

**PARKING AUTHORITY OF THE  
BOROUGH OF METUCHEN  
STATE OF NEW JERSEY**

**AUDIT REPORTS**

**DECEMBER 31, 2014 AND 2013**

PARKING AUTHORITY OF THE BOROUGH OF METUCHEN  
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**JOSEPH CRITELLI  
CERTIFIED PUBLIC ACCOUNTANT  
242 PELICAN ROAD  
MIDDLETOWN, N.J. 07748**

**INDEPENDENT AUDITOR'S REPORT**

Parking Authority of the  
Borough of Metuchen

I have audited the accompanying statements of net position available of the Parking Authority of the Borough of Metuchen as of December 31, 2014 and 2013, and the related statements of revenues, expenses and changes in fund equity, and cash flows for the years then ended, the accompanying supporting schedules and the related notes to 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.

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurances 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 auditor's 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parking Authority of the Borough of Metuchen as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles, as promulgated by the Government Accounting Standards Board and has complied with applicable laws that may have a material effect of the financial statements.

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My audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the supplementary schedules, is presented for the purposes of additional analysis and is not a required part of the financial statements, but is presented as additional analytical data as required by the Local Finance Board. Such information has been subjected to test and other auditing procedures applied in the examination of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued my report dated February 13, 2015, on my consideration of the Authority's internal control over financial reporting and on my 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 my 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 Authority's internal control over financial reporting and compliance.

  
JOSEPH CRITELLI, C.P.A.

February 13, 2015

**Joseph Critelli  
Certified Public Accountant  
242 Pelican Road  
Middletown, N.J. 07748**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance With Government Auditing Standards.

Independent Auditor's Report

Parking Authority of the  
Borough of Metuchen

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Authority, as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated February 13, 2015.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design of 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, misstatement 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 statement 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section as was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, I 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 my audit, and I do not express such an opinion. The results of my test disclosed no instances of non compliance or other matters that are required to be reported under Government Auditing Standards.

### **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.



Joseph Critelli, C.P.A.

February 13, 2015

PARKING AUTHORITY OF THE BOROUGH OF METUCHEN  
COMPARATIVE BALANCE SHEETS  
DECEMBER 31, 2014 AND DECEMBER 31, 2013

	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
<b>ASSETS</b>				
<b>Current Assets:</b>				
Operating Cash	\$ 11,644.33	\$ 10,479.22	Accounts Payable	\$ 30,707.09
Depository Account	147,813.97	406,027.63	Taxes Payable	26.30
Cash-Unemployment Claims Account	8,541.60	8,519.95	Bike Locker Deposits	483.31
			Unemployment Claims Reserve	8,541.60
<b>Total Current Assets</b>	<b>167,999.90</b>	<b>425,026.80</b>	<b>Total Current Liabilities</b>	<b>39,758.30</b>
<b>Property, Buildings and Equipment:</b>			<b>Unearned Revenue:</b>	
Land	1,079,224.01	819,164.19	Prepaid Sticker Parking	188,243.96
Building	49,500.00	49,500.00	<b>Total Liabilities</b>	<b>228,002.26</b>
Bike Lockers	10,563.67	10,563.67		
Paving Lots	490,050.07	490,050.07	<b>Fund Balance:</b>	
Parking Lot Lighting Equipment	43,651.28	43,651.28	Contributed Capital	10,563.67
	<u>1,781,902.75</u>	<u>1,521,842.93</u>	Less: Accumulated Depreciation	10,563.67
<b>Less: Accumulated Depreciation</b>	<b>675,556.05</b>	<b>668,164.02</b>	<b>Net Contributed Capital</b>	<b>-</b>
<b>Net Property, Buildings and Equipment</b>	<b>1,106,346.70</b>	<b>853,678.91</b>	<b>Total Net Position</b>	<b>1,046,344.34</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,274,346.60</b>	<b>\$ 1,278,705.71</b>	<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,274,346.60</b>
				<b>\$ 1,278,705.71</b>

See Accompanying Notes to Financial Statements

PARKING AUTHORITY OF THE BOROUGH OF METUCHEN  
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Operating Revenues:		
Parking Revenues	\$ 1,241,492.35	\$ 1,274,966.22
Interest Income	1,211.44	1,153.03
	<u>1,242,703.79</u>	<u>1,276,119.25</u>
Operating Expenses:		
Costs of Providing Services	277,207.92	257,669.57
Administrative and General	249,106.87	258,963.23
Depreciation	7,392.03	14,605.06
	<u>533,706.82</u>	<u>531,237.86</u>
Operating Income	<u>708,996.97</u>	<u>744,881.39</u>
Non-Operating Revenues (Expenses):		
Miscellaneous Revenue	-	35.00
Borough of Metuchen-in Lieu of Taxes	<u>(700,000.00)</u>	<u>(700,000.00)</u>
	<u>(700,000.00)</u>	<u>(699,965.00)</u>
Net Income (Loss)	8,996.97	44,916.39
Net Position		
January 1, 2014 and 2013	<u>1,037,347.37</u>	<u>992,430.98</u>
Net Position		
December 31, 2014 and 2013	<u>\$ 1,046,344.34</u>	<u>\$ 1,037,347.37</u>

