

# **Financial Report**

of

## **The Parking Authority of the Township of West Windsor**

For the Years Ended December 31, 2012 and 2011

Prepared By

The Parking Authority of the Township of West Windsor

Finance Department



**THE PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR**

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## **FINANCIAL SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditor's Report**

The Board of Commissioners  
Parking Authority of the Township of West Windsor  
West Windsor, New Jersey

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Parking Authority of the Township of West Windsor, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as 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 audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## **SUPLEE, CLOONEY & COMPANY**

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.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Parking Authority of the Township of West Windsor, as of December 31, 2012 and 2011, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with 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 the *management's discussion and analysis and budgetary comparison information* identified in the table of contents be presented to supplement the basic financial statements. 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 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.

## SUPLEE, CLOONEY & COMPANY

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parking Authority of the Township of West Windsor's basic financial statements. The financial statements and other schedules 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 relates 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 basic 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 financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2013 on our consideration of the Parking Authority of the Township of West Windsor'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 Parking Authority of the Township of West Windsor's internal control over financial reporting and compliance.

May 13, 2013

A handwritten signature in black ink, reading "Suplee, Clooney & Company". The signature is written in a cursive, flowing style.





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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 BASIC FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Board of Commissioners  
Parking Authority of the Township of West Windsor  
West Windsor, 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, the financial statements of the Parking Authority of the Township of West Windsor as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Parking Authority of the Township of West Windsor's financial statements, and have issued our report thereon dated May 13, 2013.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Parking Authority of the Township of West Windsor's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Parking Authority of the Township of West Windsor's internal control. Accordingly, we do not express an opinion on the effectiveness of the Parking Authority of the Township of West Windsor'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

## **SUPLEE, CLOONEY & COMPANY**

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 Parking Authority of the Township of West Windsor's financial statements are free from 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*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

May 13, 2013

A handwritten signature in cursive script that reads "Suplee, Clooney & Company".

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

## INTRODUCTION

The Parking Authority of the Township of West Windsor, (the "Authority") was created for the purpose of acquiring or constructing public parking facilities at the Princeton Junction railroad station.

The Authority has no taxing power. Operating costs are funded from customer fees. The cost of capital assets is funded by customer revenues and issuance of debt.

The Authority consists of five members, who act as the Board of Commissioners. One member is appointed by the municipal governing body each year to staggered five year terms. The members annually select its members to serve as chairperson, vice chairperson, treasurer, secretary and assistant treasurer. The chairperson, or in his or her absence, the vice-chairperson presides over the meetings.

The members are also responsible for annually appointing an attorney, engineer, auditor and recording secretary, along with other special counsels or consultants as deemed appropriate.

The Authority is pleased to present its Annual Financial Report prepared in compliance with Statements of Governmental Accounting Standard No. 34, entitled "Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments", and related standards.

The Authority has prepared and is responsible for the financial statements and related information included in the annual report. A system of internal accounting controls is maintained to provide reasonable assurance that Authority assets are safeguarded and that the books and records reflect only authorized transactions. There are limitations in any system of internal controls. However, based on recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost benefit relationship.

The system of internal accounting controls is evaluated on an ongoing basis by the Authority's financial staff. Independent external auditors also consider elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

In the Authority's opinion, the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America.

The unqualified opinion of our independent auditor is included in this report.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

MANAGEMENTS DISCUSSION AND ANALYSIS

This section of the annual report presents management's analysis of the Authority's financial condition and activities for the year. This information should be read in conjunction with the Authority's financial statements.

Financial Highlights

Total assets were \$10,190,725 and total liabilities were \$6,054,755 resulting in net assets of \$4,135,970 at December 31, 2012. Net Position at December 31, 2012 increased by \$442,980 over December 31, 2011.

The Authority's unrestricted net position decreased by \$198,523 for the year ended December 31, 2012.

Operating income was \$415,955 for the year ended December 31, 2012. This is an increase of \$102,362 (32.6%) when compared to the December 31, 2011 operating income of \$313,593. The increase in operating income resulted in large part, from an increase in operating expenses.

Operating expenses decreased by \$136,168 from December 31, 2011. The largest decreases were in lot maintenance, including snow removal (\$129,140) and office supplies and expenses (\$13,661).

Outstanding debt increased by \$4,260,000 during 2012. Total outstanding debt was \$4,720,000 at December 31, 2012. On April 20, 2012 the Authority issued \$4,720,000 Parking Revenue Bonds (Township Guaranteed, Series 2012). The Bonds were issued to provide funds for the cost of construction of a new parking facility on Alexander Road including capitalized interest and expenses with the issuance and delivery of the Bonds.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplemental information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's capital plan, budget, and other management tools were used for this analysis.

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a statement of net position; a statement of revenues, expenses and changes in net position; a statement of cash flows; notes to the financial statements and a statement of net position-fiduciary fund.

The statement of net position presents the financial position of the Authority on a full accrual historical cost basis. The statement presents the Authority's assets and liabilities, with the difference reported as net position. Net position increases and decreases over time, is one indicator of improving or deteriorating financial position of the Authority.

The statement of revenues, expenses and changes in net position presents the results of the business activities over the fiscal year and information as to how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides information about the Authority's ability to recover its costs through user fees and other charges.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

MANAGEMENTS DISCUSSION AND ANALYSIS (CONTINUED)

Overview of Annual Financial Report (Continued)

The statement of cash flows presents changes in cash and cash equivalents resulting from operating activities, investing, capital and non-capital activities. The statement presents cash receipts and disbursements without consideration of the earnings event. This statement shows what sources provided cash, what cash was used for and what the change in cash balance was for the reporting period.

The notes to the financial statements provide required disclosures and other information essential to a complete understanding of information provided in the financial statements. The notes contain information about the Authority's accounting policies, significant account balances and changes, material risks, obligations, commitments, contingencies and subsequent events.

The statement of net position – Fiduciary Funds presents the assets and liabilities that the Authority has custodial responsibilities for under a lease agreement with the New Jersey Transit Corporation. Under this agreement the Authority operates and maintains public parking lots and the railroad station at Princeton Junction, New Jersey.

