PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)

COMPREHENSIVE ANNUAL AUDIT REPORT

WITH SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITOR'S REPORT

NOVEMBER 30, 2013 AND 2012

GARBARINI & CO., P.C.
Certified Public Accountants

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)

COMPREHENSIVE ANNUAL AUDIT REPORT

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PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
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NOVEMBER 30, 2013 AND 2012

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INTRODUCTORY SECTION

Union City Parking Authority
506-518 38th Street
Union City, NJ 07087
201-348-5836

UNION CITY PARKING AUTHORITY

May 7, 2014

The Honorable Commissioners
The Parking Authority of the City of Union City
Union City, New Jersey

State law requires that all local authorities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Parking Authority of the City of Union City (the "Authority") for the years ended November 30, 2013 and 2012.

This report consists of management's representations concerning the finances of the Authority. We believe it is accurate in all material respects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Authority as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the Authority's financial affairs have been included. Responsibility for completeness and clarity of the report, including disclosures, rests with the management of the Authority and ultimately with the Board of Commissioners. By utilizing the CAFR format, it is the Authority's intent to facilitate an understanding by the non-financially oriented system user as well as provide all necessary information for the most sophisticated financial observer.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors.

Organization of Report

The CAFR is presented in several sections: Introductory, Financial, Supplementary and Statistical. The Introductory Section includes this transmittal letter and a list of principal officials. The Financial Section includes the independent auditor's report, management's discussion and analysis, and the financial statements, including the notes to the financial statements. The Supplementary Section includes supplementary schedules and information required by the Division of Local Government Services. The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis.

Government Structure and Services

The Authority's governing body consists of five members appointed by the Mayor of the City of Union City, with the advice and consent of the Board of Commissioners. Members are appointed for terms of five years.

The Authority provides parking in the form of a parking deck, parking lots and meters, as well as enforcement of parking regulations in Union City. The Authority receives $3 per ticket issued and collected by the Union City Municipal Courts. Additionally, the Authority retains all monies collected out of the city parking meters as well as various other less significant sources of revenue. None of the employees of the Authority are members of a union.

Internal Accounting Controls

Management of the Authority is responsible for establishing and maintaining an adequate internal control structure. In developing and evaluating the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of position against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits expected to be derived. All internal control evaluations occur within the above framework. We believe the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance for the proper recording of financial transactions.

Basis of Accounting

The Authority's accounting records are maintained on an accrual basis and in accordance with GAAP, as promulgated by the Governmental Accounting Standards Board. The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Annual Budget

The annual budget serves as the foundation for the Authority's financial planning and control. Management prepares a proposed budget, which is presented to the Authority's Board of Commissioners for review and approval. Prior to adoption by the Board of Commissioners, these budgets are reviewed and approved by the State of New Jersey, Division of Local Government Services.

Debt Administration

At November 30, 2013, the Authority has outstanding debt of $1,796,374, which consists of a Parking Revenue Bond, for the parking deck located between Kennedy Boulevard and Bergenline Avenue occupying the block between 38th and 39th Street in the amount of $1,793,700. The remaining balance is payable to All Points Public Funding, LLC, a Deutsche Bank Company.

Cash Management

The Authority strives to keep abreast of current developments and procedures in cash management to insure efficient and profitable use of available cash resources. The investment policy of the Authority is guided in large part by New Jersey Statutes. Cash is deposited in institutions located in New Jersey which are protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. Funds not needed immediately are invested as certificates of deposit or other allowable investments.

Risk Management

The Authority carries various forms of insurance, including, but not limited to, general liability, automotive, hazard and theft.

Pension Benefits

All Authority employees participate in the New Jersey Public Employees Retirement System (PERS). The PERS is a cost-sharing, multiple-employer defined benefit pension plan and is administered by the State of New Jersey Division of Pensions. Participants are required to contribute a statutory amount to the PERS. The Authority contributes to the PERS at an actuarially determined rate.

Annual Independent Audit

The Authority's financial statements have been audited by Garbarini & Co., P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the years ended November 30, 2013 and 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the Authority's financial statements for the years ended November 30, 2013 and 2012, are fairly presented in conformity with GAAP. The independent auditors' report is included in the financial section of this report.

Acknowledgments

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff and the Commissioners of the Authority. We would like to express our appreciation to all those who assisted and contributed to the preparation of this report.

Respectfully submitted,

Alicia Morejon
Executive Director

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)

ROSTER OF OFFICIALS

NOVEMBER 30, 2013 AND 2012

Authority Members

Ulysses Isa, Chairman

Lidia Figueredo, Secretary

Marta Araujo, Commissioner

Gildardo Hernandez, Commissioner

Tifphani White, Commissioner

FINANCIAL SECTION

GARBARINI & CO. P.C.
Certified Public Accountants

REGISTERED MUNICIPAL ACCOUNTANTS
LICENSED PUBLIC SCOOL ACCOUNTANTS

285 Division Ave & Route 17 S.
Carlstadt, NJ 07072
(201) 933-5566
www.garbarinicpa.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Commissioners of the
Parking Authority of the City of Union City
Union City, New Jersey

Report on the Financial Statements

We have audited the accompanying comparative statement of net position of the Parking Authority of the City of Union City (the "Authority"), a Component Unit of the City of Union City (the "City"), County of Hudson, State of New Jersey, and the related statements of revenues, expenses and changes in net position and cash flows as of and for the years ended November 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the *Division of Local Government Services, Department of Community Affairs, State of New Jersey*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of November 30, 2013 and 2012 and the changes in financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 11 through 15 and 31 through 36 be presented to supplement the basic financial statement. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

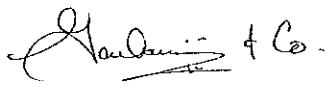
Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and other supplementary schedules section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Garbarini & Co. P.C. CPAs
Certified Public Accountants

Carlstadt, New Jersey
May 7, 2014

GARBARINI & CO. P.C.
Certified Public Accountants

REGISTERED MUNICIPAL ACCOUNTANTS
LICENSED PUBLIC SCOOL ACCOUNTANTS

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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

INDEPENDENT AUDITOR'S REPORT

The Honorable Commissioners of the
Parking Authority of the City of Union City
Union City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Parking Authority of the City of Union City (the "Authority"), a Component Unit of the City of Union City (the "City"), County of Hudson, State of New Jersey, as of and for the year ended November 30, 2013 and the related notes to the financial statements, and have issued our report thereon dated May 7, 2014.

