

**PARKING AUTHORITY OF CITY OF TRENTON**

(A Component Unit of The City of Trenton, New Jersey)

Financial Statements  
and  
Supplementary Information

June 30, 2011 and 2010

**PARKING AUTHORITY OF CITY OF TRENTON**  
(A Component Unit of The City of Trenton, New Jersey)

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June 30, 2011 and 2010

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## INDEPENDENT AUDITORS' REPORT

To the Commissioners of  
Parking Authority of City of Trenton  
(A Component Unit of The City of Trenton, New Jersey)

We have audited the accompanying statements of net assets of Parking Authority of City of Trenton (the "Authority") (a Component Unit of the City of Trenton, New Jersey) as of June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2011 and 2010, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 to 6 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. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedule on page 21 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audits 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.

*Mercader, PC*  
*Certified Public Accountants*

October 7, 2011

# **PARKING AUTHORITY OF CITY OF TRENTON**

(A Component Unit of the City of Trenton, New Jersey)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the financial statements. The Authority is a self-supporting entity and follows enterprise fund accounting. The enterprise fund concept is similar to the manner in which private business enterprises are financed and operated. The Authority presents its financial statements on the accrual basis of accounting. The statements offer short and long-term financial information about the activities and operations of the Authority. The intent is that the costs of providing access to parking facilities on a continuing basis are financed primarily through parking revenue. The Authority has established certain restricted "funds and accounts," as directed by internal resolution and bond indentures. In an effort to ensure compliance with the Authority's by-laws and to safeguard its assets, internal controls have been developed and implemented by management. These internal controls include policies, procedures, approved organizational structures and approved budgets for capital and operating expenditures. Visit the City of Trenton's website at [www.Trentonnj.org](http://www.Trentonnj.org) for more information regarding the Authority's parking activity and management contact information.

#### **Financial Highlights**

Cash and cash equivalents as of June 30, 2011, were \$4,484,413, a decrease of 29.58%, from the balance as of June 30, 2010.

Total liabilities as of June 30, 2011, were \$33,361,707, a decrease of 2.53%, from the balance as of June 30, 2010. The Authority repaid approximately \$906,545 in debt during the fiscal year ended June 30, 2011.

Total revenues were below budget by \$265,793 primarily due to a decrease in rental income by approximately 39% and decrease in interest income by approximately 42%. This led to a decrease in net assets of \$269,413.

#### **Financial Analysis of the Authority**

The Authority's total net assets were approximately \$4.1 million as of June 30, 2011. In fiscal year 2011, total assets decreased approximately 3% to \$37.5 million, and total liabilities decreased approximately 2% to \$33.4 million. Total net assets as of June 30, 2010, were approximately \$4.4 million. Total assets that year decreased approximately 3% to \$38.6 million, and total liabilities decreased approximately 2% to \$34.2 million. Changes in assets, liabilities and net assets between June 30, 2011, 2010 and 2009, are summarized as follows:

**PARKING AUTHORITY OF CITY OF TRENTON**

(A Component Unit of the City of Trenton, New Jersey)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Financial Analysis of the Authority (Continued)**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 29, 2009</u>	<u>Percentage Change 2011-2010</u>
Current Assets	\$ 7,654,822	\$ 8,162,042	\$ 9,021,503	(6)
Capital assets, net	29,018,713	29,630,667	29,891,584	(2)
Other assets	<u>835,955</u>	<u>851,617</u>	<u>866,612</u>	(2)
Total Assets	<u>37,509,490</u>	<u>38,644,326</u>	<u>39,779,699</u>	(3)
Long-term debt	31,778,006	32,765,248	33,680,851	(3)
Other liabilities	<u>1,583,701</u>	<u>1,461,882</u>	<u>1,229,819</u>	8
Total Liabilities	<u>33,361,707</u>	<u>34,227,130</u>	<u>34,910,670</u>	(3)
Net Assets				
Restricted for				
Debt Service	3,793,018	3,871,847	3,956,188	(2)
Renewal and				
Replacement	1,500,172	172	172	8,721
Other	142,513	159,411	159,411	(11)
(Deficit) Unrestricted	<u>(1,287,920)</u>	<u>385,766</u>	<u>753,258</u>	(434)
Total Net Assets	<u>\$ 4,147,783</u>	<u>\$ 4,417,196</u>	<u>\$ 4,869,029</u>	(6)

**Operating Activities**

The Authority operates four parking garages in the City of Trenton: Broad and Front, Warren Street, Trenton Marriott (Lafayette Yard) and Liberty Commons. They also operate two surface lots, which are located on Merchant Street and next to the Warren Street garage. User fees are generated from monthly passes and daily parkers. Rates are set by the Authority's Board of Commissioners.

