

**PARKING AUTHORITY OF THE  
BOROUGH OF FORT LEE  
(A Component Unit of the Borough of Fort Lee)**

**Financial Statements and Schedules**

**December 31, 2011**

**(With Independent Auditors' Reports Thereon)**

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**TABLE OF CONTENTS**

<u>Schedule</u>		<u>Page</u>
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-11
	<b>Financial Statements:</b>	
	Comparative Statement of Net Assets	12
	Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets	13
	Comparative Statement of Cash Flows	14
	Notes to Comparative Financial Statements	15-26
	<b>Supplementary Schedules:</b>	
1	Operating Revenues and Appropriations - Budget vs. Actual - Year ended December 31, 2011	27
2	Analysis of Revenues and Expenses - Year ended December 31, 2011	28-29
3	Roster of Officials - December 31, 2011	30
	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	31-32
	Comments and Recommendations	33

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## INDEPENDENT AUDITORS' REPORT

The Board of Commissioners  
Parking Authority of the Borough of Fort Lee  
Fort Lee, New Jersey

We have audited the accompanying statement of net assets of the Parking Authority of the Borough of Fort Lee (a component unit of the Borough of Fort Lee) as of December 31, 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in accordance with audit requirements prescribed 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parking Authority of the Borough of Fort Lee, as of December 31, 2011, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 2012 on our consideration of the Parking Authority of the Borough of Fort Lee's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. This report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing results of our audit.

The Management's Discussion and Analysis and Supplementary Information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Parking Authority of the Borough of Fort Lee's basic financial statements. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and financial schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Very truly yours,



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

March 15, 2012

## **Management Discussion and Analysis**

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2011**

*As management of the Fort Lee Parking Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal year ended December 31, 2011. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.*

**Financial Highlights**

- The Authority's assets exceeded its liabilities by \$1,005,732 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$905,839.

- Total net assets are comprised of the following:

Invested in capital assets, net of related debt of \$244,968 includes equipment and leasehold improvements, net of applicable accumulated depreciation.

Undesignated net assets of \$574,677 represent the portion available to maintain the Authority's continuing obligations.

- Total liabilities of the Authority increased by \$72,129 to \$173,906 during the fiscal year.

**Overview of the Financial Statements**

The Authority is a corporate and politic body organized under the laws of the State of New Jersey. The Comprehensive Annual Financial Report is presented in two sections: Financial Statements and Notes, and Supplemental Schedules and Comments. The Financial section includes Management's Discussion and Analysis and Financial Statements with notes that explain in more detail some of the information in the financial statements. The Supplemental Schedules include detailed financial information along with general comments and recommendations. The Authority has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 34 for the fiscal year ended December 31, 2011.

*Required Financial Statements*

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2011**  
**(continued)**

*Required Financial Statements, continued*

The *Statement of Net Assets* includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

The *Statement of Revenues, Expenses, and Changes in Net Assets* reports how the Authority's net assets changed during the current fiscal year. All current revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Authority's distinct activities or functions on revenues provided by the Authority's customers and other funding sources.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Assets*. This statement measures the results of the Authority's operations over the past year and can be used to determine whether the Authority has recovered all its costs through user fees and other charges, operational stability and credit worthiness.

The final required financial statement is the *Statement of Cash Flows*. This statement reports cash receipts and cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as what operational sources provided cash, what was the cash used for, and what was the change in cash balance during the reporting period.

*Notes to the Financial Statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements. The notes to the financial statements begin immediately following the basic financial statements.

*Other Information*

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. This supplementary information follows the notes to the financial statements.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE  
(A Component Unit of the Borough of Fort Lee)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2011  
(continued)**

**Financial Analysis of the Authority**

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better able to fulfill its mission as a result of this years activities?" The *Statement of Net Assets* and the *Statement of Revenues, Expenses and Changes in Net Assets* report information about the Authority's activities in a way that will help answer this question. These two statements report net assets of the Authority and the changes in those assets. The reader can think of the Authority's net assets - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider the non-financial factors such as changes in economic conditions, population growth, development, and new or changed government regulation.

**Net Assets**

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Authority as a whole.



