



WithumSmith+Brown, PC
Certified Public Accountants and Consultants



Financial Statements

December 31, 2012 and 2011

With Independent Auditors' Report

Parking Authority of the City of Newark
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December 31, 2012 and 2011

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Parking Authority of the City of Newark (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the years ended December 31, 2012, 2011 and 2010. Please read this analysis in conjunction with the Authority's financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements present the Authority's financial activities and position in three parts. They include the *Management's Discussion and Analysis (this section)*, the *Basic Financial Statements* and *Supplementary Information*. The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These financial statements offer short and long-term financial information about its activities.

BASIC FINANCIAL STATEMENTS

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.

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 operations over the past year and can be used to determine whether the Authority has recovered all its costs through its revenue sources 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 activities and capital and related financing activities.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements, such as the Authority's accounting methods and policies.

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 year's 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 other nonfinancial factors such as changes in conditions, population growth, development, contractual requirements and new or changed government regulation.

A summary of the Authority's Statements of Net Assets are as follows:

CONDENSED STATEMENTS OF NET ASSETS

	2012	2011	2010
Assets			
Unrestricted	\$ 3,460,399	\$ 2,519,375	\$ 1,924,381
Restricted	27,317	55,332	181,652
Net Capital Assets	<u>1,343,676</u>	<u>1,478,120</u>	<u>1,346,765</u>
Total Assets	<u>\$ 4,831,392</u>	<u>\$ 4,052,827</u>	<u>\$ 3,452,798</u>
Liabilities			
Long-Term Liabilities	\$ 997,500	\$ 1,144,363	\$ 1,291,947
Other Liabilities	<u>466,445</u>	<u>588,153</u>	<u>530,851</u>
Total Liabilities	1,463,945	1,732,516	1,822,798
Net assets			
Invested in Capital Assets, Net	199,313	186,508	(117,444)
Restricted	27,317	55,332	181,652
Unrestricted - undesignated	1,640,454	2,078,471	1,565,792
Unrestricted - designated for capital projects	<u>1,500,363</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>3,367,447</u>	<u>2,320,311</u>	<u>1,630,000</u>
Total Liabilities and Net Assets	<u>\$ 4,831,392</u>	<u>\$ 4,052,827</u>	<u>\$ 3,452,798</u>

CURRENT ASSETS

Unrestricted cash was approximately \$2,878,000 at December 31, 2012 representing a net increase of approximately \$1,027,000 as compared to the December 31, 2011 balance. Cash increased due to primarily the increase in meter income and ticket sharing revenue with the City of Newark. The Authority has earmarked approximately \$1,500,000 for the future acquisition and development of real estate to expand and improve its parking operations. Restricted cash had a balance of approximately \$27,000 and \$55,000 at December 31, 2012 and 2011, respectively. The Authority may utilize this amount to purchase additional fixed assets for the Authority.

Accounts receivable decreased by approximately \$92,000 from 2011 compared to 2012 and increased approximately \$149,000 from 2010 compared to 2011. The changes are predominately due to the timing of ticket sharing revenue payments received from the City of Newark for the last four months of the year.

NONCURRENT ASSETS

Noncurrent assets decreased in 2012 by approximately \$135,000 compared to 2011, which is the increase in property and equipment less depreciation of approximately \$160,000. In 2011, property and equipment increased by approximately \$131,000, compared to 2010 which is the increase in property and equipment less depreciation of approximately \$146,000.

CAPITAL ASSETS

Capital Assets activities for the years ended December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Furniture and fixtures	\$ 47,798	\$ 45,473	\$ 36,223
Improvements	33,867	33,867	27,921
Meters	1,587,467	1,587,467	1,358,284
Computers	34,274	34,274	34,274
Vehicles	188,061	164,652	131,317
Intangible	9,850	9,850	9,850
	<u>1,901,317</u>	<u>1,875,583</u>	<u>1,597,869</u>
Less: accumulated depreciation and amortization	<u>557,641</u>	<u>397,463</u>	<u>251,104</u>
Net property and equipment	<u>\$ 1,343,676</u>	<u>\$ 1,478,120</u>	<u>\$ 1,346,765</u>

OTHER LIABILITIES

Other liabilities are current liabilities that will be paid in the next twelve (12) months after the balance sheet date. Current liabilities payable from unrestricted assets is decreased by approximately \$122,000 in 2012 as compared to an increase of approximately \$57,000 in 2011. For the year 2012, the decrease is primarily due to fewer unpaid bills relating to the purchase of meter equipment at year end. For the year 2011, the increase is due primarily to the increase in PERS payable.

NONCURRENT LIABILITIES

The decrease of approximately \$147,000 in 2012 and 2011 is due to the principal repayment of long term notes.