Financial Analysis of the Authority

The following tables and other information are provided as key financial data used by management for monitoring and planning purposes.

Net Position – Table 1 summarizes the changes in net assets for the years ended December 31, 2012, 2011 and 2010:

Table 1

Condensed Summary of Net Position

	Years Ended December 31,			
	<u>2012</u>	<u>2011</u>	<u>Increase/ (Decrease)</u>	<u>2010</u>
Assets:				
Current Unrestricted Assets	\$ 3,026,348	\$2,981,853	\$ 44,495	\$3,159,931
Restricted Assets	4,328,671	706,089	3,622,582	693,026
Other Assets	133,189	14,444	118,745	19,396
Capital Assets (Net of Depreciation)	<u>2,702,518</u>	<u>1,238,624</u>	<u>1,463,894</u>	<u>829,029</u>
Total Assets	<u>\$10,190,726</u>	<u>\$4,941,010</u>	<u>\$5,249,716</u>	<u>\$4,701,382</u>
Liabilities:				
Current Liabilities	\$ 1,124,897	\$ 904,807	\$ 220,090	\$ 786,611
Non-Current Liabilities	<u>4,929,858</u>	<u>343,212</u>	<u>4,586,646</u>	<u>482,818</u>
Total Liabilities	<u>\$ 6,054,755</u>	<u>\$1,248,019</u>	<u>\$4,806,736</u>	<u>\$1,269,429</u>
Net Position:				
Invested in Capital Fixed Assets	\$ 1,516,258	\$1,282,651	\$ 233,607	\$ 740,720
Restricted For:				
Renewal and Replacement	212,935	202,085	10,850	191,235
Unrestricted	<u>2,406,778</u>	<u>2,208,255</u>	<u>198,523</u>	<u>2,499,998</u>
Total Net Position	<u>\$ 4,135,971</u>	<u>\$3,692,991</u>	<u>\$442,980</u>	<u>\$3,431,953</u>

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

MANAGEMENTS DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Authority (Continued)

As previously noted, net position may over time serve as a useful measure of an entity's financial position. In the Authority's case, assets exceeded liabilities by \$4,135,971 at December 31, 2012.

A portion of the Authority's net position (\$1,516,258 or 36.7% at December 31, 2012) is reflected in its investment in capital assets, as shown on Table 1. These assets are used by the Authority to provide public parking facilities and thus are not available for future spending.

Net position increased by \$442,980 and unrestricted net assets increased \$198,523 in 2012. The increase in net assets resulted from operating income.

Operating Activities

Table 2 summarizes the changes in revenues, expenses and net position for the fiscal years December 31, 2012, 2011 and 2010.

Table 2

Condensed Summary of Revenues, Expenses and Changes in Net Position

	Years Ended December 31,			
	<u>2012</u>	<u>2011</u>	<u>Increase/ (Decrease)</u>	<u>2010</u>
<u>Revenues</u>				
Operating Revenues:				
User Charges	\$ 952,254	\$ 986,060	\$ (33,806)	\$1,031,727
Other	-	-	-	-
Total Operating Revenues	<u>952,254</u>	<u>986,060</u>	<u>(33,806)</u>	<u>1,031,727</u>
Non-Operating Revenues:				
Interest Income	<u>52,225</u>	<u>18,454</u>	<u>36,771</u>	<u>30,110</u>
Total Non-Operating Revenues	<u>52,225</u>	<u>18,454</u>	<u>36,771</u>	<u>30,110</u>
Total Revenues	<u>1,007,479</u>	<u>1,004,514</u>	<u>2,965</u>	<u>1,061,837</u>
<u>Expenses</u>				
Operating Expenses:				
Cost of Providing Services	250,579	329,522	(141,943)	329,998
General and Administrative	207,482	194,971	12,511	159,398
Depreciation	<u>78,239</u>	<u>84,974</u>	<u>(6,735)</u>	<u>79,649</u>
Total Operating Expenses	<u>536,300</u>	<u>672,467</u>	<u>(136,167)</u>	<u>569,045</u>
Non-Operating Expenses:				
Interest Expenses	10,444	35,485	(25,041)	43,310
Amortization of Debt Issue Cost	17,755	4,952	12,803	4,952
Contribution to the Township of West Windsor	-	<u>30,573</u>	<u>(30,573)</u>	-
Total Non-Operating Expenses	<u>28,199</u>	<u>71,010</u>	<u>(42,811)</u>	<u>48,262</u>
Total Expenses	<u>564,499</u>	<u>743,477</u>	<u>(178,978)</u>	<u>617,307</u>
Change in Net Position	<u>442,980</u>	<u>261,037</u>	<u>181,943</u>	<u>444,530</u>
Total Net Position, Beginning of Year	<u>3,692,990</u>	<u>3,431,953</u>	<u>261,037</u>	<u>2,987,423</u>
Total Net Position, End of Year	<u>\$ 4,135,970</u>	<u>\$3,692,990</u>	<u>\$442,980</u>	<u>\$3,431,953</u>

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

MANAGEMENTS DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Authority (Continued)

The summary of revenues, expenses, and changes in net position provides information as to the nature and source of changes in financial position. Table 2 shows that total revenues in 2012 increased by \$2,965 mainly from the increase in interest income. Total expenses decreased by \$178,978. The largest decreases in expenses were in lot maintenance including snow removal, enforcement expenses and office supplies and expenses. These items included \$159,220 (88.9%) of the total decrease in expenses in 2012.

Capital Assets

Table 3 summarizes the changes in capital assets at December 31, 2012, 2011 and 2010.

Table 3

Capital Assets - Net of Depreciation

	Years Ended December 31,		Increase/ (Decrease)	
	<u>2012</u>	<u>2011</u>		<u>2010</u>
Land, Land Rights and Improvements	\$ 330,075	\$ 330,075	\$ -	\$ 330,075
Buildings	24,778	24,778	-	24,778
Parking Lots	1,671,065	1,671,065	-	1,671,065
Vehicle	73,035	49,346	23,689	49,346
Equipment	141,018	133,818	7,200	133,818
Construction in Progress	<u>2,084,844</u>	<u>573,600</u>	<u>1,511,244</u>	<u>79,031</u>
	4,324,815	2,782,682	1,542,133	2,288,113
Less: Accumulated Depreciation	<u>1,622,296</u>	<u>1,544,058</u>	<u>78,238</u>	<u>1,459,083</u>
Total Capital Assets, Net of Depreciation	<u>\$2,702,519</u>	<u>\$1,238,624</u>	<u>\$1,463,895</u>	<u>\$ 829,030</u>

The Authority's investment in capital assets increased by \$1,542,133 for the year.

