

**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, 2014 and 2013

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
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For the years ended December 31, 2014 and 2013

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INDEPENDENT AUDITOR'S 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, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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.

Auditor's 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, 2014 and 2013, and the respective changes in financial position and cash flows 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 6-9 and 27-28 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 25 to 26 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 25 to 26 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 25 to 26 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 June 04, 2015 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

June 4, 2015
Toms River, New Jersey



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INDEPENDENT AUDITOR'S 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 Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities 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 year ended December 31, 2014, 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 June 04, 2015.

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. We consider the deficiency described in the accompanying General Comments and Recommendations letter as 2014-001 to be a material weaknesses.

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.

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 Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

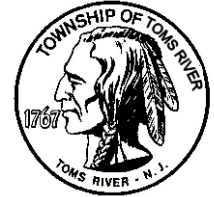
Purpose of this Report

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

June 4, 2015
Toms River, New Jersey

PARKING AUTHORITY
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OFFICE OF THE COMMISSIONERS

Michael Sutton, Chairman
Tariq M.S. Siddiqui, Vice Chairman
Norvella Lightbody, Secretary

Bill Beining, Treasurer
Richard J. Banach, Vice Treasurer
Brenda Tutela, Commissioner

June 4, 2015

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, 2014 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, 2014 and 2013.

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, 2014, has total assets of \$1,118,322 compared to \$919,490 at December 31, 2013. This increase can be primarily attributed to the increase in cash as a result of an extraordinary gain. The Parking Authority at December 31, 2013 had total assets of \$919,490 compared to \$1,058,744 at December 31, 2012. This was primarily attributed to the decrease in cash as a result of an extraordinary loss.

The Parking Authority at December 31, 2014 has total liabilities of \$678,025 compared to \$566,630 at December 31, 2013. 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, 2013 had total liabilities of \$566,630 compared to \$586,078 at December 31, 2012. The majority of this increase was due to an increase in notes payable to finance the purchase of a Ford Explorer and new meters.

The Parking Authority at December 31, 2014 has total net position of \$440,297 compared to \$352,860 at December 31, 2013. The Parking Authority at December 31, 2013 has total net position of \$352,860 compared to \$472,666 at December 31, 2012.

The Parking Authority has a net gain of \$87,437 for the year ended December 31, 2014. This net gain is attributed to an extraordinary gain of \$100,000. The Parking Authority had a net loss of \$119,806 for the year ended December 31, 2013. This net loss is attributed to an extraordinary loss of \$140,300.

Condensed Financial Information

Key Parking Authority financial information for the years ended December 31, 2014 and 2013 includes the following balances:

Statements of Net Position December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Current unrestricted assets	\$ 536,193	\$ 398,295	137,898	34.6%
Current restricted assets	258,233	212,832	45,401	21.3%
Capital assets, net	<u>323,896</u>	<u>308,363</u>	15,533	5.0%
 Total assets	 <u>1,118,322</u>	 <u>919,490</u>	 198,832	 21.6%
Current unrestricted liabilities	436,608	408,051	28,557	7.0%
Current restricted liabilities	50,805	43,787	7,018	16.0%
Long-term unrestricted liabilities	<u>190,612</u>	<u>114,792</u>	75,820	66.0%
 Total liabilities	 <u>678,025</u>	 <u>566,630</u>	 111,395	 19.7%
 Total net position	 <u>\$ 440,297</u>	 <u>\$ 352,860</u>	 87,437	 24.8%

Analysis of Net Position:

Invested in Capital Assets Net of Related Debt	\$ 157,865	\$ 235,557	(77,692)	(33.0%)
Reserved for New Jersey Transit contingency capital fund	57,410	77,609	(20,199)	(26.0%)
 Unreserved net position	 <u>225,022</u>	 <u>39,694</u>	 185,328	 466.9%
 Total net position	 <u>\$ 440,297</u>	 <u>\$ 352,860</u>	 87,437	 24.8%