The Authority's total parking revenue for fiscal year 2011 was \$3.748 million, an increase of 1% over fiscal year 2010. The Authority's total operating expenses for fiscal year 2011 were \$2.47 million, a decrease of 6% from fiscal year 2010. The Authority's total parking revenue for fiscal year 2010 was \$3.72 million, a decrease of 13% from fiscal year 2009. The Authority's total operating expenses for fiscal year 2010 were \$2.63 million, an increase of 3% from fiscal year 2009. The following table summarizes the changes in revenue, expenses and net assets between the fiscal years of 2011, 2010 and 2009.

**PARKING AUTHORITY OF CITY OF TRENTON**

(A Component Unit of the City of Trenton, New Jersey)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Operating Activities (Continued)**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 29, 2009</u>	<u>Percentage Change 2011-2010</u>
Operating Revenues:				
Parking Revenue	\$ 3,747,628	\$ 3,722,268	\$ 4,277,789	1
Other Revenue	<u>37,223</u>	<u>61,520</u>	<u>82,563</u>	(39)
Total Operating Revenues	3,784,851	3,783,788	4,360,352	-
Non-Operating Revenues				
Interest Income	<u>64,993</u>	<u>87,681</u>	<u>108,620</u>	(26)
Total Revenues	<u>3,849,844</u>	<u>3,871,469</u>	<u>4,468,972</u>	(1)
Operating Expenses:				
Payroll and Fringe Benefits	764,956	722,366	739,324	6
Depreciation and Amortization	869,257	1,066,299	1,058,175	(18)
Other Operating Expenses	<u>839,619</u>	<u>844,523</u>	<u>755,911</u>	(1)
Total Operating Expenses	<u>2,473,832</u>	<u>2,633,188</u>	<u>2,553,410</u>	(6)
Non-Operating Expenses				
Interest Expense	<u>1,645,425</u>	<u>1,690,114</u>	<u>1,721,320</u>	(3)
Total Expenses	<u>4,119,257</u>	<u>4,323,302</u>	<u>4,274,730</u>	(5)
Change in Net Assets	(269,413)	(451,833)	194,242	40
Net Assets, Beginning of Year	<u>4,417,196</u>	<u>4,869,029</u>	<u>4,674,787</u>	(9)
Net Assets, End of Year	<u>\$ 4,147,783</u>	<u>\$ 4,417,196</u>	<u>\$ 4,869,029</u>	(6)

**PARKING AUTHORITY OF CITY OF TRENTON**

(A Component Unit of the City of Trenton, New Jersey)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Capital Assets and Debt Administration**

At June 30, 2011, the Authority had a total of \$35,918,154 invested in property and equipment relating primarily to its parking facilities. The total represents a 1% increase from last year. The following table summarizes the changes in capital assets, net of depreciation, between the fiscal years 2011, 2010 and 2009.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 29, 2009</u>	<u>Percentage Change 2011-2010</u>
Land	\$ 1,788,122	\$ 1,788,122	\$ 1,788,122	0
Buildings	30,441,405	30,441,405	30,441,405	0
Improvements	3,639,835	3,449,852	2,901,296	6
Furniture and Fixtures	15,136	15,416	12,690	(2)
Automotive Equipment	<u>33,656</u>	<u>33,115</u>	<u>33,115</u>	2
	35,918,154	35,727,910	35,176,628	1
Less: Accumulated Depreciation	<u>(6,899,441)</u>	<u>(6,097,243)</u>	<u>(5,285,044)</u>	13
Total Capital Assets, Net	<u>\$ 29,018,713</u>	<u>\$ 29,630,667</u>	<u>\$ 29,891,584</u>	(2)

More detailed information about the Authority's capital assets is presented in Note E of the financial statements.

The following table summarizes the changes in capital debt between the fiscal year 2011, 2010 and 2009:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 29, 2009</u>	<u>Percentage Change 2011-2010</u>
Bonds Payable	<u>\$ 32,748,644</u>	<u>\$ 33,647,546</u>	<u>\$ 34,300,660</u>	(3)

More detailed information about the Authority's bonds payable is presented in Note F of the financial statements.



