

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

AUDIT REPORTS

DECEMBER 31, 2009 AND 2008

PARKING AUTHORITY OF THE BOROUGH OF METUCHEN
TABLE OF CONTENTS
DECEMBER 31, 2009

	<u>Page Number</u>
Independent Auditor's Report	1
Exhibit Financial Statements:	
A Comparative Statements of Net Assets Available	2
B Comparative Statements of Revenue, Expenses and Changes in Fund Equity	3
C Comparative Statements of Cash Flows	4
Notes to Financial Statements	5 - 6
Schedule Supplementary Information:	
1 Schedules of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget	7 & 8
2 Schedule of Parking Revenues and Rates	9
3 Schedule of Fixed Assets	10
4 Schedule of Accumulated Depreciation	10
Roster of Officials	11
General Comments and Recommendations	12 - 15
Management's Discussion and Analysis	16

**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 assets available of the Parking Authority of the Borough of Metuchen as of December 31, 2009 and 2008, and the related statements of revenues, expenses and changes in fund equity, and cash flows for the years then ended, and the accompanying supporting schedules. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted governmental auditing standards, and in compliance with audit standards prescribed by the Local Finance Board. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my 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, 2009 and 2008, 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.

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.


JOSEPH CRITELLI, C.P.A.

February 8, 2010

PARKING AUTHORITY OF THE BOROUGH OF METUCHEN
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2009 AND DECEMBER 31, 2008

	<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>		<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
<u>ASSETS</u>			<u>LIABILITIES AND FUND EQUITY</u>		
Current Assets:			Current Liabilities:		
Operating Cash	\$ 9,064.86	\$ 8,196.68	Accounts Payable	\$ 8,299.80	\$ 8,968.36
Depository Account	242,610.97	159,073.48	Taxes Payable	24.77	13.33
Money Market Account	2,823.95	62,385.50	Bike Locker Deposits	483.31	375.00
Cash-Unemployment Claims Account	<u>8,407.06</u>	<u>8,314.13</u>	Unemployment Claims Reserve	<u>8,407.06</u>	<u>8,314.13</u>
Total Current Assets	<u>262,906.84</u>	<u>237,969.79</u>	Total Current Liabilities	17,214.94	17,670.82
Property, Buildings and Equipment:			Deferred Income:		
Land	819,164.19	819,164.19	Prepaid Sticker Parking	<u>195,483.64</u>	<u>161,312.99</u>
Building	49,500.00	49,500.00	Total Liabilities	<u>212,698.58</u>	<u>178,983.81</u>
Bike Lockers	10,563.67	10,563.67	Fund Balance:		
Paving Lots	490,050.07	490,050.07	Contributed Capital	10,563.67	10,563.67
Parking Lot Lighting Equipment	43,651.28	43,651.28	Less: Accumulated Depreciation	<u>10,563.67</u>	<u>10,563.67</u>
Equipment	<u>108,913.72</u>	<u>108,913.72</u>	Net Contributed Capital	<u>-</u>	<u>-</u>
	1,521,842.93	1,521,842.93	Total Net Assets Available	<u>969,668.60</u>	<u>1,001,931.93</u>
Less: Accumulated Depreciation	<u>602,382.59</u>	<u>578,896.98</u>	Total Fund Balance	<u>969,668.60</u>	<u>1,001,931.93</u>
Net Property, Buildings and Equipment	<u>919,460.34</u>	<u>942,945.95</u>	TOTAL LIABILITIES AND NET ASSETS AVAILABLE	<u>\$ 1,182,367.18</u>	<u>\$ 1,180,915.74</u>
TOTAL ASSETS	<u>\$ 1,182,367.18</u>	<u>\$ 1,180,915.74</u>			

