

**THE PARKING AUTHORITY OF THE
BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)**

COUNTY OF OCEAN

NEW JERSEY

**COMPARATIVE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION AND SCHEDULES**

YEARS ENDED APRIL 30, 2011 AND 2010

WITH

INDEPENDENT AUDITOR'S REPORT

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)

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INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board of Commissioners
The Parking Authority of the Borough
of Point Pleasant Beach
County of Ocean
Point Pleasant Beach, New Jersey

We have audited the accompanying financial statements of The Parking Authority of the Borough of Point Pleasant Beach, New Jersey (A Component Unit of the Borough of Point Pleasant Beach), as of and for the years ended April 30, 2011 and 2010, as listed in the accompanying table of contents. These financial statements are the responsibility of the management of The Parking Authority of the Borough of Point Pleasant Beach. Our responsibility is to express an opinion 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, and the audit standards prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, based on our audits of the financial statements referred to above present fairly, in all material respects, the financial position of The Parking Authority of the Borough of Point Pleasant Beach, New Jersey, as of April 30, 2011 and 2010, and the results of its operations and changes in net assets, and its cash flows for the years 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 a report dated August 10, 2011 on our consideration of The Parking Authority of the Borough of Point Pleasant Beach's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, if any. 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.

Our audits were performed for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. The Management's Discussion and Analysis and supplemental schedules as listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of The Parking Authority of the Borough of Point Pleasant Beach. Such additional information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

ALVINO & SHECHTER L.L.C.
Certified Public Accountants


Allen B. Shechter, CPA

August 10, 2011

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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"

To the Chairman and Board of Commissioners
The Parking Authority of the Borough
of Point Pleasant Beach
County of Ocean
Point Pleasant Beach, New Jersey

We have audited the financial statements of The Parking Authority of the Borough of Point Pleasant Beach, State of New Jersey as of and for the year ended April 30, 2011, and have issued our report thereon dated August 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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


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

Compliance

As part of obtaining reasonable assurance about whether The Parking Authority of the Borough of Point Pleasant Beach's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 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. However, we noted certain immaterial instances of noncompliance that we have included as recommendations in the comments section of the financial statements..

This report is intended for the information of the governing body, management, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and any federal and state awarding agencies and any pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

ALVINO & SHECHTER, L.L.C.
Certified Public Accountants


Allen B. Shechter, CPA

August 10, 2011

REQUIRED SUPPLEMENTARY INFORMATION

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011

As management of The Parking Authority of the Borough of Point Pleasant Beach, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal year ended April 30, 2011. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The Authority's assets exceeded its liabilities by \$562,380 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$690,462.
- Total net assets are comprised of the following:

Invested in capital assets, net of related debt of \$456,396 includes real estate and parking areas, parking meters, and equipment and miscellaneous, net of applicable accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.

Unrestricted net assets of \$105,984 represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.

- Total liabilities of the Authority increased by \$1,810 to \$16,284 during the fiscal year.

Overview of the Financial Statements

The Authority is a public agency organized and existing under the Parking Authority Law constituting Chapter 198 of the Laws of the State of New Jersey, approved 1948, and the Act amendatory thereto or supplemental thereto, and was created by virtue of an ordinance of the Borough of Point Pleasant Beach in the County of Ocean, New Jersey entitled: "An Ordinance Creating and Establishing the Parking Authority, in the County of Ocean, and State of New Jersey." The Comprehensive Annual Financial Report is presented in two sections: Financial Statements and Notes, and Supplemental Schedules, Comments, and Findings and Recommendations. The Financial section includes Management's Discussion and Analysis and Financial Statements with notes that explain in more detail some of the information in the financial statements. The Supplemental Schedules include detailed financial information along with general comments, findings and recommendations. The Authority has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 34 beginning in the fiscal year ended April 30, 2005.

