

PARKING AUTHORITY OF
THE CITY OF EAST ORANGE
60 EVERGREEN PLACE, SUITE 503
EAST ORANGE, NEW JERSEY 07018

REPORT ON
EXAMINATION OF ACCOUNTS
FOR THE YEAR 2015

COPY
6/9/16

PARKING AUTHORITY OF THE CITY OF EAST ORANGE
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TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards	2-3
Management's Discussion and Analysis	4
FINANCIAL STATEMENTS	
Statement of Net Assets	5
Statement of Revenues, Expenses, and Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8-9
SUPPLEMENTAL EXHIBITS	
Summary Schedule of Prior Audit Findings	10
Statement of Revenues, Expenses, and Changes in Fund Assets – Budget vs. Actual	11
Roster of Officials for the Year 2015	12
Payroll Costs by Department	13
Improvement and Construction Costs for the Year 2015	13
Recommendations	14

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The Honorable Chairman and Authority Commissioners
Parking Authority of the City of East Orange
60 Evergreen Place, Suite 503
East Orange, New Jersey

We have audited the accompanying financial statements of the Parking Authority of the City of East Orange, New Jersey, as of and for the year ended December 31, 2015, as listed in the table of contents. These financial statements are the responsibility of the department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the financial statements of the Parking Authority are intended to present the financial position and results of operations and cash flows of proprietary fund types of only that portion of the financial reporting entity of the City of East Orange, New Jersey, that is attributable to the transactions of the Department.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parking Authority, of the city of East Orange, New Jersey, as of December 31, 2015, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

HOLLAND & COMPANY, CPA's

Cedar Grove, New Jersey
April 10, 2016

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Chairman and Authority Commissioners
Parking Authority of the City of East Orange
60 Evergreen Place, Suite 503
East Orange, New Jersey

We have audited the accompanying financial statements of the Parking Authority of the City of East Orange, New Jersey, as of and for the year ended December 31, 2015, and have issued our report thereon dated April 10, 2016. 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.

Compliance

As part of obtaining reasonable assurance about whether the Parking Authority of the City of East Orange, New Jersey's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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 test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Parking Authority of the City of East Orange, New Jersey's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
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(Continued)

disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, 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.

HOLLAND & COMPANY, CPA's

Cedar Grove, New Jersey
April 10, 2016

PARKING AUTHORITY OF THE CITY OF EAST ORANGE

Management's Discussion and Analysis For Year Ended December 31, 2015

Our discussion and analysis of the Parking Authority of the City of East Orange's financial performance provides an overview of the Parking Authority of the City of East Orange's financial activities for the fiscal year ended December 31, 2015. Please read it in conjunction with the transmittal letter on page 1 and the East Orange Parking Authority's financial statements, which begins on page 5.

FINANCIAL HIGHLIGHTS

East Orange Parking Authority's net assets Increased as a result of this year's operations. Net assets were \$1,151,948; an increase of \$1722.00, or nearly .1%.

East Orange Parking Authority's revenues increased to \$250,626 (or nearly 10%) while expenses increased to \$248,945 (or nearly 1%).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, along with Statement of Cash Flows (on pages 5, 6, and 7) provide information about the activities of East Orange Parking Authority as a whole and present longer-term view of East Orange Parking Authority's finances. Financial statements start on page 6. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

Reporting East Orange Parking Authority's Most Significant Fund

Our analysis of the East Orange Parking Authority major fund begins on page 6. The East Orange Parking Authority has one kind of fund.

Proprietary funds—The East Orange Parking Authority's generates its revenue from monthly rental income on parking lots, parking meter income and parking permits—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and the Statement of Cash Flows.