PARKING AUTHORITY OF THE BOROUGH OF METUCHEN  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Operating Activities:		
Net Income (Loss)	\$ 8,996.97	\$ 44,916.39
Adjustment to Reconcile Net Loss to Cash Provided by Operating Activities:		
Depreciation	7,392.03	14,605.06
Changes in Operating Assets and Liabilities:		
Increase (Decrease) in Current Liabilities	(10,513.46)	21,666.80
Increase (Decrease) in Unearned Income	<u>(2,864.27)</u>	<u>(10,795.83)</u>
 Net Cash Provided (Used) By Operations	 <u>3,011.27</u>	 <u>70,392.42</u>
Investing Activities:		
Purchase of Property and Equipment	<u>(260,059.82)</u>	<u>-</u>
 Increase (Decrease) in Operating Cash	 (257,048.55)	 70,392.42
Cash at Beginning of Year	<u>416,506.85</u>	<u>346,114.43</u>
Cash at End of Year	<u>\$ 159,458.30</u>	<u>\$ 416,506.85</u>

**PARKING AUTHORITY OF THE BOROUGH OF METUCHEN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. General**

The Parking Authority of the Borough of Metuchen, New Jersey, is a public body politic and corporate of the State of New Jersey created by an ordinance of the Borough Council of the Borough of Metuchen, adopted on January 19, 1953, pursuant to the Parking Authority Law of the State of New Jersey (P.L. 1948, Chapter 198, as amended and supplemented).

As a public body, under existing statute, the Authority is exempt from both Federal and State taxes.

**2. Summary of Significant Accounting Policies**

The following is a summary of the more significant accounting policies:

**A. Basis of Financial Statements**

The financial statements of the Authority have been prepared on the accrual basis and in accordance with generally accepted accounting principles applicable to enterprise funds of State and Local governments.

**B. Grants**

The Authority has not received any grants since 1982 when they received bike lockers valued at \$10,563.67 which have been capitalized and recorded as contributed capital.

**C. Inventories**

There are no inventories maintained by the Parking Authority.

**D. Properties, Building and Equipment**

Properties, building and equipment are stated at cost which includes direct construction costs and other expenditures related to construction.

Construction costs are charged to construction in progress until such time as given segments are completed and put into operation.

Depreciation is determined on a straight line basis for all properties, building and equipment. Depreciation is provided (starting in FY 1986) and over the following estimated useful lives:

Building	50 Years
Bike Lockers	20 Years
Paving of Lots	20 Years
Lot Lighting Fixtures	20 Years
Equipment	5 Years

Depreciation on assets acquired with grants-in-aid and contributed capital assets is recorded as a reduction of contributed capital.

3. Commitments and Litigations

The Authority has an operating lease with the New Jersey Transit which allows it to maintain parking facilities at Penn Plaza North and Penn Plaza South. It also has a similar operating lease with Martha Cole for the New and Center Street Lots. These leases call for a net rental representing 50% of the net receipts after all operating expenses attributed to the properties are deducted. There are also two nominal leases. One for the rear of the Pearl Street Lot for \$1,500.00 paid to American Legion Post #65 annually; and the second to Amtrak for \$1.00 annually. A lease agreement will raise the Post #65 payment to \$4,000.00 a year for this year and next year.

4. Pension

The Authority participates in the Public Employees' Retirement System of New Jersey which is a part of the Division of Pensions in the Department of the Treasury, State of New Jersey. The plan is funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The Plan, which covers public employees throughout the state, does not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Authority who are members of the Plan is not available. The Authority's pension expense for 2014 was \$18,355.93.

The Authority entered into an agreement with the Borough of Metuchen for a contribution in lieu of taxes. It is based on a percentage of operating income and available retained earnings.

