

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

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(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

INDEPENDENT AUDITOR'S REPORT

Honorable Chairperson and Members
The Parking Authority of the Town of Morristown
Morristown, New Jersey 07960

We have audited the accompanying basic financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of The Parking Authority of the Town of Morristown (A Component Unit of the Town of Morristown) as of and for the year ended December 31, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of The Parking Authority of the Town of Morristown's (A Component Unit of the Town of Morristown) management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of The Parking Authority of the Town of Morristown (A Component Unit of the Town of Morristown) as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 30, 2012 on our consideration of The Parking Authority of the Town of Morristown's (A Component Unit of the Town of Morristown) 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. This 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.

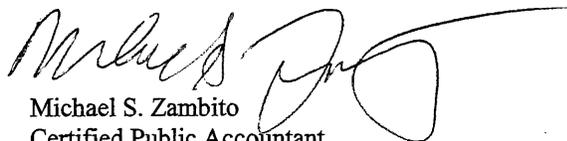
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The Management's Discussion and Analysis on pages 4 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Parking Authority of the Town of Morristown's (A Component Unit of the Town of Morristown) basic financial statements. The accompanying other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



Vincent M. Montanino
Registered Municipal Accountant
License No. CR000375



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

April 30, 2012

REQUIRED SUPPLEMENTARY INFORMATION – PART 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Morristown Parking Authority financial activities for the calendar year ended December 31, 2011. Please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's net assets decreased \$580,165.38 as a result of this year's operations. Net assets of our business-type activities decreased by \$580,165.38, or 3.61 percent.
- Total cost of all of the Authority's programs was \$5,879,090.63 in 2011 compared to \$5,386,419.14 in 2010.
- During the year, the Authority had program expenses for business-type activities that were \$580,165.38 more than the \$5,298,925.25 in program revenues.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Authority as a whole and present a longer-term view on the Authority's finances. Fund financial statements begin on page 12. Fund financial statements report the Authority's operation in more detail than the government-wide statements by providing information about the Authority's most financially significant funds.

Reporting the Authority as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better off or worse off as a result of the year's activities?". The Authority's finances, as a whole, are better off this year. Parking revenues for the year ending December 31, 2011 increased when compared with the previous year, however revenues overall were slightly in deficit of the minimum requirements. In 2004 the Parking Authority received proceeds from the sale of 200 non-reserved parking spaces in the Ann/Bank/Schuyler Parking garage to the County of Morris. The proceeds from that sale were used to construct approximately 100 public parking spaces at the Vail Mansion project and as a down payment for the Maple Avenue Parking Garage/Office Building Project. Both of these major capital improvement projects have been completed. The Vail Mansion project was opened to the parking public in 2008. The DeHart Street Parking Garage/Maple Avenue Office Building is also now complete and open to the public. These projects represent a major contribution to the Town's parking infrastructure. Parking activity has been increasing steadily at the DeHart Street Garage, due to new retail shops and background demand. The familiarity and satisfaction with the parking facility by people living in or visiting Morristown has also contributed to the increased activity. As anticipated, activity resulting from the Century 21 Department Store remains strong. The Statement of Net Assets and the Statement of Activities report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's *net assets* and changes in them. You can think of the Authority's net assets, the difference between assets and liabilities, as one way to measure the Authority's financial health, or *financial position*. Over time, *increases* or *decreases* in the Authority's net assets are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Authority's user fee base, and the condition of the Authority's capital assets to assess the overall *health* of the Authority. Critical to the financial health of the Authority is its user fee base. Morristown is a designated Regional Center. The Town of Morristown serves as the economic, financial, transportation and political hub of Morris County. Morristown is also the cultural center of Morris County. The Authority's user fee base has increased significantly due to the recent construction and occupancy of retail and residential projects within the Town of Morristown. These development projects have been completed and have helped to revitalize the Town and the Authority's parking facilities will continue to support existing and future development within the Central Business District.

Reporting the Authority's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds-not the Authority as a whole. Some funds are required to be established by State law.

Proprietary funds: when the Authority charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Authority's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE AUTHORITY AS A WHOLE

The Authority's *combined* net assets changed from a year ago, *decreasing* from \$16,078,189.23 to \$15,498,023.85. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Authority's business-type activities as of December 31.

Table 1
Net Assets

	Business-Type	
	Activites	
	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 6,165,927.90	\$ 7,332,173.54
Capital Assets	46,388,508.18	47,370,208.43
Total Assets	<u>52,554,436.08</u>	<u>54,702,381.97</u>
Long-Term Debt Outstanding	36,270,000.00	37,770,000.00
Other Liabilities	786,412.23	854,192.74
Total Liabilities	<u>37,056,412.23</u>	<u>38,624,192.74</u>
Net Assets:		
Invested in Capital Assets, Net		
of Debt	10,118,508.18	9,600,208.43
Restricted	5,319,902.63	5,418,460.64
Unrestricted	59,613.04	1,059,520.16
Total Net Assets	<u>\$ 15,498,023.85</u>	<u>\$ 16,078,189.23</u>

Net assets of the Authority's business-type activities *decreased* 3.61 percent. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – *decreased* \$999,907.12. Restricted net assets, *decreased* \$98,558.01. The investment in capital assets, net of debt category *increased* \$518,299.75.

Table 2
Changes in Net Assets

	<u>Activites</u>	
	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
<u>Program Revenues:</u>		
Charges for Services	\$ 3,650,775.36	\$ 3,272,193.68
Operating Grants and Contributions	40,229.80	49,600.00
Interest and Investment Earnings	60,912.97	62,076.61
Adjustment to Plant, Property & Equipment	-	6,611,745.22
Adjustment to Accumulated Depreciation	-	1,319,418.45
Other General Revenues	<u>1,547,007.12</u>	<u>1,592,869.82</u>
Total Revenues:	<u>5,298,925.25</u>	<u>12,907,903.78</u>
<u>Program Expenses</u>		
<u>Business-type Activities:</u>		
Parking	5,501,476.98	5,161,419.14
Capital Expenditures	342,613.65	-
Contribution to Town	<u>35,000.00</u>	<u>225,000.00</u>
Total Expenses	<u>5,879,090.63</u>	<u>5,386,419.14</u>
Increase/(Decrease) in Net Assets	<u>\$ (580,165.38)</u>	<u>\$ 7,521,484.64</u>

Business-type Activities

Authority’s major Enterprise Fund consists of the Parking Operations. The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 3, which demonstrates return on ending assets and return on ending net assets.

Table 3

					<u>Parking</u>
Total Assets					\$ 52,554,436.08
Net Assets					\$ 15,498,023.85
Change in Net Assets					\$ (580,165.38)
Return on Ending Total Assets					-1.10%
Return on Ending Net Assets					-3.74%

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

Table 4
Capital Assets at Year-end

	<u>Activites</u>	
	<u>2011</u>	<u>2010</u>
Land	\$ 1,821,297.00	\$ 1,821,297.00
Land Improvements	1,459,856.68	1,459,856.68
Buildings and Improvements	47,950,063.00	47,944,900.00
Machinery and Equipment	2,213,893.72	2,210,120.74
Construction-in-progress	-	-
Subtotal	53,445,110.40	53,436,174.42
Accumulated Depreciation	<u>(7,056,602.22)</u>	<u>(6,065,965.99)</u>
Totals	<u>\$ 46,388,508.18</u>	<u>\$ 47,370,208.43</u>

There were no major additions in the Business-type Activities as of December 31, 2011.

The Authority anticipates additional monies will be spent for the 2012 capital budget, including finalizing expenditures from the Improvement Fund and Maple Avenue Construction Fund relating to the Maple Avenue Parking Garage/Office Building Project as well as Parking Access and Revenue Control System Upgrades. More detailed information about the Authority capital assets is presented in the notes to the basic financial statements.

DEBT

At year – end the Authority had total debt of \$36,270,000.00 outstanding versus \$37,770,000.00 last year – a decrease of 3.97 percent – as shown in Table 5. The Authority defeased both its 2002 and 2004 Bond issues in August of 2011 which resulted in a reduction of outstanding Bonds in the amount of \$720,000.00.

Outstanding Debt, at Year –end
Table 5

			Business-type	
			Activities	
			2011	2010
Revenue Bonds		<u>\$ 36,270,000.00</u>	<u>\$ 37,770,000.00</u>	

An analysis of Authority Debt is presented in the notes to the basic financial statements.

CONTACTING THE AUTHORITY FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact George Fiore, Executive Director, Morristown Parking Authority, 14 Maple Ave., Suite 101, Morristown, New Jersey 07960.

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

PROPRIETARY FUNDS

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Parking</u>	<u>Totals</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 5,213,716.57	\$ 5,213,716.57
Petty Cash	50.00	50.00
Change Fund	580.00	580.00
Accounts Receivable	22,272.60	22,272.60
Rent Accounts Receivable	12,745.34	12,745.34
Other Receivables	593,151.80	593,151.80
Total Current Assets	<u>5,842,516.31</u>	<u>5,842,516.31</u>
Noncurrent Assets:		
Unamortized Debt Discount Costs-2007 Issue	323,411.59	323,411.59
Capital Assets not Being Depreciated:		
Land	1,821,297.00	1,821,297.00
Construction in Progress	-	-
Total Capital Assets Not Being Depreciated	<u>1,821,297.00</u>	<u>1,821,297.00</u>
Capital Assets Being Depreciated	51,623,813.40	51,623,813.40
Less Accumulated Depreciation	<u>(7,056,602.22)</u>	<u>(7,056,602.22)</u>
Total Capital Assets Being Depreciated	<u>44,567,211.18</u>	<u>44,567,211.18</u>
Total Capital Assets	<u>46,388,508.18</u>	<u>46,388,508.18</u>
Total Noncurrent Assets	<u>46,711,919.77</u>	<u>46,711,919.77</u>
Total Assets	<u>52,554,436.08</u>	<u>52,554,436.08</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	109,642.91	109,642.91
Amount Due to Applied Companies	13,500.00	13,500.00
Prepaid Revenues	36,275.49	36,275.49
Payroll Deductions Payable	4,756.58	4,756.58
Accrued Interest on Bonds	<u>622,237.25</u>	<u>622,237.25</u>
Total Current Liabilities	<u>786,412.23</u>	<u>786,412.23</u>
Noncurrent Liabilities:		
Bonds Payable	<u>36,270,000.00</u>	<u>36,270,000.00</u>
Total Noncurrent Liabilities	<u>36,270,000.00</u>	<u>36,270,000.00</u>
Total Liabilities	<u>37,056,412.23</u>	<u>37,056,412.23</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	10,118,508.18	10,118,508.18
Restricted for:		
Operations	50,000.00	50,000.00
Employees Dental Plan	8,284.40	8,284.40
Ann/Bank Permit Escrow	6,450.00	6,450.00
Cattano Avenue Mall Escrow	8,520.00	8,520.00
DeHart Street Permit Escrow	10,260.00	10,260.00
Dalton Garage Permit Escrow	10,695.00	10,695.00
Current Debt Service	1,402,396.38	1,402,396.38
Future Debt Service	2,467,600.00	2,467,600.00
Future Improvements	1,355,696.85	1,355,696.85
Unrestricted	<u>59,613.04</u>	<u>59,613.04</u>
Total Net Assets	<u>\$ 15,498,023.85</u>	<u>\$ 15,498,023.85</u>