**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE  
(A Component Unit of the Borough of Fort Lee)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2011  
(continued)**

**Net Assets, continued**

The Authority's net assets at fiscal year-end are \$1,005,732. This is a \$99,893 increase from last year's net assets of \$905,839. A summary of the Authority's statement of net assets is presented in the following table:

**Condensed Statement of Net Assets**

	<u>2011</u>	<u>2010</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	933,635	738,323	195,312	26.5%
Noncurrent Assets	<u>246,003</u>	<u>269,293</u>	<u>(23,290)</u>	(8.6)%
Total Assets	<u>1,179,638</u>	<u>1,007,616</u>	<u>172,022</u>	17.1%
Other Liabilities	<u>173,906</u>	<u>101,777</u>	<u>72,129</u>	70.9%
Total Liabilities	<u>173,906</u>	<u>101,777</u>	<u>72,129</u>	70.9%
Invested in Capital Assets, Net of Related Debt	244,968	268,258	(23,290)	(8.7)%
Residential Parking Program	124,004	111,773	12,231	10.9%
Sweeper Program	62,083	47,628	14,455	30.4%
Undesignated	<u>574,677</u>	<u>478,180</u>	<u>96,497</u>	20.2%
Total Net Assets	<u>1,005,732</u>	<u>905,839</u>	<u>99,893</u>	11.0%

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2011**  
**(continued)**

**Net Assets, continued**

While the *Statement of Net Assets* shows the change in financial position of net assets, the *Statement of Revenues, Expenses and Changes in Net Assets* provides answers as to the nature and source of these changes. As can be seen in the following table, net assets increased by \$99,893.

**Condensed Statement of Revenues, Expenses  
And Changes in Net Assets**

	<u>2011</u>	<u>2010</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	1,550,159	1,441,226	108,933	7.6%
Non-operating Revenues	<u>144,305</u>	<u>145,096</u>	<u>(791)</u>	(0.5)%
Total Revenues	<u>1,694,464</u>	<u>1,586,322</u>	<u>108,142</u>	6.8%
Depreciation	64,554	59,700	4,854	8.1%
Other Operating Expense	1,284,121	1,232,087	52,034	4.2%
Other Non-operating Expense	<u>245,896</u>	<u>195,212</u>	<u>50,684</u>	26.0%
Total Expenses	<u>1,594,571</u>	<u>1,486,999</u>	<u>107,572</u>	7.2%
Change in Net Assets	99,893	99,323	570	0.6%
Beginning Net Assets	<u>905,839</u>	<u>806,516</u>	<u>99,323</u>	12.3%
Ending Net Assets	<u>1,005,732</u>	<u>905,839</u>	<u>99,893</u>	11.0%

The Authority's operating revenues increased by \$108,933 to \$1,550,159 in fiscal year 2011 from \$1,441,226 in 2010. Non-operating revenues decreased by \$791 to \$144,305 due to an increase in parking permit costs.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2011**  
**(continued)**

**Budgetary Highlights**

The State of New Jersey requires local authorities to prepare and adopt annual budgets in accordance with the Local Authorities Fiscal Control Law and regulations adopted by the Local Finance Board pursuant to this statute and codified as N.J.A.C. 5:31-1 et seq. The statutory budget was designed to demonstrate to the Bureau of Authority Regulation of the Division of Local Government Services that the cash flows of the Authority for the coming year will be sufficient to cover operating expenses, interest accruing on bonded indebtedness and cash payments of maturing bond principal.

The following table provides a 2011 budget comparison:

<b>Budget vs. Actual</b>			
<b>FY 2011</b>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Operating	1,467,700	1,550,159	82,459
Non-Operating	<u>6,000</u>	<u>144,305</u>	<u>138,305</u>
	<u>1,473,700</u>	<u>1,694,464</u>	<u>220,764</u>
<b>Expenses:</b>			
Operating	1,296,136	1,348,675	(52,539)
Non-Operating	<u>155,000</u>	<u>245,896</u>	<u>(90,896)</u>
	<u>1,451,136</u>	<u>1,594,571</u>	<u>(143,435)</u>
Income Before Depreciation	<u>22,564</u>	<u>99,893</u>	<u>77,329</u>

Supplementary Schedule 1 shows that, on a budgetary basis, the Authority realized an unfavorable variance of \$143,435 on budgeted expenses of \$1,451,136 for the period ended December 31, 2011. The Authority realized a favorable variance on the revenue side of \$220,764 resulting in a budgetary basis net profit of \$77,329. No adjustments are necessary to reconcile the budgetary basis net income to GAAP.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2011**  
**(continued)**

**Operating Lease**

The Authority's premises are leased from the Borough for a 50-year period expiring in the year 2030 at the nominal rental of \$1 per year.