A summary of the Authority's Statements of Revenues, Expenses and Changes in Net Assets are as follows:

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2012	2011	2010
Operating revenues	\$ 4,557,893	\$ 3,762,032	\$ 3,023,578
Nonoperating revenues	<u>12,505</u>	<u>10,599</u>	<u>8,466</u>
Total revenues	4,570,398	3,772,631	3,032,044
Operating expenses	3,300,276	2,870,553	2,378,728
Depreciation expense	160,178	146,359	102,704
Nonoperating expenses	<u>62,808</u>	<u>65,408</u>	<u>50,459</u>
Total expenses	<u>3,523,262</u>	<u>3,082,320</u>	<u>2,531,891</u>
Increase in net assets	1,047,136	690,311	500,153
Net assets, beginning of year	<u>2,320,311</u>	<u>1,630,000</u>	<u>1,129,847</u>
Net assets, end of year	<u>\$ 3,367,447</u>	<u>\$ 2,320,311</u>	<u>\$ 1,630,000</u>

While the Statements of Net Assets show the change in financial position of net assets, the Statements of Revenues, Expenses and Changes in Net Assets provide answers as to the nature and source of these changes.

OPERATING REVENUES

The Authority's operating revenues increased by approximately \$796,000 in 2012, as compared to approximately \$738,000 increase in 2011. Both years' increases were primarily from ticket sharing revenue and meter collections.

OPERATING EXPENSES

Total operating expenses increased by approximately \$430,000 to \$3.3 million in 2012, as compared to an increase of approximately \$492,000 in 2011. The 2012 and 2011 increases are the result of increased salaries and office expenses and overhead due to the ticket operations for the entire year.

NONOPERATING INCOME AND EXPENSES

Total nonoperating income and expenses decreased by approximately \$5,000 in 2012 and increased by approximately \$13,000 in 2011, respectively.

NET ASSETS

Total assets of the Authority for the year ended December 31, 2012, were approximately \$4.8 million, while total liabilities were approximately \$1.5 million resulting in assets exceeding liabilities by approximately \$3.3 million. For the year ended December 31, 2011, assets exceeded liabilities by approximately \$2.3 million. Therefore the Authority's net assets increased approximately \$1,000,000.

Total assets of the Authority for the year ended December 31, 2011, were approximately \$4 million, while total liabilities were \$1.7 million resulting in assets exceeding liabilities by approximately \$2.3 million. For the year ended December 31, 2010, assets exceeded liabilities by approximately \$1.6 million. Therefore the Authority's net assets increased approximately \$700,000.

BUDGETARY HIGHLIGHTS

The Authority prepares and submits an annual operating budget to the State of New Jersey, which approves the budgets for adoption by the Authority prior to the beginning of the fiscal year. The Authority, upon approval of the interlocal agreement with the City of Newark, amended its budget with the Division of Local Government Services. The following table provides a 2012 combined budget to actual comparison:

2012 BUDGET VS. ACTUAL

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Operating revenues	\$ 4,590,677	\$ 4,496,817	\$ (93,860)
Nonoperating revenues	65,000	73,581	8,581
Total revenues	<u>4,655,677</u>	<u>4,570,398</u>	<u>(85,279)</u>
Operating appropriations			
Personnel and other	1,424,652	1,410,099	14,553
Fringe benefits	641,094	603,014	38,080
Administration and general	<u>1,743,106</u>	<u>1,349,971</u>	<u>393,135</u>
Total operating appropriations	3,808,852	3,363,084	445,768
Nonoperating appropriations			
Lease and note payments	213,191	170,658	42,533
Depreciation/amortization expense	<u>-</u>	<u>160,178</u>	<u>(160,178)</u>
Total nonoperating appropriations	<u>213,191</u>	<u>330,836</u>	<u>(117,645)</u>
Total operating and nonoperating appropriations	<u>4,022,043</u>	<u>3,693,920</u>	<u>328,123</u>
Excess - budgetary basis	<u>\$ 633,634</u>	<u>\$ 876,478</u>	<u>\$ 242,844</u>

Anticipated operating revenues were \$4,590,677 whereas actual revenues were \$4,496,817, resulting in an unfavorable variance of \$93,860. This unfavorable variance was primarily due to decreased activity near year-end as a result of decreased vehicle activity in the City of Newark after Hurricane Sandy.

Total anticipated appropriations were \$4,022,043 whereas total actual appropriations were \$3,693,920, resulting in a favorable variance of \$328,123. This favorable variance was related to various expense line items coming in favorably compared to budgeted amounts. See the schedule of operating revenues and expenditures compared to budget in the supplementary information section for details of individual line items.

DEBT ADMINISTRATION

Upon execution of the interlocal agreement and transfer of certain parking assets (parking meters) on August 6, 2008 (See Note #1) the Authority is liable to make payments to the City of Newark for the Bond Anticipation Notes in the amount of \$1,425,000. The notes bear interest at 5%.

ECONOMIC FACTORS, FUTURE YEARS BUDGETS AND RATES

The Commissioners and management of the Authority consider many factors when preparing each year's budget. Some of the factors that were considered are: traffic patterns, increase in vehicle traffic due to development of various areas in Newark, the improved efficiency of the Authority's equipment and personnel in issuing summons.

The Authority expects to purchase real estate in 2013, known as State Street parking lot, to increase the amount of parking available in the City of Newark. The Authority is also in negotiations to take over the administration and enforcement of the City of Newark Parking tax, which would greatly help the Authority improve and expand the services that it provides.