PARKING AUTHORITY OF THE BOROUGH OF METUCHEN  
 SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED  
 BY OPERATING REVENUES COMPARED TO BUDGET  
 FOR THE YEAR ENDED DECEMBER 31, 2014  
 WITH COMPARATIVE ACTUAL AMOUNTS  
 FOR YEAR ENDED DECEMBER 31, 2013

	FYE Dec. 31, 2014 <u>Budget</u>	FYE Dec. 31, 2014 <u>Actual</u>	FYE Dec. 31, 2013 <u>Actual</u>
Revenues:			
Parking Revenues:			
Center Street Lot	\$ 14,800.00	\$ 17,006.51	\$ 15,022.49
Center Street East Lot	41,000.00	40,008.20	41,629.22
Halsey Street Lot	254,500.00	240,043.97	251,073.01
Memorial Parkway Lot*	32,800.00	32,155.32	34,051.53
New Street Lot	54,250.00	50,731.13	52,891.49
Pearl Street Lot	538,500.00	533,584.62	559,839.55
Penn Avenue Lot	83,150.00	86,853.52	85,103.67
Penn Plaza North Lot	51,400.00	47,986.71	50,185.92
Penn Plaza South Lot	83,200.00	79,491.16	81,310.17
South Main Street Lot	21,900.00	28,742.17	23,012.90
Station Place Lot	49,700.00	47,515.49	49,233.81
Daily Stickers	26,800.00	35,115.00	29,317.00
Bike Lockers	<u>1,000.00</u>	<u>2,258.55</u>	<u>2,295.46</u>
Total Parking Revenues	1,253,000.00	1,241,492.35	1,274,966.22
Interest Income	1,000.00	1,211.44	1,153.03
Miscellaneous Income	<u>-</u>	<u>-</u>	<u>35.00</u>
Total Revenues	<u>\$ 1,254,000.00</u>	<u>\$ 1,242,703.79</u>	<u>\$ 1,276,154.25</u>
Expenses:			
Costs of Providing Services:			
Snow Removal -Salaries and Contract	\$ 8,000.00	\$ 4,365.86	\$ 2,424.29
Maintenance-Salaries and Wages	158,435.00	159,625.31	152,193.93
Parking Lot Lighting	9,000.00	6,185.07	6,555.50
Vehicle Expenses	6,000.00	15,145.56	9,853.85
Property Rentals	75,000.00	63,979.18	70,495.87
Meter Maintenance	6,000.00	2,775.75	8,459.19
Maintenance of Building	1,000.00	1,636.66	865.73
Parking Lot Maintenance	15,000.00	13,058.40	5,034.23
Sticker Refunds	2,000.00	781.62	830.00
Uniforms	1,000.00	199.11	818.98
Equipment Replacement	<u>11,000.00</u>	<u>9,455.40</u>	<u>138.00</u>
	<u>292,435.00</u>	<u>277,207.92</u>	<u>257,669.57</u>

\* Cars parked in Pearl St. lot, through August.

PARKING AUTHORITY OF THE BOROUGH OF METUCHEN  
SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED  
BY OPERATING REVENUES COMPARED TO BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR YEAR ENDED DECEMBER 31, 2013

	FYE Dec. 31, 2014 Budget	FYE Dec. 31, 2014 Actual	FYE Dec. 31, 2013 Actual
<b>Administrative Expenses:</b>			
Office -Salaries	\$ 47,006.00	\$ 46,603.20	\$ 45,530.18
Legal-Salaries	4,200.00	3,850.00	4,200.00
Legal Fees	10,000.00	19,124.28	8,658.39
Accounting Fees	5,400.00	5,400.00	5,200.00
Parking Deck	24,218.00	30,353.10	34,479.77
Consulting Fee	13,000.00	10,120.94	14,460.12
Office Expenses	9,400.00	9,031.80	7,817.83
Telephone	2,500.00	1,488.05	1,690.84
Utilities	4,500.00	5,343.44	4,017.59
Payroll Taxes	16,000.00	15,523.77	14,942.05
Hospitalization and Dental Insurance	60,000.00	43,402.03	53,629.78
Payroll Service	40,000.00	37,668.26	35,268.26
Pension	3,000.00	2,842.07	2,487.84
Conf., Meetings and Dues	20,541.00	18,355.93	23,312.35
Contingency Expenses	800.00	-	3,268.23
	1,000.00	-	-
	<u>261,565.00</u>	<u>249,106.87</u>	<u>258,963.23</u>
<b>Other Costs:</b>			
Borough of Metuchen- in Lieu of Taxes	<u>700,000.00</u>	<u>700,000.00</u>	<u>700,000.00</u>
<b>Total Costs Funded by Operating Revenues</b>	1,254,000.00	1,226,314.79	1,216,632.80
<b>Operating Revenues Over (Under) Expenses</b>	<u>-</u>	<u>16,389.00</u>	<u>59,521.45</u>
	<u>\$ 1,254,000.00</u>	<u>\$ 1,242,703.79</u>	<u>\$ 1,276,154.25</u>