The Authority also leases the municipal parking lot situated south of South Marginal Road and north of Main Street, between Center Avenue and Lemoine Avenue. The lease agreement requires the Authority to share equally with the Borough, the Authority's annual net income in excess of \$25,000, exclusive of the residential parking program operations and the Borough Street Sweeping Program.

The Authority's street and lot parking program operated at a net profit of \$121,419 for the year ended December 31, 2011 and a net profit of \$11,630 for the year ended December 31, 2010. For the year ended December 31, 2011, \$48,210 is due to the Borough of Fort Lee as its share.

**Residential Parking Permit Program**

On April 30, 1991, the Authority and the Borough entered into an agreement whereby the Authority would supervise and administer a residential parking permit program (Program).

The Program, which is intended to be self supporting, is to be funded by 30% of the violation fines. These fees, when collected by the Borough, are to be turned over to the Authority on a monthly basis. This program operated at a net profit of \$24,461 in 2011 and a net profit of \$48,914 in 2010. The agreement between the Authority and the Borough allows the Authority to recoup any accumulated losses, before sharing any accumulated profits equally. For the year ended December 31, 2011, \$12,231 is due to the Borough of Fort Lee as its share.

All revenues received from the sale of business parking permits, by resolution of the Authority's Board of Commissioners, are to be used solely for the creation and maintenance of off-street parking facilities. At December 31, 2011, \$124,004 remains available for off-street parking projects, as a part of the Authority's total retained earnings.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2011**  
**(continued)**

**Borough Street Sweeping Program**

On June 25, 1996 the Authority and the Borough entered into an agreement whereby the Authority would supervise and administer a street sweeping program (Sweeper Program).

The Sweeper Program, which is intended to be self supporting, is to be funded by 30% of the violation fines. These fees, when collected by the Borough, are to be turned over to the Authority on a monthly basis. This program operated at a net profit of \$28,910 in 2011 and a net profit of \$55,791 in 2010. The agreement between the Authority and the Borough allows the Authority to recoup any accumulated losses, before sharing any accumulated profits equally. For the year ended December 31, 2011, \$14,455 is due to the Borough of Fort Lee as its share.

All revenues received from the Sweeper Program, by resolution of the Authority's Board of Commissioners, are to be used solely for the creation and maintenance of the Sweeper Program. At December 31, 2011, \$62,088 remains available for Sweeper Program projects, as a part of the Authority's total retained earnings.

**Capital Assets**

At the end of fiscal year 2011, the Authority had invested \$244,968 in capital assets. A summary of the Authority's capital assets is presented in the following table:

	<b>Capital Assets</b> <b>(Net of Depreciation)</b>		
	<u>2011</u>	<u>2010</u>	<u>Dollar</u> <u>Change</u>
Building and Building Improvements	69,851	90,563	(20,712)
Machinery and Equipment	<u>175,117</u>	<u>177,695</u>	<u>(2,578)</u>
	<u>244,968</u>	<u>268,258</u>	<u>(23,290)</u>

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE  
(A Component Unit of the Borough of Fort Lee)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2011  
(continued)**

**Economic Factors, Future Years' Budgets and Rates**

The Commissioners and management of the Authority consider many factors when preparing each year's budget and annual charges. Two of the main factors are growth in the Authority's system and new regulations issued by the State and Federal governments.

**Contacting the Authority**

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, contact the Parking Authority of the Borough of Fort Lee, 309 Main Street, Fort Lee, New Jersey 07024.

## **Financial Statements**

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE  
(A Component Unit of the Borough of Fort Lee)  
Statement of Net Assets  
Proprietary Funds  
December 31, 2011

Assets

Current assets:	
Cash and cash equivalents	\$ 714,944
Receivables, net:	
Lot Rental - Tribeca & Whitehall Towers	6,300
Fort Lee Municipal Court	16,661
Restricted assets	
Cash and cash equivalents	186,087
Deficit in Reserve for Unemployment Compensation Insurance	<u>9,643</u>
Total current assets	<u>933,635</u>
Noncurrent assets:	
Other assets	1,035
Capital assets	<u>244,968</u>
Total noncurrent assets	<u>246,003</u>
Total assets	<u>\$ 1,179,638</u>

Liabilities and Net Asset

Current liabilities:	
Accounts Payable	\$ 24,795
Accrued Expenses	57,203
Amount due to Borough of Fort Lee	<u>91,908</u>
Total current liabilities	<u>173,906</u>
Total liabilities	<u>173,906</u>
Net assets:	
Invested in Capital Assets, net of Related Debt	244,968
Restricted for:	
Residential Parking Program	124,004
Sweeper Program	62,083
Undesignated	<u>574,677</u>
Total net assets	<u>\$ 1,005,732</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.