Internal Control Over Financial Reporting

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

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

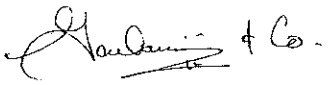
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Garbarini & Co. P.C. CPAs
Certified Public Accountants

Carlstadt, New Jersey
May 7, 2014

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
MANAGEMENT'S DISCUSSION AND ANALYSIS
NOVEMBER 30, 2013

This section of the Parking Authority of the City of Union City (the "Authority"), a Component Unit of the City of Union City (the "City"), County of Hudson, State of New Jersey, annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended November 30, 2013.

Please read it in conjunction with the Authority's financial statements and accompanying notes as well as the transmittal letter at the front of this report.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis for Local Governments.*

Discussion of Financial Statements Included in the Annual Audit

The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to a private business.

The financial statements immediately follow this discussion and analysis by management and are designed to highlight the Authority's net position and changes to those assets resulting from Authority operations.

The Basic Financial Statements

The Comparative Statement of Net Position provides information about the nature and amounts of investments in resources (assets) and the obligations to the Authority's creditors (liabilities), with the difference between the two reported as net position.

The Comparative Statement of Revenues, Expenses and Changes in Net Position shows how the Authority's net position changed during each year and accounts for all of the current year's revenues and expenses, measures the success of the Authority's operations over the past year and can be used to determine how the Authority has funded its costs.

The Comparative Statement of Cash Flows provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, non-capital financing (if applicable), capital related financing and investing activities.

Notes to Basic Financial Statements

The notes provide additional information that is essential to understanding the basic financial statements, such as the Authority's accounting methods and policies; details of cash and investments; employee benefits; long-term debt and lease transactions of the Authority; and any other events or developing situations that could materially affect the Authority's financial position.

Financial Highlights

The following data highlights the changes in the Authority's finances for the years ended November 30, 2013, 2012 and 2011:

Increase/(Decrease)	2013	2012	2011
Total Net Position	$ (136,021)	$ (144,881)	$ (416,180)
Cash and cash equivalents	120,218	96,183	(128,736)
Investments	-	-	1,151
Net capital assets	(178,749)	(189,124)	(186,064)
Total liabilities	(474,995)	49,611	20,930
Operating revenues	116,915	(4,516)	(129,114)
Operating expenses	(75,690)	(313,229)	(177,608)
Operating income	192,605	308,713	48,494

Fiscal Year 2013 compared to 2012. Net position decreased by $136,021 as a result of prior years pension liabilities for part time employees added to pension system as per State of New Jersey requirements. Cash and cash equivalents increased by $120,218 due to the investments maturing and being returned to the operating fund in the amount of $305,674. Decrease in overall cash and investments resulted from an increase in accounts receivable and a decrease in accounts payable.

Fiscal Year 2012 compared to 2011. Net position decreased by $144,881 or 9%. This was due to the decrease in operating revenues. Cash, cash equivalents and investment levels increased by $96,183 or 93% which was due to the decrease in operating expense costs. Income from operations increased by $308,713.

Financial Analysis of the Authority

The following table summarizes the assets, liabilities and net position as of November 30, 2013, 2012 and 2011:

	2013	2012	2011	2013 to 2012	2012 to 2011
Current assets	$ 430,336	$ 597,200	$ 496,746	-27.9%	20.2%
Capital assets	3,147,455	3,326,204	3,515,328	-5.4%	-5.4%
Other noncurrent assets	-	87,400	94,000	-100.0%	-7.0%
Total assets	3,577,791	4,010,804	4,106,074	-10.8%	-2.3%
Current liabilities	665,874	773,366	542,855	-13.9%	42.5%
Noncurrent liabilities	1,606,874	1,796,374	1,977,274	-10.5%	-9.1%
Total liabilities	2,272,748	2,569,740	2,520,129	-11.6%	2.0%
Net position:					
Invested in capital assets, net of related debt	1,353,755	1,351,604	1,368,028	0.2%	-1.2%
Unrestricted	(48,712)	89,460	217,917	-154.5%	-58.9%
Total net position	$ 1,305,043	$ 1,441,064	$ 1,585,945	-9.4%	-9.1%

Fiscal Year 2013 compared to 2012. The Authority's decrease in other noncurrent assets was due to debt issuance cost in the amount of $87,400, expensed due to the implementation of GASB 65, "Items previously Reported as Assets and Liabilities". The decrease in unrestricted net position of 154.5% was a result of prior year canceled checks in the amount of $57,583 and pension liabilities for current part time employees. The current revenue stream is not supporting the overall operations of the Authority. Continued cost cutting and a future increase in parking revenues will begin to improve the fiscal health of the Authority.

Fiscal Year 2012 compared to 2011. The Authority's current liabilities increased due to an increase in accounts payable of $225,046 or 107.8%. The current revenue stream is not supporting the overall operations of the Authority. Continued cost cutting and an increase in parking revenues will begin to improve the fiscal health of the Authority.

Operating Activities

The following table summarizes the revenues, expenses and changes in net position for the years ended November 30, 2013, 2012 and 2011:

	2013	2012	2011	2013 to 2012	2012 to 2011
Parking revenues	$ 1,954,093	$ 1,908,682	$ 1,918,587	2%	-1%
Rental and miscellaneous revenues	124,310	52,806	47,417	135%	11%
Total operating revenues	2,078,403	1,961,488	1,966,004	6%	0%
Non-operating revenues	621	669	46,042	-7%	-99%
Accrual of compensated absences	66,774	-	-	100%	0%
Total revenues	2,145,798	1,962,157	2,012,046	9%	-2%
Operating expenses	(1,925,487)	(2,001,177)	(2,314,406)	-4%	-14%
Non-operating expenses	(356,332)	(105,861)	(113,820)	237%	-7%
Total expenses	(2,281,819)	(2,107,038)	(2,428,226)	8%	-13%
(Decrease) increase in net assets	(136,021)	(144,881)	(416,180)	-6%	-65%
Net position beginning of year	1,441,064	1,585,945	2,002,125	-9%	-21%
Net position end of year	$ 1,305,043	$ 1,441,064	$ 1,585,945	-9%	-9%

Fiscal Year 2013 compared to 2012. The Authority's accrual of compensated absences increased in the amount of $66,774 due to an adjustment made to reflect the correct balance. As a result, the Authority's total revenues only decreased 9%, which is a substantial increase in comparison to prior years. The Authority's rental and miscellaneous revenues increased by 135% as a result of canceling prior year outstanding checks in the amount of $57,583.

