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REGISTERED MUNICIPAL ACCOUNTANTS OF NJ.

INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
of the Board of Commissioners
Dunellen Parking Authority
Dunellen, New Jersey

We have audited the accompanying balance sheets of the Dunellen Parking Authority, Middlesex County, New Jersey as of December 31, 2009 and 2008 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 audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards for audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides a reasonable basis for our opinion.

Because of the inadequacy of accounting system and records for the year ended December 31, 2008, we were unable to form an opinion regarding the amounts at which accounts receivable, accounts payable and deferred parking permit revenues are recorded/not recorded on the balance sheet or accompany financial statements. The respective amounts are not known.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary in the year December 31, 2008 financial statements and the statements of operations and cash flows for the year ended December 31, 2009 had the accounting and reporting system concerning accounts receivable, accounts payable, and deferred parking permit revenue been adequate, as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Dunellen Parking Authority, Middlesex County, New Jersey, as of December 31, 2009 and 2008 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 as listed in the table of contents, are not a required part of the financial statements but are 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2010 on our consideration of the Dunellen Parking Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Dunellen Parking Authority taken as a whole. The information included in the supplementary data and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Dunellen Parking Authority. Such information contained in the supplementary data and supplementary schedules has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects to the financial statements taken as a whole.

Hodulik & Morrison, P.A.

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Certified Public Accountants
Registered Municipal Accountants
Public School Accountants

Andrew G. Hodulik
Registered Municipal Accountant
No. 406

Highland Park, New Jersey
August 30, 2010

HODULIK & MORRISON, P.A.