**PARKING AUTHORITY OF CITY OF TRENTON**  
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**STATEMENTS OF NET ASSETS**

	June 30,	
	2011	2010
<b>ASSETS</b>		
<b>Current Unrestricted Assets</b>		
Cash and cash equivalents	\$ 704,544	\$ 3,992,057
Investments	1,288,009	-
Deposits	-	20,000
Accounts receivable, net of allowance for doubtful accounts of \$67,250 in 2011 and \$0 in 2010	161,431	56,665
Accrued interest receivable	20,017	20,181
Prepaid expenses	45,118	41,709
Total Current Unrestricted Assets	2,219,119	4,130,612
<b>Restricted Assets</b>		
Cash and cash equivalents		
Construction fund	65,285	82,184
Current debt service account	980,098	1,181,349
Reserve account	1,157,086	1,035,161
Renewal and replacement account	1,500,172	172
Rebate fund	77,228	77,227
	3,779,869	2,376,093
Investments in debt securities - reserve account	1,655,834	1,655,337
Total Restricted Assets	5,435,703	4,031,430
Property and Equipment	29,018,713	29,630,667
Construction Advances	42,886	22,150
Amortizable Bond Issuance Costs	793,069	829,467
Total Assets	\$ 37,509,490	\$ 38,644,326

**PARKING AUTHORITY OF CITY OF TRENTON**

(A Component Unit of the City of Trenton, New Jersey)

**STATEMENTS OF NET ASSETS**

	June 30,	
	2011	2010*
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities Payable from Unrestricted Assets</b>		
Accounts payable	\$ 119,816	\$ 93,354
Accrued liabilities	44,221	32,255
Deferred revenue	10,270	5,454
Total Current Liabilities Payable from Unrestricted Assets	174,307	131,063
<b>Current Liabilities Payable from Restricted Assets</b>		
Bonds payable - current portion	970,638	898,902
Garage debt - current portion	33,205	16,701
Accrued interest payable on bonds	405,551	415,217
Total Current Liabilities Payable from Restricted Assets	1,409,394	1,330,820
Long-Term Portion of Bonds Payable	31,778,006	32,748,644
Long-Term Portion of Garage Debt	-	16,603
Total Liabilities	33,361,707	34,227,130
<b>Net Assets</b>		
Restricted for:		
Debt Service	3,793,018	3,871,847
Renewal and Replacement	1,500,172	172
Other	142,513	159,411
(Deficit) Unrestricted	(1,287,920)	385,766
Total Net Assets	4,147,783	4,417,196
Total Liabilities and Net Assets	\$ 37,509,490	\$ 38,644,326

\* Some net asset balances have been reclassified to conform with current year presentation.

**PARKING AUTHORITY OF CITY OF TRENTON**

(A Component Unit of the City of Trenton, New Jersey)

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	<u>Year Ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
Revenues		
Parking revenues	\$ 3,747,628	\$ 3,722,268
Rental income	28,506	46,474
Interest	<u>8,717</u>	<u>15,046</u>
Total revenues	<u>3,784,851</u>	<u>3,783,788</u>
Operating expenses		
General and administrative	1,604,575	1,566,889
Depreciation and amortization	<u>869,257</u>	<u>1,066,299</u>
Total operating expenses	<u>2,473,832</u>	<u>2,633,188</u>
Operating income	<u>1,311,019</u>	<u>1,150,600</u>
Non-operating revenues (expenses)		
Interest income	64,993	87,681
Interest expense	<u>(1,645,425)</u>	<u>(1,690,114)</u>
Total non-operating expenses	<u>(1,580,432)</u>	<u>(1,602,433)</u>
Change in net assets	(269,413)	(451,833)
Net assets, beginning of year	<u>4,417,196</u>	<u>4,869,029</u>
Net assets, end of year	<u>\$ 4,147,783</u>	<u>\$ 4,417,196</u>

**PARKING AUTHORITY OF CITY OF TRENTON**

(A Component Unit of the City of Trenton, New Jersey)

