

PASSAIC PARKING AUTHORITY

(A component unit of the City of Passaic)

REPORT OF AUDIT

FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

PASSAIC PARKING AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members of the Board
Passaic Parking Authority
Passaic, New Jersey

We have audited the accompanying basic financial statements of the Passaic Parking Authority ("The Authority"), a component unit of the City of Passaic, as of and for the years ended June 30, 2012 and 2011 as listed in the table of contents. 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 audits.

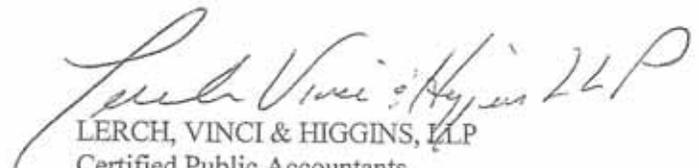
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Passaic Parking Authority's internal control over financial reporting. Accordingly, we express no such opinion. 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 audits provide 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 Passaic Parking Authority as of June 30, 2012 and 2011, and the changes in its financial position and its cash flows for the periods 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 December 18, 2012 on our consideration of the Authority'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Passaic Parking Authority as a whole. The supplementary schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Passaic Parking Authority. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Fair Lawn, New Jersey
December 18, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

PASSAIC PARKING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

This section of the Passaic Parking Authority's (the "Authority") annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the Authority's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- The Authority's assets exceeded its liabilities at June 30, 2012 by \$635,726.
- The Agency's total assets decreased \$128,540 (4%)
- Operating Revenues increased by \$298,912 (31%)
- Operating Expenses decreased by \$3,156 (.4%)
- Operating Income increased by \$302,068 (125%)

OVERVIEW OF FINANCIAL STATEMENTS

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The Authority follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Enterprise Fund statements offer short- and long-term financial information about the activities and operations of the Authority. These statements are presented in the (Government Accounting Standards Board "GASB") prescribed manner.

FINANCIAL ANALYSIS OF THE AGENCY

Net Assets – The following table summarizes the Statement of Net Assets between June 30, 2012, 2011 and 2010:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
ASSETS:			
Current and Other Assets	\$ 320,805	\$ 449,345	\$ 310,106
Capital Assets	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,800,000</u>
Total Assets	<u>3,120,805</u>	<u>3,249,345</u>	<u>3,110,106</u>
LIABILITIES:			
Long-Term Liabilities	2,200,000	2,460,000	2,710,000
Other Liabilities	<u>285,079</u>	<u>562,065</u>	<u>259,029</u>
Total Liabilities	<u>2,485,079</u>	<u>3,022,065</u>	<u>2,969,029</u>
NET ASSETS:			
Investments in Capital Assets, Net of Related Debt	413,950	173,977	(55,996)
Unrestricted	<u>221,776</u>	<u>53,303</u>	<u>197,073</u>
Total Net Assets	<u>\$ 635,726</u>	<u>\$ 227,280</u>	<u>\$ 141,077</u>

PASSAIC PARKING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012 (Continued)

FINANCIAL ANALYSIS OF THE AUTHORITY (Continued)

The Authority's Net Assets increased \$408,446 or 180%. Key elements of the increase are operating revenues from parking meters and violations exceeding operating expenses.

OPERATING ACTIVITIES

The following table summarizes the changes in Net Assets for the years ended June 30, 2012, 2011 and 2010:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
OPERATING REVENUES			
Parking Meters	\$ 561,102	\$ 518,629	\$ 510,362
Shared Parking Violations	<u>716,718</u>	<u>460,279</u>	<u>596,660</u>
Total Operating Revenues	<u>1,277,820</u>	<u>978,908</u>	<u>1,107,022</u>
OPERATING EXPENSES			
Administrative and Executive	46,040	41,588	45,884
Cost of Providing Services	<u>687,722</u>	<u>695,330</u>	<u>810,787</u>
Total Operating Expenses	<u>733,762</u>	<u>736,918</u>	<u>856,671</u>
OPERATING INCOME	<u>544,058</u>	<u>241,990</u>	<u>250,351</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	1,189	1,030	3,501
Interest Expense	(126,774)	(146,790)	(119,501)
Amortization of Costs of Issuance	<u>(10,027)</u>	<u>(10,027)</u>	<u>(37,842)</u>
Total Non-Operating Income (Expenses)	<u>(135,612)</u>	<u>(155,787)</u>	<u>(153,842)</u>
CHANGE IN NET ASSETS	408,446	86,203	96,509
NET ASSETS, BEGINNING OF YEAR	<u>227,280</u>	<u>141,077</u>	<u>44,568</u>
NET ASSETS, END OF YEAR	<u>\$ 635,726</u>	<u>\$ 227,280</u>	<u>\$ 141,077</u>

PASSAIC PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012

DEBT ADMINISTRATION

Capital Debt

The Authority had the following outstanding debt as of June 30, 2012, 2011 and 2010.