Fiscal Year 2012 compared to 2011. The Authority's non-operating revenue decreased 99% due to FEMA payments received in 2012. As a result, the Authority's total revenues only decreased 3%, which is a substantial increase in comparison to prior years. The Authority's operating expenses decreased by 14% due to decreased salary and wages, and other operating expenses. Net position decreased by $144,881.

Capital Assets - The Authority, in fulfilling its mission to provide parking to the commercial and residential communities of Union City, has invested its resources in parking lots and improvements, parking meters and other necessary equipment.

The following table summarizes the changes in capital assets between December 1, 2011 and November 30, 2013:

	November 30, 2011	Additions	November 30, 2012	Additions	November 30, 2013
Land	$ 1,723,338	$ -	$ 1,723,338	$ -	$ 1,723,338
Parking deck	4,097,803		4,097,803	-	4,097,803
Improvements	688,854	-	688,854		688,854
Equipment	1,014,966	-	1,014,966		1,014,966
Totals at historical cost	7,524,961	-	7,524,961	-	7,524,961
Less: accumulated depreciation	(4,009,633)	(189,124)	(4,198,757)	(178,749)	(4,377,506)
Net capital assets	$ 3,515,328	$ (189,124)	$ 3,326,204	$ (178,749)	$ 3,147,455

Debt Administration – At year end, the Authority had $2,674 of note principal outstanding and a $1,977,274 bond relating to the 38th Street Parking Deck from 2006. More detailed information about the Authority's debt is presented in Notes 6 and 9 to the financial statements.

The following table summarizes the capital debt as of November 30, 2013, 2012 and 2011:

	2013	2012	2011
Notes payable	$ 2,674	$ 2,674	$ 2,674
2006 Bond	1,793,700	1,974,600	2,147,300
Totals	1,796,374	1,977,274	2,149,974
Due within one year	189,500	180,900	172,700
Long term portion	1,606,874	1,796,374	1,977,274
Totals	$ 1,796,374	$ 1,977,274	$ 2,149,974

Contacting the Authority's Financial Management

This financial report is designed to provide the City's citizens, taxpayers, and our customers, clients, investors and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the appropriations and grants that it receives. If you have questions about this report or need additional financial information, contact the Parking Authority of the City of Union City, 506-518 38th Street, Union City, NJ 07087 or at (201) 348-5836.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
COMPARATIVE STATEMENT OF NET POSITION
NOVEMBER 30, 2013 AND 2012

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 318,640	$ 198,422
Investments	-	305,674
Accounts receivable	111,696	93,104
Total current assets	430,336	597,200
Noncurrent assets:		
Unamortized debt issuance costs	-	87,400
Capital assets:		
Land	1,723,338	1,723,338
Improvements and equipment, net	1,424,117	1,602,866
Net capital assets	3,147,455	3,326,204
Total noncurrent assets	3,147,455	3,413,604
Total assets	$ 3,577,791	$ 4,010,804
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	$ 387,326	$ 433,779
Accrued compensated absences	60,648	127,422
Accrued interest on bond	28,400	31,265
Bond payable due within one year	189,500	180,900
Total current liabilities	665,874	773,366
Long-term liabilities:		
Bond payable	1,604,200	1,793,700
Notes payable	2,674	2,674
Total long-term liabilities	1,606,874	1,796,374
Total liabilities	2,272,748	2,569,740
Net position:		
Invested in capital assets, net of related debt	1,353,755	1,351,604
Unrestricted	(48,712)	89,460
Total net position	1,305,043	1,441,064
Total liabilities and net position	$ 3,577,791	$ 4,010,804

See independent auditor's report and accompanying notes to the basic financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGE IN NET POSITION
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

	2013	2012
Operating revenues:		
Parking meters	$ 1,254,494	$ 1,234,365
Parking permits	437,580	438,672
Surcharge	262,019	235,645
Rental income	30,350	26,400
Miscellaneous income	93,960	26,406
Total operating revenues	2,078,403	1,961,488
Operating expenses:		
Salaries and wages	841,217	835,705
Payroll taxes	63,312	72,689
Employee benefits	260,145	310,334
PERS annual appropriation	75,736	90,359
Office	45,636	33,411
Lease fee (10% 6th lot)	1,761	1,913
Uniform	6,099	5,822
Meter repairs and maintenance	26,996	16,998
General repairs and maintenance	40,369	17,507
Vehicle maintenance	6,712	4,015
Parking lot maintenance	2,078	1,620
Utilities	52,257	57,874
Snow removal	2,450	4,370
Insurance	205,714	228,840
Legal fees	48,223	59,000
Accounting fees	56,800	69,965
Other professional fees	9,022	-
Advertising	2,211	1,631
Depreciation	178,749	189,124
Total operating expenses	1,925,487	2,001,177
Operating income/(loss)	152,916	(39,689)
Non-operating revenue (expense):		
Interest income from investments	621	669
Accrual of compensated absences	66,774	-
Interest expense	(90,929)	(99,261)
Accrual of pension liability for part time employees added to pension system as per State of New Jersey	(178,003)	-
Cost of issuance on prior year debt	(80,800)	-
Amortization of debt issuance cost	(6,600)	(6,600)
Total non-operating revenue (expense)	(288,937)	(105,192)
Change in net position	(136,021)	(144,881)
Net position, beginning of year	1,441,064	1,585,945
Net position, end of year	$ 1,305,043	$ 1,441,064