**STATEMENTS OF CASH FLOWS**

	<u>Year Ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
<b>Cash Flows from Operating Activities</b>		
Parking revenue	\$ 3,647,678	\$ 3,686,208
Rental income	28,506	46,474
Interest income	8,881	8,365
General and administrative expenses	<u>(1,549,556)</u>	<u>(1,540,645)</u>
Net cash provided by operating activities	<u>2,135,509</u>	<u>2,200,402</u>
<b>Cash Flows from Investing Activities</b>		
Non-operating interest income	64,993	87,681
Purchase of investments, net	<u>(1,288,009)</u>	<u>-</u>
Net cash (used in) provided by investing activities	<u>(1,223,016)</u>	<u>87,681</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Repayment of borrowings	(906,545)	(902,835)
Purchases of property and equipment (net)	(213,546)	(552,002)
Non-operating interest expense	(1,655,403)	(1,700,295)
Construction advances	<u>(20,736)</u>	<u>(22,150)</u>
Net cash used in financing activities	<u>(2,796,230)</u>	<u>(3,177,282)</u>
Net decrease in cash and cash equivalents	(1,883,737)	(889,199)
Cash and cash equivalents, beginning of year	<u>6,368,150</u>	<u>7,257,349</u>
Cash and cash equivalents, end of year	<u>\$ 4,484,413</u>	<u>\$ 6,368,150</u>
Cash and cash equivalents, unrestricted	\$ 704,544	\$ 3,992,057
Cash and cash equivalents, restricted	<u>3,779,869</u>	<u>2,376,093</u>
	<u>\$ 4,484,413</u>	<u>\$ 6,368,150</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 1,311,019	\$ 1,150,600
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	825,316	812,919
Amortization	43,941	253,380
Changes in current assets and liabilities		
Accounts receivable	(104,766)	(36,097)
Prepaid expenses and deposits	16,591	13,039
Accrued interest receivable	164	(6,681)
Accounts payable	26,462	44,159
Accrued liabilities	11,966	(30,954)
Deferred revenue	<u>4,816</u>	<u>37</u>
Net cash provided by operating activities	<u>\$ 2,135,509</u>	<u>\$ 2,200,402</u>

See notes to financial statements.

# PARKING AUTHORITY OF CITY OF TRENTON

(A Component Unit of the City of Trenton, New Jersey)

## NOTES TO FINANCIAL STATEMENTS

### A. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Business**

Parking Authority of City of Trenton (the "Authority") was created to construct and operate parking facilities to serve the municipality of Trenton, New Jersey. The Authority collects its revenues from users of the facilities. The Authority is a component unit of the City of Trenton, New Jersey (the "City"), since it is financially accountable to the City.

#### **Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America applicable to governmental proprietary-type funds. Revenues are recognized when earned, and expenses are recognized when incurred.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board ("GASB") and other entities that promulgate accounting principles. Per GASB Statement 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, priority is established as to which source of accounting principles to utilize in determining proper accounting treatment. The hierarchy is as follows: GASB Statements and Interpretations; GASB Technical Bulletins; American Institute of Certified Public Accountants ("AICPA") Industry Audit and Accounting Guides and AICPA Statements of Position, if applicable, and cleared by GASB; AICPA Practice Bulletins, if applicable, and cleared by GASB; Implementation Guides published by the Financial Accounting Standards Board ("FASB"); AICPA pronouncements that are not specially applicable to state and governmental entities; FASB Statements and Interpretations; and Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee of Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

#### **Operating Revenues and Expenses**

The Authority's operating revenues consist of parking revenues, rental income and interest earned on unrestricted cash and investments. Operating expenses consist of costs related to parking service. All other revenues and expenses are reported as non-operating revenues and expenses.

#### **Cash Equivalents**

For the purpose of the statements of cash flows, cash equivalents are all highly liquid securities with original maturities of three months or less.

#### **Accounts Receivable, Net of Allowance for Doubtful Accounts**

The Authority evaluates all accounts receivable on an annual basis. An allowance for doubtful accounts was set up in fiscal year ended June 30, 2011 by charging net income. Amounts are charged against the allowance for uncollectibles when management believes that collectibility of some receivables is uncertain.

**PARKING AUTHORITY OF CITY OF TRENTON**

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**NOTES TO FINANCIAL STATEMENTS**

**A. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Property and Equipment and Depreciation**

Property and equipment is stated at cost and is depreciated for financial reporting purposes on a straight-line basis over the estimated useful lives of the assets: 25-50 years for buildings, 10-30 years for improvements, 5-15 years for furniture and fixtures and 5 years for automotive equipment. Repairs and maintenance expenditures which do not extend the useful lives of the related assets are expensed as incurred.

**Bond Issuance Costs**

Bond issuance costs are being amortized on the straight-line method over the lives of the respective bonds. Amortization charged to operations for each of the years ended June 30, 2011 and 2010, was \$36,398 and \$37,145, respectively.

**Income Taxes**

As a public body, the Authority is exempt from both federal and state income taxes under existing statute.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Unemployment Trust Fund**

The State Unemployment Compensation Fund is reimbursed out of current operating income as needed for benefits paid to former employees.