Debt Outstanding

The Authority's long-term debt is \$4,720,000 at December 31, 2012, an increase of \$4,260,000 when compared to the \$460,000 outstanding at December 31, 2011. Interest on these bonds is paid semi-annually with interest rates ranging from 3-4%. Principal payments on the outstanding debt are due annually with final maturity on March 1, 2043. Additional information on the Authority's long-term debt can be found in Note 6 in the financial statements.

Next Year's Budget and User Rates

The Authority adopted a \$696,828 operating and maintenance budget for 2013, an increase of \$191,428 (37.9%) when compared to 2012.

The Authority's user rates for parking permits and daily charges were increased by 20% and 25%, respectively, on February 1, 2011 and are expected to remain unchanged in 2013.



PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

MANAGEMENTS DISCUSSION AND ANALYSIS (CONTINUED)

Next Year's Budget and User Rates (Continued)

For the 2013 budget the Authority anticipated that the new parking facility will begin operations on May 1, 2013.

The Authority adopted a capital program with their 2013 budget. The capital program includes future projects totaling \$352,500 and anticipates the use of \$352,500 in unrestricted net assets to provide funding for those projects.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any question about this report or need any additional information, contact the Authority in writing at P.O. Box 58, Princeton Junction, New Jersey 08550 or by telephone at 609-799-3130.

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## **BASIC FINANCIAL STATEMENTS**

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A Component Unit of the Township of West Windsor)

STATEMENTS OF NET POSITION  
DECEMBER 31, 2012 AND 2011

	2012	2011
<u>ASSETS</u>		
Unrestricted Current Assets:		
Cash and Cash Equivalents	\$ 3,024,215.14	\$ 2,970,018.23
Prepaid Expenses		9,702.00
Rent Security	2,132.33	2,132.33
<u>Total Unrestricted Assets</u>	<u>\$ 3,026,347.47</u>	<u>\$ 2,981,852.56</u>
Restricted Assets:		
Cash and Cash Equivalents	\$ 4,300,355.38	\$ 672,969.51
Due from Unrestricted Assets	28,315.47	33,119.97
<u>Total Restricted Assets</u>	<u>\$ 4,328,670.85</u>	<u>\$ 706,089.48</u>
Capital Assets:		
Land	\$ 330,074.61	\$ 330,074.61
Buildings	24,778.20	24,778.20
Vehicles	73,034.50	49,345.50
Equipment	141,018.15	133,818.15
Parking Lots	1,671,064.99	1,671,064.99
Construction in Progress	2,084,844.09	573,600.54
	<u>\$ 4,324,814.54</u>	<u>\$ 2,782,681.99</u>
Less: Accumulated Depreciation	\$ 1,622,296.22	\$ 1,544,057.74
<u>Capital Assets, Net</u>	<u>\$ 2,702,518.32</u>	<u>\$ 1,238,624.25</u>
Other Assets:		
Unamortized Debt Issue Costs	\$ 133,188.72	\$ 14,443.72
<u>Total Other Assets</u>	<u>\$ 133,188.72</u>	<u>\$ 14,443.72</u>
<u>TOTAL ASSETS</u>	<u>\$ 10,190,725.36</u>	<u>\$ 4,941,010.01</u>

The accompanying notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A Component Unit of the Township of West Windsor)

STATEMENTS OF NET POSITION  
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities:		
Accounts Payable	\$ 18,008.44	\$ 138,100.95
Prepaid Parking Fees	214,521.00	207,400.00
Due to Fiduciary Fund	325,967.87	378,848.01
Due to Restricted Assets	<u>28,315.47</u>	<u>33,119.97</u>
<u>Total Current Liabilities Payable from Unrestricted Assets</u>	<u>\$ 586,812.78</u>	<u>\$ 757,468.93</u>
Current Liabilities Payable from Restricted Assets:		
Accounts Payable - Construction	\$ 476,485.36	
Revenue Bonds Payable - Current Portion		\$ 145,000.00
Accrued Interest Payable on Revenue Bonds	<u>61,599.02</u>	<u>2,338.33</u>
<u>Total Current Liabilities Payable from Restricted Assets</u>	<u>\$ 538,084.38</u>	<u>\$ 147,338.33</u>
<u>Total Current Liabilities</u>	<u>\$ 1,124,897.16</u>	<u>\$ 904,807.26</u>
Long-Term Liabilities:		
Compensated Absences Payable	\$ 32,757.23	\$ 28,212.42
Long-Term Portion of Revenue Bonds Payable	<u>4,720,000.00</u>	<u>315,000.00</u>
<u>Total Long-Term Liabilities</u>	<u>\$ 4,752,757.23</u>	<u>\$ 343,212.42</u>
<u>Total Liabilities</u>	<u>\$ 5,877,654.39</u>	<u>\$ 1,248,019.68</u>
Deferred Inflows:		
Premium on Sale of Bonds	177,100.43	
Net Position:		
Net Investment in Capital Assets	\$ 1,516,258.08	\$ 1,282,650.79
Restricted- Renewal and Replacement	212,935.00	202,085.00
Unrestricted	<u>2,406,777.46</u>	<u>2,208,254.54</u>
<u>Total Net Position</u>	<u>\$ 4,135,970.54</u>	<u>\$ 3,692,990.33</u>
<u>TOTAL LIABILITIES AND NET POSITION</u>	<u>\$ 10,190,725.36</u>	<u>\$ 4,941,010.01</u>

The accompanying notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A Component Unit of the Township of West Windsor)