See independent auditor's report and accompanying notes to the basic financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

	2013	2012
Cash flows from operating activities:		
Customer parking fee receipts	$ 1,692,074	$ 1,673,037
Ticket surcharge receipts	265,402	234,624
Other receipts	102,345	49,556
Payments to employees	(841,217)	(835,705)
Payments to vendors	(1,129,987)	(751,912)
Other payments	-	-
Net cash provided (used) by operating activities	88,617	369,600
Cash flows from capital and related financing activities:		
Principal paid on bonds	(180,900)	(172,700)
Interest paid on bonds	(93,794)	(101,997)
Net cash (used) by capital and related financing activities	(274,694)	(274,697)
Cash flows from investing activities:		
Investments returned	305,674	-
Interest received from investments	621	669
Net cash provided (used) by investing activities	306,295	669
Increase(Decrease) in cash and cash equivalents	120,218	95,572
Cash and cash equivalents at beginning of year	198,422	102,850
Cash and cash equivalents at end of year	$ 318,640	$ 198,422
Reconciliation of operating (loss) income to net cash provided by operating activities		
Operating (loss)	$ 152,916	$ (39,689)
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation expense	178,749	189,124
(Increase) decrease in accounts receivable	(18,592)	(4,271)
(Decrease) increase in accounts payable	(224,456)	224,436
Net cash provided by operating activities	$ 88,617	$ 369,600

See independent auditor's report and accompanying notes to the basic financial statements.

1. AUTHORIZING LEGISLATION AND BOND RESOLUTION

The Parking Authority of the City of Union City (the "Authority"), a Component Unit of the City of Union City (the "City"), County of Hudson, State of New Jersey, was created by virtue of an ordinance adopted by the Board of Commissioners of the City. The Authority is a public body, corporate and politic, organized under the laws of the State of New Jersey, the Authority is exempt from Federal, State and Local taxes. The Authority is engaged principally in the operation and maintenance of parking meters and lots within the City. Revenue is generated principally from coin collections, sales of parking permits and surcharge revenues.

The Authority's governing body consists of five members appointed by the Mayor of the City, with the advice and consent of the Board of Commissioners. The Authority is a component unit of the City under Governmental Accounting Standards Boards (GASB) Statement No. 14, as amended by GASB 34.On August 26, 1983, the State of New Jersey enacted P.L. 1983, Chapter 313, providing for a State review of the financial operations of local authorities. The responsibility for this review was given to the Local Finance Board and the Division of Local Government Services of the Department of Community Affairs, ("DLGS").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements, which may conflict with or contradict GASB pronouncements, in which case, GASB prevails.

In 2013, the Authority implemented GASB 65, "Items Previously Reported as Assets and Liabilities". As a result of implementation, the Authority was required to expense previously reported deferred outflows of resources. Therefore prior debt issuance costs were fully expensed in 2013.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the financial activities for the year ended November 30, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Financial Statements

The Authority's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). All revenues other than nonrecurring miscellaneous revenues are recorded as operating revenues. The Authority applies all Government Accounting Standards Board pronouncements as well as all Financial Accounting Standard Board statement and pronouncements. Revenues are recognized in the accounting period when they become susceptible to accrual. Expenditures, if measurable, are recognized in the accounting period in which the liability is incurred.

C. Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing and maintaining parking services as well as enforcing parking regulations within the City of Union City, New Jersey. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

The Authority's policy is to record all parking fee revenues as operating revenues and interest from investments as non-operating income.

D. Budgets and Budgetary Accounting

The DLGS requires that an annual budget be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Authority and approved by the DLGS per N.J.S.A. 40A:4 et. seq.

E. Allowance for Doubtful Accounts

Management has reviewed all accounts receivable at November 30, 2013 and determined that no allowance was necessary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash, Cash Equivalents and Investments

Cash and cash equivalents include all demand and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 3.

G. Inventory

Purchases of materials and supplies are expensed when purchased. The Authority does not maintain an inventory of these purchases.

H. Debt Issuance Costs

Bond issuance costs are deferred and amortized over the life of the bonds. Bond issuance costs are reported as unamortized debt issuance costs and amortized over the term of the debt.

I. Capital Assets

In order to comply with the requirements of the "New Jersey Local Authorities Accounting Principles and Auditing Standards Manual," the Authority has valued capital assets at historical cost and has recorded depreciation thereon (see Note 4).

J. Advertising Costs

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response are capitalized and amortized over the period during which future benefits are expected to be received. The Authority does not use direct-response advertising. The Authority's advertising costs are for a public relations consultant and some advertising in the local papers.

K. Income Taxes

The Authority is exempt from Federal incomes taxes under IRC Section 115 and from State income taxes under N.J.S.A. 27:25-16. Accordingly, no provision is recorded for Federal and State incomes taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Use of Estimates

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

N.J.S.A. 17:9-42 and the cash management plan adopted by the Authority requires the Authority to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Depository Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Public funds are defined as the funds of any governmental unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of 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 in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

Custodial credit risk is the risk that, in the event of a bank or counterparty failure, the Authority will not be able to recover deposits and/or the value of its investments, or will not be able to recover collateral securities that are in the possession of an outside party.

Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits and/or investments. The Authority does not invest in foreign currency.

As of November 30, 2013 and 2012, none of the Authority's bank balances of $318,640 and $504,096 was exposed to custodial credit risk or foreign currency risk.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments

New Jersey Statutes permit the following investments for local funds:

* Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
* Government money market mutual funds.
* Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
* Bonds or other obligations of the local unit or school districts of which the local unit is a part or within which the school district is located.
* Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
* Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
* New Jersey Cash Management Fund.
* Repurchase agreements of fully collateralized securities, subject to the following conditions: 1) the underlying securities are permitted investments, 2) the custody of the collateral is transferred to a third party, 3) the maturity of the agreement is not more than 30 days, 4) the underlying securities are purchased through a GUDPA bank or a securities broker-dealer registered with the New Jersey Bureau of Securities.
* Obligations issued by the state and its agencies.