FINANCIAL STATEMENTS

Parking Authority of the City of East Orange
 Statement of Net Assets
 December 31, 2015

ASSETS

Current Assets		
Cash and Cash Equivalents (Note X)	\$ 150,747	
Accounts Receivable	4,949	
Total Employee Benefits Receivable	<u>-</u>	
 Total Current Assets		 \$ 155,696
Noncurrent Assets		
Improvements and Construction Costs	904,464	
Automobiles	48,205	
Equipment	12,758	
New Meters	49,719	
Security Deposit	<u>2,500</u>	
 Total Noncurrent Assets		 <u>1,017,646</u>
 Total Assets		 <u><u>\$ 1,173,342</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Payroll Taxes Payable	\$ -	
Employee Benefits Payable	\$ 794	
Wages Payable	836	
Insurance Settlement	19,764	
Payroll Taxes Payable		\$ 21,394
Net Assets		
Contributed Capital	952,803	
Net Assets	<u>199,145</u>	
 Total Net Assets (Unrestricted)		 <u>1,151,948</u>
 Total Liabilities and Net Assets		 <u><u>\$ 1,173,342</u></u>

* See accompanying notes to financial statements

Parking Authority of the City of East Orange
 Statement of Revenues, Expenses, and Changes in Net Assets
 Proprietary Fund Type
 Year Ended December 31, 2015

OPERATING REVENUES		
Parking Meters	\$	64,329
Permits		71,108
Space Rental		93,979
Street Parking		<u>21,210</u>
TOTAL OPERATING REVENUES	\$	250,626
 OPERATING EXPENSES		
Salaries and Wages		16,017
Administrator Salary		64,060
Field Expenses		48,536
Administration Expenses		<u>120,332</u>
TOTAL OPERATING EXPENSES		<u>248,945</u>
 NET OPERATING INCOME		 1,681
 NONOPERATING REVENUE (EXPENSE)		
Interest Income		<u>41</u>
 TOTAL NONOPERATING REVENUE (EXPENSE)		 <u>41</u>
 NET INCOME		 1,722
 NET ASSETS - BEGINNING OF YEAR		 <u>1,150,226</u>
 NET ASSETS - END OF YEAR	 \$	 <u><u>1,151,948</u></u>

* See accompanying notes to financial statements

Parking Authority of the City of East Orange

Statement of Cash Flows
Proprietary Fund Type
Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES		\$ 1,540
Change in Accounts Receivable	(2,469)	
Change in Total Employee Benefits Receivable	-	
Change in Total Wages Payable	373	
Change in Current Liabilities	4,696	
Change in Total Payroll Taxes Payable	<u>(6)</u>	
Total Adjustments		<u>2,594</u>
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES		4,134
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		-
CASH FLOW FROM INVESTING ACTIVITIES		41.00
NET CASH PROVIDED(USED) BY INVESTING ACTIVITIES		-
NET CHANGE IN CASH AND CASH EQUIVALENTS		4,175
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		<u>146,572</u>
CASH AND CASH EQUIVALENTS - END OF YEAR		<u>\$ 150,747</u>

* See accompanying notes to financial statements

Parking Authority of the City of East Orange
Notes to the Financial Statements
December 31, 2015

NOTE A – General Statement and Summary of Significant Accounting Policies

GENERAL STATEMENT

The Parking Authority of the City of East Orange is a public body politic and corporate organized and existing under an act of the New Jersey Legislature N.J.S. 40:11A-1, et seq. It was created by virtue of “Ordinance #14-70, creating the Parking Authority of the City of East Orange” adopted by the Council of the City of East Orange on March 10, 1970. The Parking Authority was organized under date of May 25, 1970, and consists of five members appointed by the City Council of the City of East Orange.

The Parking Authority was created to develop, operate and maintain parking facilities within the City of East Orange. As a public body, under existing statute, the parking Authority is exempt from federal, state and local taxes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - Revenue is generally realized on the cash basis while expenditures are accrued. Accounting policies, in general, conform to the applicable accounting principles as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Collection of Revenue - Parking meter collections from on street meters and parking lots are collected brought to the depository to be counted and deposited into the Parking Authority’s account by the Parking Authority of the City of East Orange. Parking permit fees are collected by the City of East Orange and deposited to the Parking Authority’s account. Parking lot space rental fees are collected by the Parking Authority of the City of East Orange and deposited to the Parking Authority’s account.