STATEMENTS OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
User Charges (Net of Sales Tax)	\$ 952,254.41	\$ 986,059.98
<u>Total Operating Revenues:</u>	<u>\$ 952,254.41</u>	<u>\$ 986,059.98</u>
Operating Expenses:		
Cost of Providing Services	\$ 250,578.77	\$ 392,522.15
Administrative and General Expenses	207,482.36	194,970.90
Depreciation	78,238.48	84,974.38
<u>Total Operating Expenses</u>	<u>\$ 536,299.61</u>	<u>\$ 672,467.43</u>
<u>Operating Income</u>	<u>\$ 415,954.80</u>	<u>\$ 313,592.55</u>
Non-Operating Revenues (Expenses):		
Interest Income	\$ 55,224.65	\$ 18,454.64
Amortization of Debt Issue Costs	(17,755.00)	(4,952.10)
Interest Expense	(10,444.24)	(35,485.00)
Contribution to Township of West Windsor	-	(30,573.00)
<u>Total Non-Operating Revenues (Net)</u>	<u>\$ 27,025.41</u>	<u>\$ (52,555.46)</u>
<u>Net Income</u>	<u>\$ 442,980.21</u>	<u>\$ 261,037.09</u>
Net Position, Beginning of Year	<u>3,692,990.33</u>	<u>3,431,953.24</u>
Net Position, End of Year	<u>\$ 4,135,970.54</u>	<u>\$ 3,692,990.33</u>

The accompanying notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A Component Unit of the Township of West Windsor)

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>Cash Flows from Operating Activities:</u>		
Receipts from Customers	\$ 959,375.41	\$ 1,011,634.98
Payment to Suppliers and Employees	(616,786.97)	(509,185.38)
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 342,588.44</u>	<u>\$ 502,449.60</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Contribution to Township of West Windsor	\$ _____	\$ (30,573.00)
<u>Net Cash Used for Non-Capital Financing Activities</u>	<u>\$ _____</u>	<u>\$ (30,573.00)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Proceeds from Sale of Revenue Bonds	\$ 4,901,503.50	\$ _____
Principal Payments on Bonds	(460,000.00)	(135,000.00)
Interest Paid on Debt	(12,782.57)	(36,160.00)
Acquisition of Capital Assets	(1,144,951.24)	(494,569.38)
<u>Net Cash Used for Capital and Related Financing Activities</u>	<u>\$ 3,283,769.69</u>	<u>\$ (665,729.38)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest Income	\$ 55,224.65	\$ 18,454.64
<u>Net Cash Provided by Investing Activities</u>	<u>\$ 55,224.65</u>	<u>\$ 18,454.64</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 3,681,582.78	\$ (175,398.14)
Cash and Cash Equivalents, Beginning of Year	<u>3,642,987.74</u>	<u>3,818,385.88</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,324,570.52</u>	<u>\$ 3,642,987.74</u>
Reconciliation of Operating Income to Net Assets Provided by Operating Activities:		
Operating Income	\$ 415,954.80	\$ 313,592.55
Adjustments to Reconcile Operating Income to Net Assets Provided (Used by) Operating Activities:		
Depreciation	78,238.48	84,974.38
Increase in Prepaid Parking Fees	7,121.00	25,575.00
(Increase)/Decrease in Prepaid Expenses	(120,092.51)	66,326.74
Increase in Accounts Payable	4,544.81	5,394.91
(Decrease)/Increase in Compensated Absences Payable	(52,880.14)	7,048.02
(Decrease)/Increase in Due to Fiduciary Funds	9,702.00	(462.00)
<u>Total Adjustments</u>	<u>\$ (73,366.36)</u>	<u>\$ 188,857.05</u>
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 342,588.44</u>	<u>\$ 502,449.60</u>

The accompanying notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A Component Unit of the Township of West Windsor)

STATEMENTS OF NET POSITION  
 FIDUCIARY FUNDS  
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 2,416,547.85	\$ 1,612,192.01
Miscellaneous Accounts Receivable	7,743.79	
Due from West Windsor Parking Authority	<u>325,967.87</u>	<u>378,848.01</u>
	<u>\$ 2,750,259.51</u>	<u>\$ 1,991,040.02</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 94,136.09	\$ 24,997.28
Prepaid Parking Fees	749,760.00	727,805.00
Compensated Absences Payable	43,637.65	37,443.91
Due to New Jersey Transit Corporation - Surplus Revenues	<u>1,862,725.77</u>	<u>1,200,793.83</u>
	<u>\$ 2,750,259.51</u>	<u>\$ 1,991,040.02</u>

The accompanying notes are an integral part of these financial statements.



PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(1) DESCRIPTION OF ENTITY

The Parking Authority of the Township of West Windsor was created by virtue of an ordinance adopted on October 11, 1971, by the governing body of the Township of West Windsor. The Authority operates under the provisions of the Parking Authority Law, constituting Chapter 11A of the Revised Statutes of the State of New Jersey. The Authority has entered into an agreement with the Township of West Windsor, obligating the Township to guarantee the Authority's debt service, to the extent not met by other sources.

On December 18, 1987, the Parking Authority entered into a lease agreement with the New Jersey Transit Corporation to operate and maintain certain parcels of the Princeton Junction Railroad Station, primarily its adjacent Alexander Road parking lot. In addition to this report, the Authority submits a separate report annually to the New Jersey Transit Corporation which reflects only the financial activity of the Princeton Junction Railroad Station as required by the lease agreement.

The Governmental Accounting Standards Board Statement 14 requires that disclosure be made in the financial statements regarding the financial reporting entity of governmental units.

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

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

The Parking Authority of the Township of West Windsor is a component unit of the primary government, the Township of West Windsor. The board of the Parking Authority of the Township of West Windsor is appointed by the Township Council of the Township of West Windsor and under the agreement entered into by the Authority and the Township of West Windsor, the Township will provide for deficits resulting from failure or disability of the Authority to derive adequate revenues from operating the system.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

The Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting applied by the Authority is determined by its measurement focus. The financial statements are reported using the economic measurement focus and the accrual basis of accounting. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position. Net Position (totals assets and deferred outflows net of total liabilities and deferred inflows) are segregated into investment in capital assets, restricted and unrestricted components.