Required Financial Statements

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

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

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011

Required Financial Statements (Cont'd)

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

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

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

Notes to the Financial Statements

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

Other Information

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

Financial Analysis of the Authority

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

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
APRIL 30, 2011

Net Assets

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

The Authority's net assets at fiscal year-end are \$562,380. This is a \$128,082 decrease over last year's net assets of \$690,462. A summary of the Authority's statement of net assets is presented in the following table:

Condensed Statement of Net Assets

	<u>April 30, 2011</u>	<u>April 30, 2010</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and Other				
Assets	122,268	208,174	(85,906)	(41.3%)
Capital Assets	<u>456,396</u>	<u>496,762</u>	<u>(40,366)</u>	(8.1%)
Total Assets	<u>578,664</u>	<u>704,936</u>	<u>(126,272)</u>	
Long-term Debt				
Outstanding	-	-	-	-
Other Liabilities	<u>16,284</u>	<u>14,474</u>	<u>1,810</u>	12.5%
Total Liabilities	<u>16,284</u>	<u>14,474</u>	<u>1,810</u>	
Invested in Capital				
Assets, net of related debt	456,396	496,762	(40,366)	(8.1%)
Unrestricted	<u>105,984</u>	<u>193,700</u>	<u>(87,716)</u>	(45.3%)
Total Net Assets	<u>562,380</u>	<u>690,462</u>	<u>(128,082)</u>	

While the *Statement of Net Assets* shows the change in financial position of net assets, the *Statement of Revenues, Expenses and Changes in Net Assets* provides answers as to the nature and source of these changes. As can be seen in the following table, net assets decreased by \$128,082.

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
APRIL 30, 2011

Net Assets (Continued)

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

	<u>For Year Ended April 30, 2011</u>	<u>For Year Ended April 30, 2010</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	-	-	-	
Non-operating Revenues	<u>915</u>	<u>876</u>	<u>39</u>	4.5%
Total Revenues	<u>915</u>	<u>876</u>	<u>39</u>	
Depreciation	40,366	44,020	(3,654)	(8.3%)
Other Operating Expense	<u>88,631</u>	<u>86,722</u>	<u>1,909</u>	2.2%
Total Expenses	<u>128,997</u>	<u>130,742</u>	<u>(1,745)</u>	
Capital Contributions				
Change in Net Assets	(128,082)	(129,866)	1,784	
Beginning Net Assets	<u>690,462</u>	<u>820,328</u>	<u>(129,866)</u>	
Ending Net Assets	<u>562,380</u>	<u>690,462</u>	<u>(128,082)</u>	(18.6%)

The Authority's operating revenues were nonexistent in fiscal years 2011 and 2010. This is a result of a provision in the previous agreement with the Borough of Point Pleasant Beach whereby the Borough and Authority will agree annually to the gross receipts that the Authority will receive from meters, parking boxes, and any other toll devices. Non-operating revenues increased by \$39 to \$915 from \$876 mainly due to a decrease in interest earned primarily as a result of a decrease in cash balances held and a corresponding increase in prior year outstanding checks voided in the current year as compared to that of the prior fiscal year.

Budgetary Highlights

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

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
APRIL 30, 2011

The following table provides a fiscal year ended April 30, 2011 budget comparison:

Budget vs. Actual
For Year Ended April 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	110,000	-	(110,000)
Non-Operating	<u>250</u>	<u>915</u>	<u>665</u>
	<u>110,250</u>	<u>915</u>	<u>(109,335)</u>
Expenses:			
Operating	110,250	88,631	21,619
Non-Operating	<u>-</u>	<u>-</u>	<u>-</u>
	<u>110,250</u>	<u>88,631</u>	<u>21,619</u>
Income (Loss) Before Depreciation		<u>(87,716)</u>	<u>(87,716)</u>

Supplementary Schedule 1 shows that, on a budgetary basis, the Authority realized a favorable variance of \$21,619 on budgeted expenses of \$110,250 for the fiscal year April 30, 2011. The Authority realized an unfavorable variance on the revenue side of \$109,335 resulting in a budgetary basis net loss of \$87,716. A current year depreciation expense adjustment of \$40,366 added to budgetary basis net loss of \$87,716 reconciles budgetary basis net loss to GAAP net loss of \$128,082.

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
APRIL 30, 2011

Capital Assets

At the end of fiscal years April 30, 2011 and April 30, 2010, the Authority had invested \$456,396 and \$496,762, respectively, in capital assets. A summary of the Authority's capital assets is presented in the following table:

Capital Assets			
	<u>April 30, 2011</u>	<u>April 30, 2010</u>	<u>Dollar Change</u>
Real Estate and Parking Areas	431,034	455,766	(24,732)
Parking Meters	15,844	31,478	(15,634)
Equipment and Miscellaneous	<u>9,518</u>	<u>9,518</u>	<u>-</u>
	<u>456,396</u>	<u>496,762</u>	<u>(40,366)</u>

Debt Administration

At April 30, 2011, the Authority had no outstanding debt.