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Long-Term Debt			
Project Bonds Payable	<u>\$2,460,000</u>	<u>\$2,710,000</u>	<u>\$2,950,000</u>

Additional information about the Authority's capital debt can be found in Note 5 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The fiscal year 2013 budget was adopted by the Authority and approved by the Division of Local Government Services in May of 2012. Budgeted expenses increased by \$55,000 from \$1,105,000 in 2012 to \$1,160,000 in 2013. The adopted 2013 budget will be able to provide sufficient revenues to fund operations and debt service for the year ended June 30, 2013.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the City of Passaic, New Jersey citizens with a general overview of the Authority's finances to demonstrate the Authority's accountability for the revenues it receives. If you have questions about this report or need additional financial information, contact the office of the Executive Director at 330 Passaic Street, Passaic, New Jersey 07055.

BASIC FINANCIAL STATEMENTS

PASSAIC PARKING AUTHORITY
COMPARATIVE STATEMENTS OF NET ASSETS
AS OF JUNE 30, 2012 AND 2011

ASSETS	<u>2012</u>	<u>2011</u>
Unrestricted Current Assets		
Cash and Cash Equivalents	\$ 20,762	\$ 164,465
Intergovernmental Receivable	<u>71,349</u>	<u>46,159</u>
Total Unrestricted Current Assets	<u>92,111</u>	<u>210,624</u>
Restricted Current Assets		
Project Account		
Cash and Cash Equivalents	130,415	130,415
Debt Service Account		
Cash and Cash Equivalents	24,329	-
Cost of Issuance Account		
Cash and Cash Equivalents	<u>-</u>	<u>24,329</u>
Total Restricted Current Assets	<u>154,744</u>	<u>154,744</u>
Total Current Assets	<u>246,855</u>	<u>365,368</u>
Noncurrent Assets		
Deferred Charges		
Debt Issuance Costs (Net of Amortization)	<u>73,950</u>	<u>83,977</u>
Capital Assets		
Land	<u>2,800,000</u>	<u>2,800,000</u>
Total Capital Assets	<u>2,800,000</u>	<u>2,800,000</u>
Total Noncurrent Assets	<u>2,873,950</u>	<u>2,883,977</u>
Total Assets	<u>\$ 3,120,805</u>	<u>\$ 3,249,345</u>

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

PASSAIC PARKING AUTHORITY
COMPARATIVE STATEMENTS OF NET ASSETS
AS OF JUNE 30, 2012 AND 2011

LIABILITIES	<u>2012</u>	<u>2011</u>
Current Liabilities (Payable from Unrestricted Assets)		
Accounts Payable	\$ 9,676	\$ 12,912
Due to City of Passaic	<u>-</u>	<u>282,073</u>
Total Current Liabilities Payable from Unrestricted Assets	<u>9,676</u>	<u>294,985</u>
Current Liabilities (Payable from Restricted Assets)		
Bonds Payable	260,000	250,000
Accrued Interest Payable	<u>15,403</u>	<u>17,080</u>
Total Current Liabilities Payable from Restricted Assets	<u>275,403</u>	<u>267,080</u>
Total Current Liabilities	<u>285,079</u>	<u>562,065</u>
Non-Current Liabilities		
Bonds Payable	<u>2,200,000</u>	<u>2,460,000</u>
Total Non-Current Liabilities	<u>2,200,000</u>	<u>2,460,000</u>
Total Liabilities	<u>2,485,079</u>	<u>3,022,065</u>
NET ASSETS		
Investments in Capital Assets, Net of Related Debt	413,950	173,977
Unrestricted	<u>221,776</u>	<u>53,303</u>
Total Net Assets	<u>\$ 635,726</u>	<u>\$ 227,280</u>