Statements of Net Position December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>	<u>\$ Increase (Decrease)</u>	<u>%Increase (Decrease)</u>
Current unrestricted assets	\$ 398,295	\$ 535,436	(137,141)	(25.6%)
Current restricted assets	212,832	185,149	27,683	15.0%
Property and equipment, net	<u>308,363</u>	<u>338,159</u>	(29,796)	(8.8%)
Total assets	<u>919,490</u>	<u>1,058,744</u>	(139,254)	(13.2%)
Current unrestricted liabilities	408,051	424,492	(16,441)	(3.9%)
Current restricted liabilities	43,787	38,703	5,084	13.1%
Long-term unrestricted liabilities	<u>114,792</u>	<u>122,883</u>	(8,091)	(6.6%)
Total liabilities	<u>566,630</u>	<u>586,078</u>	(19,448)	(3.4%)
Total net position	<u>\$ 352,860</u>	<u>\$ 472,666</u>	(119,806)	(25.3%)

Analysis of Net Position:

Invested in Capital Assets Net of Related Debt	\$ 235,557	\$ 245,887	(10,330)	(4.2%)
Reserved for New Jersey Transit contingency capital fund	77,609	94,765	(17,156)	(18.1%)
Unreserved net position	<u>39,694</u>	<u>132,014</u>	(92,320)	(69.9%)
Total net position	<u>\$ 352,860</u>	<u>\$ 472,666</u>	(119,806)	(25.3%)

Other Financial Information

	<u>2014</u>	<u>2013</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Total revenue	\$1,061,541	\$1,003,560	57,981	5.8%
Total expenses	1,074,104	983,066	91,038	9.3%
Total extraordinary gain/(loss)	<u>100,000</u>	<u>(140,300)</u>	240,300	171.3%
Change in net position	<u>\$ 87,437</u>	<u>\$ (119,806)</u>	207,243	173.0%
Meter revenues	\$ 394,313	\$ 368,060	8,253	2.1%
Note principal paid	\$ 14,051	\$ 19,466	(5,415)	(27.8%)

	<u>2013</u>	<u>2012</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase Decrease)</u>
Total revenue	\$1,003,560	\$ 990,217	13,343	1.3%
Total expenses	983,066	929,061	54,005	5.5%
Total extraordinary loss	<u>140,300</u>	<u>-</u>	140,300	100%
Change in net position	<u>\$ (119,806)</u>	<u>\$ 61,156</u>	(180,962)	(295.9%)
Meter revenues	\$ 386,060	\$ 368,082	17,978	4.9%
Note principal paid	\$ 19,466	\$ 19,175	291	1.5%

Parking Authority 2014 operating expenses had a favorable variance of \$24,727 when compared to the budget for 2014 due to lower expenses associated with providing services than were budgeted for. Parking Authority 2013 operating expenses had a favorable variance of \$35,772 when compared to the budget for 2013 due to lower expenses associated with providing services than were budgeted for.

Parking Authority 2014 non-operating revenues had an unfavorable variance of \$1,540 when compared to the budget for 2014 due to higher than expecting interest expenses. Parking Authority 2013 non-operating revenues had a favorable variance of \$6,654 when compared to the budget for 2014 due to higher than expected vending commissions.

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
(A Component Unit of the Township of Toms River, State of New Jersey)
Statements of Net Position
December 31, 2014 and 2013

ASSETS	2014	2013
Current unrestricted assets:		
Cash and cash equivalents	\$ 499,572	\$ 368,685
Accounts receivable	26,499	20,192
Inventory	882	2,405
Prepaid expenses	9,240	7,013
Total current unrestricted assets	536,193	398,295
Current restricted assets:		
Cash and cash equivalents	257,013	211,396
Prepaid expenses	1,220	1,436
Total current restricted assets	258,233	212,832
Capital assets, net	323,896	308,363
Total assets	1,118,322	919,490

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Statements of Net Position (continued)
December 31, 2014 and 2013

	2014	2013
LIABILITIES		
Current unrestricted liabilities:		
Accounts payable	18,403	14,939
Accrued expenses	15,222	10,632
Payroll withholdings payable	4,186	9,570
Unearned revenue	36,209	32,103
Bus fees payable	341,735	331,538
Current portion of notes payable	20,853	9,269
Total current unrestricted liabilities	436,608	408,051
Current restricted liabilities:		
Accounts payable and other accrued expenses	16,245	11,027
Unearned revenue	34,560	32,760
Total current restricted liabilities	50,805	43,787
Long-term unrestricted liabilities:		
Compensated absences	45,434	51,255
Notes payable, net of current portion	145,178	63,537
Total long-term unrestricted liabilities	190,612	114,792
Total liabilities	678,025	566,630
NET POSITION		
Net investment in capital assets	157,865	235,557
Reserved for New Jersey Transit contingency funds	57,410	77,609
Unreserved net position	225,022	39,694
Total net position	\$ 440,297	\$ 352,860