**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
 (A Component Unit of the Borough of Fort Lee)  
 Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Proprietary Funds  
 Year ended December 31, 2011

Operating revenues:	
Parking fees	\$ 1,194,608
Other operating fees	307,199
Miscellaneous income	48,352
	<u>1,550,159</u>
Operating expenses:	
Administration:	
Salaries and wages	154,415
Fringe benefits	39,091
Other expenses	152,256
Cost of providing services:	
Salary and wages	617,662
Fringe benefits	156,363
Other expenses	228,888
	<u>1,348,675</u>
Total operating expenses	
	<u>1,348,675</u>
Operating Income (Loss)	<u>201,484</u>
Nonoperating income (expenses):	
Operating grants and entitlements	140,000
Interest on investments	4,305
Borough of Fort Lee employee parking permits	(171,000)
Due to the Borough of Fort Lee - Shared Revenue	(74,896)
	<u>(101,591)</u>
Net nonoperating income	
	<u>(101,591)</u>
Net Income (Loss)	99,893
Net assets at beginning of year	<u>905,839</u>
Net assets at end of year	<u>\$ 1,005,732</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE  
(A Component Unit of the Borough of Fort Lee)  
Statement of Cash Flows  
Proprietary Funds  
December 31, 2011

Cash flow from operating activities	
Receipts from customers	1,327,081
Payments to employees	(964,200)
Payments to suppliers	(322,688)
Miscellaneous	<u>48,352</u>
Net cash provided by (used for) operating activities	<u>88,545</u>
Cash flows from capital financing activities	
Purchase of capital assets	<u>(41,264)</u>
Net cash provided by (used for) capital financing activities	<u>(41,264)</u>
Cash flows from investing activities	
Interest	<u>4,305</u>
Net cash provided by (used for) investing activities	<u>4,305</u>
Cash flows from noncapital financing activities	
Operating grants and entitlements	<u>140,000</u>
Net cash provided by (used for) noncapital financing activities	<u>140,000</u>
Net increase (decrease) in cash and cash equivalents	191,586
Cash and cash equivalents, beginning of year	<u>709,445</u>
Cash and cash equivalents, end of year	<u><u>901,031</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	201,484
Depreciation expense	64,554
Employee parking permits	(171,000)
Borough - Shared Revenue	(74,896)
Change in assets and liabilities:	
Receivables, net	(3,726)
Accounts payable	68,798
Accrued liabilities	<u>3,331</u>
Net cash provided by (used for) operating activities	<u><u>88,545</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**Notes to Financial Statements**

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**Notes to Financial Statements**

**December 31, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Parking Authority of the Borough of Fort Lee (the Authority) is a corporate and political body created on June 16, 1954. The purpose of the Authority is to operate, maintain and improve parking projects. The Commissioners of the Authority are appointed for five-year terms by the Mayor and Council of the Borough of Fort Lee.

The financial statements of The Parking Authority of the Borough of Fort Lee have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Authority also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Board's accounting policies are described below.

Implementation of a new accounting and reporting standard changing the valuation basis for investments and related income is included in this report. The adoption of this standard did not have a material effect on the financial statements.

(a) Reporting Entity

The comparative financial statements include the operations for which the Authority is financially accountable. The Authority is considered a component unit of the Borough of Fort Lee (the Borough).

(b) Basis of Presentation

Enterprise funds - Enterprise funds are used to account for operations that are financed primarily through user charges.

(c) Basis of Accounting

The accrual basis of accounting is used by the Authority. —

(d) Statement of Cash Flows

Cash equivalents consist of highly liquid investments with original maturities of three months or less from date of purchase.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**Notes to Financial Statements, Continued**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

(e) Capital Assets

Capital assets are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of five to ten years for all classes of assets.

(f) Vacation and Sick Leave

The Authority's employees are granted vacation and sick leave in varying amounts. In the event of termination or retirement, an employee is reimbursed for accumulated vacation days up to 120 days. Employees are reimbursed for 50% of accumulated sick leave only upon retirement or termination. Accumulated unpaid vacation and sick leave is accrued when earned.

(g) Income Taxes

The Authority is exempt from Federal and state income taxes.

(h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

(i) Recent Accounting Pronouncements

The Government Accounting Standards Board has issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The Statement governs the presentation of fund balances, which in total is the difference between assets and liabilities, into amounts that are non-spendable and amounts that can be spent. This Statement is effective for financial statements for periods beginning after June 15, 2010 and compliance is not required until the Authority's 2011 fiscal year.