In connection with the normal conduct of the Authority's business, it could from time to time be involved in various claims and litigation which may result in positive or negative effects on the financial statements.

CONTACTING THE AUTHORITY

These financial statements are 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 CITY OF NEWARK, located at 50 Park Place, Suite 919, Newark, New Jersey 07102.



WithumSmith+Brown, PC
Certified Public Accountants and Consultants

1144 Hooper Avenue
Suite 202
Toms River, New Jersey 08753 USA
732 341 8728 . fax 732 341 8787
www.withum.com

Additional Offices in New Jersey,
New York, Pennsylvania, Maryland,
Florida, and Colorado

Independent Auditors' Report

Honorable Members of the Board of Commissioners
Parking Authority of the City of Newark
Essex County, New Jersey

Report on the Financial Statements

We have audited the accompanying statements of net assets of the Parking Authority of the City of Newark as of December 31, 2012 and 2011 and the statements of revenues, expenses and changes in net assets and cash flows for the years then ended as well as the related notes to financial statements, which collectively comprise the Parking Authority of the City of Newark's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parking Authority of the City of Newark, as of December 31, 2012 and 2011, and the results of its operations, changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages A1 through A6 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parking Authority of the City of Newark's basic financial statements. The schedules of cash receipts and disbursements and changes in cash and investments, schedule of operating revenues and expenditures compared to budget, roster of officials and miscellaneous statistics are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of cash receipts and disbursements and changes in cash and investments and schedule of operating revenues and expenditures compared to budget are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of cash receipts and disbursements and changes in cash and investments and schedule of operating revenues and expenditures compared to budget are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The roster of officials and miscellaneous statistics have not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2013, on our consideration of the Parking Authority of the City of Newark, Essex County, New Jersey's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* in considering the Parking Authority of the City of Newark's internal control over financial reporting and compliance.

William Smith + Brown, PC

Toms River, NJ
September 12, 2013



WithumSmith+Brown, PC
Certified Public Accountants and Consultants

1144 Hooper Avenue
Suite 202
Toms River, New Jersey 08753 USA
732 341 8728 . fax 732 341 8787
www.withum.com

Additional Offices in New Jersey,
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**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***

Honorable Members of the Board of Commissioners
Parking Authority of the City of Newark
Essex County, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Parking Authority of the City of Newark, Essex County, New Jersey as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Parking Authority of the City of Newark's basic financial statements, and have issued our report thereon dated September 12, 2013.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control over financial reporting that we 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 Parking Authority of the City of Newark's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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*.

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.

Restriction on Use

This report is intended solely for the information and use of the Board of Commissioners and the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

Withers Smith & Brown, PC

Toms River, NJ
September 12, 2013

**Parking Authority of the City of Newark
Essex County, New Jersey
Statements of Net Assets
December 31, 2012 and 2011**

	2012	2011
Assets		
Current assets		
Cash	\$ 1,377,257	\$ 1,850,645
Designated cash	1,500,363	-
Restricted cash	27,317	55,332
Investments	39,251	39,251
Interest receivable	135	135
Accounts receivable	498,675	590,554
Prepaid expenses	44,718	38,790
Total current assets	<u>3,487,716</u>	<u>2,574,707</u>
Property, plant and equipment, net	<u>1,343,676</u>	<u>1,478,120</u>
Total assets	<u>\$ 4,831,392</u>	<u>\$ 4,052,827</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 49,754	\$ 165,548
Accrued expenses	199,669	172,846
Due to City of Newark	70,159	102,510
Current maturities of long-term debt	4,363	4,749
Bond - current portion	142,500	142,500
Total current liabilities	<u>466,445</u>	<u>588,153</u>
Non-current liabilities		
Long-term debt, less current maturities	-	4,363
Bond - less current portion	997,500	1,140,000
Total liabilities	<u>1,463,945</u>	<u>1,732,516</u>
Net Assets		
Investment in capital assets, net of related debt	199,313	186,508
Restricted net assets	27,317	55,332
Unrestricted net assets - undesignated	1,640,454	2,078,471
Unrestricted net assets - designated for capital projects	1,500,363	-
Total net assets	<u>3,367,447</u>	<u>2,320,311</u>
Total liabilities and net assets	<u>\$ 4,831,392</u>	<u>\$ 4,052,827</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**Parking Authority of the City of Newark
Essex County, New Jersey
Statements of Revenues, Expenses and Changes in Net Assets
Years Ended December 31, 2012 and 2011**