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Statements of Revenues, Expenses and Changes in Net Position
For the years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Meters	\$ 394,313	\$ 386,060
Bus ticket commissions	321,335	303,666
Decals	126,291	122,155
Fines	128,355	99,465
Contracts	<u>16,000</u>	<u>14,333</u>
Total operating revenues	<u>986,294</u>	<u>925,679</u>
Operating expenses:		
Cost of providing services	834,293	731,467
Administrative and general	205,348	218,352
Depreciation	<u>30,062</u>	<u>29,796</u>
Total operating expenses	<u>1,069,703</u>	<u>979,615</u>
Operating loss	(83,409)	(53,936)
Non-operating revenues (expenses):		
Commissions - vending machines, telephone, ATM	75,092	77,711
Interest expense	(4,401)	(3,451)
Miscellaneous income	<u>155</u>	<u>170</u>
Total non-operating revenues (expenses)	<u>70,846</u>	<u>74,430</u>
Change in net position before extraordinary gain/(loss)	(12,563)	20,494
Extraordinary gain/(loss)	<u>100,000</u>	<u>(140,300)</u>
Change in net position	87,437	(119,806)
Net position, January 1	<u>352,860</u>	<u>472,666</u>
Net position, December 31	<u>\$ 440,297</u>	<u>\$ 352,860</u>

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Statements of Cash Flows
For the years ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from customers	\$ 1,161,140	\$ 862,847
Cash paid to suppliers and employees	(1,027,864)	(951,149)
Interest paid	(4,401)	(3,451)
Net cash flows from operating activities	128,875	(91,753)
Cash flows from investing activities:		
Purchases of property and equipment	(45,596)	-
Net cash flows from investing activities	(45,596)	-
Cash flows from financing activities:		
Proceeds from capital lease issuance	107,276	-
Repayment of long-term debt	(14,051)	(19,466)
Net cash flows from financing activities	93,225	(19,466)
Net change in cash and cash equivalents	176,504	(111,219)
Cash and cash equivalents, January 1	580,081	691,300
Cash and cash equivalents, December 31	\$ 756,585	\$ 580,081
 Per Statements of Net Position:		
Cash and cash equivalents - unrestricted	\$ 499,572	\$ 368,685
Cash and cash equivalents - restricted	257,013	211,396
Cash and cash equivalents, December 31	\$ 756,585	\$ 580,081

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Statements of Cash Flows (continued)
For the years ended December 31, 2014 and 2013

	2014	2013
Reconciliation of change in net position to net cash flows from operating activities:		
Change in net position	\$ 87,437	\$ (119,806)
Items which did not use/(provide) cash:		
Depreciation	30,062	29,796
Working capital changes which (used)/provided cash:		
Accounts receivable	(6,307)	(2,677)
Inventory	1,523	332
Prepaid expenses	(2,011)	584
Accounts payable	8,683	(635)
Accrued expenses	4,590	439
Payroll withholdings payable	(5,384)	3,543
Deferred revenue	5,906	2,264
Bus fees payable	10,197	(7,681)
Compensated absences	(5,821)	2,088
Net cash flows from operating activities	\$ 128,875	\$ (91,753)

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended December 31, 2014 and 2013

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.

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended December 31, 2014 and 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation and Accounting (continued)

December 15, 2011, the Authority has implemented this Statement for the year ended December 31, 2012.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Whereas the provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012, the Authority has implemented it this statement for the year ended December 31, 2012.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27*. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the Authority's financial statements.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred inflow or outflow of resources associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into invested capital assets, net of related debt; restricted for capital activity; restricted for debt service; and unrestricted components.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended December 31, 2014 and 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Budgetary Accounting

Each year the Authority adopts a budget which is approved by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The budget may be amended by resolution of the Board of Commissioners of the Authority. The budgetary basis of accounting is utilized to determine the Authority has sufficient cash to operate and pay debt service. As such, certain items such as bond payments are included in budgetary expenses while depreciation is not included.