Economic Factors, Future Years' Budgets and Rates

The Commissioners and management of the Authority consider many factors when preparing each year's budget. The Authority's agreement with the Borough of Point Pleasant Beach which provides for the division of gross receipts from meters and toll devices between the parties, the maximum fees to be received annually by the Authority, the services to be provided by the parties and budgetary challenges faced by the borough in the preparation of its annual municipal budget, largely dictates the extent of meter fee revenues to be collected by the Authority and the nature of its operating expenses on an annual basis.

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
APRIL 30, 2011

Contacting the Authority

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, contact the Parking Authority of the Borough of Point Pleasant Beach, 416 New Jersey Avenue, Point Pleasant Beach, New Jersey 08742.

FINANCIAL STATEMENTS

Exhibit A

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)
Comparative Statement of Net Assets
April 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS:		
Cash and Cash Equivalents	122,224.93	206,524.05
License Fee Receivable	.00	1,650.00
Due from Internal Revenue Service	42.72	.00
Capital Assets, net	<u>456,396.34</u>	<u>496,762.34</u>
Total Assets	<u>\$578,663.99</u>	<u>704,936.39</u>
LIABILITIES:		
Accounts Payable	15,957.33	14,294.05
Payroll Taxes Payable	265.27	180.00
Due to Employee - Over-deduction of Payroll Taxes	<u>61.59</u>	<u>.00</u>
Total Liabilities	<u>\$ 16,284.19</u>	<u>14,474.05</u>
NET ASSETS:		
Invested in Capital Assets, net of related debt	456,396.34	496,762.34
Unrestricted	<u>105,983.46</u>	<u>193,700.00</u>
TOTAL NET ASSETS	<u>\$562,379.80</u>	<u>690,462.34</u>

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

Exhibit B

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)
Comparative Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended April 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues:		
Meter Fees	\$ <u>.00</u>	<u>.00</u>
Operating Expenses:		
Personal Services	5,340.00	3,425.00
Administration	25,198.77	18,002.95
Operating and Maintenance	58,092.55	65,293.30
Depreciation	<u>40,366.00</u>	<u>44,020.20</u>
Total Operating Expenses	<u>\$128,997.32</u>	<u>130,741.45</u>
Operating Income (Loss)	(128,997.32)	(130,741.45)
Non-Operating Revenues (Expenses):		
Interest on Investments	257.78	426.14
Miscellaneous Income	<u>657.00</u>	<u>450.00</u>
Total Non-Operating Revenues (Expenses)	<u>\$ 914.78</u>	<u>876.14</u>
Net Income (Loss)	(128,082.54)	(129,865.31)
Net Assets, May 1	<u>690,462.34</u>	<u>820,327.65</u>
Net Assets, April 30	<u>\$562,379.80</u>	<u>690,462.34</u>

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

Exhibit C

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
 (A Component Unit of the Borough of Point Pleasant Beach)
 Comparative Statement of Cash Flows
 For the Years Ended April 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Cash Received from Borough - Meter Fees	.00	.00
Cash Paid to Vendors/Suppliers	<u>(85,213.90)</u>	<u>(93,551.17)</u>
Net cash provided (used) by operating activities	<u>\$ (85,213.90)</u>	<u>(93,551.17)</u>
Cash Flows from Capital-Related Financing Activities:		
Cash Expenditures	<u>.00</u>	<u>.00</u>
Net cash provided (used) by capital-related financing activities	<u>\$.00</u>	<u>.00</u>
Cash Flows from Investing Activities:		
Interest on Investments	<u>257.78</u>	<u>426.14</u>
Net cash provided (used) by investing activities	<u>\$ 257.78</u>	<u>426.14</u>
Cash Flows from Non-Operating Activities:		
Miscellaneous Income	<u>657.00</u>	<u>450.00</u>
Net cash provided (used) by non-operating activities	<u>\$ 657.00</u>	<u>450.00</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(84,299.12)	(92,675.03)
Cash and Cash Equivalents, Beginning of Year	\$206,524.05	299,199.08
Cash and Cash Equivalents, End of Year	<u>\$122,224.93</u>	<u>206,524.05</u>
Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities:		
Net Income (Loss)	(128,082.54)	(129,865.31)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Depreciation expense	40,366.00	44,020.20
Non-Operating revenues received:		
Interest on investments	(257.78)	(426.14)
Miscellaneous income	(657.00)	(450.00)
(Increase) Decrease in license fee receivable	1,650.00	(450.00)
Increase (Decrease) in accounts payable	1,663.28	(6,559.92)
Increase (Decrease) in payroll taxes payable	85.27	180.00
(Increase) Decrease in Due from Internal Revenue Service	(42.72)	.00
Increase (Decrease) in Due to Employee - Over-deduction of Payroll Taxes	<u>61.59</u>	<u>.00</u>
Net cash provided (used) by operating activities	<u>\$ (85,213.90)</u>	<u>(93,551.17)</u>