	2012	2011
Operating revenues		
Ticket sharing	\$ 1,578,051	\$ 1,340,860
Meter collections	2,179,442	1,735,214
Event parking	131,549	-
Parking lot	32,624	55,145
MPG lease	575,151	571,432
Reimbursed operating expense - City of Newark	55,000	55,000
Miscellaneous revenue	6,076	4,381
Total operating revenues	<u>4,557,893</u>	<u>3,762,032</u>
Operating expenses		
Salaries	1,410,099	1,180,639
Fringe benefits and payroll taxes	603,014	504,176
Professional fees	229,837	175,131
Lease payment - City of Newark	437,871	466,640
Rent	132,591	101,911
Administrative and general expenses	486,864	442,056
Depreciation and amortization	160,178	146,359
Total operating expenses	<u>3,460,454</u>	<u>3,016,912</u>
Operating income	1,097,439	745,120
Non-operating revenue (expense)		
Interest income	12,505	10,599
Interest expense	<u>(62,808)</u>	<u>(65,408)</u>
Total non-operating revenue (expense)	<u>(50,303)</u>	<u>(54,809)</u>
Change in net assets	1,047,136	690,311
Net assets, beginning of year	<u>2,320,311</u>	<u>1,630,000</u>
Net assets, end of year	<u>\$ 3,367,447</u>	<u>\$ 2,320,311</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**Parking Authority of the City of Newark
Essex County, New Jersey
Statements of Cash Flows
Years Ended December 31, 2012 and 2011**

	2012	2011
Cash flows from operating activities		
Cash received from ticket sharing	\$ 1,665,310	\$ 1,151,073
Cash received from meter collections	2,179,442	1,735,214
Cash received from event parking	131,549	-
Cash received from parking lot	32,624	55,145
Cash received from lease and other	640,846	671,910
Payments to employees	(1,393,343)	(1,179,407)
Payments for employee benefits and payroll taxes	(590,886)	(473,599)
Other operating disbursements	<u>(1,443,296)</u>	<u>(1,148,522)</u>
Net cash provided by operating activities	1,222,246	811,814
Cash flows from investing activities		
Purchase of certificate of deposit	-	(78)
Interest on investments	12,505	10,599
Purchases of property and equipment	<u>(25,734)</u>	<u>(277,714)</u>
Net cash used by investing activities	(13,229)	(267,193)
Cash flows from capital and related financing activities		
Repayments of capital leases	-	(25,493)
Interest expense	(62,808)	(65,408)
Repayments of long-term debt	<u>(147,249)</u>	<u>(147,104)</u>
Net cash used by capital and related financing activities	<u>(210,057)</u>	<u>(238,005)</u>
Net increase in cash	998,960	306,616
Cash, beginning of year	<u>1,905,977</u>	<u>1,599,361</u>
Cash, end of year	<u>\$ 2,904,937</u>	<u>\$ 1,905,977</u>
Cash flows from operating activities		
Net operating income	\$ 1,097,439	\$ 745,120
Adjustments to reconcile operating income to net cash provided by operating income		
Depreciation and amortization	160,178	146,359
Change in:		
Accounts receivable	91,879	(148,691)
Prepaid expenses	(5,928)	(13,289)
Accounts payable	(115,794)	141,354
Accrued expenses	26,823	(61,426)
Due to City of Newark	<u>(32,351)</u>	<u>2,387</u>
Net cash provided by operating activities	<u>\$ 1,222,246</u>	<u>\$ 811,814</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**Parking Authority of the City of Newark
Essex County, New Jersey
Notes to Financial Statements
December 31, 2012 and 2011**

1. GENERAL

Authorizing Legislation

The Parking Authority of the City of Newark, hereinafter called the "Authority," was created and established by virtue of an ordinance duly adopted by the City Council of the City of Newark entitled "An Ordinance Creating the Parking Authority of the City of Newark, Adopted by the Municipal Council August 3, 1955," adopted on April 4, 1956, creating the Parking Authority of the City of Newark (collectively the "Creation Ordinance"), pursuant to the Parking Authority Law (N.J.S.A. 40p:11a-1 et seq.) of the State of New Jersey, as amended and supplemented (the "Act") and the Authority is a public body corporate and politic of the State of New Jersey and an agency of the City with all the powers, privileges and authority conferred by the Act. It consists of five members appointed by the Mayor of Newark with the advice and consent of the City Council. The Authority has no stockholders or equity holders. Accounts of the Authority are maintained in conformity with accounting principles generally accepted in the United States of America.

It is the purpose and policy of the Authority, among other things to provide such services and facilities as permitted under the Act and by contract with the City of Newark including (i) enforcing applicable statutes, ordinances and regulations governing parking in the City of Newark, including ticketing and the provision, either directly or indirectly, towing services and storage and impound facilities; (ii) operating the parking meter operation of the City including maintaining, servicing and enforcement relating thereto; and (iii) management of the Parking Enforcement Officers in the performance of their duties.

On August 6, 2008, the City of Newark, upon approval of resolution 7R1-BE "Interlocal Agreement", authorized the delivery of certain parking assets (parking meters) to the Parking Authority of the City of Newark, and obligating the Authority to make certain periodic payments to the City in respect of debt service on City obligations to finance such parking assets. The Authority took control of the parking assets and meter collections on September 8, 2008. The Interlocal Agreement also gave the Newark Parking Authority the power to issue meter violation tickets, motor vehicle towing services, operate storage facilities and issue residential parking permits.