D. 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.

E. Cash

New Jersey Authorities are required by *N.J.S.A. 40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. *N.J.S.A. 40A:5-15.1* provides a list of securities which may be purchased by New Jersey authorities. The Authority is required to deposit funds in a public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect government units from a loss of funds on deposit with a failed banking institution in New Jersey. *N.J.S.A. 17:9-42* requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended December 31, 2014 and 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash (continued)

accordance with the Act.

Public Funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of government units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the government units.

For the Statements of Cash Flows, the Authority combines the unrestricted cash and cash equivalents with the restricted cash and cash equivalents. The Authority considers investments with maturities of three months or less at the time of purchase to be cash equivalents.

F. 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.

G. 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, 2014 and 2013 was \$30,062 and \$29,796. The estimated lives of depreciable assets are:

Meters	7-12 years
Machinery and equipment	5-15 years
Furniture and fixtures	3-10 years
Transportation equipment	5-10 years
Facility improvements	5-40 years

H. 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 \$45,434 and \$51,255 at December 31, 2014 and 2013, respectively. This long-term unrestricted liability is included in the financial statements as "compensated absences."

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended December 31, 2014 and 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Unearned Revenue

Unearned revenue consists of parking decals purchased in the current year that are to be used in the following year. The revenue will be recognized in the year the parking decal is to be used.

J. 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.

K. Subsequent Events

The Parking Authority has evaluated subsequent events occurring after the Statements of Net Position date and through June 04, 2015, which is the date the financial statements were available to be issued.

NOTE 3: CASH

The Parking Authority is governed by the deposit and investment limitations of New Jersey state law. The deposits held at December 31, 2014 and 2013, and reported at fair value, are as follows:

	<u>2014</u>	<u>2013</u>
Deposits:		
Demand deposits	\$ <u>756,585</u>	\$ <u>580,081</u>
Reconciliation of Statements of Net Position:		
Current unrestricted assets:		
Cash	\$ 499,572	\$ 368,685
Current restricted assets:		
Cash	<u>257,013</u>	<u>211,396</u>
Total cash	<u>\$ 756,585</u>	<u>\$ 580,081</u>

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, 2014 and 2013, the Authority's bank balances of \$609,627 and \$540,051, were insured or collateralized as follows:

	<u>2014</u>	<u>2013</u>
Insured	\$ 251,523	\$ 434,081
Collateralized in the Authority's name under GUDPA	<u>358,104</u>	<u>105,970</u>
Total	<u>\$ 609,627</u>	<u>\$ 540,051</u>

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended December 31, 2014 and 2013

NOTE 4: CAPITAL ASSETS

Capital assets at December 31, 2014 and 2013 consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 153,250	\$ -	\$ -	\$ 153,250
Meters construction in progress	-	9,467	-	9,467
Total capital assets not being depreciated	<u>153,250</u>	<u>9,467</u>	<u>-</u>	<u>162,717</u>
Meters	210,744	-	-	210,744
Machinery and equipment	105,675	8,052	-	113,727
Furniture and fixtures	25,594	-	-	25,594
Transportation equipment	127,876	28,076	-	155,952
Facility improvements	299,463	-	-	299,463
Totals at historical cost	<u>769,352</u>	<u>36,128</u>	<u>-</u>	<u>805,480</u>
Less accumulated depreciation:	<u>(614,239)</u>	<u>(30,062)</u>	<u>-</u>	<u>(644,301)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>155,113</u>	<u>6,066</u>	<u>-</u>	<u>161,179</u>
Government activities capital assets, net	<u>\$ 308,363</u>	<u>\$ 15,533</u>	<u>\$ -</u>	<u>\$ 323,896</u>

NOTE 5: LONG-TERM DEBT

The Parking Authority's long-term debt at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</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.	\$ 62,993	\$ 72,806
Capital lease payable to First Capital Equipment Leasing Corp., secured by the equipment purchased, with an interest rate of 5.35% with monthly principal and interest payments of \$1,507.	79,200	-

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended December 31, 2014 and 2013

NOTE 5: LONG-TERM DEBT (continued)

Loan payable to Ford Motor Credit Company, secured by the vehicle purchased, with an interest rate of 5.95% with monthly principal and interest payments of \$539.	<u>23,838</u>	<u>-</u>
Total debt	166,031	72,806
Less: current portion	<u>(20,853)</u>	<u>(9,269)</u>
Long-term debt, net of current portion	<u>\$ 145,178</u>	<u>\$ 63,537</u>