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

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)

Notes to Financial Statements

April 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Parking Authority of the Borough of Point Pleasant Beach, New Jersey (the Authority) is a public agency organized and existing under the Parking Authority Law constituting Chapter 198 of the Laws of the State of New Jersey, approved 1948, and the Act amendatory thereto or supplemental thereto, and was created by virtue of an ordinance of the Borough of Point Pleasant Beach, (the Borough) in the County of Ocean, New Jersey entitled: "An Ordinance Creating and Establishing the Parking Authority, in the County of Ocean, and State of New Jersey". The Authority members are appointed by the Borough Council for five year terms. The purpose of the Authority is to develop, acquire, rehabilitate, improve, maintain, and/or operate all properties which it owns, leases or utilizes for parking facilities and related activities within the Borough, which includes parking meters and toll devices located at public parking facilities and on streets throughout the municipality.

The Authority's fiscal year is the twelve-month period ending April 30, on any year, or such other twelve-month period, which the Authority may establish by resolution.

B. Component Units

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. GASB Statement No. 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. In accordance with this statement the Authority is a component unit of the Borough and should be reported in the financial statements of the Borough. However, the Bureau of Authority Regulation, Department of Community Affairs (DCA), State of New Jersey requires that the financial statements of the Authority and Borough be reported separately.

C. Basis of Presentation

The financial statements of the Parking Authority of the Borough of Point Pleasant Beach have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to enterprise funds of state and local governmental units and accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs (DCA), State of New Jersey. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)

Notes to Financial Statements

April 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Presentation (Cont'd)

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

D. Basis of Accounting

The Parking Authority of the Borough of Point Pleasant Beach prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with original maturity dates of one year or less.

Investments are stated at cost or amortized cost, which approximates market value.

State statutes authorize the government to invest in obligations as described in Note 2.

F. Budgetary Procedures

Budgets which are required by state statute, are adopted in accordance with regulations promulgated by the DCA. An annual appropriated budget is adopted for the operations of the Authority, subject to approval by the DCA. A capital program adopted by the Authority is management's five year plan for financing the estimated cost of addition or replacement of major capital assets used in the Authority's operation.

The Authority follows the following procedures in establishing the budget.

At least 60 days prior to May 1, the Authority submits its proposed budget to the DCA for approval. The operating budget includes proposed appropriations and the estimated revenues to finance them.

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

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

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

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)

Notes to Financial Statements

April 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Inventory

The costs of inventories of materials and supplies are recorded as expenditures at the time individual items are purchased. The cost of inventories is negligible and not recorded on the statement of net assets.

H. Capital Assets

Property, plant and equipment is stated at cost which includes direct construction costs and other expenditures related to construction.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and put into operation.

Depreciation is determined on a straight-line basis for all depreciable assets. Depreciation is provided over the following estimated useful lives:

Parking Meters	10 years
Parking Area Improvements	5 years
Equipment	5 years

I. Income Taxes

The Authority is exempt from Federal and state income taxes.

J. Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires management 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.

K. Comparative Data

Comparative data for the prior year have been presented in order to provide an understanding of changes in the Authority's financial position and operations.