See Accompanying Notes to Financial Statements

PARKING AUTHORITY OF THE BOROUGH OF METUCHEN
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN FUND EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>Dec. 31, 2009</u>	<u>Dec. 31, 2008</u>
Operating Revenues:		
Parking Revenues	\$ 1,237,495.94	\$ 1,235,782.48
Interest Income	5,072.28	9,033.52
	<u>1,242,568.22</u>	<u>1,244,816.00</u>
Operating Expenses:		
Costs of Providing Services	314,751.17	290,763.65
Administrative and General	199,355.58	230,077.74
Depreciation	23,485.61	22,652.69
	<u>537,592.36</u>	<u>543,494.08</u>
Operating Income	<u>704,975.86</u>	<u>701,321.92</u>
Non-Operating Revenues (Expenses):		
Miscellaneous Revenue	760.81	1,565.41
Borough of Metuchen-in Lieu of Taxes	<u>(738,000.00)</u>	<u>(750,000.00)</u>
	<u>(737,239.19)</u>	<u>(748,434.59)</u>
Net Income (Loss)	(32,263.33)	(47,112.67)
Net Assets Available		
January 1, 2009 and 2008	<u>1,001,931.93</u>	<u>1,049,044.60</u>
Net Assets Available		
December 31, 2009 and 2008	<u>\$ 969,668.60</u>	<u>\$ 1,001,931.93</u>

PARKING AUTHORITY OF THE BOROUGH OF METUCHEN
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>Dec. 31, 2009</u>	<u>Dec. 31, 2008</u>
Operating Activities:		
Net Income (Loss)	\$ (32,263.33)	\$ (47,112.67)
Adjustment to Reconcile Net Loss to Cash Provided by Operating Activities:		
Depreciation	23,485.61	22,652.69
Changes in Operating Assets and Liabilities:		
Increase (Decrease) in Current Liabilities	(548.81)	483.97
Increase (Decrease) in Deferred Income	<u>34,170.65</u>	<u>27,361.17</u>
 Net Cash Provided (Used) By Operations	 <u>24,844.12</u>	 <u>3,385.16</u>
Investing Activities:		
Purchase of Property and Equipment	<u>-</u>	<u>(8,329.19)</u>
 Increase (Decrease) in Operating Cash	 24,844.12	 (4,944.03)
Cash at Beginning of Year	<u>229,655.66</u>	<u>234,599.69</u>
Cash at End of Year	<u>\$ 254,499.78</u>	<u>\$ 229,655.66</u>

**PARKING AUTHORITY OF THE BOROUGH OF METUCHEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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).

On March 16, 1967 the Authority adopted a Bond Resolution authorizing the issuance of \$700,000 of revenue bonds for the purpose of acquiring and constructing an additional parking facility including the retirement of existing outstanding indebtedness. The Bonds were fully paid in 2002.

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 new lease agreement for the next five years will raise the Post #65 payment to \$2,500.00 a year for the first three years, and \$4,000.00 a year for the last two years.

There are no lawsuits pending against the Authority.

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 2009 was \$16,260.00.

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, 2009
 WITH COMPARATIVE ACTUAL AMOUNTS
 FOR YEAR ENDED DECEMBER 31, 2008