PASSAIC PARKING AUTHORITY
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Parking Meters	\$ 561,102	\$ 518,629
Shared Parking Violations	<u>716,718</u>	<u>460,279</u>
Total Operating Revenues	<u>1,277,820</u>	<u>978,908</u>
OPERATING EXPENSES		
Administrative and Executive Cost of Providing Services	46,040	41,588
	<u>687,722</u>	<u>695,330</u>
Total Operating Expenses	<u>733,762</u>	<u>736,918</u>
Operating Income	<u>544,058</u>	<u>241,990</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	1,189	1,030
Interest Expenses	(126,774)	(146,790)
Amortization of Costs of Issuance	<u>(10,027)</u>	<u>(10,027)</u>
Total Non-Operating Income (Expenses)	<u>(135,612)</u>	<u>(155,787)</u>
CHANGE IN NET ASSETS	408,446	86,203
Total Net Assets, Beginning of Year	<u>227,280</u>	<u>141,077</u>
Total Net Assets, End of Year	<u>\$ 635,726</u>	<u>\$ 227,280</u>

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

PASSAIC PARKING AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Parking Meters and Parking Violations	\$ 1,252,630	\$ 982,108
Cash Paid to City of Passaic	(935,073)	(371,609)
Cash Paid to Suppliers	(54,246)	(51,981)
Cash Paid to Employees	<u>(29,752)</u>	<u>(28,390)</u>
Net Cash Provided by Operating Activities	<u>233,559</u>	<u>530,128</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Paid on Bonds	(250,000)	(240,000)
Interest Paid on Bonds	<u>(128,451)</u>	<u>(138,692)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(378,451)</u>	<u>(378,692)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>1,189</u>	<u>1,030</u>
Net Cash Provided by Investing Activities	<u>1,189</u>	<u>1,030</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(143,703)	152,466
Cash and Cash Equivalents, Beginning of Year	<u>319,209</u>	<u>166,743</u>
Cash and Cash Equivalents, End of Year	<u>\$ 175,506</u>	<u>\$ 319,209</u>
Analysis of Balance at June 30,		
Unrestricted	\$ 20,762	\$ 164,465
Restricted	<u>154,744</u>	<u>154,744</u>
	<u>\$ 175,506</u>	<u>\$ 319,209</u>

PASSAIC PARKING AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ <u>544,058</u>	\$ <u>241,990</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
(Increase)/Decrease in Intergovernmental Receivable	(25,190)	3,200
Increase/(Decrease) in Due to City of Passaic	(282,073)	282,073
Increase/(Decrease) in Accounts Payable	<u>(3,236)</u>	<u>2,865</u>
Total Adjustments	<u>(310,499)</u>	<u>288,138</u>
Net Cash Provided by Operating Activities	<u>\$ 233,559</u>	<u>\$ 530,128</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

PASSAIC PARKING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity and Activities

The Parking Authority of the City of Passaic (the "Authority") is a public body corporate and politic of the State of New Jersey. The Authority was created by a municipal ordinance adopted on November 9, 2006 by the City of Passaic (the "City") pursuant to the provisions of the Parking Authorities Law (the "Act") (N.J.S.A. 40:11A-1 et. seq.)

The City created the Authority for the principal purpose to provide a means of addressing the current and future parking demands of the City including the preparation of a comprehensive and coordinated plan for the development, financing, construction, operation and/or management of parking resources and certain specific parking facilities located within the City. The Authority began actual parking operations on April 1, 2007.

The Authority is governed by a Board of Commissioners (the "Board") consisting of seven members each of whom is appointed by the City's governing body. The Commissioners, who receive no compensation, who are first appointed, shall be designated to serve terms of one, two, three, four and five years, respectively from the date of their appointment, but thereafter Commissioners shall be appointed for a term of five years. All vacancies shall be filled for the unexpired term.

The Authority has broad powers under the Act, including, among others, the following: to retain, operate, manage and administer its property; to enforce applicable ordinances, laws and regulations as to parking of vehicles in the City; to acquire, lease or otherwise hold and use parking projects and land; to provide for bonds and secure their payment and rights of holders thereof; to charge and collect fees and service charges for the use of its facilities and to revise such fees and service charges to ensure that the revenues of the Authority will at all times be adequate to pay all operating and maintenance expenses, including reserves and to pay the principal of and the interest on any bonds, notes or loans, and to maintain such reserves or sinking funds therefore as may be required by the terms of any contract of the Authority; and to make and enforce rules and regulations for the management of its business and affairs.