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

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Business-type Activities - Enterprise Funds	
	<u>Parking</u>	<u>Totals</u>
Operating Revenues:		
On and Off Street Revenues	\$ 3,650,775.36	\$ 3,650,775.36
Other Operating Revenues	<u>1,225,774.64</u>	<u>1,225,774.64</u>
Total Operating Revenues	<u>4,876,550.00</u>	<u>4,876,550.00</u>
Operating Expenses:		
Administration and Maintenance	2,443,214.52	2,443,214.52
Depreciation	<u>1,008,105.23</u>	<u>1,008,105.23</u>
Total Operating Expenses	<u>3,451,319.75</u>	<u>3,451,319.75</u>
Operating Income	<u>1,425,230.25</u>	<u>1,425,230.25</u>
Nonoperating Revenues (Expenses):		
Interest Income	60,912.97	60,912.97
Interest Expense	(1,601,877.69)	(1,601,877.69)
Payment of Claims	(3,122.00)	(3,122.00)
Refunding Cost of Issuance Proceeds	136,735.09	136,735.09
Budget Appropriation	6,500.00	6,500.00
Miscellaneous Deposits	177,997.39	177,997.39
Miscellaneous Disbursements	(190,879.67)	(190,879.67)
Unamortized Debt Issuance Costs	(199,872.43)	(199,872.43)
Unamortized Debt Discount Costs	(15,227.44)	(15,227.44)
Capital Contributions	40,229.80	40,229.80
Credits to Capital Contributions	(39,178.00)	(39,178.00)
Contribution - Town of Morristown	(35,000.00)	(35,000.00)
Non-Capitalized Expenditures	<u>(342,613.65)</u>	<u>(342,613.65)</u>
Total Nonoperating Revenues (Expenses)	<u>(2,005,395.63)</u>	<u>(2,005,395.63)</u>
Change in Net Assets	(580,165.38)	(580,165.38)
Total Net Assets—Beginning	<u>16,078,189.23</u>	<u>16,078,189.23</u>
Total Net Assets—Ending	<u>\$ 15,498,023.85</u>	<u>\$ 15,498,023.85</u>

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

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Parking</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 4,974,984.84	\$ 4,974,984.84
Payments to Suppliers	<u>(2,409,158.70)</u>	<u>(2,409,158.70)</u>
Net Cash Provided by Operating Activities	<u>2,565,826.14</u>	<u>2,565,826.14</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
2011 Budget Appropriation	6,500.00	6,500.00
Revolving Change Machines Deposits	151,794.00	151,794.00
Advances to Revolving Change Machine	(158,100.00)	(158,100.00)
Credit Card Fees/Bad Checks	(25,460.85)	(25,460.85)
Scan Card Fees Held in Escrow	9,420.00	9,420.00
Due to Applied Companies	54,000.00	54,000.00
Paid to Applied Companies	(54,000.00)	(54,000.00)
Paid to Dodge Foundation	(21,318.47)	(21,318.47)
Refund of Scan Cards Fees	(2,055.00)	(2,055.00)
Miscellaneous Disbursements	(368.82)	(368.82)
Increase in Payroll Deductions Payable	750.12	750.12
Payment of Claims	(3,122.00)	(3,122.00)
Forfeiture of Scan Card Deposits	(4,995.00)	(4,995.00)
Contribution - Town of Morristown	<u>(35,000.00)</u>	<u>(35,000.00)</u>
Net Cash (Used for) Non-Capital Financing Activities	<u>(81,956.02)</u>	<u>(81,956.02)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of Debt Service - Principal	(780,000.00)	(780,000.00)
Payment of Debt Service - Interest	(1,685,455.04)	(1,685,455.04)
Additions to Property, Plant and Equipment	(26,404.98)	(26,404.98)
Transfer to Escrow for Defeased Debt	(10,666,921.00)	(10,666,921.00)
Refunding Bond Proceeds	10,121,857.95	10,121,857.95
Non-Capitalized Expenditures	<u>(342,613.65)</u>	<u>(342,613.65)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(3,379,536.72)</u>	<u>(3,379,536.72)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends	60,912.97	60,912.97
Net Cash Provided by Investing Activities	<u>60,912.97</u>	<u>60,912.97</u>
Net (Decrease) in Cash and Cash Equivalents	(834,753.63)	(834,753.63)
Balances—Beginning of Year	<u>6,049,100.20</u>	<u>6,049,100.20</u>
Balances—End of Year	<u>\$ 5,214,346.57</u>	<u>\$ 5,214,346.57</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 1,425,230.25	\$ 1,425,230.25
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,008,105.23	1,008,105.23
Decrease in Accounts Receivable	117,443.94	117,443.94
(Decrease) in Prepaid Revenue	(19,009.10)	(19,009.10)
Increase in Accounts Payable	<u>34,055.82</u>	<u>34,055.82</u>
Total Adjustments	<u>1,140,595.89</u>	<u>1,140,595.89</u>
Net Cash Provided by Operating Activities	<u>\$ 2,565,826.14</u>	<u>\$ 2,565,826.14</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of The Parking Authority of the Town of Morristown (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Authority has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Authority has chosen not to do so. The more significant accounting policies established in GAAP and used by the Authority are discussed below.

In June 2007, The Governmental Standards Board (GASB) issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. The Reporting and Disclosure Requirements Promulgated by GASB Statement No. 51 are not applicable for the Authority.

In June 2008, The Governmental Standards Board (GASB) issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. The Reporting and Disclosure Requirements Promulgated by GASB Statement No. 53 are not applicable for the Authority.

In March 2009, the Governmental Accounting Standards Board (GASB) adopted Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement will become effective for fiscal periods beginning after June 15, 2010. The effective date for the Authority is the fiscal year beginning December 1, 2010. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications and clarifying the existing fund balance type definitions.

B. Reporting Entity

These financial statements present The Parking Authority of the Town of Morristown (A Component Unit of the Town of Morristown). As defined by GASB No. 14, component units are legally separate entities that are included in the Town's reporting entity because of the significance of their operating or financial relationships with the Town.

The Division of Local Government Services, Department of Community Affairs, State of New Jersey has not mandated that municipalities in the State of New Jersey implement GASB 34 therefore the Town's financial statements are not presented.

The Authority was created by ordinance of the Town of Morristown, N.J. finally adopted by the Mayor and Board of Aldermen thereof on February 14, 1956, pursuant to Chapter 198, P.L. 1948, (Revised Statutes 40:11A). The Parking Authority exists as a public body politic and corporate constituting a political subdivision of the State of New Jersey.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

Under the Enabling Act, the Authority is authorized and empowered, among other things: to construct, maintain, repair and operate parking projects; to issue its revenue bonds; to fix, alter, charge and collect rents, rates and fees for use of parking projects; to sue and be sued; to borrow money; to invest its funds; and to sell, transfer and dispose of any of its property. The Authority also has the right to acquire real property by the exercise of the power of eminent domain, subject to the consent of the governing body of the Town of Morristown.

The Authority is restricted to function within the geographical limits of the Town of Morristown.

As a public body, under existing statute, the Authority is exempt from both Federal and State taxes.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the primary government is not accountable but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and either the primary government is able to impose its will on the organization; or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

The primary criterion for including activities within the Authority's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Authority. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Authority over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Authority is not includable in any other reporting entity on the basis of such criteria.

The Authority is a component unit of the primary government of the Town of Morristown. The Commissioners of the Authority are appointed by the Town Council of the Town of Morristown for staggered terms of five years. The Town has assumed certain obligations under a Replenishment Agreement dated June 1, 1997.

On September 24, 1956 the Town of Morristown and the Authority entered into an agreement whereby the Town turned over to the Authority the operation and maintenance of all on-street and off-street parking facilities, meters and equipment.

On April 24, 1984, the Authority entered into an agreement with Schuyler Place Associates relating to the construction of Ann-Bank Street Parking Garage.

On June 13, 1984, the Town and the Authority executed a loan agreement (the "Loan Agreement") providing for the loan to the Authority of \$5,650,000 and the subsequent repayment thereof by the Authority. The Authority agreed to pay the Town an amount equal to the principal and interest due on the 1985 General Obligation Bonds for the Schuyler Parking Project. The loan to the Authority was made on June 13, 1984 from the proceeds of the sale of bond anticipation notes in the amount of \$5,650,000.00.

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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

In June of 1992 Schuyler Place Associates transferred its interest in the Upper Space Agreement to Massachusetts Mutual Life Insurance Company by way of assignment in lieu of foreclosure, and on December 1, 1992 the County of Morris purchased the 30 Schuyler Place office building from Massachusetts Mutual Life Insurance Company. Pursuant to the Upper Space Agreement (air-rights lease) between Schuyler Place Associates and the Authority, the County of Morris, as successor, agreed to pay to the Authority an Incremental Bonded Cost and annual rent for the Upper Space.

On December 23, 1993 the Parking Authority and County of Morris executed an Agreement of Sale Mutual Cooperation and Reciprocal Easements, as well as a Master Parking Lease Agreement, wherein the County of Morris purchased from the Authority the fee interest and air rights within which the 30 Schuyler Place office building has been constructed as well as the sale of one hundred twenty-six (126) parking spaces in the Ann-Bank Street Parking Garage, and rental of an additional forty (40) parking spaces for a term of five (5) years, for the sum of \$2,750,000.00. The County of Morris will continue to pay the Annual Incremental Bonded Cost, as adjusted on a prorata basis, \$20,567.50, commencing with the date of closing and payable on the first day of each month thereafter until December 1, 2014

On July 1, 1994 the Authority retired \$800,000 of the 1972 issue of debt for the Authority pursuant to Resolution No. 35-1994. On January 1, 1996 the Authority made its final installment payment on the revenue serial bond issue of 1972.

On May 16, 1997 the Authority issued \$5,785,000 principal amount of Guaranteed Parking Revenue Bonds - Series of 1997, dated as of June 1, 1997 for the purpose of repaying the Authority's obligation under the Loan Agreement with the Town dated as of June 13, 1984 and funding a Debt Service Reserve Fund. This refinancing effectuated a reduced financial obligation for the Authority.

On June 10, 1998 the Authority issued \$9,265,000 principal amount of Guaranteed Parking Revenue Bonds - Series of 1998, dated as of August 1, 1998.

On May 9, 2002 the Authority issued \$4,860,000.00 principal amount of Guaranteed Parking Revenue Bonds - Series 2002, dated as of May 1, 2002 for the purpose of: (1) currently refunding the outstanding Guaranteed Parking Revenue Bonds - Series 1997; (2) funding a Debt Service Reserve Fund; and (3) paying the costs and expenses incurred in connection with the issuance and delivery of the Bonds.

The Authority issued \$10,025,000.00 of Guaranteed Parking Revenue Bonds dated February 15, 2004. The Bonds together with other available funds are being used for : (1) advance refunding of the outstanding Guaranteed Parking Revenue Bonds – Series 1998; (2) funding a Debt Service Reserve Fund; and (3) paying the costs and expenses in connection with the issuance and delivery of the Bonds.

The Authority issued \$27,180,000.00 of Guaranteed Parking Revenue Bonds dated July 1, 2007. The Bonds together with other available funds are being used for: (1) designing and constructing an approximately 781 space parking facility and an attached 33,815 square feet. four story office building; (2) funding capitalized interest; (3) funding a Debt Service Reserve Fund; and (4) paying the costs and expenses in connection with the issuance and delivery of the Bonds.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements- Fund Financial Statements

The financial transactions of the Authority are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the Authority:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Authority is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the users on a continuing basis be financed or recovered primarily through user charges; or, where the Authority has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20-50 years
Improvements	10-20 years
Machinery and Equipment	5-10 years
Light Trucks and Vehicle	5 years
Heavy Trucks and Vehicle	6 years

D. Measurement Focus and Basis of Accounting

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, grants entitlements and donations

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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control

The annual budget is required to be balanced and authorities are permitted to utilize unreserved retained earnings to balance their budget; however, the maximum amount which can be utilized is the lesser of (a) the estimated year-end balance of unreserved retained earnings or (b) working capital reduced by unrestricted assets not ordinarily convertible into cash (non-liquid, such as prepaid insurance and inventory).

For the purpose of using projected Unreserved Retained Earnings or funding operating deficits, Authorities are permitted to amend or modify the annual operating budget, since actual results may differ from the amount estimated in the budget process.

Amendments to the operating and/or capital budgets may be permitted for a variety of conditions, as more fully described in the rules and regulations promulgated by the Local Finance Board. There were no significant budget amendments during the fiscal year.

F. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be investments. U.S. Treasury and Agency Obligations and Certificates of Deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey Authorities are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 40A:5-15.1 et. seq. provides a list of permissible investments that may be purchased by New Jersey Authorities.

2. Short – term Interfund Receivables/Payables

Short – term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Authority and that are due within one year.

3. Inventories

Inventories are stated at cost.

4. Bond Discounts/Premiums Issuance Costs/Deferred Amount on Refunding

Bond discounts, issuance costs, and deferred amount on refundings are deferred and amortized over the term of the bonds using a straight-line method. Bond discounts are presented as a reduction of the face amount of the bonds payable, whereas issuance costs are recorded as other assets.

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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities and Fund Equity (Continued)

5. Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Improvements	10-20 years
Machinery and Equipment	5-10 years
Light Trucks and Vehicle	5 years
Heavy Trucks and Vehicle	6 years

Land and Construction in Progress are not depreciated.

6. Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to debt related trustee accounts and debt service reserve and operating requirements.

7. Compensated Absences

The Authority's policies regarding sick time permit employees to be compensated for earned but unused sick leave at a rate of 50% at the end of the calendar year. No vacation or sick time may be carried over from year to year without prior approval of the Board of Commissioners.

8. Long-term Obligations

Long – term debt is recognized as a liability of the proprietary fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately.

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THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities and Fund Equity (Continued)

9. Equity Classifications

Fund Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

10. Use of Estimates

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

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THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note II: Stewardship, Compliance and Accountability

By its nature as a local government unit, the Authority is subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

A. Revenue Restrictions and Debt Covenants

Restricted Accounts - In accordance with the bond resolutions, the Authority has established the following cash and investment accounts for the deposit, in the priority of the order listed, of all revenue received by the Authority:

<u>Account</u>	<u>Amount</u>	<u>Use for which restricted</u>
Revenue/Operating	All revenue received by the Authority.	Authorized operating expenses
Improvement		Authorized long-term improvements of the Authority.
Bond Service (Current Debt Service)	Amount needed to pay matured principal and interest plus principal and interest due on or before the following February 1 st .	Principal and interest on the bonds.
Bond Service (Future Debt Service)	Amount needed to increase the bond reserve to equal the amount required by the bond resolution.	Transfers to meet minimum level, required in the bond service accounts.
Net Revenue	Net revenues derived from the operation of the parking facilities after payment of operating expenses.	Transfers to meet minimum levels required in the bond service or bond reserve accounts.
Construction Fund	Any moneys received from any source for payment of the costs of construction or acquisition of the parking facilities	Transfers to meet minimum levels required in the bond service or bond reserve accounts.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note II: Stewardship, Compliance and Accountability (Continued)

A. Revenue Restrictions and Debt Covenants (Continued)

In addition to the above, the Authority has also established the following restricted accounts:

Employee Dental Plan Reserve Fund for the reimbursement of Dental Services rendered to Authority employees, subject to the approval by the Commissioners

Ann/Bank Schuyler, De Hart Street, Cattano Avenue Mall and Dalton Garage Permit Escrow Accounts for the \$15.00 refundable deposits on the scan cards used by regular monthly parkers.

Revolving Change Fund to replenish monies in the various automated parking payment machines used by the authority.

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

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

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA). Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

At December 31, 2011, the Authority's cash and cash equivalent's amounted to \$4,422,971.77. Of this amount, \$258,284.40 was covered by federal depository insurance (F.D.I.C.) and \$736,616.38 was covered by a collateral pool maintained by the banks as required by GUDPA. The amount of \$3,428,070.99 on deposit with the Bank of New York-Trustee is not covered by F.D.I.C or GUDPA, but invests its assets exclusively in debt securities issued or guaranteed by the U.S. government, or by U.S. government agencies or instrumentalities and repurchase agreements fully collateralized by U.S. Treasury and U.S. government securities.

At December 31, 2011 The Authority did not participate in the State of New Jersey Cash Management Fund.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of December 31, 2011, \$3,428,070.99 of the Authority's cash and cash equivalents of \$4,422,971.77 was exposed to custodial credit risk as follows:

Uninsured and collateral held by public depository or by its' trust department not in the Authority's name	<u>\$3,428,070.99</u>
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THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 40A:5-15.1) permit the Authority to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of commissioners of any Authority may use moneys which may be in hand 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 of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(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 Authority or bonds or other obligations of local unit or units within which the Authority 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 Investment of the Department of the Treasury for investment by the Authority;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) 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 subsection a;

(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 P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note III: Detailed Notes On All Funds (Continued)

A. Deposits and Investments (Continued)

Investments

The Authority had the following investments valued at cost, which approximates fair value, at December 31, 2011:

	<u>Fair Value</u>
U.S. Treasury Notes/Bills	<u>\$748,884.92</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's) or Standard & Poor's Corporation (S&P). U.S. government debt is considered to have no credit risk.

The custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party. Since certificates of deposits are covered by F.D.I.C. and GUDPA and U. S. government debt is guaranteed, there is no custodial credit risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. There are no restrictions in the amount that can be invested in a single issuer. Other than U.S. government debt, none of the investments are certificates of deposit.

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THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Adjustments</u>	<u>Retirement</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,821,297.00	\$ -	\$ -	\$ 1,821,297.00
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>1,821,297.00</u>	<u>-</u>	<u>-</u>	<u>1,821,297.00</u>
Land Improvements	1,459,856.68		-	1,459,856.68
Buildings and Improvements	47,944,900.00	5,163.00	-	47,950,063.00
Machinery and Equipment	<u>2,210,120.74</u>	<u>21,241.98</u>	<u>(17,469.00)</u>	<u>2,213,893.72</u>
Totals at Historical Cost	<u>51,614,877.42</u>	<u>26,404.98</u>	<u>(17,469.00)</u>	<u>51,623,813.40</u>
Less Accumulated Depreciation For:				
Land Improvements	(893,000.86)	(32,260.54)	-	(925,261.40)
Buildings and Improvements	(4,673,634.51)	(825,581.66)	-	(5,499,216.17)
Machinery and Equipment	<u>(499,330.62)</u>	<u>(150,263.03)</u>	<u>17,469.00</u>	<u>(632,124.65)</u>
Total Accumulated Depreciation	<u>(6,065,965.99)</u>	<u>(1,008,105.23)</u> (1)	<u>17,469.00</u>	<u>(7,056,602.22)</u>
Net Capital Assets Being Depreciated	<u>45,548,911.43</u>	<u>(981,700.25)</u>	<u>-</u>	<u>44,567,211.18</u>
Business - Type Activities Capital Assets, Net	<u>\$ 47,370,208.43</u>	<u>\$ (981,700.25)</u>	<u>\$ -</u>	<u>\$ 46,388,508.18</u>

(1) Depreciation expense was charged as follows:

Parking	<u>\$ 1,008,105.23</u>
	<u>\$ 1,008,105.23</u>

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note IV: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The Authority has no commitments to lease equipment under operating leases.

B. Long - Term Liabilities

Long - Term liability activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Long - Term Debt:					
Serial Bonds	\$ 37,770,000.00	\$ 9,890,000.00	\$ (11,390,000.00)	\$ 36,270,000.00	\$ 545,000.00
Total Debt Payable	<u>37,770,000.00</u>	<u>9,890,000.00</u>	<u>(11,390,000.00)</u>	<u>36,270,000.00</u>	<u>545,000.00</u>
Business-Type Activities					
Long - Term Liabilities	<u>\$ 37,770,000.00</u>	<u>\$ 9,890,000.00</u>	<u>\$ (11,390,000.00)</u>	<u>\$ 36,270,000.00</u>	<u>\$ 545,000.00</u>

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

1. Bonds Payable

Pursuant to the provisions of the Enabling Act, and Resolution No. 1956-25, adopted December 31, 1956, the Authority issued Revenue Bonds (Series A) in the amount of \$1,350,000.00.

Pursuant to Resolution No. 1972-32, adopted August 31, 1972, as amended by Resolution No. 1972-42, adopted September 28, 1972, Revenue Refunding Bonds in the amount of \$1,850,000.00 were issued. Proceeds of the Revenue Refunding Bonds were used to retire the outstanding Series A bonds and to provide additional parking facilities. Principal and interest of the Revenue Refunding Bonds of 1972 are guaranteed by the Town of Morristown.

The Revenue Refunding bonds are callable as a whole or in part inversely and by lot on any interest date, beginning January 1, 1982.

On May 22, 1985 the Town of Morristown sold Parking Project Bonds in the amount of \$5,650,000.00. In January 1987 the Town of Morristown refinanced the balance of this issue resulting in an increase in the principal payable while reducing the amount of interest payable. The amount of net savings as a result of the refinancing was \$1,959,920.00.

The Parking Project Bonds are guaranteed as to both principal and interest by the Authority. (Resolution 15-1984 adopted March 20, 1984).

During 1994 the Authority defeased \$800,000.00 of the 1972 Revenue Refunding Bonds pursuant to Resolution No. 35-1993.

During 1997 the Authority defeased \$4,198,073.00 of the 1985 Revenue Bonds and issued \$5,785,000.00 of new bonds on June 1, 1997

During 1998 the Authority issued new bonds of \$9,265,000.00.

During 2002 the Authority defeased \$4,645,000.00 of the 1997 Revenue Bonds and issued \$4,860,000.00 of new bonds on May 1, 2002.

During 2004 the Authority defeased \$9,215,000.00 of the 1998 Revenue Bonds and issued \$10,025,000.00 of new bonds on February 15, 2004.

During 2007 the Authority issued \$27,180,000.00 Guaranteed Parking Revenue Bonds Dated July 1, 2007.

During 2011 the Authority defeased the remaining amounts of the 2002 and the 2004 Bonds and issued \$9,890,000.00 of refunding Bonds dated August 16, 2011.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long Term Liabilities (Continued)

1. Bonds Payable (Continued)

Bonds are authorized in accordance with State law. All bonds are retired in serial installments within the statutory period of usefulness.

Serial Bonds outstanding as of December 31, 2011 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Refunding of 2002	Various	2/1	2/1/15	\$ 4,860,000.00	\$
Refunding of 2004	Various	8/1	8/1/25	10,025,000.00	
Refunding of 2011	Various	8/1	8/1/25	9,890,000.00	9,890,000.00
Revenue of 2007	Various	8/1	8/1/37	<u>27,180,000.00</u>	<u>26,380,000.00</u>
				<u>\$42,065,000.00</u>	<u>\$36,270,000.00</u>

2. Bonds Authorized But Not Issued

As of December 31, 2011 the Authority had no authorized but not issued bonds.