Upon execution of the above agreement, the Authority received parking assets (parking meters) worth \$957,739 and cash in the amount of \$542,261. The cash proceeds are restricted by the City of Newark for the future purchase of parking assets only. As of December 31, 2012 and 2011 the unspent restricted funds amounted to \$27,317 and \$55,332, respectively. The Authority was held liable for Bond Anticipation Notes in the amount of \$1,425,000, which is explained in detail in Note 6.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements

The term measurement focus is used to denote what is being measured and reported in the Authority's financial statements. The Authority is accounted for on the flow of economic resources measurement focus. The fundamental objective of the focus is to measure whether the Authority is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction is recognized on the Authority's financial statements. The Authority uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends. The Authority has elected to follow Financial Accounting Standards Board pronouncements issued before November 30, 1989, and all pronouncements of the Governmental Accounting Standards Board.

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Notes to Financial Statements
December 31, 2012 and 2011**

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, "Basis Financial Statements - and Management Discussion and Analysis - for State and Local Governments." Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components, invested in capital assets, net of related debt, restricted and unrestricted.

These classifications are defined as follows:

- *Invested in capital assets, net of related debt* – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather that portion of the debt is included in the same net assets component as the unspent proceeds.
- *Restricted* - This component of net assets consists of constraints placed on net assets' use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The Authority's policy is to first apply restricted resources when an expense is incurred for purposes in which both restricted and unrestricted funds are available.

The Authority's financial statements include all the accounts of all the Authority's operations. The primary criterion for including activities within a reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Account and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name);
- the primary government holds the corporate powers of the organization;
- the primary government appoints a voting majority of the organization's board;
- the primary government is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the primary government;
- there is a fiscal dependency by the organization on the primary government.

Based on the above criterion, the Authority is a component unit of the City of Newark. The Authority does issue separate financial statements from the City of Newark.

Based on the aforementioned criterion, the Authority has no component units.

Non-exchange Transactions

The Authority also adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. This statement required that capital contributions to the Authority be presented as a change in net assets.

**Parking Authority of the City of Newark
Essex County, New Jersey
Notes to Financial Statements
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Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used for, but not limited to, depreciation and contingencies. Actual results could differ from those estimates.

Operating Revenues and Revenue and Cost Recognition

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. The Authority recognizes meter revenues as they are collected and recognizes all other revenues in accordance with customer agreements. The costs of such services are accrued as incurred.

Pension Plan

Substantially all employees participate in the Public Employees' Retirement System (PERS). The Division of Pensions and Benefits within the Treasury Department of the State of New Jersey is the administrator of the funds. The plan does not maintain separate records for each Authority in the State and, therefore, the actuarial data for the Authority is not available.

The plan provides retirement, annual cost of living adjustments and death benefits to plan members and beneficiaries. The plan is a cost sharing multiple employer defined benefit plan. The Division of Pensions and Benefits issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions and Benefits.

Covered employees are required by State Statute to contribute 6.5 percent of their salary to the plan through June 2012 and 6.64 percent effective July 2012. In addition, the PERS bills the Authority annually according to an actuarially determinable rate for its required contribution.

The contribution requirements of plan members and the Authority are established and may be amended by the Board of Trustees of the plan. All required contributions were made. The Authority contributed \$117,921 and \$103,394 to the plan for the years ended December 31, 2012 and 2011, respectively.

Compensated Absences

The Authority permits employees to accrue unused vacation and sick pay. Vacation pay may be taken as time off or paid upon retirement at an agreed upon rate and is accrued in the period incurred. Sick pay may only be taken as time off and is not accrued in the period earned as employees are not reimbursed upon retirement for their accrued sick time. Accumulated vacation time amounted to \$12,912 and \$5,840 for the years ended December 31, 2012 and 2011, respectively.

Accounts Receivable

Accounts receivable is primarily comprised of amounts due from the New Jersey Performing Arts Center Corporation ("NJ PAC") for the basic rent for the months of November 2012 and December 2012, and from amounts due from the City of Newark of the Authority's portion of ticket sharing revenue for the months of October 2012 through December 2012. The Authority believes that an allowance for doubtful accounts is not necessary due to its past history of collecting all accounts from NJ PAC and due to its past dealings with the City of Newark.

**Parking Authority of the City of Newark
Essex County, New Jersey
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December 31, 2012 and 2011**

Reclassifications

Certain accounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Such reclassifications had no effect on the net assets of the Authority.

Advertising

The Authority expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2012 and 2011 approximated \$6,600 and \$4,100, respectively.

New Accounting Pronouncements

In June 2012, the Government Accounting Standards Board ("GASB") issued GASB statement number 68, "Accounting and Financial Reporting for Pensions." This statement requires for defined benefit pension plans that the liability of employers and non-employer contributing entities to employees for defined benefit pension plans (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. The statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of this standard, if any.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The management of the Authority is not aware of any violations of finance related legal and contractual provisions.

Legal Compliance - Budgets

New Jersey Budget Law requires that all funds have legally adopted budgets and appropriations. Total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased provided they are offset by unanticipated revenues. All appropriations lapse at the end of each fiscal year to the extent that they have not been expended or encumbered. Authorization to transfer budgeted amounts between programs and/or departments within any fund and reallocation of budget line items within any program and/or department rests with the Authority's Board of Commissioners.