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)

Notes to Financial Statements

April 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

L. GASB Statement No. 34

The Authority adopted the provisions of GASB Statement No. 34 "*Basic Financial Statements - and Management's Discussion and Analysis-for State and Local Governments*" during the fiscal year ended April 30, 2005. Statement No. 34 establishes standards for external financial reporting for all state and local governmental entities that includes a Management's Discussion and Analysis section, 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.

The adoption of Statement No. 34 had little effect on the basic financial statements except for the classification of net assets, the reflection of capital contributions as a change in net assets, presentation of the Statement of Cash Flows using the direct method, and the inclusion of Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

New Jersey statutes require that Authorities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Authorities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirements, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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 carrying amount of the Authority's deposits at year-end was \$122,925.05. This entire amount was covered by Federal depository insurance.

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)

Notes to Financial Statements

April 30, 2011

NOTE 2. CASH AND CASH EQUIVALENTS (CONT'D)

The Authority is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at April 30, 2011 and reported at fair value, are as follows.

<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			122,925.05
Investments:			
	N/A	N/A	.00
Total deposits and investments			<u>\$122,925.05</u>
Reconciliation of Statement of Net Assets			
Current:			
Cash and cash equivalents			122,925.05
Investments			.00
			<u>\$122,925.05</u>

Custodial Credit Risk - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments had a bank balance of \$122,925.25 at April 30, 2011. The bank balance of \$122,925.05 was fully insured by depository insurance as required by New Jersey statutes.

Interest Rate Risk - The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at April 30, 2011 are provided in the above schedule.

Credit Risk - The Authority has no investment policy that limits its investment choices other than the limitation of state law as included in section B. investments of this financial note.

Concentration of Credit Risk - The Authority places no limit on the amount it may invest in any one issuer. At April 30, 2011, the Authority carried no investment balances.

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Authority may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Authority:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)

Notes to Financial Statements

April 30, 2011

NOTE 2. CASH AND CASH EQUIVALENTS (CONT'D)

B. Investments (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, 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 not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough, or bonds or other obligations of the school district of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Authority shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Authority and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Other than cash equivalents that would otherwise qualify as investment, except for their maturity or the withdrawal provisions of their deposit, the Authority had no investments in qualified securities at April 30, 2011.

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)

Notes to Financial Statements

April 30, 2011

NOTE 2. CASH AND CASH EQUIVALENTS (CONT'D)

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every authority shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of members and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

NOTE 3. PREVIOUS AGREEMENT WITH THE BOROUGH OF POINT PLEASANT BEACH

The Authority and the Borough of Point Pleasant Beach have previously entered into several agreements relating to the provision of off-street and on-street parking facilities in the Borough and the maintenance of same by the Authority.

On May 16, 2006, the Authority and the Borough of Point Pleasant Beach entered into an agreement effective January 1, 2006, for a five year period ending December 31, 2010, to provide off-street and on-street parking facilities in the Borough and the maintenance of same by Authority, whereby the gross receipts from meters, parking boxes and any other toll devices will be divided as follows: (1) the Authority shall receive \$110,000.00 of the gross receipts in 2006; and (2) each year thereafter (2007, 2008, 2009 and 2010), the Borough and Authority will agree to the amount of gross receipts that the Authority will receive.

At the time this agreement was entered into, the parties to the agreement believed that it was mutually beneficial for the Authority and the Borough to continue to work together harmoniously and cooperatively and to each perform distinct duties concerning the provision of off-street and on-street parking facilities and the maintenance and improvements of Authority parking lots, property and easements in the Borough.

In return for the receipts paid to the Borough of Point Pleasant Beach, the Borough agreed to provide the following services with respect to the parking lots:

- (a) Undertake capital improvements to the parking lots in consultation with the Authority to determine need, nature and sequencing of the capital improvements.
- (b) Sweeping of the surface of all lots on a regular scheduled pre-determined basis to be decided each year by agreement between the Parties.
- (c) Clean-up from parking lots of trash, garbage, debris and other accumulations on a regular scheduled pre-determined basis to be decided each year by agreement between the Parties.