The activities under the lease agreement with the New Jersey Transit Corporation are accounted for in a fiduciary fund (Agency Fund) and are not included in the Statement of Net Position (Exhibit A). Agency funds account for assets held by the Authority in a custodial capacity. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operation.

Cash Equivalents and Deposits

Cash and cash equivalents, for purposes of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit and investments with a maturity of three months or less.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Restricted assets represent cash, investments and receivables maintained in accordance with bond resolutions, loan agreements and other resolutions and formal actions of the Authority or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities, and improvements and extensions to the parking facilities.

Grants and Contributions

Contributions received are recorded in the period received. Developer financed construction is recorded in the period in which applicable costs are incurred. Donated assets are recorded at fair market value at time of the contribution.

Capital Assets

Property, plant and equipment constructed or purchased by the Authority as part of its parking facilities are recorded at cost. Other minor equipment purchases and the cost of repairs and maintenance are expensed as incurred.

Depreciation is determined on a straight-line basis and is provided over the following useful life:

Building	40 Years
Parking Lot	10-20 Years
Vehicles	10 Years
Equipment	7 Years

Unamortized Debt Issue Costs

Costs related to the issuance of Bonds have been capitalized. Debt issue costs in the amount of \$136,500, incurred with the April 17, 2012 bond issue, are being amortized over the life of the issue on a straight-line basis; accumulated amortization as of December 31, 2012 and 2011 amounted to \$3,311.28 and \$-0-, respectively.

Costs related to the issuance of bonds have been capitalized. Debt issue costs in the amount of \$101,930.80 increased with the May 1, 1994 bond issue are being amortized over the life of the issue on a straight-line basis; accumulated amortization as of December 31, 2012 and 2011 amounted to \$101,930.80 and \$87,487.08. These bonds were paid off in 2012 and all costs and accumulated amortization has been removed from the financial statements at December 31, 2012.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Budgets

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

Net Position

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

- 1) Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted - when constraints placed on net position are either a) externally imposed by creditors (such as the bond resolution), grantors, or laws or regulations of other governments or b) imposed by law.

Presently, the Authority has one (1) item of restricted net position which is required by the bond resolution. This restriction is for renewals and replacements.

- 3) Unrestricted - any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences Payable

The Authority allows employees (including part-time) to earn vacation time based on the employee's length of service and time worked during the preceding year. Vacation time may be carried forward and paid at termination of the employee.

Unused sick leave may be carried forward into subsequent calendar years. Upon retirement, accumulated sick leave may be converted to a cash payment at a rate of not more than 50% of the employee's current hourly salary up to a maximum of six (6) months time. Employees hired after July 8, 2003 will be capped at a maximum of \$10,000.00. If the employee leaves for other than retirement, unused sick pay is forfeited.

It is estimated that the cost of unpaid vacation time and sick time as of December 31, 2012 and 2011 was \$32,757.23 and \$28,212.42 respectively; these amounts are reflected as an expenditure and liability in the financial statements.

(3) CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost. All other investments are stated at fair value.

Deposits

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

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

The market value of the collateral must equal five percent of the average daily balance of public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(3) CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

N.J.S.A. 40A:5-15.1 provides that public funds may be invested in the following types of securities when authorized by resolution adopted by a majority vote of all its members:

- a. Bonds or other obligations of the United States of America or obligation guaranteed by the United States of America, including securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the "Investment Company Act of 1940", 54 Stat. 847 (16 U.S.C. 80a-1 et seq.), purchase and redeemed only through the use of National or State banks located within this State, if the portfolio of that investment company or investment trust is limited to bonds or other obligations of the United States of America, bonds or other obligations guaranteed by the United States of America and repurchase agreements fully collateralized by bonds or other obligations guaranteed by the United States of America, which collateral shall be delivered to or held by the investment company or investment trust, either directly or through an authorized custodian;
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal Land Bank, Federal National Mortgage Associates or of any United States Bank for Cooperatives which have a maturity date not greater than 12 months from the date of purchase.
- c. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part of within which the school district is located;
- d. Bonds or other obligations, having a maturity date not more than 12 months from the date of purchase, approved by the Division of Investment of the Department of the Department of Treasury for investment by local units.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(3) CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

N.J.S.A. 52:18A-90.4 provides that the Director of the Division of Investment may, subject to the approval of the State Investments Council and the State Treasurer, establish, maintain and operate a common trust fund to be known as the State of New Jersey Cash Management Fund in which may be deposited the surplus public moneys of the state, its counties, municipalities and school districts and the agencies or authorities created by any of these entities. This fund shall be considered a legal depositor for public moneys.

Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Authority does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2012 and 2011, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balances was exposed to custodial credit risk.

Based upon the limitation set forth by New Jersey Statutes and existing investment practices, the Authority is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(3) CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

As of December 31, 2012 and 2011, the Authority's deposits and investments are summarized as follows:

	<u>2012</u>	<u>2011</u>
Reconciliation to Statement of Net Assets (Exhibit A):		
Unrestricted:		
Cash and Cash Equivalents	\$3,024,215.14	\$2,970,018.23
Restricted Cash and Cash Equivalents	4,300,355.38	672,969.51
Agency Fund Cash and Cash Equivalents (Not Included in Exhibit A)	<u>2,403,947.85</u>	<u>1,612,192.01</u>
	<u>\$9,728,518.37</u>	<u>\$5,255,179.75</u>

As of December 31, 2012, the Authority's investments are summarized as follows:

	<u>Carrying Amount</u>	<u>Value</u>	<u>Market Equivalent</u>	<u>Cash Investment</u>
First American Treasury Obligation CIY	\$ 731,409.99	\$ 731,409.99		\$ 731,409.99
Provident Bank NJ Restricted Investment Funds Account	<u>1,034,716.04</u>	<u>1,034,716.04</u>		<u>1,034,716.04</u>
	<u>\$1,766,126.03</u>	<u>\$1,766,126.03</u>	<u>\$ - 0 -</u>	<u>\$1,766,126.03</u>

As of December 31, 2011, the Authority's investments are summarized as follows:

