, effective October 1, 2011, of employees' annual compensation as defined. The rate will increase over the next seven years to 7.5%. From October 1, 2011 through December 31, 2012, plan members were required to contribute 6.5% of their annual salaries. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. For the years ending December 31, 2012 and 2011 the Authority contributed \$36,437 and \$36,043 to the PERS pension plan.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Notes to Financial Statements (continued)
For the years ended December 31, 2012 and 2011

NOTE 10: LEASE AGREEMENT

During the year ended December 31, 2004, the Parking Authority and New Jersey Transit Corporation entered into a five year operating agreement that required the Parking Authority to remit monthly rental payments for the Park and Ride Facility. The agreement expired on December 31, 2008. The Facility is currently operating on a month-to-month basis until the agreement is approved and a new, up-to-date agreement is entered into. The annual rental payments are set at \$48,000, payable in twelve monthly payments of \$4,000. Rent expense was \$48,000 for both of the years ended December 31, 2012 and 2011.

NOTE 11: SUBSEQUENT EVENTS

On April 10, 2013, Parking Authority personnel performed a "cash count" of cash held in the automated teller machine as of that date.

The comparison of the amount of this "count" to Authority cash balance records resulted in a negative variance of approximately \$120,000. Cash on hand was approximately \$120,000 less than Authority records.

Law enforcement officials have been notified and are currently investigating this matter. The Authority maintains insurance in the amount of \$50,000 per year which will help off-set any loss as finally determined.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Revenues, Expenses and Changes in Net Position - Restricted and Unrestricted
For the years ended December 31, 2012 and 2011

Schedule I

	2012				2011
	Unrestricted	Restricted		Total	(Memorandum Only) Total
	General	Contingency	Contingency		
<u>Fund</u>	<u>Capital</u>	<u>Fund</u>			
		<u>Fund</u>	<u>Reserve</u>		
Operating revenues:					
Meters	\$ 138,503	\$ 7,500	\$ 222,079	\$ 368,082	\$ 391,050
Bus ticket commissions	313,738	-	-	313,738	301,857
Decals	69,005	2,500	40,718	112,223	127,693
Fines	44,464	-	-	44,464	53,032
Contracts	16,000	-	-	16,000	16,000
	581,710	10,000	262,797	854,507	889,632
Total operating revenues					
Operating expenses:					
Cost of providing services	444,566	-	222,816	667,382	679,477
General and administrative	168,908	-	41,706	210,614	199,787
Depreciation	34,431	-	-	34,431	34,127
	647,905	-	264,522	912,427	913,391
Total operating expenses					
Net operating (loss) income	(66,195)	10,000	(1,725)	(57,920)	(23,759)
Non-operating revenue (expenses):					
Vending commissions	72,467	-	-	72,467	72,199
Parking study	(12,000)	-	-	(12,000)	-
Grant income	35,211	-	-	35,211	-
Interest expense	(4,634)	-	-	(4,634)	(7,608)
Insurance claim income	25,125	-	-	25,125	-
Miscellaneous	2,907	-	-	2,907	655
	119,076	-	-	119,076	65,246
Total non-operating revenues (expenses)					
Change in net position	52,881	10,000	(1,725)	61,156	41,487
Net position, January 1	325,020	98,160	(11,670)	411,510	370,023
Net position, December 31	\$ 377,901	\$ 108,160	\$ (13,395)	\$ 472,666	\$ 411,510

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Operating Expenses - Restricted and Unrestricted
For the years ended December 31, 2012 and 2011

Schedule II

	2012				2011
	Unrestricted	Restricted		Total	(Memorandum Only) Total
	General Fund	Contingency Capital Fund	Contingency Fund Reserve		
Cost of providing services:					
Salaries	\$ 212,746	\$ -	\$ 91,903	\$ 304,649	\$ 328,750
Hospitalization	103,735	-	-	103,735	88,919
Repairs and maintenance	20,107	-	28,577	48,684	19,172
Rent	-	-	48,000	48,000	48,000
Utilities	12,824	-	32,309	45,133	67,193
Pension expense	30,389	-	-	30,389	29,429
Vending	28,378	-	-	28,378	31,192
Payroll taxes	16,683	-	7,526	24,209	26,988
Meter parts and supplies	9,202	-	2,365	11,567	8,288
Janitorial expense	-	-	7,702	7,702	9,088
Automotive expense	5,456	-	-	5,456	9,267
Security	-	-	2,987	2,987	1,585
Miscellaneous	745	-	1,447	2,192	3,602
Signs	1,665	-	-	1,665	-
Snow removal costs	1,624	-	-	1,624	7,245
Uniforms	1,012	-	-	1,012	759
	444,566	-	222,816	667,382	679,477
Total cost of providing services					
General and administrative expenses:					
Insurance	18,563	-	35,477	54,040	55,259
Salaries	46,290	-	-	46,290	45,709
Professional fees	34,382	-	4,207	38,589	31,469
Hospitalization	18,732	-	-	18,732	19,758
Telephone	16,229	-	-	16,229	15,024
Office supplies and expense	13,244	-	2,022	15,266	9,646
Bank charges	8,038	-	-	8,038	8,154
Pension expense	6,048	-	-	6,048	6,614
Payroll taxes	3,639	-	-	3,639	3,673
Data processing	3,518	-	-	3,518	2,809
Dues and subscriptions	225	-	-	225	572
Seminars	-	-	-	-	1,100
	168,908	-	41,706	210,614	199,787
Total general and administrative expenses					
Depreciation	34,431	-	-	34,431	34,127
	\$ 647,905	\$ -	\$ 264,522	\$ 912,427	\$ 913,391
Total operating expenses					