Principal and interest due on serial bonds outstanding is as follows:

<u>Year ending December 31</u>	<u>Revenue Bonds of 2007</u>		<u>Refunding Bonds of 2011</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 230,000.00	\$ 1,237,347.52	\$ 315,000.00	\$ 297,437.19	\$ 2,079,784.71
2013	240,000.00	1,228,147.52	285,000.00	329,402.50	2,082,550.02
2014	255,000.00	1,218,547.52	290,000.00	320,852.50	2,084,400.02
2015	260,000.00	1,207,710.02	675,000.00	312,152.50	2,454,862.52
2016	260,000.00	1,194,710.02	710,000.00	291,902.50	2,456,612.52
2017	265,000.00	1,181,710.02	735,000.00	270,602.50	2,452,312.52
2018	280,000.00	1,168,460.02	755,000.00	248,552.50	2,452,012.52
2019	295,000.00	1,154,460.02	785,000.00	218,352.50	2,452,812.52
2020	310,000.00	1,142,291.26	815,000.00	186,952.50	2,454,243.76
2021	320,000.00	1,129,116.26	850,000.00	154,352.50	2,453,468.76
2022	335,000.00	1,115,516.26	875,000.00	128,852.50	2,454,368.76
2023	355,000.00	1,100,943.76	900,000.00	100,415.00	2,456,358.76
2024	365,000.00	1,085,412.52	935,000.00	69,365.00	2,454,777.52
2025	385,000.00	1,069,443.76	965,000.00	35,705.00	2,455,148.76
2026	1,415,000.00	1,052,600.00			2,467,600.00
2027	1,475,000.00	988,925.00			2,463,925.00
2028	1,545,000.00	922,550.00			2,467,550.00
2029	1,620,000.00	845,300.00			2,465,300.00
2030	1,700,000.00	764,300.00			2,464,300.00
2031	1,785,000.00	679,300.00			2,464,300.00
2032	1,875,000.00	590,050.00			2,465,050.00
2033	1,970,000.00	496,300.00			2,466,300.00
2034	2,065,000.00	397,800.00			2,462,800.00
2035	2,160,000.00	304,875.00			2,464,875.00
2036	2,255,000.00	207,675.00			2,462,675.00
2037	2,360,000.00	106,200.00	-	-	2,466,200.00
	<u>\$ 26,380,000.00</u>	<u>\$ 23,589,691.48</u>	<u>\$ 9,890,000.00</u>	<u>\$ 2,964,897.19</u>	<u>\$ 62,824,588.67</u>

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note V: Detailed Disclosure Regarding Fund Equity

A. Restricted Net Assets

Restricted for:

Operations	\$ 50,000.00
Employees Dental Plan	8,284.40
Lot Permit Escrow Funds	35,925.00
Current Debt Service	1,402,396.38
Future Debt Service	2,467,600.00
Future Improvements	1,355,696.85

Note VI: Pension Plans

Description of Systems

Substantially all of the Authority's employees participate in the following contributory defined benefit public employee retirement system which has been established by State statute: the Public Employees' Retirement System (PERS). This system is sponsored and administered by the New Jersey Division of Pensions and Benefits. The PERS is considered a cost sharing multiple-employer plan defined benefit.

The Public Employees' Retirement System (PERS) was 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.

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

Significant Legislation

Chapter 89, P.L. 2008, effective November 1, 2008, increased the PERS retirement age. If a person becomes a member on or after November 1, 2008 that person must be at least 62 years of age in order to retire without a reduction in their retirement allowance.

Chapter 78, P.L. 2011, effective June 28, 2011 implements changes to the PERS. PERS employee pension contribution rates will increase from 5.5% to 6.5% of salary

The second phase of the contribution rate increase from 6.5% to 7.5% is to be phased in equally over a 7 year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July 2018.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note VI: Pension Plans (Continued)

Significant Legislation (Continued)

The increase in the PERS employee contribution rate will also increase the minimum repayment amount for pension loans or the cost for a purchase of service credit if certified after the employee's increased contribution becomes effective.

Under a provision of Chapter 78, P.L. 2011, Cost of Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. There is no reduction to any COLA increases that were already added to retiree benefits prior to the effective date of the law.

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS pension fund provides for employee contribution rates to increase from 5.50 percent of employees' annual compensation to 6.5%, effective with the first payroll amount to be paid on or after October 1, 2011. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS.

During the year ended June 30, 2011, for PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

The Authority's total payroll for the year ended December 31, 2011 was \$835,426.80 and covered payroll was \$705,217.00 for PERS. Contributions to PERS for the last three years made by the employees and the Authority were as follows:

		<u>PERS</u>	Percent of Covered <u>Payroll</u>
Employees	12/31/09	37,328.64	5.63%
	12/31/10	37,140.25	5.56%
	12/31/11	42,009.50	5.96%
Authority	12/31/09	49,650.00	7.49%
	12/31/10	59,633.00	8.93%
	12/31/11	74,612.00	10.58%

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THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Note VII: Post Retirement Medical Benefits

PERS employees do not receive post – retirement medical benefits.

Note VIII: Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Authority is a member of the New Jersey Intergovernmental Insurance Fund. (the “Fund”). The Fund is both an insured and self-administered group of governmental entities established for the purpose of providing certain low-cost property, liability, public officials liability and workers’ compensation insurance coverage for it’s members. The Authority pays an annual assessment to the Fund and should it be determined that payments received by the Fund are deficient, additional assessments may be levied.

The Authority continues to carry commercial insurance coverage for all other risks of loss, including health and accident insurance. There have been no significant reductions in insurance coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note IX: Interlocal Agreement

In accordance with provisions of Article VI (Section 6.1) of the Agreement of Sale, Mutual Cooperation and Reciprocal Easements between the Authority and County of Morris, dated December 23, 1993, the County of Morris reimburses the Authority for its pro rata share of electrical costs in connection with the County's portion of the Ann/Bank Garage. Reimbursements for these costs are deposited directly into the Authority's Revenue and Special Account, and are not refunded to the Authority's annual budget.

Note X: Contingent Liabilities

A. Litigation

The Authority is party to certain legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings.

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the Authority, the Authority feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Authority.

Note XI Subsequent Events

The Authority’s management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of audit.

2011

OFFICIALS IN OFFICE

Margret Brady	Commissioner - Chairperson
Christopher Leon Garibian	Commissioner – Vice-Chairperson
Anthony Lucia	Commissioner – Treasurer
Michael R. Elms	Commissioner – Secretary
James Gervasio	Commissioner – Assistant Secretary/Treasurer
George Fiore	Executive Director
Patrick W. Geary	Operations Manager
Gregory S. Deal	Field Manager
Robert S. Goldsmith	Attorney

The above officials were covered by a Crime Coverage-Employee Theft Insurance Binder with a limit of \$1,000,000.00 under the New Jersey Intergovernmental Insurance Fund thru December 31, 2011.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

STATEMENT OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES
COMPARED TO THE BUDGET FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR FISCAL YEAR ENDED DECEMBER 31, 2010)

Revenues	2011 Budget	Realized	Excess or (Deficit)	2010 Actual
Parking Revenues	\$ 3,585,000.00	\$ 3,650,775.36	\$ 65,775.36	\$ 3,270,479.73
Other Operating Revenues	1,270,000.00	1,225,774.64	(44,225.36)	1,281,248.27
Interest on Investments	30,000.00	3,110.24	(26,889.76)	3,845.72
Fund Balance Utilized	55,456.00	55,456.00	-	58,839.00
	<u>\$ 4,940,456.00</u>	<u>\$ 4,935,116.24</u>	<u>\$ (5,339.76)</u>	<u>\$ 4,614,412.72</u>

Expenditures	2011 Budget	Transfers	Budget After Transfers	2011 Actual Paid or Charged	Variance	2010 Actual
A. Salaries :						
1. Parking Authority Director	\$37,400.00	\$ 136.00	\$ 37,536.00	\$ 37,536.00	\$ -	\$ 36,344.00
2. Parking Authority Operations Manager	24,640.00	-	24,640.00	24,640.00	-	23,999.97
3. Parking Authority Financial Bookkeeper	21,120.00	-	21,120.00	21,007.00	113.00	19,836.48
4. Meter Repair, Collection and General Maintenance	48,380.00	(60.00)	48,320.00	47,730.36	589.64	45,805.62
5. Enforcement and Traffic Officers	38,400.00	-	38,400.00	37,624.73	775.27	30,199.10
6. Administrative Secretary/Computer Operator	15,744.00	-	15,744.00	15,744.00	-	15,360.00
7. Financial Analyst	16,728.00	-	16,728.00	16,728.00	-	16,320.00
B. 10 Pine Street Office Building :						
1. Legal	1,500.00	-	1,500.00	1,500.00	-	1,080.00
2. Maintenance	7,500.00	-	7,500.00	7,490.46	9.54	7,464.74
3. Administrative	1,000.00	-	1,000.00	440.64	559.36	914.06
4. Utilities/Sewer	12,500.00	-	12,500.00	12,025.13	474.87	10,961.03
5. Taxes	31,500.00	(2,500.00)	29,000.00	28,800.15	199.85	29,559.92
6. Insurance	5,000.00	9,000.00	14,000.00	13,873.00	127.00	13,273.00
7. Auditing Expenses	2,541.00	-	2,541.00	2,541.00	-	2,550.00
8. Management Services	500.00	-	500.00	-	500.00	-
9. Fixed Rent Payment to Landlord	91,026.00	-	91,026.00	91,025.74	0.26	87,947.58
10. Monitoring (Security/Fire)	750.00	-	750.00	740.00	10.00	736.04
C. Maple Avenue Office Building :						
1. Legal	1,500.00	-	1,500.00	1,132.00	368.00	1,310.00
2. Maintenance	5,000.00	-	5,000.00	4,977.40	22.60	4,999.22
3. Administrative	4,000.00	-	4,000.00	3,995.98	4.02	3,997.25
4. Electrical Expenses	7,000.00	-	7,000.00	6,996.84	3.16	5,938.82
5. Water/Sewer	500.00	-	500.00	499.57	0.43	210.00
6. Telephone	24,000.00	3,000.00	27,000.00	26,975.78	24.22	23,969.70
7. Taxes	1,000.00	-	1,000.00	950.00	50.00	2,300.00
8. Insurance	500.00	-	500.00	500.00	-	500.00
9. Service Contracts	2,500.00	-	2,500.00	2,500.00	-	2,475.00
10. Monitoring (Security/Fire)	500.00	-	500.00	476.95	23.05	420.00
11. Legal Expenses	4,000.00	-	4,000.00	4,000.00	-	2,902.40
12. Maintenance/Cleaning	88,000.00	1,000.00	89,000.00	88,970.99	29.01	89,961.46
13. Administrative	2,500.00	-	2,500.00	2,468.31	31.69	2,162.97
14. Electrical	50,000.00	-	50,000.00	49,991.23	8.77	51,378.45
15. Water/Sewer	7,000.00	-	7,000.00	6,999.58	0.42	3,799.76
16. Taxes	5,000.00	-	5,000.00	4,981.00	19.00	3,735.98
17. Insurance	30,000.00	-	30,000.00	30,000.00	-	28,633.00
18. Service Contracts	17,500.00	-	17,500.00	17,490.25	9.75	19,429.70
19. Management Services	1,000.00	-	1,000.00	-	1,000.00	-
20. Auditing Expenses	2,541.00	-	2,541.00	2,541.00	-	2,550.00
21. Monitoring (Security/Fire)	3,500.00	-	3,500.00	3,500.00	-	3,455.27

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

STATEMENT OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES
COMPARED TO THE BUDGET FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR FISCAL YEAR ENDED DECEMBER 31, 2010)
(CONTINUED)

<u>Expenditures (Continued)</u>	<u>2011 Budget</u>	<u>Transfers</u>	<u>Budget After Transfers</u>	<u>2011 Actual Paid or Charged</u>	<u>Variance</u>	<u>2010 Actual</u>
D. Special Services :						
1. Bank Service Charges	\$13,000.00	\$(6,500.00)	\$ 6,500.00	\$ 5,784.48	\$ 715.52	\$ 6,763.10
2. Legal	10,080.00	-	10,080.00	10,080.00	-	9,872.80
3. Auditing Expenses	7,223.00	-	7,223.00	7,223.00	-	6,528.00
4. Parking Consultant's Fee	2,880.00	-	2,880.00	2,879.40	0.60	4,780.30
5. Advertising Expenses	4,000.00	-	4,000.00	3,956.28	43.72	3,964.74
6. Professional Services	450.00	-	450.00	300.00	150.00	-
7. Trustee Services	7,500.00	-	7,500.00	6,090.00	1,410.00	6,090.00
8. Company Services	80,000.00	(10,000.00)	70,000.00	68,441.20	1,558.80	67,730.08
E. Maintenance Expenses :						
1. Parking Meter Maintenance and Parts	7,500.00	-	7,500.00	6,059.85	1,440.15	7,329.56
2. Curb, Meter and Lot Maintenance	32,000.00	9,000.00	41,000.00	40,816.61	183.39	38,496.43
3. Snow Removal Contingency	17,000.00	-	17,000.00	16,867.82	132.18	16,785.94
4. Parking Lot Improvement Contingency	750.00	-	750.00	468.64	281.36	700.00
F. Administrative Expenses :						
1. Administrative Expenses	14,500.00	1,000.00	15,500.00	15,482.28	17.72	14,298.97
2. Parking Validation Program	4,000.00	(3,500.00)	500.00	225.00	275.00	1,140.00
G. Electrical Utility Expenses :						
1. Lots 3R through 14N	8,000.00	-	8,000.00	7,993.39	6.61	9,535.22
H. Taxes and Insurance :						
1. F.I.C.A. Contributions	20,800.00	-	20,800.00	20,258.16	541.84	19,240.53
2. Insurance	33,840.00	-	33,840.00	33,836.00	4.00	31,326.18
3. State Pension Plan (P.E.R.S.) - Employer Share	24,000.00	-	24,000.00	23,922.99	77.01	19,196.20
4. Hospitalization	54,240.00	(10,000.00)	44,240.00	44,229.54	10.46	48,703.02
5. Employment Compensation (S.U.I.)	1,376.00	-	1,376.00	1,118.57	257.43	946.92
6. MPA Dental Plan Contributions	2,240.00	-	2,240.00	2,240.00	-	2,000.00
I. Property Leases and Maple Ave.						
1. Speedwell and Flagler - Lot 13M	2,700.00	-	2,700.00	2,700.00	-	2,700.00