The accompanying Statements of Revenues, Expenses and Changes in Net Assets and the Schedule of Operating Revenues and Expenditures – Budget and Actual have been prepared on a legally prescribed basis of accounting, which differs from GAAP in certain respects. Note 10 "RECONCILIATION OF BUDGETARY BASIS AND GAAP" has been prepared to identify these revenue and expenditure differences for governmental activities.

The Authority's budget is prepared for its funds on the modified accrual basis of accounting. Annual appropriated budgets are adopted for all general and enterprise type funds. Any material modification within the adopted budget cannot be made by Board of Commissioners without the Division of Local Government Services' approval.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund (SAIF), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

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The market value of the collateral must equal five percent (5%) of the average daily balance of public funds; or

If the public funds deposited exceed seventy-five (75%) percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred (100%) percent of the amount exceeding seventy-five (75%) percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The Authority has complied with all statutes and regulations applicable to deposits and investments.

Cash equivalents include money market funds, mutual funds, cash management funds and certificates of deposit with maturity dates of less than three months. Investments include certificates of deposit with maturity dates of more than three months. Cash equivalents and investments are stated at cost, which approximates market. Cash equivalents and investments were held by the Authority's Trustee in the Authority's name.

Custodial Credit Risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, an authority will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Authority does not have a policy for custodial credit risk. Federal depository insurance and New Jersey's Governmental Unit Deposit Protection Act mitigate this risk.

Interest Rate Risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority's investment policy does not include limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentrations - The Authority's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets.

As of December 31, 2012 and 2011 the Authority's cash, cash equivalents and investments consisted of:

	2012	2011
Wells Fargo – Checking	\$ 7,187	\$ 7,187
PNC – Checking	18,188	23,642
PNC – Money Market	195,421	150,769
PNC – Payroll	249	-
City National – Checking	16,243	70,780
City National – Money Market	870,015	1,504,841
City National – Certificate of Deposit	39,251	39,251
City National – Real Estate Acquisition	500,121	-
City National – Real Estate Development	500,121	-
City National – Capital Improvement	500,121	-
Sovereign Bank – Checking	268,854	92,893
Sovereign Bank – Restricted	27,317	55,332
Petty cash	1,100	533
Total cash, cash equivalents and investments	<u>2,944,188</u>	<u>1,945,228</u>
Less: Investments	<u>39,251</u>	<u>39,251</u>
Total cash and cash equivalents	<u>\$ 2,904,937</u>	<u>\$ 1,905,977</u>

The carrying amount of the Authority's cash, cash equivalents and investments at December 31, 2012 was \$2,944,188 which consisted of \$2,877,620 unrestricted cash, \$27,317 restricted cash and \$39,251 invested in certificates of deposit, and the bank balance was \$2,855,246. Of the bank balance, \$722,098 was covered by Federal Depository Insurance and \$2,133,148 was covered by the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units' deposits in excess of the Federal deposit maximums.

**Parking Authority of the City of Newark
Essex County, New Jersey
Notes to Financial Statements
December 31, 2012 and 2011**

5. LEASE AND SUBLEASE OF MILITARY PARK GARAGE

On August 14, 1997, the City of Newark leased to the Authority the property known as the Military Park Garage for a term of 50 years.

Under the terms of the lease, the Authority will pay to the City of Newark, each month, the basic rent which equals the City's debt service payments on the Redevelopment Bonds which is approximately \$35,000 per month. In addition, the lease requires the Authority to pay the City seventy percent of the net profits as defined in the lease. The remaining thirty percent is retained by the Authority for operations. Minimum lease payments for the next five years are expected to be approximately \$420,000 each year.

The Authority subleased the Military Park Garage to the New Jersey Performing Arts Center Corporation ("NJ PAC") for a term of 50 years. Under the terms of the lease, NJ PAC operates and manages the facility. NJ PAC is required to pay the Authority each month the basic rent which equals the City's debt service payments on the Redevelopment Bonds which is approximately \$35,000 per month. Minimum lease payments for the next five years are expected to be approximately \$420,000 per year. In addition, NJ PAC shall pay to the Authority forty-five percent of the net profits as defined in the lease. In accordance with the sublease, NJ PAC remitted basic rent in the amounts of \$415,498 and \$393,918 for the years ended December 31, 2012 and 2011, respectively, to offset the debt service on a \$5,000,000 bond issued by the City of Newark to fund one half of the cost of renovating the facility. In addition to the basic rent, NJ PAC remitted a percentage of net operating proceeds of \$245,477 and \$207,432 for the years ended December 31, 2012 and 2011, respectively. The lease is a net sublease, and all expenses of operation and repair are paid by NJ PAC.

6. LONG TERM DEBTS

Bond due to the City of Newark

Upon execution of the interlocal agreement and transfer of certain parking assets (parking meters) on August 6, 2008, the Authority became liable to make payments to the City of Newark for Bond Anticipation Notes in the amount of \$1,425,000. The notes, originally issued January 24, 2008 with a maturity of January 23, 2009, were renewed through January 20, 2010. Upon maturity, the debt service payments of the notes were negotiated and repayments began June 1, 2011 with final payment due June 1, 2020.