PARKING AUTHORITY OF THE BOROUGH OF METUCHEN  
SCHEDULE OF PARKING REVENUES AND RATES  
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule of Parking Revenue:	Actual Parking Revenue	Number of Spaces at December 31, 2014		
		5 Hours and Less	12-24 Hours	Sticker Parking
Center Street Lot	\$ 17,006.51			24
Halsey Street Lot	240,043.97		65	257
* Memorial Parkway Lot	32,155.32			
New Street Lot	50,731.13	52	16	40
Pearl Street Lot	533,584.62	14	266	445
Penn Avenue Lot	86,853.52			79
Penn Plaza North Lot	47,986.71		30	6
Penn Plaza South Lot	79,491.16		57	
South Main Street Lot	28,742.17	11		66
Station Place Lot	47,515.49		14	28
Center St. East Lot	40,008.20			60
Daily Stickers	35,115.00			
Bike Lockers	2,258.55			
	<u>\$ 1,241,492.35</u>	<u>77</u>	<u>448</u>	<u>1005</u>

**Note:** There are fifteen free handicapped spaces in addition to the spaces listed above.

Schedule of Rates as of December 31, 2014:

Meters - 2 hours	( 66 Meters )	\$ .50 per hour
Meters - 72 hours	( 448 Meters )	\$ .25 per 36 minutes
Sticker Parking	( 1065 Spaces )	Residents \$38.33 per month
		Non-residents \$66.67
Penn Ave. & Station Place	(107 Spaces)	\$83.33 per month
Bike Lockers	( 20 Lockers )	\$100.00 per year

\* Cars parked in Pearl St. lot, through August.

PARKING AUTHORITY OF THE BOROUGH OF METUCHEN  
SCHEDULE OF FIXED ASSETS  
DECEMBER 31, 2014

Balance, January 1, 2014	\$ 1,521,842.93
Additions in 2014: Land	260,059.82
Deductions in 2014:	<u>-</u>
Balance, December 31, 2014	<u>\$ 1,781,902.75</u>

SCHEDULE OF ACCUMULATED DEPRECIATION  
DECEMBER 31, 2014

	<u>Balance Jan. 1, 2014</u>	<u>Depreciation FY 2014</u>	<u>Write-Offs FY 2014</u>	<u>Balance Dec. 31, 2014</u>
Building	\$ 38,608.00	\$ 1,556.00	\$	\$ 40,164.00
Building Improvement	600.00			600.00
Bike Lockers	10,563.67			10,563.67
Paving of Lots	467,252.35	5,361.03		472,613.38
Parking Lot Lighting & Improvements	42,226.28	475.00		42,701.28
Equipment	<u>108,913.72</u>			<u>108,913.72</u>
	<u>\$ 668,164.02</u>	<u>\$ 7,392.03</u>	<u>\$ -</u>	<u>\$ 675,556.05</u>

PARKING AUTHORITY OF THE BOROUGH OF METUCHEN  
 ROSTER OF OFFICIALS

<u>Authority Members:</u>	<u>Position</u>	<u>Amount of Surety</u>
Leonard Roseman	Chairman	*
John DeFoe	Vice-Chairman	*
Anthony Campisi	Secretary	*
Richard Dyas	Treasurer	*
Sean Massey	Commissioner	*

\* Covered by Public Officials Liability Insurance Policy.

Other Officials and Employees:

James Graziano	Attorney	-
Jay Muldoon	Council Liaison	-
Thomas Crownover	Executive Director	
James Guinane	Employee	
Art Mohr	Employee	
Dorothy Wyzykowski	Part-Time Employee	
Chris Hall	Part-Time Employee	

## General Comments and Recommendations

### Parking Authority of the Borough of Metuchen

I have studied the financial statements of the Parking Authority of the Borough of Metuchen as of and for the years ended December 31, 2014 and 2013 and have issued my report thereon dated February 13, 2015. As part of my audit, I made a study and evaluation of the system of internal accounting control of the Parking Authority of the Borough of Metuchen to the extent I deemed necessary to evaluate the system as required by generally accepted auditing standards.

The purpose of my study and evaluation was to determine the nature, timing and extent of performing the auditing procedures necessary for expressing an opinion on the financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Parking Authority of the Borough of Metuchen is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements.

Because of inherent limitations in any system of internal accounting control, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Parking Authority of the Borough of Metuchen taken as a whole or on any of the categories of controls identified in the first paragraph. However, my study and evaluation disclosed the following conditions that I believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of the Parking Authority of the Borough of Metuchen may occur and not be detected within a timely period:

Duties of personnel receiving cash are not independent of other cash functions and bookkeeping.