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

STATEMENT OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES
COMPARED TO THE BUDGET FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR FISCAL YEAR ENDED DECEMBER 31, 2010)
(CONTINUED)

<u>Expenditures (Continued)</u>	2011 Budget	Transfers	Budget After Transfers	2011 Actual Paid or Charged	Variance	2010 Actual
J. The Mall @ Cattano Avenue Expenses :						
1. Parking Authority Director	\$ 9,400.00	\$ (16.00)	\$ 9,384.00	\$ 9,384.00	\$ -	\$ 9,086.00
2. Parking Authority Operations Manager	6,160.00	-	6,160.00	6,160.00	-	6,000.00
3. Parking Authority Financial Bookkeeper	5,280.00	-	5,280.00	5,224.00	56.00	4,954.30
4. General Maintenance Personnel	12,080.00	-	12,080.00	12,039.89	40.11	11,597.80
5. Enforcement and Traffic Officers	9,600.00	-	9,600.00	9,365.25	234.75	7,593.70
6. Administrative Secretary/Computer Operator	3,936.00	-	3,936.00	3,936.00	-	3,840.00
7. Part Time Assistant Clerk/Receptionist	4,182.00	-	4,182.00	4,182.00	-	4,080.00
8. Parking Attendants and Extra Help	500.00	-	500.00	-	500.00	240.00
9. Legal Expenses	2,520.00	-	2,520.00	2,518.80	1.20	2,119.00
10. Auditing Expenses	1,605.00	-	1,605.00	1,605.00	-	1,632.00
11. Parking Consultant's Fee	720.00	-	720.00	639.36	80.64	2,182.75
12. Advertising Expenses	1,000.00	-	1,000.00	978.20	21.80	855.88
13. Professional Services Contingency	110.00	-	110.00	110.00	-	-
14. Lot Maintenance	10,000.00	3,000.00	13,000.00	12,702.86	297.14	8,468.11
15. Snow Removal Contingency	6,000.00	-	6,000.00	5,520.11	479.89	5,986.42
16. Parking Lot Contingency	250.00	-	250.00	250.00	-	200.00
17. Telephone Service	175.00	-	175.00	150.00	25.00	150.00
18. Administrative Expenses	3,500.00	-	3,500.00	3,275.60	224.40	3,252.32
19. Ticket Control Supplies and Services	9,350.00	-	9,350.00	8,886.00	464.00	9,077.75
20. Electrical Expenses	7,500.00	1,000.00	8,500.00	8,439.32	60.68	9,979.60
21. F.I.C.A. Contributions	5,200.00	-	5,200.00	5,060.24	139.76	4,822.40
22. Insurance	7,960.00	-	7,960.00	7,958.83	1.17	7,432.00
23. State Pension Plan (P.E.R.S.) - Employer Share	6,000.00	-	6,000.00	5,950.00	50.00	4,775.00
24. Hospitalization	13,560.00	-	13,560.00	12,148.33	1,411.67	12,260.02
25. Unemployment Compensation Insurance	344.00	-	344.00	281.11	62.89	237.02
26. First Baptist Church Lease	9,660.00	-	9,660.00	9,374.40	285.60	9,374.40
27. MPA Dental Plan Contributions	560.00	-	560.00	560.00	-	500.00
28. Miscellaneous	250.00	-	250.00	225.25	24.75	250.00
K. Ann/Bank Garage :						
1. Parking Authority Director	17,625.00	(30.00)	17,595.00	17,595.00	-	17,036.00
2. Parking Authority Operations Manager	11,550.00	-	11,550.00	11,550.00	-	11,250.00
3. Parking Authority Financial Bookkeeper	9,900.00	-	9,900.00	9,844.02	55.98	9,300.00
4. General Maintenance Personnel	22,650.00	-	22,650.00	22,335.05	314.95	21,544.50
5. Enforcement and Traffic Officers	18,000.00	-	18,000.00	18,000.00	-	13,797.76
6. Administrative Secretary/Computer Operator	7,380.00	-	7,380.00	7,380.00	-	7,200.00
7. Part Time Assistant Clerk/Receptionist	7,841.00	-	7,841.00	7,841.00	-	7,650.00
8. Parking Attendants and Extra Help	55,000.00	3,000.00	58,000.00	57,555.35	444.65	49,747.00
9. Legal Expenses	4,725.00	-	4,725.00	4,692.00	33.00	4,590.00
10. Auditing Expenses	3,210.00	-	3,210.00	3,210.00	-	3,060.00
11. Parking Consultant's Fee	1,350.00	-	1,350.00	1,346.62	3.38	2,678.26
12. Advertising Expenses	1,875.00	-	1,875.00	1,522.50	352.50	1,842.76
13. Professional Services Contingency	210.00	-	210.00	200.00	10.00	121.87
14. Lot Maintenance	25,000.00	-	25,000.00	24,999.25	0.75	23,043.91
15. Snow Removal Contingency	1,500.00	-	1,500.00	1,410.00	90.00	1,497.50
16. Parking Lot Contingency	250.00	-	250.00	220.00	30.00	-
17. Telephone Service	4,750.00	-	4,750.00	4,588.44	161.56	4,616.54
18. Administrative Expenses	4,000.00	-	4,000.00	3,273.01	726.99	4,158.02
19. Ticket Control Supplies and Services	18,275.00	(2,000.00)	16,275.00	16,265.00	10.00	18,258.75
20. Electrical Expenses	55,000.00	10,000.00	65,000.00	64,070.26	929.74	55,774.86
21. F.I.C.A. Contributions	9,750.00	-	9,750.00	9,487.94	262.06	9,041.84
22. Insurance	14,925.00	-	14,925.00	14,915.70	9.30	14,249.00
23. State Pension Plan (P.E.R.S.) - Employer Share	11,250.00	-	11,250.00	11,220.00	30.00	9,000.00
24. Hospitalization	25,425.00	(3,000.00)	22,425.00	22,352.89	72.11	21,780.74
25. Unemployment Compensation Insurance	645.00	-	645.00	526.65	118.35	444.40
26. MPA Dental Plan Contributions	1,050.00	-	1,050.00	1,050.00	-	1,000.00
27. Miscellaneous	250.00	-	250.00	225.25	24.75	250.00

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

STATEMENT OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES
COMPARED TO THE BUDGET FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR FISCAL YEAR ENDED DECEMBER 31, 2010)
(CONTINUED)

<u>Expenditures (Continued)</u>	<u>2011 Budget</u>	<u>Transfers</u>	<u>Budget After Transfers</u>	<u>2011 Actual Paid or Charged</u>	<u>Variance</u>	<u>2010 Actual</u>
L. Dalton Parking Garage						
1. Parking Authority Director	\$23,500.00	\$ (40.00)	\$23,460.00	\$ 23,460.00	\$ -	\$22,715.00
2. Parking Authority Operations Manager	15,400.00	-	15,400.00	15,400.00	-	15,000.00
3. Parking Authority Financial Bookkeeper	13,200.00	-	13,200.00	13,148.73	51.27	12,400.00
4. General Maintenance Personnel	30,200.00	-	30,200.00	29,936.79	263.21	28,671.00
5. Enforcement and Traffic Officers	24,000.00	-	24,000.00	23,253.20	746.80	18,800.21
6. Administrative Secretary/Computer Operator	9,840.00	-	9,840.00	9,840.00	-	9,600.00
7. Part Time Assistant Clerk/Receptionist	10,455.00	-	10,455.00	10,455.00	-	10,200.00
8. Parking Attendants and Extra Help	58,000.00	-	58,000.00	57,883.04	116.96	57,745.00
9. Legal Expenses	6,300.00	-	6,300.00	6,297.10	2.90	5,550.00
10. Auditing Expenses	4,280.00	-	4,280.00	4,280.00	-	4,080.00
11. Parking Consultant's Fee	1,800.00	-	1,800.00	1,795.43	4.57	2,973.55
12. Advertising Expenses	2,500.00	-	2,500.00	2,392.50	107.50	1,512.65
13. Professional Services Contingency	280.00	-	280.00	200.00	80.00	230.27
14. Lot Maintenance	30,000.00	-	30,000.00	29,990.02	9.98	30,330.51
15. Snow Removal Contingency	1,500.00	-	1,500.00	1,500.00	-	1,475.00
16. Parking Lot Contingency	250.00	-	250.00	70.00	180.00	-
17. Telephone Service	5,000.00	-	5,000.00	4,773.12	226.88	4,889.95
18. Administrative Expenses	5,000.00	-	5,000.00	3,806.12	1,193.88	3,530.32
19. Ticket Control Supplies and Services	30,800.00	(3,500.00)	27,300.00	27,284.00	16.00	30,157.98
20. Electrical Expenses	60,000.00	-	60,000.00	59,601.96	398.04	61,969.23
21. F.I.C.A. Contributions	13,000.00	-	13,000.00	12,649.77	350.23	12,055.69
22. Insurance	19,900.00	-	19,900.00	19,886.40	13.60	19,332.00
23. State Pension Plan (P.E.R.S.) - Employer Share	15,000.00	-	15,000.00	14,850.00	150.00	11,750.00
24. Hospitalization	33,900.00	(4,000.00)	29,900.00	29,767.34	132.66	29,845.45
25. Unemployment Compensation Insurance	860.00	-	860.00	705.47	154.53	592.50
26. MPA Dental Plan Contributions	1,400.00	-	1,400.00	1,400.00	-	1,300.00
27. Miscellaneous	250.00	-	250.00	240.25	9.75	250.00

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

STATEMENT OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES
COMPARED TO THE BUDGET FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR FISCAL YEAR ENDED DECEMBER 31, 2010)
(CONTINUED)