During the years ended November 30, 2013 and 2012, the Authority returned their investment of certificates of deposits (CD) in the amount of $305,674 into the operating fund. At the year ended November 30, 2013, they had no investments.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At November 30, 2013 and 2012 the Authority had no investments, other than deposits insured by FDIC and GUDPA.

Concentration of Credit Risk - The Authority places no formal limit on the amount it may invest in any one issuer.

4. RETIREMENT PLAN

The Authority contributes to the New Jersey Public Employees Retirement System, ("PERS"), a cost-sharing multiple-employer defined benefit plan, administered by the Division of Pensions in the Department of the Treasury, State of New Jersey. The PERS was established in January 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and medical benefits to certain qualifying plan members and beneficiaries. Membership is mandatory to substantially all full time employees and vesting occurs after 10 years of service. Employees who retire at or after age 60 are entitled to a retirement benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years compensation for each year of membership during years of credible service. According to state law, all obligations of the PERS will be assumed by the State of New Jersey should the PERS be terminated. The State of New Jersey issues publicly available financial reports, which include the financial statements and required supplementary information of the PERS. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by laws of the State of New Jersey. Employee contribution rates for the years ended November 30, 2013, 2012, and 2011 were 6.78%, 6.64% and 6.50% of the eligible employees' base wage, respectively. Employers are required to contribute at an actuarially determined rate. Annual pension costs for the years ended November 30, 2013, 2012 and 2011 were $75,736, $90,359 and $71,826, respectively.

Employees hired after May 22, 2006 (or made full-time employee after that date) are entitled to receive lifetime health benefits at retirement and after completion of 25 years of employment as a full-time permanent employee and enrolled in the PERS.

5. CAPITAL ASSETS

A. Capital Assets are stated at historical or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenses.

B. Capital Asset activity for the year ended November 30, 2013 was as follows:

	November 30, 2012	Additions	November 30, 2013
Land	$ 1,723,338		$ 1,723,338
Parking deck	4,080,678	-	4,080,678
Meters	696,973	-	696,973
Vehicles	163,933	-	163,933
Machinery and equipment	154,577	-	154,577
Computer software	17,029	-	17,029
Leasehold improvements	67,236	-	67,236
Parking lot improvements	621,197	-	621,197
Total	5,801,623	-	5,801,623
Less: Accumulated Depreciation	(4,198,757)	(178,749)	(4,377,506)
Improvements and equipment, net	1,602,866	(178,749)	1,424,117
Net capital assets	$ 3,326,204	$ (178,749)	$ 3,147,455

C. Assets capitalized have 3 or more years of useful life. Depreciation is calculated on the straight-line basis. The useful lives of capital assets for purposes of computing depreciation are:

Asset Class	Years
Parking Deck	25
Parking Lot Improvements	7
Meters, Vehicles, Machinery & Equipment and Leasehold Improvements	5
Computer Software	3

6. ACCOUNT PAYABLE

Accounts payable to vendors for the years ended November 30, 2013 and 2012 was $203,923 and $433,799.

7. NOTES PAYABLE

The balance of $2,674 at November 30, 2013 and 2012 represents non-interest bearing notes of the Authority.

8. LONG-TERM LIABILITIES

Bond Payable

On October 1, 1996, the Authority, the City and the Hudson County Improvement Authority, (the "HCIA"), entered into the "Lease and Agreement among the Parking Authority of the City of Union City, The Hudson County Improvement Authority and the City of Union City" (the "lease agreement"). The lease agreement provided for the financing, through the Improvement Authority's pooled government loan program bonds, of a parking deck on the land located between Bergenline Avenue and Kennedy Boulevard, and covering the entire block from 38th to 39th Street (the "project"). All leases mentioned above were terminated on July 26th, 2006 when the Authority obtained permanent private placement financing through All Points Public Funding, LLC ("All Points"), a Deutsche Bank Company. The Authority has recorded the parking deck described above in capital assets at a total cost of $4,080,678.

On July 26th, 2006 the Authority issued a bond payable to All Points for $2,900,000 at a fixed rate of interest of 4.75%, maturing on August 1, 2021. Additionally, the Authority transferred $990,000 of invested funds to the HCIA to refund the Capital Lease Payable. The Authority's cost of issuance on the bond out of their invested funds of $134,000 is being amortized over 20 years.

8. LONG-TERM LIABILITIES (Continued)

Changes to long-term debt as follows:

Description	Total Debt November 30, 2012	Decreased	Total Debt November 30, 2013	Due Within One Year	Long Term Debt
Bond (Private Placement)	$ 1,974,600	$ 180,900	$ 1,793,700	$ 189,500	$ 1,604,200
Note Payable	2,674	-	2,674	-	2,674
	$ 1,977,274	$ 180,900	$ 1,796,374	$ 189,500	$ 1,606,874

Schedule of Annual Debt Service for
Principal and Interest for the Next
Five Years and Thereafter for Bonded Debt Issued and Oustanding

Year	Principal	Interest	Totals
2014	189,500	85,201	274,701
2015	198,500	56,200	254,700
2016	208,000	66,771	274,771
2017-2019	685,000	112,942	797,942
2020-2021	512,700	36,813	549,513
Totals	$ 1,793,700	$ 357,927	$ 2,151,627

See independent auditor's report.

9. PARKING RATES

The Authority charges meter rates of twenty-five cents per half hour in the meters in its parking decks and the streets, and twenty-five cents per hour for meters located in its lots throughout the City. In addition, the Authority allows monthly permit parking in each of its lots. The monthly permit fee is $75, except for 6th and 12th street lots where it is $60 per month. The Authority also issues business and employee permits for $25 a year. These permits are for businesses within the City and employees of the City and other governmental agencies.