The Government Accounting Standards Board issued GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The hierarchy for generally accepted accounting principles establishes what literature or authority that preparers of financial statements should use. The requirements of this Statement will help guide preparers of financial statements for state and local governments to apply all relevant accounting principles found in GASB literature. The Statement is effective immediately and is not expected to change current practice. The Authority is in compliance.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**Notes to Financial Statements, Continued**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

(i) Recent Accounting Pronouncements, (continued)

The Government Accounting Standards Board issued GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards. This Statement will incorporate into the GASB literature certain guidance found in the AICPA Statements on Auditing Standards. The Statement addresses three issues not included in the authoritative literature that establishes accounting standards: related party transactions, going concern considerations and subsequent events. The Authority expects that the Statement will improve reporting but will not materially affect current practice. The Statement is effective immediately. The Authority is in compliance.

The Government Accounting Standards Board issued GASB Statement No. 58, Accounting and Financial Reporting for Chapter 9 Bankruptcies. This Statement is intended to improve consistency in the measurement and financial reporting of OPEB such as retiree health insurance. The Authority has determined that this Statement is not applicable.

The Authority has not completed the process of evaluating the impact that will result from implementing GASB Statement No. 59, Financial Instruments Omnibus. This Statement updates and improves standards regarding financial reporting of certain financial instruments and external investment pools. This Statement is effective for periods beginning after June 15, 2010.

The Government Accounting Standards Board issued GASB Statement No. 60, Accounting and Financial Reporting for Services Concession Arrangements. This Statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or private-public partnership that state and local governments are increasingly entering into. The Authority is currently evaluating the affect, if any, this statement will have on current practice. This Statement is effective for periods beginning after December 15, 2011 and will be applied retroactively for all periods presented.

The Government Accounting Standards Board issued GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment to No. 14 and No. 34. This Statement will improve the information presented about the financial reporting entity, which is comprised of a primary government and related entities (component units). The Authority does not believe this Statement will materially affect its current practice. This Statement is effective for periods beginning after June 15, 2012.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**Notes to Financial Statements, Continued**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

(i) Recent Accounting Pronouncements, (continued)

The Government Accounting Standards Board issued GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements. This Statement is effective for periods beginning after December 15, 2011 and will be applied retroactively for all periods presented.

**NOTE 2. BUDGETARY PROCEDURES**

The Authority follows the following procedures in establishing the budget.

At least 60 days prior to January 1, the Authority submits its proposed budget to the Division of Local Government Services for approval. The operating budget includes proposed appropriations and the estimated revenues to finance them.

Public hearings are conducted to obtain citizen comments on the proposed budget.

Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

The Authority's budget is prepared in accordance with generally accepted accounting principles. Revenues are recorded when they became earned and measurable, and expenditures are recorded when they are incurred.

The level at which expenditures cannot exceed budget is at the total budget level.

**NOTE 3. CASH AND CASH EQUIVALENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2011, \$-0- of the Authority's bank balance of \$906,242 was exposed to custodial credit risk.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**Notes to Financial Statements, Continued**

**NOTE 3. CASH AND CASH EQUIVALENTS, (continued)**

**Investments**

**Investment Rate Risk**

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The Authority places no limit on the amount the Authority may invest in any one issuer.

**NOTE 4. CAPITAL ASSETS**

The following is a summary of capital asset activity for the year ended December 31, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-type activities:				
Building and building improvements	228,621			228,621
Machinery and equipment	<u>903,802</u>	<u>41,264</u>	<u>      </u>	<u>945,066</u>
Totals at historical cost	<u>1,132,423</u>	<u>41,264</u>	<u>      0</u>	<u>1,173,687</u>
Less accumulated depreciation for:				
Building, improvements and equipment	(138,058)	(20,712)		(158,770)
Machinery and equipment	<u>(726,107)</u>	<u>(43,842)</u>	<u>      </u>	<u>(769,949)</u>
Total accumulated depreciation	<u>(864,165)</u>	<u>(64,554)</u>	<u>      0</u>	<u>(928,719)</u>
Total building, improvements and equipment assets being depreciated, net of accumulated depreciation	<u>268,258</u>	<u>(23,290)</u>	<u>      </u>	<u>244,968</u>
<b>Business-type activities capital assets, net</b>	<u>268,258</u>	<u>(23,290)</u>	<u>      0</u>	<u>244,968</u>



**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**Notes to Financial Statements, Continued**

**NOTE 5. PENSION PLAN**

Description of Systems:

Substantially all of the Authority's employees participate in the following contributory defined benefit public employee retirement system which has been established by State statute: the Public Employees' Retirement System (PERS). This system is sponsored and administered by the State of New Jersey. The Public Employees' Retirement System is considered a cost sharing multiple-employer plan. According to the State of New Jersey Administrative Code, all obligations of the system will be assumed by the State of New Jersey should the system terminate.