<u>Expenditures (Continued)</u>	2011 <u>Budget</u>	<u>Transfers</u>	Budget After <u>Transfers</u>	<u>2011 Actual</u> Paid or <u>Charged</u>	<u>Variance</u>	2010 <u>Actual</u>
M. DeHart Street Garage						
1. Parking Authority Director	\$ 25,850.00	\$ (44.00)	\$25,806.00	\$25,806.00	\$ -	\$24,987.00
2. Parking Authority Operations Manager	16,940.00	-	16,940.00	16,940.00	-	15,600.00
3. Parking Authority Financial Bookkeeper	14,520.00	-	14,520.00	14,360.70	159.30	13,632.90
4. General Maintenance Personnel	33,220.00	-	33,220.00	32,404.37	815.63	31,532.12
5. Enforcement and Traffic Officers	26,400.00	-	26,400.00	26,395.78	4.22	20,451.95
6. Administrative Secretary/Computer Operator	10,824.00	-	10,824.00	10,824.00	-	10,560.00
7. Part Time Assistant Clerk/Receptionist	11,500.00	-	11,500.00	11,500.00	-	11,220.00
8. Parking Attendants and Extra Help	68,000.00	(4,000.00)	64,000.00	63,585.25	414.75	66,922.50
9. Legal Expenses	6,930.00	-	6,930.00	6,927.05	2.95	5,379.00
10. Auditing Expenses	4,815.00	-	4,815.00	4,815.00	-	4,488.00
11. Parking Consultant's Fee	1,980.00	-	1,980.00	1,976.94	3.06	2,959.55
12. Advertising Expenses	2,750.00	-	2,750.00	2,445.00	305.00	1,652.66
13. Professional Services Contingency	310.00	-	310.00	200.00	110.00	125.00
14. Lot Maintenance	25,000.00	-	25,000.00	24,826.45	173.55	24,326.69
15. Snow Removal Contingency	4,500.00	-	4,500.00	4,265.25	234.75	4,467.19
16. Parking Lot Contingency	250.00	-	250.00	200.00	50.00	-
17. Telephone Service	7,500.00	-	7,500.00	7,477.39	22.61	7,160.33
18. Administrative Expenses	6,000.00	-	6,000.00	5,140.54	859.46	4,306.25
19. Ticket Control Supplies and Services	34,400.00	(3,000.00)	31,400.00	31,392.10	7.90	33,628.75
20. Electrical Expenses	90,000.00	32,000.00	122,000.00	121,968.18	31.82	104,900.84
21. F.I.C.A. Contributions	14,300.00	-	14,300.00	13,888.67	411.33	13,262.03
22. Insurance	21,890.00	-	21,890.00	21,883.90	6.10	21,565.00
23. State Pension Plan (P.E.R.S.) - Employer Share	16,500.00	-	16,500.00	16,460.00	40.00	13,200.00
24. Hospitalization	37,290.00	(5,000.00)	32,290.00	32,201.24	88.76	34,814.84
25. Unemployment Compensation Insurance	946.00	-	946.00	771.33	174.67	651.76
26. MPA Dental Plan Contributions	1,540.00	-	1,540.00	1,040.00	500.00	1,500.00
27. Miscellaneous	250.00	-	250.00	250.00	-	250.00
N. Vail Parking Facilities:						
1. Parking Authority Director	3,525.00	(6.00)	3,519.00	3,519.00	-	3,407.00
2. Parking Authority Operations Manager	2,310.00	-	2,310.00	2,310.00	-	2,250.00
3. Parking Authority Financial Bookkeeper	1,980.00	-	1,980.00	1,958.40	21.60	1,860.00
4. General Maintenance Personnel	4,530.00	-	4,530.00	4,389.75	140.25	4,348.50
5. Enforcement and Traffic Officers	3,600.00	-	3,600.00	3,593.92	6.08	2,848.42
6. Administrative Secretary/Computer Operator	1,476.00	-	1,476.00	1,476.00	-	1,440.00
7. Part Time Assistant Clerk/Receptionist	1,569.00	-	1,569.00	1,569.00	-	1,530.00
8. Parking Attendants and Extra Help	7,500.00	-	7,500.00	7,105.00	395.00	6,840.36
9. Legal Expenses	945.00	-	945.00	942.00	3.00	300.00
10. Auditing Expenses	535.00	-	535.00	535.00	-	612.00
11. Parking Consultant's Fee	270.00	-	270.00	265.00	5.00	269.74
12. Advertising Expenses	375.00	-	375.00	293.32	81.68	46.64
13. Professional Services Contingency	40.00	-	40.00	-	40.00	-
14. Lot Maintenance	8,000.00	-	8,000.00	7,806.19	193.81	7,977.07
15. Snow Removal Contingency	4,500.00	-	4,500.00	4,469.46	30.54	4,488.60
16. Parking Lot Contingency	250.00	-	250.00	-	250.00	160.00
17. Telephone Service	6,000.00	-	6,000.00	5,993.53	6.47	5,207.96
18. Administrative Expenses	3,000.00	-	3,000.00	2,040.89	959.11	3,390.29
19. Ticket Control Supplies and Services	5,175.00	(3,000.00)	2,175.00	2,172.00	3.00	7,439.53
20. Electrical Expenses	7,500.00	1,000.00	8,500.00	8,330.02	169.98	6,978.56
21. F.I.C.A. Contributions	1,950.00	-	1,950.00	1,908.32	41.68	1,856.12
22. Insurance	2,985.00	-	2,985.00	2,984.85	0.15	2,466.50
23. State Pension Plan (P.E.R.S.) - Employer Share	2,250.00	-	2,250.00	2,232.00	18.00	1,733.00
24. Hospitalization	5,085.00	-	5,085.00	4,539.94	545.06	4,541.21
25. Unemployment Compensation Insurance	129.00	-	129.00	104.96	24.04	89.87
26. MPA Dental Plan Contributions	210.00	-	210.00	210.00	-	200.00
27. Miscellaneous	250.00	-	250.00	245.00	5.00	250.00

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

STATEMENT OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES
COMPARED TO THE BUDGET FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR FISCAL YEAR ENDED DECEMBER 31, 2010)
(CONCLUDED)

<u>Expenditures (Continued)</u>	<u>2011 Budget</u>	<u>Transfers</u>	<u>Budget After Transfers</u>	<u>2011 Actual Paid or Charged</u>	<u>Variance</u>	<u>2010 Actual</u>
O. Miscellaneous	65,404.00	(12,940.00)	52,464.00	52,442.81	21.19	47,331.01
	<u>\$2,475,000.00</u>	<u>\$ -</u>	<u>\$2,475,000.00</u>	<u>\$2,443,214.52</u>	<u>\$31,785.48</u>	<u>\$2,348,851.74</u>
Debt Service:						
Principal	780,000.00	-	780,000.00	780,000.00	-	750,000.00
Interest	1,685,456.00	-	1,685,456.00	1,685,455.04	0.96	1,713,837.54
	<u>2,465,456.00</u>	<u>-</u>	<u>2,465,456.00</u>	<u>2,465,455.04</u>	<u>0.96</u>	<u>2,463,837.54</u>
	<u>\$ 4,940,456.00</u>	<u>\$ -</u>	<u>\$ 4,940,456.00</u>	<u>\$ 4,908,669.56</u>	<u>\$31,786.44</u>	<u>\$ 4,812,689.28</u>

OTHER SUPPLEMENTARY INFORMATION

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
FUND BALANCE - RESERVED AND UNRESERVED**

	Unreserved	Reserved										Totals												
		Current Debt Service	Future Debt Service	Reserve for Operations	Future Improvements	Employees Dental Plan	Ann/Bank Schuyler Permit	Dehart Street Permit	The Mall @ Cattano Ave. Permit	Dalton Garage Permit	2011													
Operating Revenues:																								
On and Off Street Revenues	\$ 3,650,775.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,650,775.36
Other Operating Revenues	<u>1,225,774.64</u>																							<u>1,225,774.64</u>
	<u>4,876,550.00</u>																							<u>4,876,550.00</u>
Operating Expenses:																								
Administrative and Maintenance	2,443,214.52																							2,443,214.52
Depreciation	<u>1,008,105.23</u>																							<u>1,008,105.23</u>
	<u>3,451,319.75</u>																							<u>3,451,319.75</u>
Operating Income	<u>1,425,230.25</u>																							<u>1,425,230.25</u>
Non Operating Revenues and (Expenses):																								
Interest Income		2,265.45	57,783.10				864.42																	60,912.97
Refunding Cost of Issuance Proceeds							136,735.09																	136,735.09
Interest Expense																								(1,601,877.69)
Miscellaneous Expenses																								(3,122.00)
Payment of Claims																								6,500.00
2011 Budget Appropriation																								6,500.00
Miscellaneous Deposits	168,577.39																							177,997.39
Miscellaneous Disbursements	<u>(183,560.85)</u>																							<u>(190,879.67)</u>
Unamortized Debt Issuance Costs	<u>(199,872.43)</u>																							<u>(199,872.43)</u>
Unamortized Debt Discount Costs	<u>(15,227.44)</u>																							<u>(15,227.44)</u>
Morristown Partnership Capital Contribution																								40,229.80
Epstein's Capital Contribution																								(39,178.00)
Contribution - Town of Morristown																								(39,178.00)
Non-Capitalized Expenditures	<u>(35,000.00)</u>																							<u>(35,000.00)</u>
Net Income (Deficit) Before Transfers	<u>1,160,146.92</u>	<u>(1,599,612.24)</u>	<u>57,783.10</u>				<u>(203,962.34)</u>																	<u>(342,613.65)</u>
Transfers:																								
Transfers	<u>(1,641,754.29)</u>	<u>1,552,791.77</u>	<u>(60,095.62)</u>				<u>149,058.14</u>																	<u>0.00</u>
Increase in Retained Earnings	<u>(481,607.37)</u>	<u>(46,820.47)</u>	<u>(2,312.52)</u>				<u>(54,904.20)</u>																	<u>(580,165.38)</u>
Retained Earnings January 1	<u>10,659,728.59</u>	<u>1,449,216.85</u>	<u>2,469,912.52</u>				<u>50,000.00</u>																	<u>16,078,189.23</u>
Retained Earnings December 31	<u>\$ 10,178,121.22</u>	<u>\$ 1,402,396.38</u>	<u>\$ 2,467,600.00</u>				<u>\$ 50,000.00</u>																	<u>\$ 15,498,023.85</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

**SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED ACCOUNTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

	Trustee Revenue <u>Account</u>	Revenue Operating <u>Account</u>	Revolving Change <u>Fund</u>	Payroll <u>Account</u>	<u>Total</u>
Cash and Investments January 1, 2011	\$ 462,131.04	\$ (1,915.02)	\$ 9,963.05	\$ 4,006.46	\$ 474,185.53
Cash Receipts:					
Total Parking Revenues Realized	3,628,502.76				3,628,502.76
Transfers from Trustee Revenue Account	(2,510,356.34)	2,510,356.34	-		-
Change Machine Deposits			151,794.00		151,794.00
Deposits for Net Pay and Agencies				903,977.99	903,977.99
Prior Year Accounts Receivable	132,525.68				132,525.68
Amount Due to Dodge Foundation	-				-
Amount Due to Applied Companies	54,000.00				54,000.00
Miscellaneous					-
Prepaid Rent	36,275.49				36,275.49
Budget Refunds					-
Other Revenue Fund Income:					
Interest on Investments	-		-		-
Developer's Incremental Cost	20,567.40				20,567.40
Forfeiture of Scan Card Deposits	-				-
Solar Renewable Energy Credits	23,562.53				23,562.53
Applied Ground Lease	175,000.00				175,000.00
Office Rents	958,550.98				958,550.98
Total Cash and Investments Available	<u>2,980,759.54</u>	<u>2,508,441.32</u>	<u>161,757.05</u>	<u>907,984.45</u>	<u>6,558,942.36</u>
Cash Disbursements:					
Budget Appropriations		2,333,571.61			2,333,571.61
Accounts Payable		75,687.09			75,687.09
Advances to Change Machines			158,100.00		158,100.00
Amount Due to Applied Companies		54,000.00			54,000.00
Amount Due to Dodge Foundation		21,318.47			21,318.47
Contribution - Town of Morristown		35,000.00			35,000.00
Amount Due to Epstein's					-
Prepaid Expenses					-
Petty Cash Advanced					-
Credit Card Fees/Bad Checks	25,460.85				25,460.85
Payments to Employees and Agencies				903,227.87	903,227.87
Transfer to Restricted Accounts	2,263,352.13	-	-	-	2,263,352.13
Total Cash Disbursements	<u>2,288,812.98</u>	<u>2,519,577.17</u>	<u>158,100.00</u>	<u>903,227.87</u>	<u>5,869,718.02</u>
Cash and Investments December 31, 2011	<u>\$ 691,946.56</u>	<u>\$ (11,135.85)</u>	<u>\$ 3,657.05</u>	<u>\$ 4,756.58</u>	<u>\$ 689,224.34</u>
Balance Comprised of:					
Cash	\$ 691,946.56	\$ (11,135.85)	\$ 3,657.05	\$ 4,756.58	689,224.34
Investments:					
Money Market Funds	-	-	-	-	-
	<u>\$ 691,946.56</u>	<u>\$ (11,135.85)</u>	<u>\$ 3,657.05</u>	<u>\$ 4,756.58</u>	<u>\$ 689,224.34</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

**SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
RESTRICTED ACCOUNTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

	Accounts Required By Revenue Bond Agreement										Other Accounts				
	Current	Future Debt Service Accounts	2002	2007	2011	2002	2007	2011	2002	2007	2011	Amn/Bank Permit Escrow Account	Cattano Avenue Escrow Account	DeHart Street Escrow Account	Dalton Garage Escrow Account
Cash and Investments January 1, 2011	\$ 2,155,017.60	\$ 2,562,021.95	\$ 76,961.54	\$ 662,899.53	\$ 7,103.78	\$ 13.85	\$ -	\$ -	\$ 71,536.20	\$ 5,175.22	\$ 5,460.00	\$ 7,845.00	\$ 9,825.00	\$ 10,425.00	\$ 5,574,284.67
Cash Receipts:															
Interest on Investments	2,265.45	57,783.10	-	844.79	10.62	-	-	9.01	-	-	-	-	-	-	60,912.97
2011 Budget Appropriation															6,500.00
Scan Card Fees Held In Escrow															9,420.00
Bond Proceeds	10,121,857.95	-	-	-	-	-	-	-	163,352.13	-	1,560.00	2,220.00	3,195.00	2,445.00	10,121,857.95
Transfer from Unrestricted Accounts	2,100,000.00	-	-	12,110.99	-	-	-	136,735.09	225,000.00	-	-	-	-	-	2,263,352.13
Transfers Between Accounts	90,243.96	1,003,031.03	-	675,855.31	7,114.40	13.85	136,744.10	459,886.33	-	-	-	-	-	-	1,467,121.07
Total Cash and Investments Available	14,489,384.96	3,922,836.08	76,961.54	675,855.31	7,114.40	13.85	136,744.10	459,886.33	11,675.22	7,020.00	10,085.00	13,020.00	13,020.00	12,870.00	19,503,448.79
Cash Disbursements:															
Payment of Claims	1,685,455.04	-	-	-	-	-	-	-	3,122.00	-	-	-	-	-	1,685,455.04
Bond Interest	780,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	780,000.00
Bond Principal															
Miscellaneous									268.82	165.00	630.00	645.00	615.00	615.00	2,323.82
Forfeiture of Scan Card Deposits										405.00	915.00	2,115.00	1,560.00	1,560.00	4,995.00
Additions to Property, Plant and Equipment															
Non-Capitalized Expenditures			5,163.00						21,241.98						26,404.98
Transfer To Escrow	10,520,379.97	146,541.03	24,162.40				135,495.68	182,955.57							342,613.65
Transfers Between Accounts	238,930.17	1,003,190.90	-	225,000.00	-	-	-	-	-	-	-	-	-	-	10,666,921.00
Total Cash Disbursements	13,224,765.18	1,149,731.93	29,325.40	225,000.00	-	-	135,495.68	204,197.55	3,390.82	570.00	1,545.00	2,760.00	2,175.00	2,175.00	14,978,956.56
Cash and Investments December 31, 2011	\$ 1,244,619.78	\$ 2,473,104.15	\$ 47,636.14	\$ 450,855.31	\$ 7,114.40	\$ 13.85	\$ 1,248.42	\$ 255,690.78	\$ 8,284.40	\$ 6,450.00	\$ 8,520.00	\$ 10,260.00	\$ 10,695.00	\$ 10,695.00	\$ 4,524,492.23
Balance Comprised of:															
Cash	\$ -	\$ -	\$ 47,636.14	\$ -	\$ -	\$ -	\$ -	\$ 255,690.78	\$ 8,284.40	\$ 6,450.00	\$ 8,520.00	\$ 10,260.00	\$ 10,695.00	\$ 10,695.00	\$ 347,536.32
Investments:															
Money Market Funds	945,467.36	2,473,104.15	-	1,122.81	7,114.40	13.85	1,248.42	-	-	-	-	-	-	-	3,428,070.99
U.S. Treasury Notes/Bills	299,152.42	-	-	449,732.50	-	-	-	-	-	-	-	-	-	-	748,884.92
	\$ 1,244,619.78	\$ 2,473,104.15	\$ 47,636.14	\$ 450,855.31	\$ 7,114.40	\$ 13.85	\$ 1,248.42	\$ 255,690.78	\$ 8,284.40	\$ 6,450.00	\$ 8,520.00	\$ 10,260.00	\$ 10,695.00	\$ 10,695.00	\$ 4,524,492.23

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

**SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
CURRENT DEBT SERVICE ACCOUNTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

	2002 Bond <u>Issue</u>	2004 Bond <u>Issue</u>	2007 Bond <u>Issue</u>	2011 Bond <u>Issue</u>	<u>Total</u>
Cash and Investments January 1, 2011	\$ 514,607.58	\$ 488,120.77	\$ 1,152,289.25	\$ -	\$ 2,155,017.60
Cash Receipts:					
Interest on Investments	454.95	539.40	1,202.78	68.32	2,265.45
Bond Proceeds			-	10,121,857.95	10,121,857.95
Transfers In		-	-	90,243.96	90,243.96
Transfer from Net Revenue Trustee	<u>320,000.00</u>	<u>295,000.00</u>	<u>1,205,000.00</u>	<u>280,000.00</u>	<u>2,100,000.00</u>
Total Cash and Investments Available	<u>835,062.53</u>	<u>783,660.17</u>	<u>2,358,492.03</u>	<u>10,492,170.23</u>	<u>14,469,384.96</u>
Cash Disbursements:					
Bond Principal	425,000.00	125,000.00	230,000.00	-	780,000.00
Bond Interest	66,480.00	372,427.50	1,246,547.54	-	1,685,455.04
Debt Service					-
Transfer to Escrow	301,170.49	234,086.62		9,985,122.86	10,520,379.97
Transfers Out	<u>42,412.04</u>	<u>52,146.05</u>	<u>7,636.99</u>	<u>136,735.09</u>	<u>238,930.17</u>
	<u>835,062.53</u>	<u>783,660.17</u>	<u>1,484,184.53</u>	<u>10,121,857.95</u>	<u>13,224,765.18</u>
Cash and Investments December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 874,307.50</u>	<u>\$ 370,312.28</u>	<u>\$ 1,244,619.78</u>
Balance Comprised of:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments:					
Money Market Funds	-	-	575,155.08	370,312.28	945,467.36
U.S. Treasury Notes/Bills	<u>-</u>	<u>-</u>	<u>299,152.42</u>	<u>-</u>	<u>299,152.42</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 874,307.50</u>	<u>\$ 370,312.28</u>	<u>\$ 1,244,619.78</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

**SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
FUTURE DEBT SERVICE ACCOUNTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

	2002 Bond <u>Issue</u>	2004 Bond <u>Issue</u>	2007 Bond <u>Issue</u>	2011 Bond <u>Issue</u>	<u>Total</u>
Cash and Investments January 1, 2011	\$ 588,096.75	\$ 506,334.86	\$ 1,467,590.34	\$ -	\$ 2,562,021.95
Cash Receipts:					
Transfers In				1,003,031.03	1,003,031.03
Interest on Investments	<u>29,594.13</u>	<u>25,706.19</u>	<u>2,164.19</u>	318.59	<u>57,783.10</u>
	<u>617,690.88</u>	<u>532,041.05</u>	<u>1,469,754.53</u>	<u>1,003,349.62</u>	<u>3,622,836.08</u>
Cash Disbursements					
Transfers To Escrow	78,736.50	67,804.53	-	-	146,541.03
Transfers Out	<u>538,954.38</u>	<u>464,236.52</u>	<u>-</u>	<u>-</u>	<u>1,003,190.90</u>
	<u>617,690.88</u>	<u>532,041.05</u>	<u>-</u>	<u>-</u>	<u>1,149,731.93</u>
Cash and Investments December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,469,754.53</u>	<u>\$ 1,003,349.62</u>	<u>\$ 2,473,104.15</u>
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments:					
Money Market Funds	-	-	1,469,754.53	1,003,349.62	2,473,104.15
U.S. Treasury Notes/Bills	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,469,754.53</u>	<u>\$ 1,003,349.62</u>	<u>\$ 2,473,104.15</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

SCHEDULE OF COMPARATIVE ANALYSIS OF REVENUES REALIZED

	12 Months Ending		Increase or (Decrease)	Percent Change
	December 31, 2011	December 31, 2010		
Off Street (2,576 Spaces)				
DeHart Street	\$ 790,439.51	\$ 526,630.63	\$ 263,808.88	50.09%
Lot 3-R Railroad (Rear)	119,025.16	133,149.19	(14,124.03)	-10.61%
Lot 6-F Speedwell Ave./Early St.	25,074.26	22,676.25	2,398.01	10.57%
Lot 6-R	10,100.00	8,640.00	1,460.00	16.90%
Lot 8-H Elm Street	37,066.94	32,598.97	4,467.97	13.71%
Lot 9-I Vail	86,772.93	71,221.62	15,551.31	21.84%
Lot 10-J Post Office	152,610.53	149,932.54	2,677.99	1.79%
Lot 12-L Ann/Bank Garage	442,240.97	408,958.35	33,282.62	8.14%
Lot 13-M Flagler Street	2,000.02	2,256.98	(256.96)	-11.39%
Lot 14-N Sussex Avenue	2,858.03	2,860.69	(2.66)	-0.09%
Lot 15	7,289.33	6,336.16	953.17	15.04%
The Mall @ Cattano Avenue	280,626.00	244,962.50	35,663.50	14.56%
Dalton Garage	614,902.36	665,830.39	(50,928.03)	-7.65%
	<u>2,571,006.04</u>	<u>2,276,054.27</u>	<u>294,951.77</u>	<u>12.96%</u>
On Street (700 Spaces)	527,347.31	528,192.30	(844.99)	-0.16%
Meter Cards	9,135.00	8,400.00	735.00	8.75%
Miscellaneous	84,776.23	15,826.20	68,950.03	435.67%
Validation Program	44,605.68	28,275.80	16,329.88	57.75%
Morristown Green	180,000.00	180,000.00	-	0.00%
Granite, LLC	124,700.00	125,905.00	(1,205.00)	-0.96%
Washington/Cattano	63,900.00	63,900.00	-	0.00%
Parking Debit Cards	45,305.10	43,926.16	1,378.94	3.14%
Total Parking Revenues	<u>3,650,775.36</u>	<u>3,270,479.73</u>	<u>380,295.63</u>	<u>11.63%</u>
Other Operating/Revenue Fund Income:				
Interest Earned - Revenue Fund	-	55.51	(55.51)	-100.00%
Interest Earned - Revolving Change Fund	-	6.23	(6.23)	-100.00%
Interest Earned - Debt Service Fund	2,265.45	2,774.48	(509.03)	-18.35%
Interest Earned - General Reserve and Replacement Fund	844.79	1,009.50	(164.71)	-16.32%
Developer - Incremental Cost	20,567.40	22,281.35	(1,713.95)	-7.69%
Forfeiture of Scan Card Deposits	-	5,415.00	(5,415.00)	-100.00%
Solar Renewable Energy Credits	23,562.53	62,488.82	(38,926.29)	-62.29%
Applied Ground Lease	175,000.00	155,000.00	20,000.00	12.90%
Office Rents	1,006,644.71	1,036,063.10	(29,418.39)	-2.84%
Total Other Revenues	<u>1,228,884.88</u>	<u>1,285,093.99</u>	<u>(56,209.11)</u>	<u>-4.37%</u>
Interest Earned - Non Operating Funds:				
Future Debt Service	57,783.10	58,096.77	(313.67)	-0.54%
Capitalized Interest Fund	-	30.52	(30.52)	-100.00%
Construction Fund	10.62	78.83	(68.21)	-86.53%
Improvement Fund	-	24.77	(24.77)	-100.00%
Total Interest Earned	<u>57,793.72</u>	<u>58,230.89</u>	<u>(437.17)</u>	<u>-0.75%</u>
	<u>\$ 4,937,453.96</u>	<u>\$ 4,613,804.61</u>	<u>\$ 323,649.35</u>	<u>7.01%</u>