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)

Notes to Financial Statements

April 30, 2011

NOTE 3. PREVIOUS AGREEMENT WITH THE BOROUGH OF POINT PLEASANT BEACH
(CONT'D)

- (d) Passage of traffic ordinances to control speed and direction of vehicles using the parking lots (and providing penalties for violation of same) and the prohibition of various trucks and vehicles as to weight, hazardous use and conditions, and causing of injury to the lot surface.
- (e) Maintain, operate and collect receipts and cash from all parking boxes and meters and any other toll devices used for off-street or on-street parking throughout the municipality.
- (f) Provide maintenance of the Inlet Drive parking lot comfort station.

In return for the receipts paid to The Parking Authority of the Borough of Point Pleasant Beach, the Authority agreed to provide the following services with respect to the parking lots:

- (a) Maintain the surface of the parking lots in good condition and patch and repair potholes in the parking lots.
- (b) Maintain and repair of fences, meter posts until all posts are used, sign posts, paintings, garbage cans, benches and all other appurtenances on Authority parking lots, property and easements.
- (c) Maintenance of impervious parking surfaces.
- (d) Maintenance of curbs, driveway access aprons and sidewalks adjacent to its properties.
- (e) All striping and marking of parking spaces in Authority parking lots.
- (f) Planting and maintenance of landscaping improvements in Authority parking lots.
- (g) Installation and maintenance of lights, fencing and directional informational signs in Authority parking lots.
- (h) Payment of electrical utility expenses for Authority parking lots.
- (i) Landscape maintenance and snow removal for Authority parking lots.
- (j) Provide for the placement of off-street and on-street parking meters and be responsible for the costs of all meters, replacement parts for parking meters and any maintenance vehicle(s) used to service the parking meters for both off-street and on-street parking. The term "meters" shall not include pay and display parking boxes.

THE PARKING AUTHORITY OF THE BOROUGH OF POINT PLEASANT BEACH
(A Component Unit of the Borough of Point Pleasant Beach)

Notes to Financial Statements

April 30, 2011

NOTE 3. PREVIOUS AGREEMENT WITH THE BOROUGH OF POINT PLEASANT BEACH (CONT'D)

The Borough shall pay the portion of the gross receipts to the Authority based on this agreement in quarterly installments on May 15, August 15 and November 15. The Authority shall deposit its percentage of the receipts in an account that shall be maintained in full compliance with all municipal auditing requirements. The Authority shall utilize the funds deposited in such manner as permitted and authorized by Chapter 11A of Title 40 of the Revised Statutes of New Jersey.

However, in consideration of the provisions of this agreement effective January 1, 2006, the Borough of Point Pleasant Beach has elected not to provide to the Authority any gross receipts from meters, parking boxes and any other toll devices for the Authority's current and immediately past fiscal year.

This five year agreement between the parties has expired on December 31, 2010 of the Authority's current fiscal year. Through the date of this report, the Authority has sought to negotiate a new agreement with the Borough of Point Pleasant Beach for the division of gross receipts.

NOTE 4. LICENSE FEE RECEIVABLE

At April 30, 2010, the Authority had \$1,650.00 due from Edward and Michele Stewart resulting from a license agreement with the Authority related to a roof overhang property line encroachment. This amount represented the annual amount of \$375.00 for years ended April 30, 2007 and April 30, 2008, the fourth and fifth years of the agreement and the annual amount of \$450.00 for years ended April 30, 2009 and April 30, 2010, the sixth and seventh years of the agreement. This agreement renewed automatically as of May 1, 2009 for an additional two-year term. The Authority, at its sole discretion in accordance with the agreement during the renewal term, elected to maintain the fee at \$450.00 for the year ended April 30, 2010, which increased fee became effective January 2009. The agreement provided for a termination clause in which the Authority, on no less than sixty days notice prior to the expiration of its initial or renewal term, may notify the Stewart's that the license agreement shall be terminated at the end of its then current term. On October 8, 2010, the Authority received the balance due from this license fee receivable in the amount of \$1,650.00 from the new property owners.

NOTE 5. RISK MANAGEMENT

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

NOTE 6. CONTINGENCIES

As of April 30, 2011 and to the date of this report, we are advised by the Authority's counsel that there is no litigation threatened or pending that would materially affect the financial position of the Authority.