**Restricted Accounts**

In accordance with the bond resolutions and trust agreements, the Authority has established various funds:

<u>Account</u>	<u>Amount</u>	<u>Use for Which Restricted</u>
Construction fund	Withdrawals only.	Authorized draws for construction advances for the Liberty Commons project.
Current debt service account	Amounts needed for accrued bond interest and principal due in the next succeeding fiscal year, as if such principal amounts accrued evenly throughout the year.	Interest and principal payments due on October 1 and April 1.

**PARKING AUTHORITY OF CITY OF TRENTON**

(A Component Unit of the City of Trenton, New Jersey)

**NOTES TO FINANCIAL STATEMENTS**

**A. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

<u>Account</u>	<u>Amount</u>	<u>Use for Which Restricted</u>
Reserve account	Amounts needed for maximum annual debt service.	Interest and principal payments not funded by current debt service accounts.
Renewal and replacement account	Withdrawals only.	Authorized draws for costs and unusual or extraordinary maintenance or repairs, renewal and replacement of equipment, the acquisition of capital additions or improvements.
Rebate fund	Withdrawals only.	Required draws for rebatable arbitrage.

**Other Post Employment Benefits ("OPEB") Other than Pensions**

On July 1, 2007, the Authority implemented GASB Number 45, which covers accounting and financial reporting requirements for government employers which provide post employment benefits other than pensions. Since the Authority participates in a multiple-employer cost-sharing plan ("Public Employees' Retirement System"), the Authority's portion of this liability and cost is calculated and recorded at the State of New Jersey level and included in the state's Comprehensive Annual Financial Report. The Authority records OPEB expense based on billings from the State PERS. Required financial statement disclosure requirements are included in Note K of these audited financial statements.

**Net Assets**

**Restricted**

Amounts are restricted for debt service, renewal and replacement and other charges as required per bond resolution.

**Unrestricted**

The unrestricted net assets represent resources available for current operating expenses net of capital assets and related debt.

	<u>2011</u>	<u>2010</u>
Invested in capital assets, net of related debt	\$ (3,332,732)	\$ (3,613,783)
Unrestricted net assets	<u>2,044,812</u>	<u>3,999,549</u>
(Deficit) Unrestricted	<u>\$ (1,287,920)</u>	<u>\$ 385,766</u>

**PARKING AUTHORITY OF CITY OF TRENTON**

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NOTES TO FINANCIAL STATEMENTS

**B. CREDIT RISK AND CUSTODIAL CREDIT RISK**

The Authority's cash and cash equivalent and investment accounts are insured or collateralized as follows:

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Insured by Federal Deposit Insurance Corporation ("FDIC")	\$ 1,642,513	\$ 909,583
Collateralized by New Jersey Governmental Unit Deposit Protection Act ("NJ GUDPA")	<u>5,785,743</u>	<u>7,113,904</u>
	<u>\$ 7,428,256</u>	<u>\$8,023,487</u>

Since all cash and cash equivalents are covered by the FDIC and NJ GUDPA, the Authority's June 30, 2011 and 2010, cash and cash equivalents and investments are not exposed to either credit or custodial credit risk.

**C. CONCENTRATION OF RISK**

Revenues collected from the State of New Jersey were 42% and 51% for the years ended June 30, 2011 and 2010, respectively. A substantial decrease in these revenues could have a material effect on the operations of the Authority.

**D. INVESTMENTS**

Investments consist of treasury obligations and taxable bonds. These investments are held by the Authority's custodial agent in an account for the Authority and are included in Restricted Assets on the statement of net assets. Unrestricted investments are held by the Authority's investment advisors.

**E. PROPERTY AND EQUIPMENT**

Property and equipment for the years ended June 30, 2011 and 2010, consist of the following:

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
Land	\$ 1,788,122	\$ -	\$ -	\$ 1,788,122
Buildings	30,441,405	-	-	30,441,405
Improvements	3,449,852	191,470	1,487	3,639,835
Furniture and fixtures	15,416	5,920	6,200	15,136
Automotive equipment	<u>33,115</u>	<u>16,156</u>	<u>15,615</u>	<u>33,656</u>
Subtotal	35,727,910	213,546	23,302	35,918,154
Less accumulated depreciation	<u>6,097,243</u>	<u>825,316</u>	<u>23,118</u>	<u>6,899,441</u>
Total property and equipment	<u>\$ 29,630,667</u>	<u>\$ (611,770)</u>	<u>\$ 184</u>	<u>\$ 29,018,713</u>



**PARKING AUTHORITY OF CITY OF TRENTON**

(A Component Unit of the City of Trenton, New Jersey)