	FYE Dec. 31, 2009 <u>Budget</u>	FYE Dec. 31, 2009 <u>Actual</u>	FYE Dec. 31, 2008 <u>Actual</u>
Revenues:			
Parking Revenues:			
Center Street Lot	\$ 16,600.00	\$ 12,161.69	\$ 18,135.00
Halsey Street Lot	240,000.00	249,681.46	240,263.74
Memorial Parkway Lot	27,500.00	31,818.29	28,112.30
New Street Lot	49,500.00	44,866.01	48,095.52
Pearl Street Lot	550,400.00	559,857.88	602,253.70
Penn Avenue Lot	80,600.00	87,251.90	81,770.94
Penn Plaza North Lot	45,300.00	45,613.19	44,497.42
Penn Plaza South Lot	71,100.00	78,077.32	73,466.26
South Main Street Lot	27,500.00	25,561.93	27,475.44
Station Place Lot	34,300.00	37,309.78	27,721.17
Center Street East Lot	39,400.00	41,674.41	40,440.65
Daily Stickers	59,500.00	21,164.00	-
Bike Lockers	1,400.00	2,458.08	3,550.34
	<u>1,243,100.00</u>	<u>1,237,495.94</u>	<u>1,235,782.48</u>
Total Parking Revenues	1,243,100.00	1,237,495.94	1,235,782.48
Interest Income	5,000.00	5,072.28	9,033.52
Miscellaneous Income	-	760.81	1,565.41
	<u>5,000.00</u>	<u>5,833.09</u>	<u>10,598.93</u>
Total Revenues	<u>\$ 1,248,100.00</u>	<u>\$ 1,243,329.03</u>	<u>\$ 1,246,381.41</u>
Expenses:			
Costs of Providing Services:			
Snow Removal -Salaries and Contract	\$ 7,000.00	\$ 3,266.60	\$ 1,727.71
Maintenance-Salaries and Wages	214,500.00	211,564.40	197,195.25
Parking Lot Lighting	5,000.00	6,399.61	6,476.45
Vehicle Expenses	9,000.00	12,146.12	12,354.37
Property Rentals	58,200.00	62,636.06	66,231.64
Meter Maintenance	2,000.00	4,869.26	1,724.65
Maintenance of Building	2,000.00	651.56	1,062.48
Parking Lot Maintenance	5,000.00	13,212.57	3,824.61
Uniforms	1,000.00	4.99	-
Equipment Replacement	1,000.00	-	166.49
	<u>304,700.00</u>	<u>314,751.17</u>	<u>290,763.65</u>

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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS
FOR YEAR ENDED DECEMBER 31, 2008

	FYE Dec. 31, 2009 <u>Budget</u>	FYE Dec. 31, 2009 <u>Actual</u>	FYE Dec. 31, 2008 <u>Actual</u>
Administrative Expenses:			
Office -Salaries	\$ 57,000.00	\$ 55,980.97	\$ 53,205.18
Legal-Salaries	3,600.00	4,200.00	4,166.50
Legal Fees	6,000.00	3,375.00	3,105.00
Accounting Fees	4,800.00	4,800.00	4,800.00
Office Expenses	5,000.00	7,686.96	9,632.35
Telephone	2,000.00	2,420.64	1,934.49
Utilities	6,000.00	5,230.35	5,049.05
Payroll Taxes	21,000.00	20,226.74	19,691.38
Hospitalization and Dental Insurance	80,000.00	54,149.33	85,375.75
Pension	35,000.00	24,002.25	30,946.00
Conf., Meetings and Dues	16,260.00	16,260.00	11,427.04
Contingency Expenses	2,000.00	745.00	745.00
	<u>2,000.00</u>	<u>278.34</u>	<u>-</u>
	<u>240,660.00</u>	<u>199,355.58</u>	<u>230,077.74</u>
Other Costs:			
Borough of Metuchen- in Lieu of Taxes	<u>750,000.00</u>	<u>738,000.00</u>	<u>750,000.00</u>
	<u>750,000.00</u>	<u>738,000.00</u>	<u>750,000.00</u>
Total Costs Funded by Operating Revenues	1,295,360.00	1,252,106.75	1,270,841.39
Operating Revenues Over (Under) Expenses	<u>(47,260.00)</u>	<u>(8,777.72)</u>	<u>(24,459.98)</u>
	<u>\$ 1,248,100.00</u>	<u>\$ 1,243,329.03</u>	<u>\$ 1,246,381.41</u>