Future maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 20,853	\$ 8,614	\$ 29,467
2016	30,361	6,253	36,614
2017	31,839	4,778	36,617
2018	33,391	3,224	36,615
2019	29,504	1,716	31,220
2020-2021	<u>20,083</u>	<u>3,154</u>	<u>23,237</u>
	<u>\$ 166,031</u>	<u>\$ 27,739</u>	<u>\$ 193,770</u>

NOTE 6: 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, 2014 and 2013, there was a cumulative balance in this fund of \$(70,750) and \$(40,551), respectively. The contingency capital fund set aside for future major repairs as of December 31, 2014 and 2013 was \$128,160 and \$118,160, respectively. Combined, this resulted in net asset balances reserved for the New Jersey Transit contingency funds as of December 31, 2014 and 2013 of \$57,410 and \$77,609, respectively.

NOTE 7: 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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended December 31, 2014 and 2013

NOTE 7: RELATED PARTY COMMITMENTS (continued)

A. Parking Lot (continued)

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.

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 8: 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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended December 31, 2014 and 2013

NOTE 8: PENSIONS (continued)

B. Vesting and Benefit Provisions (continued)

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.

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.

C. Significant Legislation

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 provides for employee contributions of 6.64% of employees' annual compensation through June 30, 2013, 6.78% of employees' annual compensation through June 30, 2014, and 6.29% of employees' annual compensation through June 30, 2015. PERS will continue to increase employee contributions 1/7th of 1% each July until July 2019 where the employee contribution rate will be 7.5%. 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.

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non-Cont. Life</u>	<u>Chapter 19, P.L. 2009</u>	<u>Total Liability</u>	<u>Paid by Authority</u>
2014	5,673	24,945	521	1,301	32,440	32,440
2013	9,623	9,623	1,942	1,264	35,837	35,837
2012	10,757	21,514	2,056	1,247	35,574	35,574

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended December 31, 2014 and 2013

NOTE 9: 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, 2014 and 2013.

NOTE 10: EXTRAORDINARY GAIN/LOSS

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 \$140,300. Cash on hand was approximately \$140,300 less than Authority records. This resulted in an extraordinary loss for the year ended December 31, 2013.

For the year ended December 31, 2014, the Authority received \$100,000 in insurance recoveries related to this incident, resulting in an extraordinary gain. This amount was the maximum policy limits and no further reimbursements will be received from the insurance company. As of the date of this report, the Authority is still pursuing litigation related to this matter and any further recoveries of this loss cannot yet reasonably be determined.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Revenues, Expenses and Changes in Net Position - Restricted and Unrestricted
For the year ended December 31, 2014 (With Comparative Totals for 2013)

Schedule I

	<u>2014</u>				<u>2013</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Total</u>	(Memorandum Only) <u>Total</u>
	<u>General Fund</u>	<u>Contingency Capital Fund</u>	<u>Contingency Fund Reserve</u>		
Operating revenues:					
Meters	\$ 163,268	\$ 7,500	\$ 223,545	\$ 394,313	\$ 386,060
Bus ticket commissions	321,335	-	-	321,335	303,666
Decals	78,060	2,500	45,731	126,291	122,155
Fines	128,355	-	-	128,355	99,465
Contracts	16,000	-	-	16,000	14,333
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenues	707,018	10,000	269,276	986,294	925,679
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating expenses:					
Cost of providing services	590,744	-	243,549	834,293	731,467
General and administrative	149,422	-	55,926	205,348	218,352
Depreciation	30,062	-	-	30,062	29,796
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	770,228	-	299,475	1,069,703	979,615
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net operating (loss) income	(63,210)	10,000	(30,199)	(83,409)	(53,936)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Non-operating revenue (expenses):					
Vending commissions	75,092	-	-	75,092	77,711
Interest expense	(4,401)	-	-	(4,401)	(3,451)
Miscellaneous	155	-	-	155	170
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	70,846	-	-	70,846	74,430
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Change in net position before extraordinary loss	7,636	10,000	(30,199)	(12,563)	20,494
Extraordinary gain/(loss)	100,000	-	-	100,000	(140,300)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Change in net position	107,636	10,000	(30,199)	87,437	(119,806)
Net position, January 1	275,251	118,160	(40,551)	352,860	472,666
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net position, December 31	\$ 382,887	\$ 128,160	\$ (70,750)	\$ 440,297	\$ 352,860
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Operating Expenses - Restricted and Unrestricted
For the year ended December 31, 2014 (With Comparative Totals for 2013)