NOTES TO FINANCIAL STATEMENTS

**E. PROPERTY AND EQUIPMENT (CONTINUED)**

	June 30, 2009	Additions	Deletions	June 30, 2010
Land	\$ 1,788,122	\$ -	\$ -	\$ 1,788,122
Buildings	30,441,405	-	-	30,441,405
Improvements	2,901,296	548,557	-	3,449,852
Furniture and fixtures	12,690	2,726	-	15,416
Automotive equipment	33,115	-	-	33,115
Subtotal	35,176,628	551,283	-	35,727,910
Less accumulated depreciation	5,285,044	812,919	720	6,097,243
Total property and equipment	<u>\$ 29,891,584</u>	<u>\$ (261,636)</u>	<u>\$ (720)</u>	<u>\$ 29,630,667</u>

Depreciation expense charged to operations was \$825,316 and \$812,919 for the years ended June 30, 2011 and 2010, respectively.

**F. BONDS PAYABLE**

The bonds are payable as to principal and interest from the fees, rentals or other charges derived by the Authority from the operation of its parking system and the full faith, credit and taxing power of the City of Trenton, New Jersey. The City guarantees the payment of the bonds. Additionally, the bonds have been insured to guarantee payment of principal and interest.

The bonds mature annually from April 1, 2005 through April 1, 2034.

Bond resolutions have been adopted by the Authority for the purpose of acquiring, constructing and making improvements to the parking facilities in the City. The following is a summary of revenue bonds outstanding:

Series	Issue Date	Interest Rates	Amount of Original Issue
Parking Revenue Refunding (Series 2001)	10/5/01	4.00%- 5.25%	\$ 20,590,000
Parking Revenue (Series 2003)	12/15/03	2.00%- 4.50%	14,070,000
Parking Revenue (Series 2006)	3/7/06	5.26%- 5.50%	4,520,000
Total			<u>\$ 39,180,000</u>

**PARKING AUTHORITY OF CITY OF TRENTON**

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NOTES TO FINANCIAL STATEMENTS

**F. BONDS PAYABLE (CONTINUED)**

Series	June 30, 2010	Additions	Deletions	June 30, 2011
Parking Revenue Refunding (Series 2001)	\$20,090,000	\$ -	\$ 605,000	\$ 19,485,000
Parking Revenue (Series 2003)	9,402,922	-	216,445	9,186,477
Parking Revenue (Series 2006)	4,330,000	-	85,000	4,245,000
Subtotal	33,822,922	-	906,445	32,916,477
Less deferred loss on defeasance (2006 Refunding)	175,376	-	7,543	167,833
Total	33,647,546	-	898,902	32,748,644
Less current portion	898,902	970,638	898,902	970,638
Bonds payable, net of current portion	<u>\$32,748,644</u>	<u>\$ (970,638)</u>	<u>\$ -</u>	<u>\$ 31,778,006</u>

Series	June 30, 2009	Additions	Deletions	June 30, 2010
Parking Revenue (Series 2000)	\$ 490,000	\$ -	\$ 490,000	\$ -
Parking Revenue Refunding (Series 2001)	20,180,000	-	90,000	20,090,000
Parking Revenue (Series 2003)	9,612,270	-	209,348	9,402,922
Parking Revenue (Series 2006)	4,410,000	-	80,000	4,330,000
Subtotal	34,692,270	-	869,348	33,822,922
Less deferred loss on defeasance (2001 Refunding)	208,691	-	208,691	-
Less deferred loss on defeasance (2006 Refunding)	182,919	-	7,543	175,376
Total	34,300,660	-	653,114	33,647,546
Less current portion	653,114	1,331,369	1,085,581	898,902
Bonds payable, net of current portion	<u>\$ 33,647,546</u>	<u>\$ (1,331,369)</u>	<u>\$ 432,467</u>	<u>\$ 32,748,644</u>

**PARKING AUTHORITY OF CITY OF TRENTON**

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**NOTES TO FINANCIAL STATEMENTS**

**F. BONDS PAYABLE (CONTINUED)**

Total maturities of bonds are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 970,638	\$ 1,612,711	\$ 2,583,349
2013	1,007,287	1,566,713	2,574,000
2014	1,057,933	1,516,164	2,574,097
2015	1,118,483	1,461,491	2,579,974
2016	1,169,128	1,409,388	2,578,516
2017 - 2021	6,718,700	6,145,900	12,864,600
2022 - 2026	8,592,396	4,269,423	12,861,819
2027 - 2031	9,381,733	1,878,787	11,260,520
2032 - 2034	<u>2,732,346</u>	<u>209,069</u>	<u>2,941,415</u>
Total	<u>\$32,748,644</u>	<u>\$ 20,069,646</u>	<u>\$ 52,818,290</u>