Ten annual principal repayments of \$142,500 are due until maturity. The notes bore interest at 3.00% during 2008, 3.25% during 2009 and increased to 5.00% for 2010 and thereafter. Interest expense for the years ended December 31, 2012 and 2011 amounted to \$62,808 and \$62,344, respectively, with interest payable as of December 31, 2012 and 2011 of approximately \$25,000 and \$27,000, respectively.

The City of Newark has not finalized its long-term financing plans with respect to the Series 2010 Notes, and therefore, the actual debt service payments are subject to change upon final negotiations.

Vehicle Loan

Vehicle loan at December 31, 2012 and 2011 consists of the following:

	2012	2011
Loan payable consisting of monthly payments of \$457.89, which includes interest of 10.69% due September 2013. Loan is secured by a vehicle.	\$ 4,363	\$ 9,112
Less current maturities	<u>4,363</u>	<u>4,749</u>
Long term loan - less current maturities	<u>\$ -</u>	<u>\$ 4,363</u>

**Parking Authority of the City of Newark
Essex County, New Jersey
Notes to Financial Statements
December 31, 2012 and 2011**

The aggregate annual principal payments applicable to long term debts as of December 31, 2012 are as follows:

Year ending December 31:	Amount
2013	\$ 146,863
2014	142,500
2015	142,500
2016	142,500
2017	142,500
2018 and after	<u>427,500</u>
Total	<u>\$ 1,144,363</u>

7. CAPITAL ASSETS

Capital assets, which include furniture and fixtures and vehicles and equipment are reported at cost less accumulated depreciation. The Authority depreciates all assets using the straight line method ranging from 3 to 20 years. Leasehold improvements and intangibles are amortized over the shorter of the useful life or lease term. Capital asset activity for the year ending December 31, 2012 was as follows:

	Balance as of 12/31/11	2012 Additions	Balance as of 12/31/12
Furniture and fixtures	\$ 45,473	\$ 2,325	\$ 47,798
Improvements	33,867	-	33,867
Meters	1,587,467	-	1,587,467
Computers	34,274	-	34,274
Vehicles	164,652	23,409	188,061
Intangible	<u>9,850</u>	<u>-</u>	<u>9,850</u>
	1,875,583	25,734	1,901,317
Less: accumulated depreciation and amortization	<u>397,463</u>	<u>160,178</u>	<u>557,641</u>
Net property and equipment	<u>\$ 1,478,120</u>	<u>\$ (134,444)</u>	<u>\$ 1,343,676</u>

Depreciation and amortization expense for the years ended December 31, 2012 and 2011 was \$160,178 and \$146,359, respectively.

Capital assets acquired through capital lease obligations consisted of the following at December 31:

	2012	2011
Vehicles	\$ 76,585	\$ 76,585
Less: accumulated amortization	<u>58,556</u>	<u>43,239</u>
	<u>\$ 18,029</u>	<u>\$ 33,346</u>

For the years ended December 31, 2012 and 2011 amortization expense for capital lease assets included in the preceding depreciation and amortization amounts amounted to \$15,317 and \$1,276, respectively.

8. COMMITMENTS

The Authority leases office space under operating leases. The office lease is a non-cancellable lease which was renewed February 11, 2011 for a period of five years. Rent expense for the years ended December 31, 2012 and 2011 amounted to \$132,591 and \$101,911, respectively.

**Parking Authority of the City of Newark
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Notes to Financial Statements
December 31, 2012 and 2011**

The approximate aggregate future minimum annual office rental commitments under non-cancelable lease are as follows:

Year	Amount
2013	\$ 115,243
2014	120,774
2015	126,572

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. Any audit resulting in disallowed costs may constitute a liability. The Authority is unaware of any such liabilities.

10. RECONCILIATION OF BUDGETARY BASIS AND GAAP

The accompanying "Schedule of Operating Revenues and Expenditures Compared to Budget for the Year Ended December 31, 2012" presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective and entity differences in excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended December 31, 2012 is presented below:

Excess of revenues over expenditures (Budgetary basis)	\$ 874,153
Adjustments to reconcile to GAAP basis	<u>172,983</u>
Change in net assets (GAAP basis)	<u>\$ 1,047,136</u>

11. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after December 31, 2012 through the date of September 12, 2013, which is the date the financial statements were available to be issued. Based on this evaluation the Authority has determined that no subsequent events have occurred which require disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

Parking Authority of the City of Newark

Essex County, New Jersey

**Schedules of Cash Receipts and Disbursements and Changes in Cash and Investments
Years Ended December 31, 2012 and 2011**

	2012	2011
Cash and investments, January 1,	\$ 1,945,228	\$ 1,638,319
Receipts		
Ticket sharing	1,665,310	1,151,073
Meter collections	2,179,442	1,735,214
Event parking	131,549	-
Parking lot	32,624	55,145
Lease and other	640,846	671,910
Interest on investments	12,505	10,814
City of Newark parking tax	<u>20,734</u>	<u>8,725</u>
	4,683,010	3,632,881
Disbursements		
Operating expenses	3,427,525	2,801,528
Purchases of property and equipment	25,734	277,714
Payment of loan payable for capital asset	210,057	238,005
City of Newark parking tax	<u>20,734</u>	<u>8,725</u>
	<u>3,684,050</u>	<u>3,325,972</u>
Cash and investments, December 31,	<u>\$ 2,944,188</u>	<u>\$ 1,945,228</u>
Balance comprised of		
Cash	\$ 1,404,574	\$ 1,905,977
Certificate of Deposit	<u>39,251</u>	<u>39,251</u>
	<u>\$ 1,443,825</u>	<u>\$ 1,945,228</u>

See Independent Auditors' Report.