Schedule II

	<u>2014</u>				<u>2013</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Total</u>	(Memorandum Only) <u>Total</u>
	<u>General Fund</u>	<u>Contingency Capital Fund</u>	<u>Contingency Fund Reserve</u>		
Cost of providing services:					
Salaries	\$ 280,319	\$ -	\$ 98,778	\$ 379,097	\$ 319,190
Hospitalization	169,177	-	-	169,177	130,257
Utilities	22,758	-	34,597	57,355	51,349
Rent	-	-	48,000	48,000	48,000
Repairs and maintenance	12,672	-	28,378	41,050	40,345
Vending	36,118	-	-	36,118	33,608
Pension expense	22,302	-	8,237	30,539	33,574
Payroll taxes	20,598	-	8,090	28,688	25,884
Automotive expense	17,132	-	-	17,132	9,680
Janitorial expense	-	-	12,168	12,168	10,863
Meter parts and supplies	5,910	-	2,482	8,392	14,474
Security	-	-	2,299	2,299	7,857
Miscellaneous	1,644	-	-	1,644	2,206
Uniforms	1,174	-	-	1,174	458
Signs	940	-	-	940	2,086
Equipment expense	-	-	520	520	1,636
Total cost of providing services	590,744	-	243,549	834,293	731,467
General and administrative expenses:					
Insurance	36,748	-	48,565	85,313	84,672
Salaries	33,341	-	-	33,341	28,289
Professional fees	25,714	-	6,198	31,912	45,709
Office supplies and expense	14,364	-	1,163	15,527	16,657
Telephone	13,231	-	-	13,231	13,571
Hospitalization	8,428	-	-	8,428	12,003
Bank charges	8,099	-	-	8,099	7,704
Data processing	3,197	-	-	3,197	2,846
Payroll taxes	2,680	-	-	2,680	2,298
Pension expense	2,336	-	-	2,336	4,008
Dues and subscriptions	692	-	-	692	595
Seminars	592	-	-	592	-
Total general and administrative expenses	149,422	-	55,926	205,348	218,352
Depreciation	30,062	-	-	30,062	29,796
Total operating expenses	\$ 770,228	\$ -	\$ 299,475	\$ 1,069,703	\$ 979,615

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Modified Revenues and Expenses - Unrestricted Budget to Actual
For the year ended December 31, 2014

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	\$ 391,784	\$ 391,784	\$ 369,683	\$ (22,101)
Bus ticket commissions	294,214	294,214	321,335	27,121
Contracts	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
 Total operating revenues	 <u>701,998</u>	 <u>701,998</u>	 <u>707,018</u>	 <u>5,020</u>
Operating expenses:				
Cost of providing services	614,495	614,495	590,744	23,751
General and administrative expenses	<u>150,398</u>	<u>150,398</u>	<u>149,422</u>	<u>976</u>
 Total operating expenses	 <u>764,893</u>	 <u>764,893</u>	 <u>740,166</u>	 <u>24,727</u>
 Modified net operating income (loss)	 <u>(62,895)</u>	 <u>(62,895)</u>	 <u>(33,148)</u>	 <u>29,747</u>
Non-operating revenues (expenses):				
Vending commissions	75,927	75,927	75,092	(835)
Interest expense	(3,541)	(3,541)	(4,401)	(860)
Miscellaneous	<u>-</u>	<u>-</u>	<u>155</u>	<u>155</u>
 Total non-operating revenues (expenses)	 <u>72,386</u>	 <u>72,386</u>	 <u>70,846</u>	 <u>(1,540)</u>
Capital improvements and debt service:				
Equipment	(7,500)	(7,500)	(36,129)	28,629
Meters	(315,000)	(315,000)	(9,467)	(305,533)
Leasehold improvements	(65,800)	(65,800)	-	(65,800)
Proceeds from capital lease issuance	-	-	107,276	(107,276)
Debt service	<u>(9,491)</u>	<u>(9,491)</u>	<u>(14,051)</u>	<u>4,560</u>
 Total capital improvements and debt service	 <u>(397,791)</u>	 <u>(397,791)</u>	 <u>47,629</u>	 <u>(445,420)</u>
 Net budgeted income - modified basis	 <u>\$ (388,300)</u>	 <u>\$ (388,300)</u>	 <u>\$ 85,327</u>	 <u>\$ 473,627</u>
Reconciliation to change in net position:				
Net budgeted income - modified basis			\$ 85,327	
Less: capital improvements and debt service			(47,629)	
Less: depreciation			(30,062)	
Less: extraordinary item			<u>100,000</u>	
 Change in unrestricted net position			 107,636	
 Change in restricted net position			 <u>(20,199)</u>	
 Change in net position			 <u>\$ 87,437</u>	