*Public Employees' Retirement System (PERS)*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State 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. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. 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 contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**Notes to Financial Statements, Continued**

**NOTE 5. PENSION PLAN, (continued)**

Description of Systems, (continued)

*Public Employees' Retirement System (PERS), (continued)*

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension fund provides for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**Notes to Financial Statements, Continued**

**NOTE 5. PENSION PLAN, (continued)**

Contribution Requirements, (continued)

The Authority's contribution to the Plan, equal to the required contributions for each year were as follows:

<u>Year</u> <u>Ending</u>	<u>PERS</u>
Dec. 31, 2011	\$60,492
Dec. 31, 2010	48,007
Dec. 31, 2009	48,948

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS. A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**Notes to Financial Statements, Continued**

**NOTE 5. PENSION PLAN, (continued)**

Defined Contribution Retirement Program, (continued)

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

**NOTE 6. OPERATING LEASES**

The Authority's premises are leased from the Borough for a 50-year period expiring in the year 2030 at the nominal rental of \$1 per year.

The Authority also leases the municipal parking lot situated south of South Marginal Road and north of Main Street, between Center Avenue and Lemoine Avenue. Such lease agreement includes, among other matters, requirements for the Authority to operate the Senior Citizen bus service, maintain liability insurance, satisfy the outstanding mortgage obligation of the Borough for approximately \$300,000 and share equally with the Borough the Authority's annual net income in excess of \$25,000, exclusive of the residential parking program operations and the Borough Street Sweeping Program. The initial term of the agreement expired on December 15, 1991. The agreement automatically renewed on December 15, 1991 on a yearly basis, and either party has the right to give written notice at least six months prior to December 31 of its intention to terminate this agreement.

The Authority's street and lot parking program operated at a net profit of \$121,419 for the year ended December 31, 2011 and a net profit of \$11,630 for the year ended December 31, 2010. For the year ended December 31, 2011, the profit in excess of \$25,000 is \$96,419, of which \$48,210 is due to the Borough of Fort Lee as its share.

**NOTE 7. RESIDENTIAL PARKING PERMIT PROGRAM**

On April 30, 1991, the Authority and the Borough entered into an agreement whereby the Authority would supervise and administer a residential parking permit program (Program). The agreement is for a five-year period commencing on April 30, 1991 provided that prior to each anniversary hereof, the parties agree independently to review and evaluate the performance of the Program and to determine whether or not to continue the Program through the succeeding year. Upon completion of such review, this agreement may be terminated upon mutual agreement of the parties.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**Notes to Financial Statements, Continued**

**NOTE 7. RESIDENTIAL PARKING PERMIT PROGRAM, (continued)**

The Program, which is intended to be self supporting, is to be funded by 30% of the violation fines. These fees, when collected by the Borough, are to be turned over to the Authority on a monthly basis. This program operated at a net profit of \$24,461 in 2011 and a net profit of \$48,914 in 2010. The agreement between the Authority and the Borough allows the Authority to recoup any accumulated losses, before sharing any accumulated profits equally. As a result, the accumulated profits for the year ended December 31, 2011 are \$24,461, of which \$12,231 is due to the Borough of Fort Lee.

All revenues received from the sale of business parking permits, by resolution of the Authority's Board of Commissioners, are to be used solely for the creation and maintenance of off-street parking facilities. At December 31, 2011, \$124,004 remains available for off-street parking projects, as a part of the Authority's total retained earnings.

In the event that the parties mutually agree to terminate this agreement, the notice of termination is to be given to the Authority no less than six months prior to actual termination. The Authority would continue to receive 30% per the parking ticket fines collected for that six-month period.

**NOTE 8. BOROUGH STREET SWEEPING PROGRAM**

On June 25, 1996 the Authority and the Borough entered into an agreement whereby the Authority would supervise and administer a street sweeping program (Sweeper Program). The agreement is for a five-year period commencing on June 25, 1996 provided that prior to each anniversary hereof, the parties agree independently to review and evaluate the performance of the Program and to determine whether or not to continue the Sweeper Program through the succeeding year. Upon completion of such review, this agreement may be terminated upon mutual agreement of the parties.