Bank account reconciliations are performed by a bookkeeper who is involved with cash functions.

Checks are mailed by the same person who prepares them.

The above conditions are due to the lack of sufficient personnel to separate the duties.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in my examination of the fiscal year 2014 financial statements, and this report does not affect my report on the financial statements dated February 13, 2015.

This report is intended solely for the use of management, the cognizant federal agencies and other state audit agencies and should not be used for any other purpose.

#### OTHER GENERAL COMMENTS

##### Contracts or Agreements Required to be Advertised For N.J.S. 40A:11-4

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to section 3 of P.L. 1971, C.198 (C.40A:11-3), except by contract or agreement."

The governing body of the Authority has the responsibility of determining whether the expenditures in any category will exceed the statutory requirement 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 bids were requested by public advertising where required.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services".

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 to determine whether any clear-cut violations existed.

My examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory requirement "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 provisions adopted under the provisions of N.J.S. 40A:11-6.

Purchases, Contracts or Agreements Not Required to be Advertised  
By N.J.S. 40A:11-6.1b

N.J.S. 40A:11-6 states, " ... Prior to the award of any other purchase, contract or agreement, the contracting agent shall, except in the case of the performance of professional services, solicit quotations, whenever practical, on any such purchase, contract or agreement the estimated cost or price of which is \$1,000.00 or more, and the award thereof shall be made, in accordance with 40A:11-3 or C.40A:11-4, as the case may be, of the Local Public Contracts Law, on the basis of the lowest responsible quotation received, which quotation is most advantageous to the contracting unit, price and other factors considered; provided, however, that if the contracting agent deems it impractical to solicit competitive quotations in the case of extraordinary, unspecifiable service, or, in the case of such or any other purchase, contract or agreement awarded hereunder, having sought such quotations determines that it should not be awarded on the basis of the lowest quotation received, the contracting agent shall file a statement of explanation of the reason or reasons therefor, which shall be placed on file with said purchase, contract or agreement."

It appears from an examination of the records that solicitation for quotations was made in accordance with N.J.S. 40A:11-6.1b.

Cash Management

Cash receipts are deposited daily in an interest bearing account.

Approval and Payment of Claims

An examination of claims paid during the period under review indicated that they were properly processed.

Payroll Records

All payrolls were reviewed by the Executive Director and approved by the Authority Commissioners. Salary withholdings were promptly remitted to proper agencies.

Surety Bonding

"The governing body of an authority shall by resolution designate authority employees and officials required to furnish surety bonds and determine minimum

bonds for each such employee and official. The minimum requirement for the surety bond shall be determined with due regard for the duties and responsibilities of each such designated employee and official. Each person in the office handling funds shall be bonded in accordance with their responsibility."

Surety bonds were examined and had been properly executed. All employees and officers of the Authority are bonded.

#### Local Authorities Fiscal Control Law

Pursuant to N.J.S.A. 40A:5A-1 et. Seq., the legislature provided for the oversight of local financial operations and debt of Local Authorities by the Local Finance Board and the Director of Local Government Services in the Department of Community Affairs, in order to strengthen the credit standing of such authorities, by extending a proven system of financial regulation to a heretofore largely unregulated area of local debt financing.

Besides exercising approval power over the creation of new authorities, the Local Finance Board has the responsibility to review, conduct hearings, and issue findings and recommendations on any proposed financing of an authority, and on any financing between a local government and an authority. The Director of Local Government Services has the responsibility to review and approve annual Budgets of Authorities.

#### Records

The financial records and minutes of the Authority were in good condition.

#### RECOMMENDATIONS:

None

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



JOSEPH CRITELLI, CPA

February 13, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Parking Authority of the Borough of Metuchen's financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2014. Please read it in conjunction with the Authority's financial statements.

### Highlights

The Authority's Net Position increased from the previous year by \$9,000. Total net assets decreased by \$4,400, and total liabilities decreased by \$13,400.

During the year, revenues decreased by \$33,400, and all operating expenses were \$9,700 higher than last year. The Authority has maintained a steady level of revenue and is trying to keep costs in line.

Results compared to the 2014 budget were in line. Revenues were under budget by \$11,300; and total costs were under budget by \$27,700.

There was an overall decrease in cash of \$257,000. Details can be seen in the Cash Flow Statement, due to land purchase of \$260,100.

The general economy of the community seems to be stable. Continued overall results of the Authority should remain favorable in the future. The Authority has some concerns with competition from other parking facilities and with the future availability of leased space, but it is ready to deal with these issues.