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

SCHEDULE OF ANALYSIS OF REVENUES REALIZED
FISCAL YEAR ENDED DECEMBER 31, 2011

	Cashier Revenue	Meter Revenue	Monthly Permit Revenue	Space Leases	Meter Cards	Miscellaneous	Total
DeHart Street	\$ -	\$ 315,569.01	\$ 428,460.50	\$ -	\$ -	\$ 46,410.00	\$ 790,439.51
Lot 3-R		27,045.16	86,055.00	5,925.00			119,025.16
Lot 6-F		25,074.26					25,074.26
Lot 6-R			10,100.00				10,100.00
Lot 8-H		12,571.94	24,495.00				37,066.94
Lot 9-I Vail		51,721.93	35,051.00				86,772.93
Lot 10-J		93,143.13	59,267.40	200.00			152,610.53
Lot 12-L Ann/Bank Garage	226,583.97		215,657.00				442,240.97
Lot 13-M		2,000.02					2,000.02
Lot 14-N		1,068.03	1,790.00				2,858.03
Lot 15		7,289.33					7,289.33
Cattano Avenue Mall			280,626.00				280,626.00
Dalton Garage	489,584.36	-	125,318.00	-	-	-	614,902.36
	716,168.33	535,482.81	1,266,819.90	6,125.00	-	-	2,571,006.04
On Street:							
Zone 1		379,411.51					379,411.51
Zone II		147,935.80					147,935.80
Meter Cards					9,135.00		9,135.00
Miscellaneous						84,776.23	84,776.23
Valication Program						44,605.68	44,605.68
Morristown Green						180,000.00	180,000.00
Granite ,LLC						124,700.00	124,700.00
Washington/Cattano						63,900.00	63,900.00
Parking Debit Cards						45,305.10	45,305.10
Developer - Incremental Cost						20,567.40	20,567.40
Forfeiture of Scan Card Deposits						-	-
Solar Renewable Energy Credits						23,562.53	23,562.53
Applied Ground Lease						175,000.00	175,000.00
Office Rents						1,006,644.71	1,006,644.71
Interest Earned - Revenue/Operating Fund						-	-
Interest Earned - Revolving Change Fund						2,265.45	2,265.45
Interest Earned - Current Debt Service Fund						844.79	844.79
Interest Earned - General Reserve & Replacement Fund						-	-
	\$ 716,168.33	\$ 1,062,830.12	\$ 1,266,819.90	\$ 6,125.00	\$ 9,135.00	\$ 1,772,171.89	\$ 4,879,660.24

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

SCHEDULE OF ACCOUNTS RECEIVABLE

Balance January 1, 2011	\$ 132,525.68
Increased by:	
Revenue Realized in 2011	<u>22,272.60</u>
	154,798.28
Decreased by:	
Received in 2011	<u>132,525.68</u>
Balance December 31, 2011	<u>\$ 22,272.60</u>

Analysis of Balance December 31, 2011

Morristown Partnership	\$ -
Integra Management Corp.	706.95
Morristown Green	15,000.00
Century 21	2,000.00
Misc. Parker Permits	743.00
Alphagraphics	130.00
Morris County Community College	772.50
Ideas To Go	1,314.68
Gensler	270.00
Apex Endodontics	280.00
40 Park LLC	<u>1,055.47</u>
	<u>\$ 22,272.60</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

SCHEDULE OF RENTS ACCOUNTS RECEIVABLE

Balance January 1, 2011	\$ 19,936.20
Increased by:	
Revenue Realized in 2011	951,360.12
	971,296.32
Decreased by:	
Received in 2011	958,550.98
	958,550.98
Balance December 31, 2011	\$ 12,745.34

Analysis of Balance December 31, 2011

Morris Literacy Volunteers	\$ 4,450.00
Fannie E Rippel	459.91
Dodge Foundation	1,242.85
Seeing Eye	2,695.61
Morristown Partnership	3,896.97
	\$ 12,745.34

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

Balance January 1, 2011	\$ 592,100.00
Increased by:	
Revenue Realized in 2011	<u>40,229.80</u>
	632,329.80
Decreased by:	
Credit Applied in 2011	<u>39,178.00</u>
Balance December 31, 2011	<u>\$ 593,151.80</u>
 <u>Analysis of Balance December 31, 2011</u>	
Epsteins LLC.	\$ 523,322.00
Morristown Partnership	40,229.80
Vail Mansion	20,000.00
Durso Holdings	<u>9,600.00</u>
	<u>\$ 593,151.80</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

Balance January 1, 2011		\$ 53,436,174.42
Increased by:		
Prior Year Adjustment	\$ -	
2011 Construction Expenditures	<u>26,404.98</u>	
		<u>26,404.98</u>
		53,462,579.40
Decreased by:		
2011 Disposals	\$ 17,469.00	
Prior Year Adjustment	<u>-</u>	
		<u>17,469.00</u>
Balance December 31, 2011		<u>\$ 53,445,110.40</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

SCHEDULE OF ACCOUNTS PAYABLE

Balance January 1, 2011	\$ 75,587.09
Increased by:	
Accounts Payable Charged to 2011 Budget	<u>109,642.91</u>
	185,230.00
Decreased by:	
Accounts Payable Paid in 2011	<u>75,587.09</u>
Balance December 31, 2011	<u>\$ 109,642.91</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

SCHEDULE OF PREPAID REVENUES

Balance January 1, 2011	\$ 55,284.59
Increased by:	
Recieved in 2011	<u>36,275.49</u>
	91,560.08
Decreased by:	
Applied in 2011	<u>55,284.59</u>
Balance December 31, 2011	<u>\$ 36,275.49</u>

Analysis of Balance December 31, 2011

Fannie E Rippel	\$ 10,624.49
Leases (Lot 3)	375.00
Debit Cards	276.00
Monthly Permits:	
DeHart Street	9,345.00
Lot 3	5,185.00
Lot 6	40.00
Lot 8	910.00
Lot 10	2,065.00
Lot 12	3,975.00
Lot 14	160.00
Dalton	1,500.00
Mall	<u>1,820.00</u>
	<u>\$ 36,275.49</u>

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

SCHEDULE OF REVENUE SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Issue	Date	Original Amount	Interest Rate	Maturities Date	Amount	Balance Jan. 1, 2011	Issued 2011	Refunded 2011	Paid 2011	Balance Dec. 31, 2011
Refunding of 2002	5/1/02	\$ 4,860,000.00				\$ 1,785,000.00	-	\$ 1,360,000.00	\$ 425,000.00	\$ -
Refunding of 2004	2/15/04	10,025,000.00				9,375,000.00	-	9,250,000.00	125,000.00	-
Revenue of 2007	7/1/07	27,180,000.00	4.000%	8/1/2012	230,000.00	26,610,000.00			230,000.00	26,380,000.00
			4.000%	8/1/2013	240,000.00					
			4.250%	8/1/2014	255,000.00					
			5.000%	8/1/2015	260,000.00					
			5.000%	8/1/2016	260,000.00					
			5.000%	8/1/2017	265,000.00					
			5.000%	8/1/2018	280,000.00					
			4.125%	8/1/2019	295,000.00					
			4.250%	8/1/2020	310,000.00					
			4.250%	8/1/2021	320,000.00					
			4.350%	8/1/2022	335,000.00					
			4.375%	8/1/2023	355,000.00					
			4.375%	8/1/2024	365,000.00					
			4.375%	8/1/2025	385,000.00					
			4.500%	8/1/2027	2,890,000.00					
			5.000%	8/1/2030	4,865,000.00					
			5.000%	8/1/2033	5,630,000.00					
			4.500%	8/1/2037	8,840,000.00					
Refunding of 2011	8/16/11						9,890,000.00			9,890,000.00
			3.000%	8/1/2012	315,000.00					
			3.000%	8/1/2013	285,000.00					
			3.000%	8/1/2014	290,000.00					
			3.000%	8/1/2015	675,000.00					
			3.000%	8/1/2016	710,000.00					
			3.000%	8/1/2017	735,000.00					
			4.000%	8/1/2018	755,000.00					
			4.000%	8/1/2019	785,000.00					
			4.000%	8/1/2020	815,000.00					
			3.000%	8/1/2021	850,000.00					
			3.250%	8/1/2022	875,000.00					
			3.450%	8/1/2023	900,000.00					
			3.600%	8/1/2024	935,000.00					
			3.700%	8/1/2025	965,000.00					
						\$ 37,770,000.00	\$ 9,890,000.00	\$ 10,610,000.00	\$ 780,000.00	\$ 36,270,000.00

**REPORTS PURSUANT TO GOVERNMENT AUDITING
STANDARDS**

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

INDEPENDENT AUDITOR'S 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 Chairperson and Members
The Parking Authority of the Town of Morristown
Morristown, New Jersey

We have audited the financial statements of The Parking Authority of the Town of Morristown (A Component Unit of the Town of Morristown) as of and for the year ended December 31, 2011, and have issued our report thereon dated April 30, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Parking Authority of the Town of Morristown's (A Component Unit of the Town of Morristown) 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 Town of Morristown's (A Component Unit of the Town of Morristown) internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Parking Authority of the Town of Morristown's (A Component Unit of the Town of Morristown) 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 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 would not necessarily identify all deficiencies in internal control that might be 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the The Parking Authority of the Town of Morristown's (A Component Unit of the Town of Morristown) 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 on noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the The Parking Authority of the Town of Morristown (A Component Unit of the Town of Morristown), the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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April 30, 2012

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

PART II

**GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2011**

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-4

The following is presented for the information of the Members and Officials:

N.J.S.A. 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 the act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in the act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to, Section 3 of c. 198, P.L. (N.J.S.A. 40A:11-3) except by contract or agreement."

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

Effective April 17, 2000 N.J.S.A. 40A:11-1 et seq. (Local Public Contracts Law) was revised by P.L. 1999, c.440 (originally known as Assembly bill No. 3519). The Division of Local Government Services in the Department of Community Affairs, after consultation with the Commissioner of Education, shall prescribe rules and procedures to implement the requirements of the law.

Effective July 1, 2010 the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is \$26,000.00, however effective January 1, 2011 the bid threshold for entities without a qualified purchasing agent was rolled back to \$17,500.00.

Inasmuch as the system of records did not provide for an accumulation of payments by categories for the performance of any work or the furnishings 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. None were disclosed.

The results of my examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory limit where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 40A:11-4.

It was noted that the Authority advertised for bids for a replacement vehicle and subsequently awarded a contract for purchasing this vehicle the actual bid documents could not be located for our review. This matter was discussed with both the Executive Director and Operations Manager for future compliance.

EXAMINATION OF CLAIMS

Claims paid during the period under review were examined for clerical accuracy and proper approvals.

The review and inquiry indicate good scrutiny on the part of the Authority and Authority Officials regarding expenditures.

RECOMMENDATIONS

NONE

Status of Prior Years' Audit Findings/Recommendations:

Not Applicable

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Should any questions arise as to our comments, please do not hesitate to call us.

APPRECIATION

We wish to express our appreciation of the assistance and courtesies rendered by the Authority Officials during the course of the audit.



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April 30, 2012