Negligence and other types of liability suits, if any, of which the Authority is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

SUPPLEMENTARY SCHEDULES

**THE PARKING AUTHORITY OF THE
BOROUGH OF POINT PLEASANT BEACH**
(A Component Unit of the Borough of Point Pleasant Beach)

Supplemental Schedule of Operating Revenues and Appropriations -

Budget vs. Actual

For the Years Ended April 30, 2011 and 2010

	<u>2011</u>			<u>2010</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:						
Operating Revenues:						
Parking Fees	<u>110,000.00</u>	<u>.00</u>	<u>(110,000.00)</u>	<u>110,000.00</u>	<u>.00</u>	<u>(110,000.00)</u>
Non-Operating Revenues:						
Interest on Deposits	<u>250.00</u>	<u>257.78</u>	<u>7.78</u>	<u>500.00</u>	<u>426.14</u>	<u>(73.86)</u>
Miscellaneous Income	<u>.00</u>	<u>657.00</u>	<u>657.00</u>	<u>.00</u>	<u>450.00</u>	<u>450.00</u>
Total Non-Operating Revenues	<u>250.00</u>	<u>914.78</u>	<u>664.78</u>	<u>500.00</u>	<u>876.14</u>	<u>376.14</u>
Total Revenues	<u>110,250.00</u>	<u>914.78</u>	<u>(109,335.22)</u>	<u>110,500.00</u>	<u>876.14</u>	<u>(109,623.86)</u>
Operating Appropriations:						
Administration:						
Other Expenses	<u>30,875.00</u>	<u>30,538.77</u>	<u>336.23</u>	<u>40,275.00</u>	<u>21,427.95</u>	<u>18,847.05</u>
Cost of Providing Service:						
Other Expenses	<u>79,375.00</u>	<u>58,092.55</u>	<u>21,282.45</u>	<u>70,225.00</u>	<u>65,293.30</u>	<u>4,931.70</u>
Total Appropriations	<u>\$110,250.00</u>	<u>88,631.32</u>	<u>21,618.68</u>	<u>110,500.00</u>	<u>86,721.25</u>	<u>23,778.75</u>

Schedule 2

**THE PARKING AUTHORITY OF THE
BOROUGH OF POINT PLEASANT BEACH**
(A Component Unit of the Borough of Point Pleasant Beach)

Supplemental Schedule of Operating Expenses

For the Years Ended April 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Appropriations:		
Personal Services:		
Secretarial Services	5,340.00	3,425.00
Administrative Expenses:		
Advertising and Postage	59.45	139.88
Audit Services	10,296.00	10,250.00
Engineering Services	3,210.94	1,940.00
Insurance	2,245.90	2,245.90
Legal Services	3,166.00	2,927.17
Stationery and Supplies	.00	.00
Accounting Services	5,506.25	500.00
Payroll Tax Expenses	714.23	.00
Operating and Maintenance Expenses:		
Electric	12,436.91	9,706.41
Maintenance of Building and Grounds	15,540.00	11,360.00
Meter Supplies and Repairs	630.00	9,678.11
Snow Removal	16,050.00	24,200.00
Other Expenses	<u>13,435.64</u>	<u>10,348.78</u>
Total Operating Appropriations	<u>88,631.32</u>	<u>86,721.25</u>
Capital Outlays:		
Parking Lot Improvements	.00	.00
Purchase of Parking Meters	<u>.00</u>	<u>.00</u>
Total Capital Outlays	<u>.00</u>	<u>.00</u>
Total Appropriations	<u>\$ 88,631.32</u>	<u>86,721.25</u>

Schedule 3

**THE PARKING AUTHORITY OF THE
BOROUGH OF POINT PLEASANT BEACH**
(A Component Unit of the Borough of Point Pleasant Beach)

Supplemental Schedule of Cash and Reconciliation

For the Year Ended April 30, 2011

	<u>Checking Account</u>	<u>Checking Interest Bearing</u>	<u>Total</u>
Balance May 1, 2010	<u>2,604.30</u>	<u>203,919.75</u>	<u>206,524.05</u>
Cash Receipts:			
Deposits	<u>87,270.39</u>	<u>2,755.39</u>	<u>90,025.78</u>
Total Receipts and Balances	<u>89,874.69</u>	<u>206,675.14</u>	<u>296,549.83</u>
Cash Disbursements:			
Payments	<u>87,724.90</u>	<u>86,600.00</u>	<u>174,324.90</u>
Balance April 30, 2011	<u>\$ 2,149.79</u>	<u>120,075.14</u>	<u>122,224.93</u>