10. INTERLOCAL GOVERNMENT SERVICE AGREEMENT

On February 16, 2000, the Board of Commissioners approved the Authority's participation in an Interlocal Government Service Agreement with the City. Under this agreement the Authority made a residual equity transfer to the City in the amount of $1,000,000 in exchange for previous services rendered and in anticipation of the City providing future services, and monthly surcharge revenues of two dollars per parking ticket processed through the City's Municipal Court. Services to be provided include adequate space for the operation of the Authority until at least January 1, 2011 and the following services and assistance as is reasonably and fiscally possible within the limits of the City's manpower and finances: a) mechanical sweeping of the Authority's off-street parking locations, b) repair and maintenance of Authority owned and/or operated vehicles, c) snow plowing and/or snow removal from the Authority's off-street parking facilities, d) utility services incurred as a result of the operation of the Authority's offices, such as water, sewer and telephone, and e) any and all similar services which the City can provide to the Authority as a result of its normal government functions. Effective January 2002, the surcharge revenue was increased to three dollars per ticket. Surcharge revenues for the years ended November 30, 2013 and 2012 were $262,019 and $235,645, respectively.

11. LEASES

The Authority leased office store facilities to the United States Postal Service. The Post office is currently paying month-to-month and the Authority intends on executing a new lease agreement with the post-office. Rental income for the years ended November 30, 2013 and 2012 were $30,350 and $26,400, respectively. Additionally, the Authority leases 3 parking spaces and storage space at its 38th Street Parking Garage for $18,000 a year through November 30, 2013.

12. NET POSITION

Net position represents the difference between the Authority's position and liabilities. Net positions are categorized into three components:

Invested in capital assets and leasehold interest, net of related debt: This component of net position consists of capital assets and leasehold interest, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, notes or other borrowings.

Restricted: Net position are reported as restricted when constraints are placed on the use of the net position by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Unrestricted: Net position that do not meet the definition of invested in capital assets and leasehold interest, net of related debt or restricted.

	2013	2012
Invested in Capital Assets, net of related debt		
Net Capital Assets	$ 3,147,455	$ 3,326,204
Bond Payable	(1,793,700)	(1,974,600)
	1,353,755	1,351,604
Unrestricted	(48,712)	89,460
TOTAL NET POSITION	$ 1,305,043	$ 1,441,064

13. CONTINGENCIES

Accumulated Absences

Effective November 28, 2006 the Authority adopted a policy on the accrual of vacation and sick time which allows for employees to accrue the time in the current year and take it by the end of the next year or be forfeited. Prior to that, the Authority had no formal policy, but based on resolutions passed by the board which awarded accrued sick and vacation time and adjudicated cases, in accordance with GASB No. 16 "Accounting for Compensated Absences", the Authority is liable for accrued sick and vacation pay prior to the November 2006 resolution. The following were the amounts accrued as of the years ended November 30, 2013 and 2012, respectively, $60,648 and $127,422.

Litigation

The Authority is involved in certain legal proceedings from time to time, the resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

14. RISK MANAGEMENT

The Authority is exposed to various property and casualty risks including property damage caused to any of the Authority's property, motor vehicles, equipment or apparatus; liability resulting from the use or operation of such motor vehicles, equipment or apparatus; liability from the Authority's negligence, including that of its officers, employees and servants and workers' compensation obligations. The Authority holds commercial insurance policies which insure against the risk of loss for all of the above mentioned claims.

15. SUBSEQUENT EVENTS

There were no events occurring through the date of the independent auditor's report May 7, 2014, which have been considered necessary for subsequent events disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

	2013 Budget	2013 Actual
Revenues:		
Parking meter revenues	$ 1,250,000	$ 1,254,494
Parking permit revenues	500,000	437,580
Surcharge revenues	240,000	262,019
Rental income	30,000	30,350
Interest income from investments	1,000	621
FEMA payments and miscellaneous income	18,000	93,960
Anticipated budget deficit	80,000	-
Total revenues	2,119,000	2,079,024
Expenses:		
Salaries and wages	900,000	841,217
Payroll tax	81,000	63,312
Employee benefits	350,000	260,145
PERS appropriation	100,000	75,736
Office	45,000	47,397
Uniform	-	6,099
Meter repairs and maintenance	18,000	26,996
General repairs and maintenance	20,000	40,369
Vehicle maintenance	10,000	6,712
Parking lot maintenance	5,000	2,078
Utilities	60,000	52,257
Snow removal	25,000	2,450
Insurance	250,000	205,714
Legal fees	60,000	48,223
Accounting fees	70,000	56,800
Other professional fees	15,000	9,022
Advertising	10,000	2,211
Interest	100,000	90,929
Total Expenses	$ 2,119,000	$ 1,837,667
Adjustments - GAAP basis:		
Revenues less expenses		241,357
Accrual of compensated absences		66,774
Accrual of pension liability for part time employees added to pension system as per State of New Jersey		(178,003)
Cost of issuance on prior year debt		(80,800)
Depreciation and amortization		(185,349)
Net (decrease)/increase in net position - GAAP basis		$ (136,021)

See independent auditor's report and accompanying notes to the basic financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

	2012 Budget	2012 Actual
Revenues:		
Parking meter revenues	$ 1,250,000	$ 1,234,365
Parking permit revenues	550,000	438,672
Surcharge revenues	200,000	235,645
Rental income	26,400	26,400
Interest income from investments	2,000	669
FEMA payments and miscellaneous income	-	26,406
Anticipated budget deficit	439,600	-
Total revenues	2,468,000	1,962,157
Expenses:		
Salaries and wages	1,300,000	835,705
Payroll tax	125,000	72,689
Employee benefits	400,000	310,334
PERS appropriation	-	90,359
Office	40,000	35,324
Uniform	-	5,822
Meter repairs and maintenance	19,000	16,998
General repairs and maintenance	20,000	17,507
Vehicle maintenance	10,000	4,015
Parking lot maintenance	27,000	1,620
Utilities	35,000	57,874
Snow removal	17,000	4,370
Insurance	250,000	228,840
Legal fees	-	59,000
Accounting fees	55,000	69,965
Other professional fees	15,000	-
Advertising	25,000	1,631
Interest	130,000	99,261
Total expenses	$ 2,468,000	$ 1,911,314
Adjustments - GAAP basis:		
Revenues less expenses		50,843
Accrual of compensated absences		-
Cost of issuance on prior year debt		-
Depreciation and amortization		(195,724)
Net (decrease) increase in net position - GAAP basis		$ (144,881)

See independent auditor's report and accompanying notes to the basic financial statements.