	<u>Carrying Amount</u>	<u>Value</u>	<u>Market Equivalent</u>	<u>Cash Investment</u>
First American Treasury Obligation CIY	\$ 391,532.76	\$ 391,532.76		\$ 391,532.76
Provident Bank NJ Restricted Investment Funds Account	<u>1,139,516.84</u>	<u>1,139,516.84</u>		<u>1,139,516.84</u>
	<u>\$1,531,049.60</u>	<u>\$1,531,049.60</u>	<u>\$ - 0 -</u>	<u>\$1,531,049.60</u>



PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(4) RESTRICTED ACCOUNTS

In accordance with the 1994 bond resolution, the Authority has established the following accounts for the deposit, in the priority of the order listed, of all revenues received by the Authority:

<u>ACCOUNT</u>	<u>AMOUNT</u>	<u>USE FOR WHICH RESTRICTED</u>
Revenue Authority	All revenues received, as of the first day of each month, transfers to the various accounts described below.	Authorized operating Expenses.
Bond Service	Amount needed to equal the Bond Service Requirement as of the end of any particular month.	Principal and interest on bonds.
Renewal and Replacement	Amount needed to increase the balance to equal the Project Reserve Requirements as defined by the Resolution.	Transfers to meet major repairs, renewals and replacements. Excess may be transferred to the General Fund.
General Fund	To the extent of excess funds after prior fund transfers and other lawful purposes.	Transfers to meet minimum levels required in the Bond Service Fund.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(5) PROPERTY, PLANT AND EQUIPMENT

Activity in the fixed assets for the Authority for the year ended December 31, 2012 was as follows:

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Land	\$ 330,074.61	\$ -	\$ 330,074.61
Building	24,778.20	-	24,778.20
Parking Lots	1,671,064.99	-	1,671,064.99
Vehicle	49,345.50	23,689.00	73,034.50
Equipment	133,818.15	7,200.00	141,018.15
Construction in Progress	<u>573,600.54</u>	<u>1,511,243.55</u>	<u>2,084,844.09</u>
	2,782,681.99	1,542,132.55	4,324,814.54
Less: Accumulated Depreciation	<u>(1,544,057.74)</u>	<u>(78,238.48)</u>	<u>(1,622,296.22)</u>
Net Property, Plant and Equipment	<u>\$ 1,238,624.25</u>	<u>\$1,463,894.07</u>	<u>\$2,702,518.32</u>

(6) LONG-TERM DEBT

Series 1994 Parking Revenue Bonds - Authorized and issued \$2,000,000.00 dated May 1, 1994 for the purposes of refunding the 1985 bond series and for the creation of a parking facility on Vaughn Drive. These bonds are due in annual installments each December 1, through the year 2014. Interest is due each June 1 and December 1 at rates of 3.75% to 6.10%. All series 1994 bonds were redeemed in 2012.

Series 2012 Parking Revenue Bonds – Authorized and issued \$4,720,000 dated April 17, 2012 issued to provide funds for (i) the cost of construction of a new parking facility on Alexander Road; (ii) capitalized interest on the bonds; and (iii) the expenses incurred in connection with the issuance and delivery of the bonds. These bonds are due in annual installments each March 1, 2016 through 2043. Interest is due each March 1 and December 1, beginning December 1, 2012 at rates of 3.00% to 4.00%. The bonds are subject to redemption at the Authority's option on any principal payment date on or after March 1, 2022, at the redemption price of 100% of the principal amount of the bonds to be redeemed, plus accrued interest thereon, if any, to the date fixed for redemption.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(6) LONG-TERM DEBT (CONTINUED)

A summary of maximum annual Debt Service for principal and interest payments or bonded debt issued and outstanding as of December 31, 2012 is provided below:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
December 31, 2013	\$ -	\$ 182,775.00	\$ 182,775.00
December 31, 2014	-	182,775.00	182,775.00
December 31, 2015	-	182,775.00	182,775.00
December 31, 2016	100,000.00	181,275.00	281,275.00
December 31, 2017	100,000.00	178,275.00	278,275.00
December 31, 2018-22	560,000.00	838,150.00	1,398,150.00
December 31, 2023-27	675,000.00	725,212.50	1,400,212.50
December 31, 2028-32	815,000.00	578,100.00	1,393,100.00
December 31, 2033-37	995,000.00	397,500.00	1,392,500.00
December 31, 2038-42	1,205,000.00	178,100.00	1,383,100.00
December 31, 2043	<u>270,000.00</u>	<u>5,400.00</u>	<u>275,400.00</u>
	4,720,000.00	3,630,337.50	8,350,337.50
Less: Capitalized Interest		(114,742.08)	(114,742.08)
Paid by Authority	<u>\$4,720,000.00</u>	<u>\$3,515,595.42</u>	<u>\$8,235,595.42</u>

During the year ended December 31, 2012, the following changes occurred in bonds payable:

	<u>Balance Jan. 1, 2012</u>	<u>Issued 2012</u>	<u>Retired 2012</u>	<u>Balance Dec. 31, 2012</u>
Series 199	\$460,000.00	\$ -	\$460,000.00	\$ -
Series 2012	<u>-</u>	<u>4,720,000.00</u>	<u>-</u>	<u>4,720,000.00</u>
Total Bonds	<u>\$460,000.00</u>	<u>\$4,720,000.00</u>	<u>\$460,000.00</u>	<u>\$4,720,000.00</u>

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(7) PENSION PLAN

Description of Plans:

Authority employees participate in the Public Employees' Retirement System (PERS) of New Jersey, a multi-employer cost sharing plan. The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the plan. The plan does not maintain separate accounts for each member in the state and, therefore, the actuarial data for the Authority is not available.

Participating employees are required by State statute to contribute a certain percentage (6.5% through September 30, 2012 and 6.64% effective October 1, 2012) of their base salary to the plan. In addition, PERS generally requires the Authority to fund a contribution. The Authority funded contributions of \$34,845.51 and \$34,612.00 to the plan in the years 2012 and 2011, respectively.