The Passaic Parking Authority includes in its financial statements the primary government and those component units for which the primary government is financially accountable or for which the nature and significant of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's board, and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Authority is legally entitled to or can otherwise access the organization's resources; the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the Authority has no component units. The Authority would be includable as a component unit of the City of Passaic on the basis of such criteria.

PASSAIC PARKING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Authority are organized on the basis of funds, in accordance with the 2007 Project Note Resolution. The accounts are accounted for with a separate set of self-balancing accounting records that comprise its assets, liabilities, net assets, revenues and expenses. Government resources are allocated and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various activities are grouped into one generic fund type and one broad fund category, as follows:

Proprietary Fund Types

Enterprise Fund - The Enterprise Fund is used to account for governmental operations which are financed and operated in a manner similar to private enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to its users on a continuing basis be financed or recovered primarily through user charges.

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with these operations are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow FASB guidance issued subsequent to December 1, 1989.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are parking fees and parking fines. Operating expenses include the cost of operations and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Assets, Liabilities and Net Assets

1. Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, cash in banks, certificates of deposit and all short-term investments with original maturities of three months or less from the date of purchase. Investments are reported at market value. See Note 3 for specific disclosures on cash and investments.

PASSAIC PARKING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Net Assets (Continued)

2. *Inventory*

The costs of inventories are deemed immaterial and are recognized as expenses when purchased. The Authority does not record inventory on its statement of net assets.

3. *Restricted Assets*

Under the original Project Note Resolution dated April 25, 2007, the following accounts of the Construction Fund are required to be created and held by the Authority's Trustee with respect to the construction of the Project (see Note 5) described below:

- A) Project Account (Restricted)
- B) Debt Service Account (Restricted)
- C) Rebate Account (Restricted)

Each of the above accounts are held by a trustee.

The accounts required by the Trustee are described herein.

Project Account - To account for all financial resources received by the Authority for the payment of costs related to the Project which includes the following: (a) the acquisition of surface parking lots from the City; and (b) the costs associated with the issuance of the notes. All moneys that are on deposit in the Project Account are pledged pending their application to secure the payment of the principal and the interest on the Project notes.

Debt Service Account - To account for the accumulation of resources for the payment of principal and interest due during the current fiscal year on the Project Notes.

Rebate Account - To account for monies subject to rebate to the United States Government pursuant to the provisions of the Internal Revenue Code of 1986.

4. *Accounts Receivable*

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

5. *Capital Assets*

All capital assets acquired or constructed by the Authority are reported as expenses in the account that finances the acquisition of the assets and are capitalized in the operating account. Capital assets are defined by the Authority as assets with an individual cost of \$2,000 and an estimated useful life of at least five years. Such capital assets are valued at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

PASSAIC PARKING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Net Assets (Continued)

5. *Capital Assets* (Continued)

Construction costs are charged to construction in progress until such time as they are completed and certified by the Authority's consulting engineers, at which time they are transferred to their respective asset category and are then depreciated over their useful lives. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Authority during June 30, 2012 and 2011 was \$126,774 and \$146,790, respectively.

All capital assets are depreciated on the straight-line method based on their asset class and estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Property and Equipment	5

6. *Deferred Charges*

Debt Issuance Costs

In connection with the Authority's issuance of debt, the Authority incurred certain professional and miscellaneous costs. These expenses are deferred and amortized over the life of the debt.

7. *Prepaid Items*

Certain payments to vendors and/or the City effect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements

8. *Net Assets*

Restricted net assets are limited to outside third-party restrictions either by law or by other organizations or persons external to the Authority. Unrestricted net assets represent the net assets neither restricted nor invested in capital assets, net of related debt.

9. *Reclassifications*

Certain reclassifications have been made to the June 30, 2011 balances to conform to the June 30, 2012 presentation.

10. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Authority to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

PASSAIC PARKING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Accounting

The Authority annually prepares an operating budget. The budget is prepared in accordance with the Budget Manual for Local Public Authorities as promulgated by the Division of Local Government Services, which differs in certain respects from accounting principles generally accepted in the United States of America. The budgets serve as a plan for expenses and the proposed means for financing them. Unexpended appropriations lapse at year end.

The annual budget is approved at least sixty days prior to the beginning of the fiscal year. The budgets must be approved by the Board and submitted to the Division of Local Government Services, Bureau of Authority regulation for approval prior to adoption. Budget adoptions and amendments are recorded in the Authority's minutes.