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Modified Revenues and Expenses - Unrestricted Budget to Actual
For the year ended December 31, 2012

Schedule III

	<u>Original</u>	<u>Modified</u>	<u>Unrestricted</u>	<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	
Operating revenues:				
Meters, decals, and fines	\$ 431,288	\$ 431,288	\$ 251,972	\$ (179,316)
Bus ticket commissions	294,680	294,680	313,738	19,058
Contracts	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
 Total operating revenues	 <u>741,968</u>	 <u>741,968</u>	 <u>581,710</u>	 <u>(160,258)</u>
Operating expenses:				
Cost of providing services	517,542	517,542	444,566	72,976
General and administrative expenses	<u>176,553</u>	<u>176,553</u>	<u>168,908</u>	<u>7,645</u>
 Total operating expenses	 <u>694,095</u>	 <u>694,095</u>	 <u>613,474</u>	 <u>80,621</u>
 Modified net operating income (loss)	 <u>47,873</u>	 <u>47,873</u>	 <u>(31,764)</u>	 <u>(79,637)</u>
Non-operating revenues (expenses):				
Vending commissions	74,731	74,731	72,467	(2,264)
Grant income	-	-	35,211	35,211
Interest expense	(30,532)	(30,532)	(4,634)	25,898
Insurance claim income	-	-	25,125	25,125
Miscellaneous	<u>-</u>	<u>-</u>	<u>2,907</u>	<u>2,907</u>
 Total non-operating revenues (expenses)	 <u>44,199</u>	 <u>44,199</u>	 <u>131,076</u>	 <u>86,877</u>
Capital improvements and debt service:				
Equipment	2,849	3,000	-	3,000
Meters	262,500	262,500	-	262,500
Leasehold improvements	130,360	130,360	57,539	72,821
Parking study	-	12,000	12,000	-
Debt service	<u>27,024</u>	<u>27,024</u>	<u>19,175</u>	<u>7,849</u>
 Total capital improvements and debt service	 <u>422,733</u>	 <u>434,884</u>	 <u>88,714</u>	 <u>346,170</u>
 Net budgeted income - modified basis	 <u>\$ (330,661)</u>	 <u>\$ (342,812)</u>	 <u>\$ 10,598</u>	 <u>\$ 353,410</u>
Reconciliation to change in net position:				
Net budgeted income - modified basis			\$ 10,598	
Add: capital improvements and debt service			76,714	
Less: depreciation			<u>(34,431)</u>	
 Change in unrestricted net position			 52,881	
 Change in restricted net position			 <u>8,275</u>	
 Change in net position			 <u>\$ 61,156</u>	

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Modified Revenues and Expenses - Unrestricted Budget to Actual
For the year ended December 31, 2011

Schedule IV

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Unrestricted Actual</u>	<u>Variance</u>
Operating revenues:				
Meters, decals, and fines	\$ 390,810	\$ 390,810	\$ 303,864	\$ (86,946)
Bus ticket commissions	285,984	285,984	301,857	15,873
Contracts	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
 Total operating revenues	 <u>692,794</u>	 <u>692,794</u>	 <u>621,721</u>	 <u>(71,073)</u>
Operating expenses:				
Cost of providing services	518,624	518,624	464,872	53,752
General and administrative expenses	<u>150,114</u>	<u>150,114</u>	<u>161,894</u>	<u>(11,780)</u>
 Total operating expenses	 <u>668,738</u>	 <u>668,738</u>	 <u>626,766</u>	 <u>41,972</u>
 Modified net operating income (loss)	 <u>24,056</u>	 <u>24,056</u>	 <u>(5,045)</u>	 <u>(29,101)</u>
Non-operating revenues (expenses):				
Vending commissions	65,360	65,360	72,199	6,839
Interest expense	(6,243)	(6,243)	(7,608)	(1,365)
Miscellaneous	<u>-</u>	<u>-</u>	<u>655</u>	<u>655</u>
 Total non-operating revenues (expenses)	 <u>59,117</u>	 <u>59,117</u>	 <u>65,246</u>	 <u>6,129</u>
Capital improvements and debt service:				
Equipment	7,000	7,000	7,000	-
Meters	175,000	175,000	-	175,000
Leasehold improvements	-	-	10,030	(10,030)
Transportation equipment	32,329	32,329	32,329	-
Debt service	<u>16,586</u>	<u>16,586</u>	<u>(15,125)</u>	<u>31,711</u>
 Total capital improvements and debt service	 <u>230,915</u>	 <u>230,915</u>	 <u>34,234</u>	 <u>196,681</u>
 Net budgeted income - modified basis	 <u>\$ (147,742)</u>	 <u>\$ (147,742)</u>	 <u>\$ 25,967</u>	 <u>\$ 173,709</u>
Reconciliation to change in net position:				
Net budgeted income - modified basis			\$ 25,967	
Add: capital improvements and debt service			34,234	
Less: depreciation			<u>(34,127)</u>	
 Change in unrestricted net position			26,074	
 Change in restricted net position			<u>15,413</u>	
 Change in net position			<u>\$ 41,487</u>	