(8) POST-RETIREMENT HEALTH BENEFITS

The Authority provides post-retirement health benefits to employees who retire with 25 years or more of service within the system. Employees with ten (10) or more years of service may also qualify for benefits under the Disability Retirement Provisions of the Plan. There are currently no retirees who meet this requirement and receiving benefits. In addition, there is one (1) current employee who is eligible upon retirement.

Plan Description

The Authority contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(8) POST-RETIREMENT HEALTH BENEFITS (CONTINUED)

Funding Policy

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Authority on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Authority's contributions to SHBP for the years ended December 31, 2012 and 2011 were \$73,756 and \$58,723, respectively, which equaled the required contributions for each year.

(9) LEASE

On December 18, 1987, the Parking Authority of the Township of West Windsor entered into a lease agreement with the New Jersey Transit Corporation for a term of five years. The Parking Authority of the Township of West Windsor and New Jersey Transit Corporation have agreed to extend the lease until December 31, 2002, to operate the railroad station and certain parking lots at the Princeton Junction Railroad Station, primarily its adjacent Alexander Road parking lot. A new lease extension, for periods after December 31, 2002 is currently being negotiated. The Parking Authority of the Township of West Windsor assumed responsibility for maintenance, graffiti removal, minor repairs, security, insurance, utilities, taxes, snow and ice control, parking fee collections, issuance of permits and administration of subleases.

In accordance with the lease agreement, shared costs have been allocated 74% to the New Jersey Transit Corporation and 26% to the Parking Authority of the Township of West Windsor for the years ending December 31, 2012 and 2011.

The lease agreement provides for annual minimum rental payments of \$1,200,000.00 and the right to increase the annual minimum rental based upon the previous year's total payment to the New Jersey Transit Corporation. Any such increase in the annual minimum rental shall not affect the Parking Authority of the Township of West Windsor's right to operate without a deficit. In addition to the annual minimum rental payments, the Parking Authority of the Township of West Windsor shall pay to the New Jersey Transit Corporation on an annual basis all excess revenues above those required to cover the approved budget.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
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NOTES TO FINANCIAL STATEMENTS

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(10) OTHER LEASES

The Authority rents office space at West Windsor Park. The rental lease is for a term of four years beginning August 1, 2005, ending July 31, 2009. The lease agreement was amended on July 31, 2009 extending the term of the lease through July 31, 2013.

The lease agreement provides for monthly base rent ranging from \$2,431.25 for the period August 1, 2009 to July 31, 2012 increasing to \$2,769.25 per month for the period August 1, 2012 through July 31, 2013.

The base agreement also provides for additional rent payments per month for common area usage, electric reimbursement, insurance and real estate taxes.

The future minimum rental payments for the base rent are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2013 (through July 31,)	\$19,384.75

The rent payments are a shared cost under the lease agreement with the New Jersey Transit Corporation and as such, are allocated 74% to the New Jersey Transit Corporation and 26% to the Authority.

(11) CONTRACT WITH TOWNSHIP OF WEST WINDSOR – LEASE AGREEMENT

The Authority and the Township of West Windsor entered into an agreement date January 30, 2012 in connection with the construction of the new parking facility on Alexander Road (for purposes of this agreement referred to as "Compost Site").

The Parking Authority and the Township have agreed to the following:

- A. If it is determined that remediation of certain properties is cost effective, allowing for the construction of a parking facility, the Township agrees to enter into a lease agreement with the Authority for a period of fifty (50) years for a consideration of \$1.00 per year.
- B. The Authority agrees to develop at its own cost a parking facility for approximately 650 vehicles for West Windsor resident, unless the parties agree to make the facility available for residents residing outside of West Windsor Township.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(11) CONTRACT WITH TOWNSHIP OF WEST WINDSOR-LEASE AGREEMENT (CONTINUED)

- C. The Township agrees to guarantee the bonds and/or notes necessary to finance the costs for the construction of the parking facility, in consideration for which, the Authority agrees that it will share the 10% "Net" revenues generated from the parking facility on the compost site, as well as other parking facilities owned by the parking Authority which operates at the Princeton Junction/ West Windsor Train Station.
- D. The Parking Authority and the Township also agree to enter into a lease agreement whose term shall commence on January 31, 2012 and shall terminate on January 31, 2062 but may be mutual written agreement of both parties be extended. In consideration for this lease agreement the Parking Authority agrees to pay the Township the sum of \$50,000.00, for years 1 through 10 of the lease agreement, in addition to the 10% "Net" revenues generated from the parking facility on the Compost Site. Six months prior to the end of year ten (10) of the lease agreement, the parties shall re-negotiate the lease terms and annual payment due.

(12) AMOUNTS REQUIRED BY BOND RESOLUTION

The following cash and investment accounts are required by the May 1, 1994 bond resolution:

	<u>2012</u>	<u>2011</u>
Renewal and Replacement Account:		
Cash and Cash Equivalents and Other Assets	\$184,619.53	\$183,386.69
Renewal and Replacement Requirement	<u>212,935.00</u>	<u>202,085.00</u>
Excess (Deficit)	\$ <u>(28,315.47)</u>	\$ <u>(18,698.31)</u>
Bond Service Account:		
Cash on Hand, Cash Equivalents and Other Assets	\$114,742.09	\$ -
Bond Service Requirement	<u>91,387.50</u>	<u>14,421.66</u>
Excess (Deficit)	\$ <u>23,354.59</u>	\$ <u>(14,421.66)</u>

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(13) RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There was no reduction in commercial coverage during the year.

The Authority has elected to provide unemployment insurance coverage through participation in the State of New Jersey Plan, under the contribution method. Under this method the Authority pays employee deductions and an employer's share at a rate set by the Department of Labor and Industry.

(14) SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after the financial statement date through May 13, 2013, which is the date the financial statements were available to be issued. Based on this evaluation, the Authority has determined that no subsequent events have occurred which require disclosure in the financial statement.

(15) LITIGATION, CLAIMS, COMMITMENTS AND CONTINGENCIES

In the ordinary conduct of its business, the Authority may be a party to litigation. At December 31, 2012, in the opinion of management based upon consultation with legal counsel, there were no matters pending or threatened which would have a material adverse effect on the financial position of the Authority.