Six Year Capital budgets are also prepared. Included within the budget are individual projects along with their estimated cost, completion date and source of funding.

The encumbrance method of accounting is utilized by the Authority for budgetary purposes. Under this method purchase orders, contracts and other commitments for expenditures of resources are recorded to reserve a portion of the applicable budget appropriation.

In accordance with accounting principles generally accepted in the United States of America, outstanding encumbrances at year-end for which goods or services are received, are classified to expenses and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year-end and are either cancelled or are included as reappropriations of fund equity for the subsequent year. Encumbrances at year-end in funds that are budgeted on a project basis automatically carry forward along with their related appropriations and are not subject to annual cancellations and reappropriations.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits - The Authority's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Authority is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge plus collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2012 and 2011, the book value of the Authority's deposits was \$20,762 and \$164,465, respectively, and bank balance of the Authority's cash and deposits amounted to \$19,762 and \$162,629, respectively.

The Authority's deposits which are displayed on the balance sheet as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balances at June 30,</u>	
	<u>2012</u>	<u>2011</u>
Insured	<u>\$19,762</u>	<u>\$162,629</u>

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 does not have a formal policy for custodial credit risk. As of June 30, 2012 and 2011, none of the Authority's bank balances were exposed to custodial credit risk.

PASSAIC PARKING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

Investments

New Jersey statutes permit the Authority to purchase the following types of investments:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligations that a federal agency or a federal instrumentality has issued, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest.
- d. Bonds or other obligations of the Authority or bonds or other obligations of school districts, which are within the Authority's jurisdiction.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local Government investment pools.
- g. Agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1(8a-8e).

As of June 30, 2012 and 2011, the Authority had the following investments:

	<u>Reported Amount</u>	<u>Fair Value</u>
<u>2012</u>		
TD Wealth Management Project Bonds Series 2010 Funds: Restricted	\$ 154,744	\$ 154,744
Investments Reported as "Cash and Cash Equivalents"	<u>\$ 154,744</u>	<u>\$ 154,744</u>
<u>2011</u>		
TD Wealth Management Project Bonds Series 2010 Funds: Restricted	\$ 154,744	\$ 154,744
Investments Reported as "Cash and Cash Equivalents"	<u>\$ 154,744</u>	<u>\$ 154,744</u>

Interest 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.

PASSAIC PARKING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 4 CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2012 and 2011 were as follows:

<u>2012</u>	Balance, July 1, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2012</u>
Capital assets, not being depreciated:				
Land	\$ 2,800,000	\$ -	\$ -	\$ 2,800,000
Total capital assets, not being depreciated	<u>2,800,000</u>	<u>-</u>	<u>-</u>	<u>2,800,000</u>
Total capital assets, net	<u>\$ 2,800,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,800,000</u>

<u>2011</u>	Balance, July 1, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2011</u>
Capital assets, not being depreciated:				
Land	\$ 2,800,000	\$ -	\$ -	\$ 2,800,000
Total capital assets, not being depreciated	<u>2,800,000</u>	<u>-</u>	<u>-</u>	<u>2,800,000</u>
Total capital assets, net	<u>\$ 2,800,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,800,000</u>

NOTE 6 LONG-TERM DEBT

On November 20, 2009, the Authority issued \$2,950,000 of Guaranteed Parking Revenue Bonds, Series 2009, Federally Taxable, ("2009 Revenue Bonds") to provide funds to currently refund the Authority's outstanding Project Notes, in the amount of \$2,950,000, maturing on November 22, 2009. The proceeds of the Project Notes were used to finance the acquisition of certain parking lots located within the City.

Revenue Bonds outstanding at June 30, 2012 and 2011, consist of the following:

	<u>2012</u>	<u>2011</u>
\$2,950,000 Guaranteed Parking Revenue Bonds, Series 2009, Federally Taxable 4.18% to 5.42% due in annual installments of \$260,000 to \$365,000 on November 15, 2012 to 2019	\$ 2,460,000	\$ 2,710,000
Total	<u>\$ 2,460,000</u>	<u>\$ 2,710,000</u>

PASSAIC PARKING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 6 LONG-TERM DEBT (Continued)

The Authority's schedule of principal and interest requirements for long-term debt issued and outstanding as of June 30, 2012 is as follows:

Period Ending June 30,	Revenue Bonds		Total
	Principal	Interest	
2013	\$ 260,000	\$ 117,792	\$ 377,792
2014	270,000	106,715	376,715
2015	285,000	95,116	380,116
2016	295,000	81,164	376,164
2017-2019	<u>1,350,000</u>	<u>151,218</u>	<u>1,501,218</u>
	<u>\$ 2,460,000</u>	<u>\$ 552,005</u>	<u>\$ 3,012,005</u>

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the cost-sharing contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees. Employees of the Passaic Parking Authority who are eligible for pension coverage are enrolled in the Public Employees Retirement System (PERS).