OTHER SUPPLEMENTARY INFORMATION

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH, CASH EQUIVALENTS
AND INVESTMENTS - UNRESTRICTED
FOR THE YEAR ENDED NOVEMBER 30, 2013

Balance as of November 30, 2012	
Cash, cash equivalents and investments	$ 504,096
Increased by receipts:	
Parking receipts	1,957,476
Interest receipts	621
Other receipts	102,345
Total receipts	2,060,442
Decreased by disbursements:	
Operating disbursements	1,971,204
Bond principal paid	180,900
Interest paid	93,794
Total disbursements	2,245,898
Balance as of November 30, 2013	
Cash, cash equivalents and investments	$ 318,640

See independent auditor's report and accompanying notes to the basic financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
SCHEDULE OF COST OF REAL PROPERTY
NOVEMBER 30, 2013

Lot Number and Location	Purchase Price
8th - 10th Street Lot:	
720 - 724 8th Street	$ 140,000
719 - 721 10th Street	76,559
723 10th Street	47,500
12th Street Lot	320,000
25th Street Lot:	
509 25th Street	8,500
511 25th Street	6,000
513 25th Street	5,500
515 25th Street	6,000
35th - 36th Street Lot:	
516 - 526 35th Street	13,004
517 - 519 36th Street	32,250
521 - 527 36th Street	10,251
36th - 37th Street Lot:	
514 - 518 36th Street	13,042
520 - 530 36th Street	8,505
515 - 517 37th Street	12,501
519 - 527 37th Street	12,342
37th - 38th Street Lot:	
512 37th Street	52,500
514 37th Street	72,500
516 37th Street	33,000
511- 513 38th Street	83,500
515 38th Street	90,000
38th - 39th Street Lot (parking deck):	
506 - 508 38th Street	7,500
512 - 518 38th Street	48,000
511 - 517 39th Street	9,002
41st - 42nd Street Lot:	
510 - 514 41st Street	5,000
516 41st Street	11,250
518 41st Street	52,002
509 - 511 42nd Street	5,000
513 42nd Street	22,500
515 42nd Street	43,000
517 42nd Street	65,000
44th - 45th Street Lot:	
404 44th Street	70,000
406 44th Street	16,500
408 44th Street	26,500
410 44th Street	35,000
413 45th Street	100,000
415 - 417 45th Street	62,000
47th - 48th Street Lot:	
4705 Bergenline Avenue	20,025
4707 - 4711 Bergenline Avenue	15,105
509 48th Street	66,500
	$ 1,723,338

See independent auditor's report and accompanying notes to the basic financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
SCHEDULE OF OPERATING REVENUES BY LOCATION
NOVEMBER 30, 2013 WITH COMPARATIVE AMOUNTS FOR YEARS ENDED
NOVEMBER 30, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, AND 2004

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Meter Revenues:										
Bagged Meters	$ 12,850	$ 11,678	$ 17,687	$ 9,680	$ 3,636	$ 9,360	$ 7,275	$ 12,345	$ 9,750	$ 10,501
32nd Street Meters	55,272	56,672	54,821	62,431	62,511	62,060	72,228	57,057	60,784	56,223
35th-36th Street Lot	33,295	29,343	28,884	40,480	35,616	30,530	31,115	32,298	30,780	29,435
36th-37th Street Lot	27,244	29,129	29,419	31,950	29,811	23,153	21,940	24,802	27,812	26,643
Kennedy Blvd. Meters	37,435	36,778	32,475	39,561	40,399	37,986	36,181	35,743	34,798	34,641
41st-42nd Street Lot	33,915	42,440	36,533	35,859	38,890	37,448	40,485	44,758	43,049	40,807
48th Street Meters	69,505	67,361	70,670	77,799	84,758	77,552	71,769	73,630	65,055	64,363
New York Avenue Meters	57,830	75,142	76,845	84,233	88,443	87,862	87,339	89,921	91,047	73,624
Side Street Meters	248,261	241,823	240,222	260,707	271,155	271,384	283,410	290,877	285,471	275,816
Upper Bergenline Avenue Meters	165,126	160,813	169,291	182,314	190,874	188,585	192,661	178,641	198,432	202,331
Lower Bergenline Avenue Meters	174,008	164,635	167,945	189,417	194,334	191,985	208,802	212,863	200,076	181,650
Tunnel Cut Meters	53,723	48,413	42,816	55,909	70,479	73,235	72,024	74,433	71,856	71,382
Summit Avenue Meters	138,643	136,750	119,747	149,423	147,944	147,946	148,873	153,957	144,526	144,434
47th-48th Street Lot	20,494	20,219	21,574	21,755	20,260	17,395	17,342	19,376	18,802	18,839
44th-45th Street Lot	34,721	33,811	34,195	36,794	40,250	39,596	40,117	41,778	38,972	40,849
8th-10th Street Lot	15,990	15,671	15,570	21,543	16,607	14,468	14,650	15,690	16,479	16,824
37th-38th Street Lot	23,572	21,865	22,566	3,300	27,107	24,564	25,676	26,862	26,161	25,772
Parking Deck - 38th Street	52,610	41,821	34,145	27,572	15,971	17,507	23,610	24,426	24,513	25,723
Total Meter Revenues	1,254,494	1,234,365	1,215,405	1,330,727	1,379,045	1,352,616	1,395,497	1,409,457	1,388,363	1,339,857
Parking Permits	437,580	438,672	427,256	422,714	434,034	472,175	449,099	401,964	358,605	343,468
Surcharge	262,019	252,772	275,926	288,503	315,114	349,961	389,660	412,622	407,225	409,954
Total Operating Revenues	$ 1,954,093	$ 1,925,809	$ 1,918,587	$ 2,041,944	$ 2,128,193	$ 2,174,752	$ 2,234,256	$ 2,224,043	$ 2,154,193	$ 2,093,279

See independent auditor's report and accompanying notes to the basic financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN
NET POSITION - RESTRICTED AND UNRESTRICTED
NOVEMBER 30, 2013