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Modified Revenues and Expenses - Unrestricted Budget to Actual
For the year ended December 31, 2013

Schedule IV

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Unrestricted Actual</u>	<u>Variance</u>
Operating revenues:				
Meters, decals, and fines	\$ 321,161	\$ 321,161	\$ 331,607	\$ 10,446
Bus ticket commissions	306,869	306,869	303,666	(3,203)
Contracts	<u>16,000</u>	<u>16,000</u>	<u>14,333</u>	<u>(1,667)</u>
 Total operating revenues	 <u>644,030</u>	 <u>644,030</u>	 <u>649,606</u>	 <u>5,576</u>
Operating expenses:				
Cost of providing services	524,517	524,517	485,559	38,958
General and administrative expenses	<u>167,845</u>	<u>167,845</u>	<u>171,031</u>	<u>(3,186)</u>
 Total operating expenses	 <u>692,362</u>	 <u>692,362</u>	 <u>656,590</u>	 <u>35,772</u>
 Modified net operating income (loss)	 <u>(48,332)</u>	 <u>(48,332)</u>	 <u>(6,984)</u>	 <u>41,348</u>
Non-operating revenues (expenses):				
Vending commissions	72,141	72,141	77,711	5,570
Interest expense	(4,365)	(4,365)	(3,451)	914
Miscellaneous	<u>-</u>	<u>-</u>	<u>170</u>	<u>170</u>
 Total non-operating revenues (expenses)	 <u>67,776</u>	 <u>67,776</u>	 <u>74,430</u>	 <u>6,654</u>
Capital improvements and debt service:				
Meters	315,000	315,000	-	315,000
Leasehold improvements	87,800	87,800	-	87,800
Debt service	<u>19,444</u>	<u>19,444</u>	<u>19,466</u>	<u>(22)</u>
 Total capital improvements and debt service	 <u>422,244</u>	 <u>422,244</u>	 <u>19,466</u>	 <u>402,778</u>
 Net budgeted income - modified basis	 <u>\$ (402,800)</u>	 <u>\$ (402,800)</u>	 <u>\$ 47,980</u>	 <u>\$ 450,780</u>
Reconciliation to change in net position:				
Net budgeted income - modified basis			\$ 47,980	
Add: capital improvements and debt service			19,466	
Less: depreciation			(29,796)	
Less: extraordinary item			<u>(140,300)</u>	
 Change in unrestricted net position			 (102,650)	
 Change in restricted net position			 <u>(17,156)</u>	
 Change in net position			 <u>\$ (119,806)</u>	

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Board of Commissioners and Management
December 31, 2014

BOARD OF COMMISSIONERS

Michael Sutton	Chairman
Tariq M.S. Siddiqui	Vice Chairman
Norvella Lightbody	Secretary
Bill Beining	Treasurer
Richard J. Banach	Vice Treasurer
Brenda Tutela	Commissioner
Vacant	Commissioner

MANAGEMENT

Pamela Piner	Executive Director
Kenneth Kufall	Operations Manager



HOLMAN | FRENIA
ALLISON, P.C.

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795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090
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, 2014. In accordance with requirements prescribed by the Local Finance Board and 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 results of our examination did not disclose any discrepancies.

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. The results of the examination did not disclose any discrepancies.

Internal Control System

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

***Finding 2014-001:**

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 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. The results of this study were delayed due to Hurricane Sandy and were received in late 2014. Based on the information received, the Authority purchased eight digital parking kiosks to replace ninety-nine mechanical single space meters and three antiquated multi space pay stations. Replacement of the single space meters on the street is expected to begin in 2015. A parking rate increase is currently being discussed between the Board of Commissioners and the governing body of the Township. This rate increase is expected to take effect in late 2015, in order to help offset the costs of providing the new technology.

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, P.C.
Certified Public Accountants

June 4, 2015
Toms River, New Jersey