Inventories - Materials and supplies are expensed as purchased and are neither inventoried nor included on the balance sheet.

Depreciation - Depreciation is not recorded as an operating expense of the Parking Authority.

Pension Plans and Benefits - Employees who are eligible for a pension plan and benefits are enrolled in the Public Employees’ Retirement System administered by the Division of Pensions, Treasury Department of the State of New Jersey. The Division annually charges authorities and other participating governmental units for their respective

Parking Authority of the City of East Orange
Notes to the Financial Statements
(Continued)
December 31, 2015

contributions to the plan based upon actuarial methods. These provisions are not available for part-time employees. Authority employees are also covered by the Federal Insurance Contribution Act.

SUPPLEMENTAL EXHIBITS

Parking Authority of the City of East Orange
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2015

Condition: In the prior period the company operated with limited funds and a thin profit margin. The company successfully sold land in 2006 to raise additional capital funds.

Recommendation: The Company should develop a capital expenditure plan to utilize these additional funds to increase sales and profit margin. The Parking Authority should press the township for an increase in the revenue share of ticket fees and consider raising fees for parking lots.

Parking Authority of the City of East Orange
Statement of Revenues, Expenses, and Changes in Net Assets
Budget vs. Actual
Year Ended December 31, 2015

	2015 Budget	2015 Actual
OPERATING REVENUES		
Parking Meters	\$ 78,403	\$ 64,329
Permits	79,049	71,108
Fines/Penalties		-
Space Rental	93,829	93,979
Towing	-	-
Interest Income	55	41
Street Parking		21,210
Misc Income		-
Refund		-
	\$ 251,336	\$ 250,667
 OPERATING EXPENSES		
Salaries and Wages	21,245	16,017
Administrator	62,499	64,060
Field Expenses	35,934	48,536
Administration Expenses	119,564	120,332
	239,242	248,945
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		
	12,094	1,722
 OTHER FINANCING SOURCES		
	-	-
 TOTAL OTHER FINANCING SOURCES		
	-	-
 EXCESS OF REVENUE AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES		
	\$ -	\$ 1,722

* See accompanying notes to financial statements

PARKING AUTHORITY OF THE CITY OF EAST ORANGE

ROSTER OF OFFICIALS FOR THE YEAR 2015

The following officials were in office during the period under audit:

BOARD OF COMMISSIONERS

Mr. Clarence McKnight	Chairman
Ms. Taahira Muhammad-Dozier	Vice-Chairwoman
Mr. Michael Harris	Treasurer
Mr. Jerome Omar Robinson	Commissioner
Ms. Kandi Ceballos	Commissioner
Ms. Dana P. Owens	Commissioner

OTHER

Ms. Tasha Jackson	Senior Administrator
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PARKING AUTHORITY OF THE CITY OF EAST ORANGE

PAYROLL COSTS BY DEPARTMENT for YEAR 2015:

Administrator - \$ 64,094.00

P.E.O.
(officer's) - \$ 19,524

IMPROVEMENTS AND CONSTRUCTION COSTS for YEAR 2015:

New meters/pay stations - \$ 0.00

PARKING AUTHORITY OF THE CITY OF EAST ORANGE

RECOMMENDATIONS

Our review of the Parking Authority's financial records indicated that:

- The company should consider selling land to raise funds within the next 5 years if more revenue is not achieved.

- Budgeted numbers should be reviewed monthly

The company received additional Insurance settlements of \$6,364 bringing the total Insurance Settlement Liability to \$19,794 which will need to be used to replace/fix damaged area. This will reduce operating cash by \$19,794.

- The monthly meeting reports should be reconciled to Peachtree reports