**THE PARKING AUTHORITY OF THE
BOROUGH OF POINT PLEASANT BEACH**
(A Component Unit of the Borough of Point Pleasant Beach)

Notes to Supplementary Schedules
Budget-to-GAAP Reconciliation

For the Years Ended April 30, 2011 and 2010

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenses

	<u>2011</u>	<u>2010</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) total revenues from the supplemental schedule of operating revenues and appropriations-budget vs. actual	<u>914.78</u>	<u>876.14</u>
Differences - budget to GAAP	<u>.00</u>	<u>.00</u>
Total revenues as reported on comparative statement of revenues, expenses and changes in net assets:		
Operating Revenues	.00	.00
Non-Operating Revenues	<u>914.78</u>	<u>876.14</u>
Total	<u>914.78</u>	<u>876.14</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) total appropriations from the supplemental schedule of operating revenues and appropriations-budget vs. actual	88,631.32	86,721.25
Differences - budget to GAAP:		
Depreciation expense on capital assets reported as an expense for GAAP purposes and not reported as an appropriation on the budgetary basis	<u>40,366.00</u>	<u>44,020.20</u>
Total expenses as reported on comparative statement of revenues, expenses and changes in net assets	<u>\$128,997.32</u>	<u>130,741.45</u>

**THE PARKING AUTHORITY OF THE
BOROUGH OF POINT PLEASANT BEACH**
(A Component Unit of the Borough of Point Pleasant Beach)

Roster of Officials and Surety Bonds

April 30, 2011

<u>Name</u>	<u>Position</u>	<u>Surety Amount</u>
Paul J. Bonsper	Chairman	*
Emidio A. Caruso, Jr.	Vice Chairman	*
Michael S. Corona	Treasurer	*
Eugene W. Warga	Member	*
David Bassinder	Member	*
Karen L. Mills	Secretary	*
Raymond D. Bogan	Attorney	
T&M Associates	Engineer	
Alvino & Shechter, L.L.C.	Auditor	

*The above employee's blanket surety bond coverage is carried with The Ohio Casualty Insurance Company with coverage of \$150,000 per loss for the five board members and secretary.

An audit of the financial accounts and transactions of The Parking Authority of the Borough of Point Pleasant Beach, a component unit of the Borough of Point Pleasant Beach, in the County of Ocean, for the year ended April 30, 2011, has recently been completed. The results of the audit are herewith set forth.

SCOPE OF AUDIT

The audit covered the financial transactions of the Treasurer, Secretary, and activities of the Board of Commissioners.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claim by the governing body.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

Revenues and receipts were established and verified as to source and amount where practical.

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate \$17,500.00, except by contract or agreement".

The governing body of the Authority has the responsibility of determining whether the expenditures in any category will exceed the limits within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Authority Counsel's opinion should be sought before a commitment is made.

The minutes and vouchers indicate compliance with the Local Public Contract Law N.J.S. 40A:11-6.1 for the purchase of materials and services between \$2,625.00 and the bid limit.

The minutes indicate that resolutions were not adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Contracts and Agreements Required to Be Advertised for N.J.S. 40A:11-4

In as much as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed and my examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously adopted under the provision of N.J.S. 40A:11-6.

FINDINGS AND RECOMMENDATIONS

This section identifies the reportable conditions, material weakness, and instances of noncompliance related to the financial statements that are required to be reported in accordance with generally accepted auditing standards and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Findings

- 2011-1: Resolutions were not adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" in accordance with N.J.S.40A:11-5.
- 2011-2: Check signers are not designated by resolution of the governing body.
- 2011-3: Insurance coverage for worker's compensation is not in force as required for the Authority's employee.

Recommendations

That resolutions be adopted in the Board minutes and advertised authorizing the awarding of contracts or agreements for "Professional Services" in accordance with N.J.S.40A:11-5.

That check signers be designated by resolution of the governing body.

That insurance coverage for worker's compensation be provided as required for the Authority's employee.

ACKNOWLEDGMENT

We desire to express our appreciation for the assistance and courtesies rendered by the Authority officials and employees during the course of the examination.