	Unrestricted Funds	Restricted Fund	Invested in Capital Assets, net of related debt	Total Net Position
Operating revenues:				
Parking revenue	$ 1,692,074	$ -	$ -	$ 1,692,074
Ticket revenue	262,019	-	-	262,019
Other revenue	124,310	-	-	124,310
	2,078,403	-	-	2,078,403
Operating expenses:				
Operating expenses	1,746,738	-	-	1,746,738
Depreciation	-	-	178,749	178,749
	1,746,738	-	178,749	1,925,487
Operating income/(loss):	331,665	-	(178,749)	152,916
Non-operating revenue (expense):				
Interest income from investments	621	-	-	621
Accrual of compensated absences	66,774			66,774
Interest (expense)	(90,929)	-	-	(90,929)
Accrual of pension liability for part time employees added to pension system as per State of New Jersey	(178,003)			(178,003)
Cost of issuance on prior year debt	(80,800)	-	-	(80,800)
Amortization (expense)	(6,600)			(6,600)
	(288,937)	-	-	(288,937)
Payment of bond principal	(172,700)	-	172,700	-
Change in net position	(129,972)		(6,049)	(136,021)
Net position - beginning of year	89,460	-	1,351,604	1,441,064
Net position - end of year	$ (40,512)	$ -	$ 1,345,555	$ 1,305,043

See independent auditor's report and accompanying notes to the basic financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
GENERAL COMMENTS
NOVEMBER 30, 2013

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

N.J.S.A. 40A:11-4, as amended states, "Every contract or agreement, for the performance of any work or the hiring or furnishing of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this Act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of $17,500 except by contract or agreement".

The Authority has the responsibility of determining whether the expenditures in any category will exceed the bidding threshold. If a question arises as to whether any contract or agreement might result in violation of the statute, opinion should be sought from Counsel before a commitment is made.

The minutes indicate that there were Resolutions adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5. The minutes also indicate that there were no bids requested by public advertisement during the year ended November 30, 2013.

Our audit of expenditures did not reveal any payments, contracts or agreements, in excess of the statutory limits, for the "performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement, or where a resolution had been previously adopted under the provision of N.J.S.A. 40A:11-6.

Expenditure Less Than Bid Threshold, but 15% or More of that Amount per N.J.S.A. 40A:11-6.1

N.J.S.A. 40A:11-6.1 states, "For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor." The Authority advised us that quotations were, for the most part, solicited for items, the cost of which was $2,625 or more, within the terms of N.J.S.A. 40A:11-6.1.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
SCHEDULE OF PRIOR YEAR COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED NOVEMBER 30, 2012

#12-01 RECOMMENDATION:

That the Union City Parking Authority update and maintain accumulated compensated absence records for all eligible employees.

STATUS:

Corrective action has been taken.

#12-02 RECOMMENDATION:

That a purchase order system be utilized in the purchasing process. All purchase orders must be approved before purchases are made.

STATUS:

Corrective action has been taken.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED NOVEMBER 30, 2013

Finding #13-1:

Reportable noncompliance with the Local Authorities Fiscal Control Law.

Criteria or specific requirement:

- Local Authorities Fiscal Control Law N.J.S.A. 40A:5A-1 et seq.

- N.J.A.C. 5:31

Condition and Context:

The Authority has failed to comply with the following aspects of the Local Authorities Fiscal Control Law:

1. Pursuant to N.J.S.A. 40A:5A-10 and 11, each authority must submit a budget for each fiscal year to the Director of the Division prior to its adoption thereof, and no authority budget shall be finally adopted until the Director of the Division has approved same. Under current regulations (N.J.A.C. 5:31), the Authority is required to submit its introduced budget to the Division, as approved by majority vote of the board of the authority, no later than 60 days prior to the start of the calendar year, December 1. The 2010, 2011, 2012, 2013 and 2014 introduced budgets of the Authority were not submitted to the Division.

2. Pursuant to N.J.S.A. 40A:5A-16, a synopsis of the annual audit shall be prepared and published at least once in a newspaper circulating in the district of the authority, and a copy of the synopsis must be filed with the Division within 10 days after publication. The Authority has not submitted the synopsis of audit to the Division as required for the years ended for the years ended November 30, 2009, 2010, 2011 and 2012.

3. Pursuant to N.J.S.A. 40A:5A-17, the members of the governing body of each authority shall, within 45 days of receipt of the annual audit, certify by resolution to the Local Finance Board that each member thereof has personally reviewed the annual audit report, specifically those sections entitled "General Comments and Recommendations," and has evidenced same by group affidavit signed by a majority of the full membership of the authority. The Authority has failed to submit the resolution/group affidavit to the Division as required.

4. Pursuant to N.J.S.A. 40A:5A-17.1, each authority must maintain an internet website or a webpage on the municipality's or county's website that includes information regarding the authority's operations and activities. The Authority has failed to include the following items:

    a. Adopted budget for current and two prior calendar years;

    b. Annual audit for the most recent and immediately two prior fiscal years;

Finding #13-1 (Continued):

Condition and Context (Continued):

c. Minutes of each meeting of the Authority, including all resolutions of the board and its committees, for at least the three most recent calendar years;

d. Name, mailing address, e-mail address, and phone number of every person that exercises day-to-day supervision or management over some or all of the Authority's operations; and

e. List of attorneys, advisors, consultants, and any other firm, business, partnership, corporation, or any other organization which received any remuneration of $17,500 or more during the most recent calendar year for services rendered to the Authority.

Cause:

The Executive Director of the Authority did not monitor the compliance with Local Authorities Fiscal Control Law.

Effect:

The Authority is in noncompliance with Local Authorities Fiscal Control Law.

Recommendation:

That the Authority review and monitor its compliance with the Local Authorities Fiscal Control Law, specifically regarding the following:

1. Submission of introduced annual budget to the Division no later than 60 days prior to the start of the calendar year;
2. Submission of the synopsis of the annual audit to the Division within 10 days after publication in local district newspaper;
3. Submission of resolution/group affidavit regarding board certification of the annual audit to the Local Finance Board, within 45 days of receipt of the audit; and
4. Maintenance of internet website which includes information regarding the Authority's operations and activities.

Management's Proposed Action Plan:

The management of the Authority will review and monitor its compliance with the Local Authorities Fiscal Control Law.