**PARKING AUTHORITY OF THE BOROUGH OF METUCHEN
SCHEDULE OF PARKING REVENUES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Schedule of Parking Revenue:	Budget	Actual Parking Revenue	Number of Spaces at --December 31, 2009--		
			5 Hours and Less	12-24 Hours	Sticker Parking
Center Street Lot	\$ 16,600.00	\$ 12,161.69			24
Halsey Street Lot	240,000.00	249,681.46		65	257
Memorial Parkway Lot	27,500.00	31,818.29			66
New Street Lot	49,500.00	44,866.01	52	16	40
Pearl Street Lot	550,400.00	559,857.88	14	266	445
Penn Avenue Lot	80,600.00	87,251.90			79
Penn Plaza North Lot	45,300.00	45,613.19		30	6
Penn Plaza South Lot	71,100.00	78,077.32		57	
South Main Street Lot	27,500.00	25,561.93	11		66
Station Place Lot	34,300.00	37,309.78		14	28
Center St. East Lot	39,400.00	41,674.41			60
Daily Stickers	59,500.00	21,164.00			
Bike Lockers	1,400.00	2,458.08			
	<u>\$ 1,243,100.00</u>	<u>\$ 1,237,495.94</u>	<u>77</u>	<u>448</u>	<u>1071</u>

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

Schedule of Rates as of December 31, 2009:

Meters - 5 hours	(11 Meters)	\$.25 per hour
Meters - 2 hours	(66 Meters)	\$.20 per hour
Meters - 24 hours	(448 Meters)	\$.25 per 36 minutes
Sticker Parking	(1065 Spaces)	Residents \$38.33 per month Non-residents \$66.67
Bike Lockers	(20 Lockers)	\$100.00 per year
Sticker Parking (Penn Ave.)	(79 Spaces)	\$83.33 per month

PARKING AUTHORITY OF THE BOROUGH OF METUCHEN
SCHEDULE OF FIXED ASSETS
DECEMBER 31, 2009

Balance, January 1, 2009	\$ 1,521,842.93
Additions in 2009:	-
Deductions in 2009:	<u>-</u>
Balance, December 31, 2009	<u>\$ 1,521,842.93</u>

Schedule 4

SCHEDULE OF ACCUMULATED DEPRECIATION
DECEMBER 31, 2009

	<u>Balance Jan. 1, 2009</u>	<u>Depreciation FY 2009</u>	<u>Write-Offs FY 2009</u>	<u>Balance Dec. 31, 2009</u>
Building	\$ 30,828.00	\$ 1,556.00	\$	\$ 32,384.00
Building Improvement	600.00			600.00
Bike Lockers	10,563.67			10,563.67
Paving of Lots	407,114.47	12,695.87		419,810.34
Parking Lot Lighting & Improvements	37,754.84	1,313.59		39,068.43
Equipment	<u>92,036.00</u>	<u>7,920.15</u>		<u>99,956.15</u>
	<u>\$ 578,896.98</u>	<u>\$ 23,485.61</u>	<u>\$ -</u>	<u>\$ 602,382.59</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	*
Ronald Grayzel	Treasurer	*
Richard Dyas	Commissioner	*

* Covered by Public Officials Liability Insurance Policy.

Other Officials and Employees:

James Graziano	Attorney	-
Richard Weber	Council Liaison	-
Thomas Crownover	Executive Director	
Howard Colegrove	Employee	
Janice Ratcliffe	Employee	
James Guinane	Employee	
Art Mohr	Employee	
Dorothy Wyzykowski	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, 2009 and 2008 and have issued my report thereon dated February 8, 2010. 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 2009 financial statements, and this report does not affect my report on the financial statements dated February 8, 2010.

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 8, 2010

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, 2009. Please read it in conjunction with the Authority's financial statements.

Highlights

The Authority's Net Assets Available decreased slightly from the previous year. Total net assets increased by \$1,451. and total liabilities increased by \$33,715.

During the year, revenues decreased by \$3,052. and operating expenses were \$6,734. higher than last year. Even with the downturn in the economy, the Authority has maintained a steady level of revenue and is trying to keep costs in line.

Results compared to the 2009 budget were mixed. Revenues were slightly under budget by \$4,771.; and operating costs were under budget by \$43,253.

There was an overall increase in cash of \$24,844. Details of the increase can be seen in the Cash Flow Statement.

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.