**Refunding Bond Issues**

In October 2001, the Authority issued \$20,590,000 in Parking Revenue Refunding Bonds to advance-refund the callable portion, \$18,400,000, of the \$21,000,000 of outstanding Parking Revenue Bonds (Series 2000). The net proceeds of \$20,178,324 (after payment of \$411,676 in underwriting fees, insurance and other issuance costs) were used to purchase state and local government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all scheduled interest and principal payments on the Parking Revenue Bonds to and including April 1, 2010, with the option of redemption on April 1, 2010. The advance-refunding met with the requirement of an in-substance debt defeasance, and \$18,400,000 of the Parking Revenue Bonds were removed from the Authority's financial statements. In addition, the trust account assets are not included in the Authority's financial statements.

As a result of the advance-refunding, the Authority reduced its total debt service requirement by \$1,377,413, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$588,034. In addition, the Authority recorded a deferred loss on defeasance, principally representing the difference between the carrying value of the refunded bonds and the re-acquisition price, of \$1,043,457. This loss on defeasance is reflected as a reduction of bonds payable and is being amortized on a straight-line basis over the life of the new debt. Amortization expense was \$0 and \$208,691 for the years ended June 30, 2011 and 2010, respectively.

In March 2006, the Authority issued \$4,520,000 in Parking Revenue Refunding Bonds to advance-refund the callable portion, \$4,075,000, of the \$14,035,000 of outstanding Series 2003 Parking Revenue Bonds of the Authority used to construct the Liberty Commons facility. The net proceeds of \$4,169,516 (after payment of \$350,484 in underwriting fees, insurance and

**PARKING AUTHORITY OF CITY OF TRENTON**

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**NOTES TO FINANCIAL STATEMENTS**

**F. BONDS PAYABLE (CONTINUED)**

**Refunding Bond Issues (Continued)**

other issuance costs, as well as a \$347,225 deposit to the Bond Reserve Fund) were used to purchase state and local government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all scheduled interest and principal payments on the Series 2003 Parking Revenue Bonds to and including October 1, 2033. The portion of the bonds maturing on or after October 1, 2017, is subject to redemption on or after October 1, 2016, and the bonds maturing on October 1, 2026 and October 1, 2033, are subject to mandatory sinking fund redemption. The advance-refunding met with the requirement of an in-substance debt defeasance, \$4,075,000 of the Series 2003 Parking Revenue Bonds were removed from the Authority's financial statements. In addition, the trust account assets are not included in the Authority's financial statements.

As a result of the advance-refunding, the Authority increased its total debt service requirement by \$1,579,430, which resulted in an economic loss (difference between present value of the debt service payments on the old and new debt) of \$683,060. In addition, the Authority recorded a deferred loss on defeasance, principally representing the difference between the carrying value of the refunded bonds and the re-acquisition price, of \$208,060. This loss on defeasance is reflected as a reduction in bonds payable and is being amortized on a straight-line basis over the life of the new debt. Amortization expense for the years ended June 30, 2011 and 2010, was \$7,543.

Refunded bonds outstanding at June 30, 2011, are comprised of the following:

<u>Issue</u>	<u>Principal Amount Outstanding June 30, 2011</u>
2001 Refunding	
Parking Revenue (Series 2000)	\$ 18,400,000
2006 Refunding	
Parking Revenue (Series 2003)	<u>3,845,000</u>
	<u>\$ 22,245,000</u>

**PARKING AUTHORITY OF CITY OF TRENTON**

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**NOTES TO FINANCIAL STATEMENTS**

**G. DEBT**

Debt consists of garage debt with fluctuating payments due at varying intervals plus interest at approximately 4.7%. Amounts are payable semi-annually through June 2011.

	June 30, 2010	Additions	Deletions	June 30, 2011
Garage debt	\$ 33,304	\$ 33,205	\$ 33,304	\$ 33,205
Less current portion	16,701	33,205	16,701	33,205
Debt, net of current portion	<u>\$ 16,603</u>	<u>\$ -</u>	<u>\$ 16,603</u>	<u>\$ -</u>

**H. PENSION PLAN**

The Authority participates in the PERS of New Jersey, which is part of the Division of Pensions in the Department of the Treasury, State of New Jersey. The plan is funded annually based on the projected benefit method with aggregate-level normal cost and frozen initial unfunded accrued liability. The plan, which covers public employees throughout the state, does not maintain separate records for each reporting unit, and accordingly, the actuarial data for employees of the Authority who are members of the plan is not available.