The Authority is in the process of constructing a new parking lot and in 2012 issued a construction contract in the amount \$4,103,223 to a contractor. At December 31, 2012 \$914,964 of this contract was complete with a balance of \$3,206,559 due the contractor. This project is expected to be completed in 2013.



## **SUPPLEMENTARY INFORMATION**

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A Component Unit of The Township of West Windsor)

SCHEDULE OF REVENUES AND APPROPRIATIONS  
COMPARED TO BUDGET - YEAR ENDED DECEMBER 31, 2012  
WITH COMPARATIVE ACTUAL TOTAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2011

	2012 <u>Budget</u>	2012 <u>Actual</u>	2011 <u>Actual</u>
Anticipated Revenues:			
Operating Revenues:			
User Charges	\$ 1,015,000.00	\$ 952,254.41	\$ 986,059.98
Total Operating Revenues	\$ 1,015,000.00	\$ 952,254.41	\$ 986,059.98
Non-Operating Revenues:			
Interest Income	25,000.00	55,224.65	18,454.64
Total Non-Operating Revenues	25,000.00	55,224.65	18,454.64
Unreserved Retained Earnings	105,593.00	105,593.00	
Total Revenues Including Unreserved Retained Earnings	\$ 1,145,593.00	\$ 1,113,072.06	\$ 1,004,514.62
Budget Appropriations:			
Cost of Providing Services:			
Enforcement Costs	\$ 27,500.00	\$ 30,089.08	\$ 46,507.68
Enforcement Salaries	119,500.00	127,549.01	124,244.68
Insurance	17,500.00	23,429.53	18,796.90
Lighting	16,500.00	13,405.63	17,551.50
Lot Maintenance	162,500.00	51,695.84	180,835.49
Trash Removal	5,000.00	4,409.68	4,585.90
Total Costs of Providing Services	\$ 348,500.00	\$ 250,578.77	\$ 392,522.15
Administrative and General Expenses:			
Office Salaries	\$ 43,300.00	\$ 50,353.32	\$ 46,129.25
Employee Benefits	46,100.00	40,337.98	39,230.96
Office Supplies and Expense	35,000.00	56,416.61	70,077.96
Professional Fees	20,000.00	48,263.35	27,284.59
Rent Expense	12,500.00	12,111.10	12,248.14
Total Administrative and General Expenses	\$ 156,900.00	\$ 207,482.36	\$ 194,970.90
Interest on Bonds	\$ 27,323.00	\$ 10,444.24	\$ 35,485.00
Other Costs Funded by Operating Revenues:			
Bond Principal	\$ 145,000.00	\$ 460,000.00	\$ 135,000.00
Capital Outlay	424,500.00	434,277.53	494,569.38
Reserve for Renewal and Replacement	10,850.00	10,850.00	10,850.00
Contribution to Township of West Windsor	32,520.00		30,573.00
Total Costs Funded by Revenues	\$ 1,145,593.00	\$ 1,373,632.90	\$ 1,293,970.43
Add: Excess Revenues Over Expenditures		(260,560.84)	(289,455.81)
	\$ 1,145,593.00	\$ 1,113,072.06	\$ 1,004,514.62
Reconciliation to Net Income:			
Excess from Above - Budgetary Basis	\$	\$ (260,560.84)	\$ (289,455.81)
Adjustments to Budgetary Basis:			
Depreciation and Amortization Expense	(95,993.48)	(95,993.48)	(89,926.48)
Capital Outlay	424,500.00	434,277.53	494,569.38
Debt Service - Principal	145,000.00	460,000.00	135,000.00
Transfer to Renewal and Replacement	10,850.00	10,850.00	10,850.00
Retained Earnings Appropriated	(105,593.00)	(105,593.00)	
Increase in Net Position	\$ 378,763.52	\$ 442,980.21	\$ 261,037.09

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A Component Unit of The Township of West Windsor)

SCHEDULE OF REVENUE BONDS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Date of Issue</u>	<u>Amount Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Balance Jan. 1, 2012</u>	<u>Issued 2011</u>	<u>Paid 2012</u>	<u>Balance Dec. 31, 2012</u>
Issue of 1994	5/01/1994	\$ 2,000,000.00	6.10%		\$	\$ 460,000.00		460,000.00	\$
Parking Revenue Bonds- Series 2012	3/1/2012	4,720,000.00	3.00-4.00%	3/1/2016-2017	100,000.00				
				3/1/2018	105,000.00				
				3/1/2019-2020	110,000.00				
				3/1/2021	115,000.00				
				3/1/2022	120,000.00				
				3/2/2023	125,000.00				
				3/1/2024	130,000.00				
				3/1/2025	135,000.00				
				3/1/2026	140,000.00				
				3/1/2027	145,000.00				
				3/1/2028	150,000.00				
				3/1/2029	155,000.00				
				3/1/2030	165,000.00				
				3/1/2031	170,000.00				
				3/1/2032	175,000.00				
				3/1/2033	185,000.00				
				3/1/2034	190,000.00				
				3/1/2035	200,000.00				
				3/1/2036	205,000.00				
				3/1/2037	215,000.00				
				3/1/2038	225,000.00				
				3/1/2039	230,000.00				
				3/1/2040	240,000.00				
				3/1/2041	250,000.00				
				3/1/2042	260,000.00				
				3/1/2043	270,000.00				
					\$	\$ 460,000.00	4,720,000.00	460,000.00	4,720,000.00
							4,720,000.00		4,720,000.00

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

ROSTER OF OFFICIALS

DECEMBER 31, 2012

AUTHORITY MEMBERS

Andy Lupo  
Lyle Girandola  
Alison Miller  
Ronald Rumack  
Thomas Crane

POSITION

Chairman  
Vice Chairman  
Secretary  
Treasurer  
Assistant Treasurer

OTHER OFFICIALS

Martha Watlington  
Robert Schwartz  
Ronald A. Ghrist, C.P.A., R.M.A.  
Act Engineering, Inc.  
U.S.Bank

Administrator  
Attorney  
Financial Consultant  
Project Engineer  
Trustee - Registrar

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

DECEMBER 31, 2012

GENERAL COMMENTS AND RECOMMENDATIONS

NONE