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Board of Commissioners and Management
December 31, 2012 and 2011

BOARD OF COMMISSIONERS

Michael Sutton	Chairman
Tariq M.S. Siddiqui	Vice Chairman
Norvella Lightbody	Secretary
Bill Beining	Treasurer
Richard Banach	Vice Treasurer
Bertram O. Yereance	Commissioner
Fred Pennachio	Commissioner

MANAGEMENT

Pamela Piner	Executive Director
Robert Pentz	Park and Ride Manager



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926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090
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To the Board of Commissioners and Members
of the Parking Authority of the Township of Toms River
Toms River, New Jersey 08753

We have audited the financial accounts and transactions of the Parking Authority of the Township of Toms River, a component unit of the Township of Toms River, County of Ocean, State of New Jersey for the year ended December 31, 2012. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments and Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or 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 \$17,500 except by contract or agreement.

It is pointed out that the Members of the Parking Authority have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. The results of our examination did not disclose any discrepancies.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures revealed individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A. 40A:11-6.1*).

The minutes indicate that quotes were requested for annual landscaping services and the demolition of a pump house to pave additional parking spots.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Fund

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Authority employees and ascertained that the accumulated withholdings were disbursed to the proper agencies.

Property, Plant and Equipment

The property, plant and equipment subsidiary ledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

General Ledger

The general ledger was complete with the required journal entries.

Internal Control System

During our review of the Authority's internal control system, we noted the following:

***Finding 2012-01:**

During our audit, we noted that the Authority does not have an integrated system that provides adequate control over cash receipts for meter fees collected at individual street meters. There are no system generated reports for the amount that is earned by each meter or distributed out of each meter upon collection. The result is that the Authority does not have the ability to reconcile the revenues that were actually earned and collected from each meter to what was deposited into the bank.

Recommendation:

The Authority should install meters that have the capability to provide reports as to how much is deposited into the meter so that they can be reconciled to cash receipt/deposit records. Furthermore, adequate maintenance of the Authority's meters and lots should be performed to ensure that meters are fully functioning at all times and parking restrictions are properly advertised.

Management's Response:

The Authority has been actively investigating available technology for a new meter system for both on street and off street parking. A comprehensive parking study, in partnership with the Township of Toms River, was initiated in May 2012 with results expected in November 2012. Due to Hurricane Sandy, the presentation and confirmation of the results have been postponed until the second quarter of 2013. This data is crucial in aiding the Board of Commissioners in their decisions regarding this large investment. A plan on how to finance, implement and sustain this necessary upgrade will be completed in the fourth quarter of 2013. It is the intention of the Board of Commissioners, if financially feasible, to have a new metering system in place by the second quarter of 2014.

Finding 2012-02:

Presently, the automated teller machine ("ATM") cash count and reconciliation take place at the end of each quarter.

Recommendation:

In addition to the prescheduled quarter-end cash count, we recommend that the Authority's personnel perform surprise counts throughout the quarter.

Management's Response:

The Authority has implemented controls and reporting requirements to assist in eliminating the possibility of employee fraud. The limited auditing functionality of the ATM regarding the actual amount of cash deposited has resulted in a modification to the current controls. The ATM key will be kept off premises, in the main office of the Parking Authority. Two individuals must be present when the ATM is opened. A maximum amount of cash to be held in the ATM will be established based on an average of 12 months of disbursements. A low cash threshold will be programmed into the ATM with an automatically generated email to be sent to the Executive Director, the Board of Commissioners' Treasurer and the Authority's independent accountant. Only once the low cash alert has been generated will additional cash be added to the ATM. Quarterly audits will be conducted by the Executive Director and a second individual. Periodic unannounced audits will be conducted by either the Board of Commissioners' Treasurer or the Authority's independent accountant, or both. Research into improved auditing features through an upgrade to the existing ATM or replacement of the current ATM will be conducted.

Follow-Up of Prior Years' Findings

In accordance with *Government Auditing Standards*, our procedures included a review of prior year findings. The previous years' audit findings have been corrected except for those marked with an asterisk (*).

Acknowledgment

We received the complete cooperation of all the Parking Authority officials and employees and we greatly appreciate the courtesies extended to the members of the audit team.

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call us.

HOLMAN FRENIA ALLISON PC.
HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

April 19, 2013
Toms River, New Jersey