The Sweeper Program, which is intended to be self supporting, is to be funded by 30% of the violation fines. These fees, when collected by the Borough, are to be turned over to the Authority on a monthly basis. This program operated at a net profit of \$28,910 in 2011 and a net profit of \$55,791 in 2010. The agreement between the Authority and the Borough allows the Authority to recoup any accumulated losses, before sharing any accumulated profits equally. The accumulated profits for the year ended December 31, 2011 are \$28,910 of which, \$14,455 is due to the Borough of Fort Lee as its share.

All revenues received from the Sweeper Program, by resolution of the Authority's Board of Commissioners, are to be used solely for the creation and maintenance of the Sweeper Program. At December 31, 2011, \$62,083 remains available for Sweeper Program projects, as a part of the Authority's total retained earnings.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**Notes to Financial Statements, Continued**

**NOTE 8. BOROUGH STREET SWEEPING PROGRAM, (continued)**

In the event that the parties mutually agree to terminate this agreement, the notice of termination is to be given to the Authority no less than six months prior to actual termination. The Authority would continue to receive 30% per the parking ticket fines collected for that six-month period.

**NOTE 9. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority has obtained insurance coverage to guard against these events which will provide minimum exposure to the Authority should they occur.

The Authority is a member of the Bergen County Joint Insurance Fund (BCJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The BCJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Authority and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Authority is contractually obligated to make all annual and supplementary contributions to insurance funds, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance funds. Members have a contractual obligation to fund any deficit of the insurance funds attributable to a membership year during which they were a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages in any of the prior three years.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE  
(A Component Unit of the Borough of Fort Lee)**

**Notes to Financial Statements, Continued**

**NOTE 10. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE**

The Authority has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Authority is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Authority is billed quarterly for amounts due to the State. The following is a summary of Authority contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Authority's restricted net assets for the current and prior year:

<u>Fiscal Year</u> <u>Ending</u>	<u>Authority</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u> <u>and Interest</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
12/31/11	\$	\$1,766	\$904	\$(9,643)
12/31/10	8,427	1,787	8,453	(10,505)
12/31/09		1,936	880	(12,261)

**NOTE 11. LITIGATION**

The Authority is a defendant in various legal proceedings. These cases, if decided against the Authority, would be funded by insurance. The Authority expects such amounts, if any, to be immaterial.

**Supplementary Schedules**



PARKING AUTHORITY OF THE BOROUGH OF FORT LEE  
(A Component Unit of the Borough of Fort Lee)

Supplemental Schedule of Operating Revenues and Appropriations -  
Budget vs. Actual

Year ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavor- able)
Revenues:			
Operating revenues			
Parking fees	\$ 1,225,000	1,194,608	(30,392)
Other operating revenues	242,700	307,199	64,499
Miscellaneous income		48,352	48,352
Total operating revenues	<u>1,467,700</u>	<u>1,550,159</u>	<u>82,459</u>
Non-operating revenues			
Operating grants and entitlements		140,000	140,000
Interest on deposits	6,000	4,305	(1,695)
Total non-operating revenues	<u>6,000</u>	<u>144,305</u>	<u>138,305</u>
Total Revenues	<u>\$ 1,473,700</u>	<u>1,694,464</u>	<u>220,764</u>
Operating expenditures:			
Administration			
Salary and wages	\$ 157,500	154,415	3,085
Fringe benefits	48,869	39,091	9,778
Other expenses	110,000	152,256	(42,256)
Cost of providing service:			
Salary and wages	588,954	617,662	(28,708)
Fringe benefits	210,813	156,363	54,450
Other expenses	180,000	228,888	(48,888)
Total operating expenditures	<u>1,296,136</u>	<u>1,348,675</u>	<u>(52,539)</u>
Non-operating expenditures:			
Borough of Fort Lee employee parking permits		171,000	(171,000)
Due to the Borough of Fort Lee - Shared Revenue		74,896	(74,896)
Other Reserves - Capital Appropriations	155,000		155,000
Total non-operating expenditures	<u>155,000</u>	<u>245,896</u>	<u>(90,896)</u>
Total expenditures	<u>1,451,136</u>	<u>1,594,571</u>	<u>(143,435)</u>
Excess of Revenue Over Expenditures	<u>\$ 22,564</u>	<u>99,893</u>	<u>77,329</u>

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE  
(A Component Unit of the Borough of Fort Lee)