**I. COMMITMENTS AND CONTINGENCIES**

The Authority's employees have agreed to be contracted with a local union. The effects of a labor or contract problem of any kind have not been determined and have not been reflected in these financial statements.

**J. RELATED PARTY**

A commissioner of the Authority is a member of the board of directors of Lafayette Yard Community Development Corporation (the "Corporation"). The Authority has substantially funded the Corporation for \$7,413,245, all of which has been reserved.

**K. OTHER POST EMPLOYMENT BENEFITS ("OPEB") OTHER THAN PENSIONS**

The Authority participates in a cost sharing multiple-employer defined benefit PERS, which is administered by the State of New Jersey. PERS provides continued health care benefits to employees retiring after twenty-five years of services. Benefits, contributions, funding and the manner of administration are determined by the State Legislature. The Division of pension charges the Authority for its contribution. The total number of employees receiving benefits was 3, 3 and 2, as of June 30, 2011, 2010 and 2009. The total cost for these post-retirement benefits, included in fringe benefits, were \$30,068, \$27,168 and \$22,521, respectively.

**PARKING AUTHORITY OF CITY OF TRENTON**

(A Component Unit of the City of Trenton, New Jersey)

**NOTES TO FINANCIAL STATEMENTS**

**K. OTHER POST EMPLOYMENT BENEFITS ("OPEB") OTHER THAN PENSIONS (CONTINUED)**

Please refer to the State website, [www.state.nj.us](http://www.state.nj.us) for more information regarding the plan. The PERS report may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

**L. SUBSEQUENT EVENTS**

Management has evaluated subsequent events that occurred after the statement of net assets date but before October 7, 2011, the date the financial statements were available to be issued. No items were determined by management that required disclosure.

**SUPPLEMENTARY INFORMATION**

**PARKING AUTHORITY OF CITY OF TRENTON**

(A Component Unit of the City of Trenton, New Jersey)

**SCHEDULES OF OPERATING REVENUES, EXPENSES AND COSTS FUNDED BY  
OPERATING REVENUES COMPARED TO BUDGET**

	Year Ended		
	June 30, 2011		June 30, 2010
	Unaudited Budget	Audited Actual	Audited Actual
<b>Revenues</b>			
Parking revenues	\$ 3,900,000	\$ 3,747,628	\$ 3,722,268
Rental income	53,000	28,506	46,474
Interest income	97,644	8,717	15,046
<b>Total revenues</b>	<b><u>\$ 4,050,644</u></b>	<b><u>\$ 3,784,851</u></b>	<b><u>\$ 3,783,788</u></b>
<b>Expenses</b>			
Payroll	\$ 485,000	\$ 515,620	\$ 516,219
Heat, light and water	160,000	183,296	271,332
Facilities maintenance	183,600	189,914	184,112
Parking tickets	3,000	4,001	2,126
Laundry and uniforms	6,000	2,690	6,701
Insurance	105,000	113,703	148,135
Telephone	28,500	25,042	26,054
Office expenses	37,600	12,812	13,127
Fringe benefits	200,000	249,336	206,147
Professional fees	72,500	79,809	180,730
Consulting Fees	139,400	136,184	-
Travel, meetings and workshops	21,400	16,924	6,215
Miscellaneous expenses	1,000	7,994	5,991
Bad debt expense	-	67,250	-
<b>Total expenses</b>	<b>1,443,000</b>	<b>1,604,575</b>	<b>1,566,889</b>
Interest expense - bonds	1,655,361	1,643,745	1,687,586
Interest expense - garage debt	1,680	1,680	2,528
<b>Other costs funded by operating revenues</b>			
Principal maturity	923,145	906,545	902,835
Capital outlays	3,083,810	213,546	551,283
Unreserved retained earnings	<u>(3,056,352)</u>	<u>(585,240)</u>	<u>(927,333)</u>
<b>Total costs funded by operating revenues</b>	<b><u>\$ 4,050,644</u></b>	<b><u>\$ 3,784,851</u></b>	<b><u>\$ 3,783,788</u></b>



**PARKING AUTHORITY OF CITY OF TRENTON**

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**ROSTER OF OFFICIALS**

<u>AUTHORITY COMMISSIONERS</u>	<u>POSITION</u>
William Watson	Chairman
Andrew Worek	Treasurer
Harry Reyes	Commissioner
Melody P. Freeman	Commissioner
Peter Page	Commissioner
Anne LaBate	Commissioner
<u>OTHER OFFICIAL</u>	
Walter Smith	Managing Consultant