**Parking Authority of the City of Newark
Essex County, New Jersey
Schedule of Operating Revenues and Expenditures Compared to Budget
Year Ended December 31, 2012**

	2012 Budget	2012 Actual	Favorable (Unfavorable) *
Operating revenue:			
Ticket sharing	\$ 1,247,532	\$ 1,578,051	\$ 330,519
Meter collections	2,414,976	2,179,442	(235,534)
Event parking	189,720	131,549	(58,171)
Parking lot	52,800	32,624	(20,176)
MPG lease	685,649	575,151	(110,498)
Non operating revenue:			
Reimbursed operating expense - City of Newark	55,000	55,000	-
Interest income	10,000	12,505	2,505
Miscellaneous revenue	-	6,076	6,076
Total revenues	\$ 4,655,677	\$ 4,570,398	\$ (85,279)
Operating expense:			
Administrative and general:			
Salaries	\$ 1,424,652	\$ 1,410,099	\$ 14,553
Fringe benefits and payroll taxes	641,094	603,014	38,080
Accounting fees	35,000	20,000	15,000
Audit examination	25,000	45,100	(20,100)
Legal fees	100,000	106,884	(6,884)
Physical and drug exams	3,500	1,708	1,792
Parking consultant	80,000	57,853	22,147
Office expenses	40,000	19,503	20,497
Bank fees/visa debit	10,000	16,228	(6,228)
Telephone/wireless	38,700	41,333	(2,633)
Broadband/internet	3,500	5,556	(2,056)
Security alarm system	600	632	(32)
Travel/conference/training	20,000	24,685	(4,685)
Payroll expense	11,000	10,828	172
Luncheon meeting	2,000	3,179	(1,179)
Advertising	3,000	6,568	(3,568)
Vehicle expense	66,500	44,212	22,288
Uniforms	18,500	8,890	9,610
Equipment maintenance	-	70	(70)
IT support	15,000	13,849	1,151
Insurance	178,000	116,327	61,673
Postage	1,200	948	252
Parking meter repair	75,500	59,400	16,100
Interest expense	64,125	62,808	1,317
Rent	141,250	132,591	8,659

See Independent Auditors' Report.

**Parking Authority of the City of Newark
 Essex County, New Jersey
 Schedule of Operating Revenues and Expenditures Compared to Budget
 Year Ended December 31, 2012**

	2012 Budget	2012 Actual	Favorable (Unfavorable) *
(continued)			
Parking tax	8,265	20,734	(12,469)
Printing/badges	5,000	301	4,699
PATS tickets	50,000	15,688	34,312
Parking permits	36,000	24,025	11,975
Parking studies	100,000	150	99,850
Event expenses	-	49,028	(49,028)
Jackson utilities	2,000	1,570	430
Jackson snow removal	6,500	1,452	5,048
Depreciation and amortization	-	160,178	(160,178)
Lease payment - City of Newark	602,966	437,871	165,095
Total administrative and general	3,808,852	3,523,262	285,590
Non-operating expense			
Bond payments	142,500	142,500	-
Vehicle purchases	60,000	23,409	36,591
Furniture and fixture purchases	-	2,325	(2,325)
Vehicle loan payments	5,491	4,749	742
Vehicle lease payments	5,200	-	5,200
Total non-operating expense	213,191	172,983	40,208
Total expenses	<u>\$ 4,022,043</u>	<u>\$ 3,696,245</u>	<u>\$ 325,798</u>

* See MD&A page A5 for management explanation regarding significant differences.

**Parking Authority of the City of Newark
Essex County, New Jersey
Roster of Officials
Year Ended December 31, 2012**

Board of Commissioners

LaVar Young
Hubert Graham
DeAndre Rudolph
Raquel Cagely
A. Dean Rawls

Position

Chairperson
Vice Chairperson
Treasurer
Secretary
Commissioner

Other Officials

Ernest Booker
Phil George, Esq.
Ethelyn Bowers
Gabriela Santos

Executive Director
General Counsel
Director of Operations
Manager of Fiscal Operations

**Parking Authority of the City of Newark
Essex County, New Jersey
Miscellaneous Statistics
Year Ended December 31, 2012**

Form of Government	Authority
Number of employees	36
Number of parking lot spaces	55
Number of parking spaces Military Park Garage	990
Number of parking meter spaces	2,149

**Parking Authority of the City of Newark
Essex County, New Jersey
Schedule of Findings and Recommendations
Years Ended December 31, 2012 and 2011**

Schedule of Financial Statement Findings

This section identifies the material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority Regulations, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Material Weaknesses

None noted