Supplemental Schedule of Analysis of Revenues and Expenses

Year ended December 31, 2011

	<u>Total</u>	<u>Street and lot</u>	<u>Residen- tial parking program</u>	<u>Sweeper program</u>
Revenues:				
Operating revenues				
Lot	\$ 217,497	217,497		
Street	448,609	448,609		
Monthly parking	528,502	528,502		
Rental income	21,150	21,150		
Parking violations fine allocation	108,423		108,423	
Residential Visitor, Business and Sticker parking fees	69,203		69,203	
Street sweeper violations fine allocation	108,423			108,423
Miscellaneous Income	48,352	48,352		
Total operating revenues	<u>1,550,159</u>	<u>1,264,110</u>	<u>177,626</u>	<u>108,423</u>
Non-operating revenues				
Operating grants and entitlements	140,000	140,000		
Interest	4,305	4,305		
Total non-operating revenues	<u>144,305</u>	<u>144,305</u>		
Total revenues	<u>\$ 1,694,464</u>	<u>1,408,415</u>	<u>177,626</u>	<u>108,423</u>

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE  
(A Component Unit of the Borough of Fort Lee)

Supplemental Schedule of Analysis of Revenues and Expenses

Year ended December 31, 2011

	<u>Total</u>	<u>Street and lot</u>	<u>Residen- tial parking program</u>	<u>Sweeper program</u>
Expenditures:				
Payroll and Fringe Benefits:				
Parking Operations	\$ 396,702	396,702		
Residential Parking	101,438		101,438	
Sweeper Program	46,746			46,746
Bus Operations	227,191	227,191		
Employee Benefits	198,052	160,161	28,425	9,466
Operations and Maintenance:				
Administration-				
Office Expenses	47,559	38,105	4,727	4,727
Accounting	14,261	4,755	4,753	4,753
Legal	15,003	5,497	4,753	4,753
Convention	6,152	6,152		
Other Miscellaneous	19,440	19,440		
Utilities	36,603	29,271	3,666	3,666
Meter Repairs/Supplies	34,370	34,370		
Bus Repairs	22,970	22,970		
Other Repairs	70,538	59,732	5,403	5,403
Other Maintenance/Paint Expense	37,224	37,224		
Uniforms	9,872	9,872		
Depreciation Expense	64,554	64,554		
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating expenditures	1,348,675	1,115,996	153,165	79,514
Non-operating expenditures				
Borough of Fort Lee employee parking permits	171,000	171,000		
Due to the Borough of Fort Lee - Shared Revenue	74,896	48,210	12,231	14,455
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-operating expenditures	245,896	219,210	12,231	14,455
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 1,594,571	1,335,206	165,396	93,969

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE  
(A Component Unit of the Borough of Fort Lee)

Roster of Officials

December 31, 2011

Commissioners

Catherine Nest – Chairperson  
Dr. Richard C. Weiner-Clark – Vice Chairperson  
Peter Dicostanzo  
James T. Viola, Sr.  
Patricia McGuirl-Horton

Attorney

Neil D. Marotta

# Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkocz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Commissioners  
Parking Authority of the Borough of Fort Lee  
Fort Lee, New Jersey

We have audited the financial statements of the Parking Authority of the Borough of Fort Lee, as of and for the year ended December 31, 2011, and have issued our report thereon dated March 15, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Parking Authority of the Borough of Fort Lee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Parking Authority of the Borough of Fort Lee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Parking Authority of the Borough of Fort Lee's control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

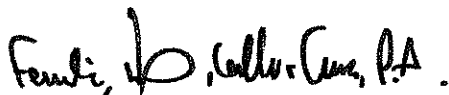
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parking Authority of the Borough of Fort Lee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we reported to the management of the Parking Authority of the Borough of Fort Lee in the accompanying comments and recommendations section of this report.

This report is intended solely for the information of the governing body, management, The Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

March 15, 2012

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE**  
**(A Component Unit of the Borough of Fort Lee)**

**COMMENTS AND RECOMMENDATIONS**

**DECEMBER 31, 2011**

**Comments**

1. Employees time card system is not being used properly in order to calculate hours worked.
2. The portion of 2010 shared revenue due to the Borough was not turned over.

**Recommendations**

1. That the time card system be used properly in order to calculate employees hours.\*
2. That the shared revenue for 2010 be turned over to the Borough.

**Status of Prior Years' Audit Findings/Recommendations**

A review was performed on all prior years' recommendations and corrective action was taken out on all except those with an "\*".

**Acknowledgment**

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