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement system covering certain state and local government employees which include those employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The State or local governmental employers do o appropriate funds to SACT.

PASSAIC PARKING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

The cost of living increase for PERS is funded directly by the system and is considered in the annual actuarial calculation of the required contributions for the system.

According to state law, all obligations of the retirement system will be assumed by the State of New Jersey should the retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the various pension Funds administered by the State of New Jersey are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the Funds. Benefits or refunds are recognized when due and payable in accordance with the applicable eligibility terms of the funds.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

PASSAIC PARKING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of the system.

This new legislation's provisions impacting employee pension and health benefits include:

- 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 $\frac{1}{4}$ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funding Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local systems including PERS is 78.5 percent and \$10.7 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**PASSAIC PARKING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for PERS; and (2) 5.45 percent for projected salary increases in PERS.

Employer and Employee Pension Contributions

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 with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS and 5.5% for DCRP of the employees' annual compensation.

For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2012 and 2011, the Authority employees are enrolled in the City's PERS pension plan. Therefore, the Authority was not required to contribute for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) or post-retirement medical benefits.

Post-Retirement Medical Benefits

The Authority currently does not provide employer paid post-retirement medical benefits to its active or retired employees.

NOTE 8 RISK MANAGEMENT

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

NOTE 9 CITY OF PASSAIC DEBT GUARANTEE

On November 20, 2009, the Authority issued \$2,950,000 in Parking Revenue Bonds. The payment of the principal of and interest on the 2009 Revenue Bonds shall be fully irrevocably and unconditionally guaranteed by the City in accordance with the provisions of N.J.S.A. 40:11A-22 and the guaranty ordinance of the City finally adopted pursuant thereto, and the City is fully, irrevocably and unconditionally liable for the payment, when due, of the principal of and interest on this Bond, and if necessary the City shall levy ad valorem taxes upon all the taxable property within the City without limitation as to rate or amount in order to make such payment.

PASSAIC PARKING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 10 INTER-LOCAL AGREEMENTS WITH CITY OF PASSAIC

The Authority has entered into an agreement with the City in order to affect the various purposes for which the Authority was created. Pursuant to the inter-local agreement the Authority will lease certain employees from the City and receive certain services. The agreed upon amounts owed for the leased employees and municipal services provided for the years 2012 and 2011 were \$653,000 and \$653,682, respectively. In future year's amounts owed by the Authority to the City will be based on the estimated amounts of salaries and benefits for that particular year. Adjustments resulting from actual costs will be made in the subsequent year.

Lease of Assets: The Authority entered into a lease agreement with the City as lessor for any and all meters, facilities, vehicles and other equipment relating thereto, that is not already owned by the Authority. The City may, from time to time, by sale, lease, or otherwise, transfer to the Authority such Parking Facilities as it shall determine are consistent with the purposes of the Authority.

SUPPLEMENTARY SCHEDULES

PASSAIC PARKING AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2012
BUDGETARY BASIS

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012 Adopted Budget	2012 Actual	Variance Favorable (Unfavorable)	2011 Actual
OPERATING REVENUES				
Parking Fees - Meters	\$ 506,000	\$ 561,102	\$ 55,102	\$ 518,629
Shared Parking Violations	<u>469,000</u>	<u>716,718</u>	<u>247,718</u>	<u>460,279</u>
Total Operating Revenues	<u>975,000</u>	<u>1,277,820</u>	<u>302,820</u>	<u>978,908</u>
NON-OPERATING REVENUES				
Interest Income	<u>-</u>	<u>1,189</u>	<u>1,189</u>	<u>1,030</u>
Total Non-Operating Revenues	<u>-</u>	<u>1,189</u>	<u>1,189</u>	<u>1,030</u>
Total Revenues	<u>\$ 975,000</u>	<u>\$ 1,279,009</u>	<u>\$ 304,009</u>	<u>\$ 979,938</u>
OPERATING APPROPRIATIONS				
ADMINISTRATION				
Salaries and Wages	\$ 28,500	\$ 29,752	\$ (1,252)	\$ 28,390
Other Expenses	<u>26,600</u>	<u>16,288</u>	<u>10,312</u>	<u>13,198</u>
Total Administration	<u>55,100</u>	<u>46,040</u>	<u>9,060</u>	<u>41,588</u>
COST OF PROVIDING SERVICES				
Other Expenses	18,449	34,722	(16,273)	41,648
City of Passaic - Interlocal Services	<u>653,000</u>	<u>653,000</u>	<u>-</u>	<u>653,682</u>
Total Cost of Providing Services	<u>671,449</u>	<u>687,722</u>	<u>(16,273)</u>	<u>695,330</u>
NON-OPERATING APPROPRIATIONS				
Principal Payments on Debt	250,000	250,000	-	240,000
Interest Payments on Debt	<u>128,451</u>	<u>128,451</u>	<u>-</u>	<u>138,692</u>
Total Non-Operating Appropriations	<u>378,451</u>	<u>378,451</u>	<u>-</u>	<u>378,692</u>
Total Appropriations	<u>1,105,000</u>	<u>1,112,213</u>	<u>(7,213)</u>	<u>1,115,610</u>
Budgetary Income	<u>\$ (130,000)</u>	<u>\$ 166,796</u>	<u>\$ 296,796</u>	<u>\$ (135,672)</u>
Reconciliation of Budgetary Income to Change in Net Assets - GAAP				
Increases to Budgetary Income:				
Principal Paid on Bonds Payable		250,000		240,000
Accrued Interest on Bonds Payable - Net		1,677		
Decreases to Budgetary Income:				
Amortization of Debt Issuance Costs		(10,027)		(10,027)
Accrued Interest on Bonds Payable - Net		<u>-</u>		<u>(8,098)</u>
Changes in Net Assets - GAAP		<u>\$ 408,446</u>		<u>\$ 86,203</u>

GOVERNMENT AUDITING STANDARDS

LERCH, VINCI & HIGGINS, LLP

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RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

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 Chairman and Members of the Board
Passaic Parking Authority
Passaic, New Jersey

We have audited the basic financial statements of the Passaic Parking Authority as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated December 18, 2012. 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.

Internal Control Over Financial Reporting

Management of the Passaic Parking Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Passaic Parking Authority'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 Passaic Parking Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Passaic Parking Authority's internal 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 Authority'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 previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Passaic Parking Authority'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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Fair Lawn, New Jersey
December 18, 2012

ROSTER OF OFFICIALS
AND
GENERAL COMMENTS AND RECOMMENDATIONS

ROSTER OF OFFICIALS

AT JUNE 30, 2012

<u>Name</u>	<u>Title</u>
Arthur Soto	Chairman
David J. Cohen	Vice-Chairman
Daniel Ritz	Commissioner
Benjamin Karfunkel	Commissioner
Minnie Hiller-Cousins	Commissioner
Daniel Rodriguez	Commissioner
Efraim Z. Kieffer	Commissioner
Theodore Evans	Executive Director
Jose Agosto	CFO
Amada C. Curling	Secretary

COMMENTS/RECOMMENDATIONS

* Finding – The Authority has established project bank accounts, the purpose of which was the acquisition of certain properties.

Recommendation – The project bank accounts be liquidated and closed of record since the Authority has completed the acquisition of properties.

Finding – The amendment to the Interlocal Agreement between the City of Passaic and the Passaic Parking Authority was not formally approved by the Board of Commissioners.

Recommendation – The amendment to the Interlocal Agreement with the City be formally approved by the Board of Commissioners.

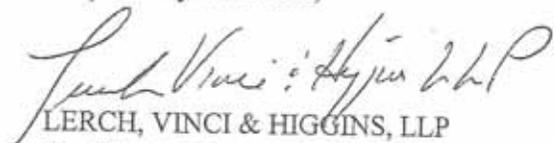
A review was performed on all prior year recommendations. Corrective action was taken on all prior year recommendations except those denoted with an asterisk (*).

Appreciation

We desire to express our appreciation of the assistance of the Executive Director and Board of Commissioners, during the course of the audit.

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

Respectfully submitted,


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants