

**BOROUGH OF CARTERET
MUNICIPAL PORT AUTHORITY
COUNTY OF MIDDLESEX, NEW JERSEY**

**REPORT OF AUDIT
YEARS ENDED DECEMBER 31, 2015 AND 2014**

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY

REPORT OF AUDIT

TABLE OF CONTENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	<u>Page</u>
Independent Auditors' Report	1-3
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5
<u>MANAGEMENT DISCUSSION AND ANALYSIS</u>	
Financial Highlights	6
Overview of the Financial Statements	6
Financial Analysis	7-8
Budgetary Highlights	8
Authority Contract Information	8
<u>FINANCIAL STATEMENTS</u>	
Statements of Net Position	9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows	11
<u>NOTES TO FINANCIAL STATEMENTS</u>	12-26

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY

REPORT OF AUDIT

TABLE OF CONTENTS (continued)

FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	<u>Page</u>
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenses and Changes in Net Position Restricted and Unrestricted - Schedule 1	27
Schedule of Cash Receipts, Cash Disbursements and Changes in Cash - Unrestricted Accounts - Schedule 2	28
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Operating Revenues and Expenditures Funded by Operating Revenues Compared to Budget - Schedule 3	29
Schedule of the Proportionate Share of Net Pension Liability - Schedule 4	30
Schedule of Contributions - Schedule 5	31
<u>ROSTER OF OFFICIALS</u>	32
<u>COMMENTS AND RECOMMENDATIONS</u>	33

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Borough of Carteret Municipal Port Authority
Carteret, NJ

We have audited the accompanying financial statements of the Borough of Carteret Municipal Port Authority ("Authority"), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the accompanying 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, and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Borough of Carteret Municipal Port Authority as of December 31, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in Note 2 to the financial statements, during the year ended December 31, 2015, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Prior Period Restatement

Because of the implementation of GASB Statements No. 68 and No. 71, net position as of December 31, 2014, on the statement of net position has been restated, as discussed in Note 3 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 8; budgetary comparison information on page 29; and pension information on pages 30 and 31, 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.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Carteret Municipal Port Authority basic financial statements. The accompanying financial information on pages 27 and 28 and listed as other supplementary information in the table of contents is not a required part of the financial statements and are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements

or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Fallon & Larsen LLP

Fallon & Larsen LLP
Hazlet, NJ
February 14, 2017

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

To the Board of Commissioners
Borough of Carteret Municipal Port Authority
Carteret, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Borough of Carteret Municipal Port Authority (the "Authority") as of and for the year ended December 31, 2015, and have issued our report thereon dated February 14, 2017. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the adoption of new accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Carteret Municipal Port Authority's internal control over financial reporting (internal control) to determine the auditing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fallon & Larsen LLP

Fallon & Larsen LLP
Hazlet, NJ
February 14, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

**CARTERET MUNICIPAL PORT AUTHORITY
BOROUGH OF CARTERET
MIDDLESEX COUNTY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
December 31, 2015**

The Carteret Municipal Port Authority (the "Authority") is a component-unit of the Borough of Carteret, County of Middlesex, New Jersey (the "Borough"). The following Management's Discussion and Analysis of the activities and financial performance of the Authority provide an introduction to the financial statements of the Authority for the year ended December 31, 2015. Please read it in conjunction with the Authority's financial statements and accompanying notes.

The Management's Discussion and Analysis is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No.34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999.

FINANCIAL HIGHLIGHTS

Cash decreased by \$152,636.45 (90.5%) to \$15,918.58 in 2015 from \$168,555.04 in 2014.

Operating revenues decreased by \$13,353.55 (20.5%) to \$51,928.99 in 2015 from \$64,979.54 in 2014.

Operating expenses increased by \$143,457.33 (241.6%) to \$202,824.03 in 2015 from \$59,366.70 in 2014.

Operating Income (loss) increased by \$156,512.88 to an operating loss of \$150,900.04 in 2015 from an operating income of \$5,612.84 in 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a self-supporting entity and follows enterprise fund reporting. The Authority's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with generally accepted accounting principles as promulgated by GASB. Enterprise fund statements reflect short- and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to a private business. While detailed sub-fund information is not presented, separate accounts are maintained for each program and certain restricted funds or accounts have been established as required by bond resolutions and agreements. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

FINANCIAL ANALYSIS OF THE AUTHORITY

Financial Position. The following table summarizes the changes in financial position and net assets between December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>	<u>% Increase (Decrease)</u>
Current assets	<u>\$15,918.58</u>	<u>\$170,055.04</u>	(90.6)%
Total Current assets	<u>15,918.58</u>	<u>170,055.04</u>	(90.6)%
Deferred Outflows of Resources – Pension Deferrals	<u>1,734.00</u>	<u>340.00</u>	410.0%
Total Assets	<u>17,652.58</u>	<u>170,395.04</u>	(99.1)%
Current -liabilities	<u>498.00</u>	<u>4,476.00</u>	(88.8)%
Non-Current Liabilities	<u>13,003.00</u>	<u>10,811.00</u>	20.2%
Deferred Inflows of Resources – Pension Deferrals	<u>245.00</u>	<u>686.00</u>	(64.2)%
Total Liabilities	<u>13,746.00</u>	<u>15,973.00</u>	(13.9)%
Unrestricted	<u>3,906.58</u>	<u>154,422.04</u>	(97.4)%
Net Position	<u>\$3,906.58</u>	<u>\$154,422.04</u>	(97.4)%

Results of Operations. The following table summarizes the changes in results of operations between fiscal years 2015 and 2014:

	<u>2015</u>	<u>2014</u>	<u>% Increase (Decrease)</u>
Operating - Revenues	\$51,925.99	\$64,979.54	(20.5)%
Operating - expenses	<u>202,824.03</u>	<u>59,366.70</u>	241.6%
Income (Loss) from -operations	(150,900.04)	5,612.84	(278.80)
Non-operating - revenues - net	<u>384.58</u>	<u>452.79</u>	(15.0)%
Change in Net Position	<u>\$(150,515.46)</u>	<u>\$6,065.63</u>	

Operating revenues consist mainly of local subsidy appropriations from the Borough of Carteret. Miniature golf fess and binocular fees amounted to \$384.58 in 2015 from \$452.79 in 2014.

Non-operating revenues relates mainly to interest the Authority also earns interest on cash, cash equivalents and investments.

BUDGETARY HIGHLIGHTS

The State of New Jersey requires local authorities to prepare and adopt annual budgets in accordance with the Local Authorities Fiscal Control Law and regulations adopted by the Local Finance Board pursuant to this statute and codified as N.J.A.C. 5:31-1 et seq. The statutory budget was designed to demonstrate to the Bureau of Authority Regulation of the Division of Local Government Services that the cash flows of the Authority for the coming year will be sufficient to cover operating expenses, interest accruing on bonded indebtedness and cash payments of maturing bond and loan principal.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide Borough of Carteret residents and taxpayers, and the Authority's customers, investors and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Treasurer, Carteret Municipal Port Authority, 61 Cooke Avenue, Carteret, New Jersey, 07008, or visit the Authority's website at: www.carteret.net.

FINANCIAL STATEMENTS

**BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31,**

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash	\$ 15,918.58	\$ 168,555.04
Prepaid Expenses	<u>-</u>	<u>1,500.00</u>
Total Current Assets	<u>15,918.58</u>	<u>170,055.04</u>
Deferred Outflow of Resources:		
Pension Deferrals	<u>1,734.00</u>	<u>340.00</u>
Total Deferred Assets	<u>1,734.00</u>	<u>340.00</u>
Total Assets	<u>17,652.58</u>	<u>170,395.04</u>

LIABILITIES

Current Liabilities:		
Accounts Payable – Operating	<u>498.00</u>	<u>4,476.00</u>
Non-Current Liabilities:		
Unrestricted Liabilities:		
Pension Liability	<u>13,003.00</u>	<u>10,811.00</u>
Total Non-Current Liabilities	<u>13,003.00</u>	<u>10,811.00</u>
Deferred Inflow of Resources:		
Pension Deferrals	<u>245.00</u>	<u>686.00</u>
Total Deferred Liabilities	<u>245.00</u>	<u>686.00</u>
Total Liabilities	<u>13,746.00</u>	<u>15,973.00</u>

NET POSITION

Net Position:		
Unrestricted	<u>3,906.58</u>	<u>154,422.04</u>
Total Net Position	<u>\$ 3,906.58</u>	<u>\$ 154,422.04</u>

The accompanying notes are an integral part of these statements.

**BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Golf Course Fees	\$ 1,879.79	\$ 4,582.83
Binocular Fees	46.20	347.71
Miscellaneous Income	-	49.00
Local Subsidy	<u>50,000.00</u>	<u>60,000.00</u>
Total Operating Revenues	<u>51,925.99</u>	<u>64,979.54</u>
Operating Expenses:		
Administrative and General	200,074.13	43,406.24
Cost of Providing Services	<u>2,751.90</u>	<u>15,960.46</u>
Total Operating Expenses	<u>202,824.03</u>	<u>59,366.70</u>
Operating Income (Deficit)	<u>(150,900.04)</u>	<u>5,612.84</u>
Non-Operating Revenue:		
Interest Income	<u>384.58</u>	<u>452.79</u>
Net Non-Operating Revenue	<u>384.58</u>	<u>452.79</u>
Change in Net Position	(150,515.46)	6,065.63
Net Position, beginning of year	<u>154,422.04</u>	<u>148,793.41</u>
Net Position, end of year	\$ <u><u>3,906.58</u></u>	\$ <u><u>154,422.04</u></u>

The accompanying notes are an integral part of these statements.

**BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 1,925.99	\$ 5,079.54
Cash Received from Local Subsidy	50,000.00	60,000.00
Cash Paid to Employees	(4,000.00)	(4,000.00)
Cash Paid to Suppliers	<u>(200,947.03)</u>	<u>(57,613.45)</u>
Net Cash Flows from (to) Operating Activities	<u>(153,021.04)</u>	<u>3,466.09</u>
Cash Flows from Investing Activities:		
Interest Received on Investments	<u>384.58</u>	<u>452.79</u>
Net Cash Provided (Used) by Investing Activities	<u>384.58</u>	<u>452.79</u>
Net Increase (Decrease) in Cash	(152,636.46)	3,918.88
Balance, January 1	<u>168,555.04</u>	<u>164,636.16</u>
Balance, December 31	\$ <u><u>15,918.58</u></u>	\$ <u><u>168,555.04</u></u>
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:		
Operating Income/(Deficit)	\$ (150,900.04)	\$ 5,612.84
Changes in Assets and Liabilities		
(Increase)/Decrease in Prepaid Expenses	1,500.00	(1,500.00)
(Increase)/Decrease in Deferred Pension Asset	(1,394.00)	(340.00)
Increase/(Decrease) in Accounts Payable	(3,978.00)	(719.75)
Increase/(Decrease) in Deferred Pension Liability	(441.00)	686.00
Increase/(Decrease) in Pension Liability	<u>2,192.00</u>	<u>(273.00)</u>
Net Cash Flows from Operating Activities	\$ <u><u>(153,021.04)</u></u>	\$ <u><u>3,466.09</u></u>

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 1 ORGANIZATION

Reporting Entity

The Borough of Carteret Municipal Port Authority (the “Authority”) was created by Ordinance of the Borough of Carteret (the “Borough”) on September 4, 2003. The purpose of the Authority is to exercise all of the powers and privileges granted by the Port Authority Law of New Jersey (N.J.S.A. 40:68A et seq) and to thereby advance the interests of the residents of the Borough of Carteret by developing, operating, maintaining and expanding all lawful activities pertaining to the waterfront throughout the Borough on properties owned or otherwise controlled by the Authority now or in the future. The Authority is governed by five Members and one alternate members, all in accordance with the statute and the terms of the enabling Ordinance. The Members have the authority to exercise all of the powers and privileges provided under the law. These powers include the ability to sue or be sued in its corporate name, the power to establish and collect rates, rentals and other charges, the authority to acquire, construct, operate, manage and maintain facilities, the authority to buy and sell real and personal property, and the authority to issue debt for acquiring or constructing any facility or permanent improvement.

The Authority’s financial statements include all accounts of the Authority’s operations. The criteria for including organizations as component units within the Authority’s reporting entity, as set forth in Section 2100 of GASB’s Codification of Governmental Accounting and Financial Reporting Standards, including whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization’s board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is a fiscal dependency by the organization on the Authority

Based on the aforementioned criteria, the Authority has no component units.

General

The Authority currently operates binocular rentals located on Borough owned property. In 2014, the Authority rebuilt the miniature golf course which was destroyed by Superstorm Sandy in 2012. As a public body, under existing statute, the Authority is exempt from both federal and state taxes.

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation and Accounting

The Authority's financial statements are presented on the full accrual basis in accordance with the 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 Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

These financial statements include the implementation of GASB No. 34, Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments and related standards. This standard provides for significant changes in terminology; recognition of contributions in the Statement of Revenues, Expenses and Changes in Net Position; inclusion of a management discussion and analysis as supplementary information; and other changes.

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 enterprise 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 treatment applied to the Authority is determined by its measurement focus. 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 assets. Net assets (i.e., total assets net of total liabilities) are segregated into invested capital assets, net of related debt; restricted for capital activity; restricted for debt service; and unrestricted components.

B. Budgetary Accounting

Each year the Authority adopts a budget which is approved by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The budget may be amended by resolution of the Board of Commissioners of the Authority. The budgetary basis of accounting is utilized to determine the Authority has sufficient cash to operate and pay debt service. As such, certain items such as bond payments are included in budgetary expenses while depreciation is not included.

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Cash and Cash Equivalents

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

For the statements of cash flows, the Authority combines the unrestricted cash and cash equivalents with the restricted cash and cash equivalents. The Authority considers investments with maturities of three months or less at the time of purchase to be cash equivalents.

D. Capital Expenditures

The Authority has authorized expenditures for the development of the waterfront on Borough owned properties. The Authority has treated these expenditures as a contribution to the Borough and therefore has not capitalized them on their books and records.

E. Use of 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.

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Compensated Absences

Authority employees are not entitled to compensated absences for unused vacation, holiday and sick time.

G. Revenue Recognition

The Authority recognizes revenue on the accrual basis as earned.

The Authority classifies all fees and charges to provide services as operating revenue and all other income as nonoperating revenue.

H. Net Position

Net position comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following four components: net investment in capital assets; restricted for capital activity; restricted for debt service; and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted for capital activity and debt service consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted consists of all other net position not included in the above categories.

I. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2015, the Authority adopted GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the Authority was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. The cumulative effect of adopting GASB Statements No. 68 and No. 71 totaled \$11,521.00, and was recognized as a restatement of the Authority's December 31, 2013 net position on the statement of activities (see Note 13).

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Impact of Recently Issued Accounting Principles (continued)

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Statement will become effective for the Authority for the year ending December 31, 2016. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The Statement will become effective for the Authority for the year ending December 31, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the Authority for the year ending December 31, 2017. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Plans Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the Authority for the year ending December 31, 2018. Management has not yet determined the impact of this Statement on the financial statements.

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Impact of Recently Issued Accounting Principles (continued)

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement will become effective for the Authority for the year ending December 31, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the Authority for the year ending December 31, 2017. Management does not expect this Statement will have an impact on the notes to the financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement will become effective for the Authority for the year ending December 31, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement will become effective for the Authority for the year ending December 31, 2016. Management does not expect this Statement have an impact on the financial statements.

J. Subsequent Events

Management has evaluated subsequent events through February 14, 2017 the date the financial statements were available to be issued.

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 3 RESTATEMENT OF NET POSITION AND CHANGES IN NET POSITION

The Authority implemented the provisions of GASB Statement No. 68 effective January 1, 2015. The adoption of this standard required recognition in the Net Position and Activities of the Authority's proportionate share of the net pension liability of the Public Employees Retirement System (PERS), and an associated deferred outflow of financial resources for payments made subsequent to the December 31, 2014 measurement date. Prior to the implementation of GASB Statement No. 68, no amounts were required to be reported in the Authority's financial statements for its share of the PERS net pension liability or for the specific deferred inflows and deferred outflows of financial resources attributable to the Authority resulting from Plan operations. PERS pension expenditures/expenses were reported in the year paid, which lags the period in which PERS employer contributions are recorded by one fiscal year. The new standard improves the information provided in government financial reports about pension-related costs, obligations and the resources available to satisfy those obligations. A prior period adjustment to effect a restatement of the December 31, 2013 Net Position was required as follows:

Net Position as Reported 12-31-13		\$ 159,877.41
December 31, 2013 Proportionate Share of		
PERS Net Pension Liability	\$ (11,084.00)	
Less: Accounts Payable for pension payments due	<u>(437.00)</u>	
Net Decrease in Net Position		<u>(11,521.00)</u>
Net Position 01-01-13 Restated		\$ <u>148,356.41</u>

The Changes in Net Position for the year ended December 31, 2014 was also amended to reflect the provision of GASB Statement No. 68 for comparative purposes as follows:

Changes in Net Position (as previously reported)		\$ 6,177.63
Additional pension expense		<u>(112.00)</u>
Changes in Net Position		\$ <u>6,065.63</u>

NOTE 4 DONATED MATERIALS AND SERVICES

The Authority does not pay rent to the Borough for the use of the Borough's property. The Borough may provide other services in the form of meeting space, administration, use of office equipment and supplies. The Borough may also engage in similar activities associated with the Authority's purpose. The monetary value of these donated materials and services has not been established.

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 5 CASH AND CASH EQUIVALENTS

Deposits

All bank deposits as of the balance sheet date are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act (see Note 2C - Cash and Cash Equivalents).

At December 31, 2015 and 2014, the Authority's deposits had a carrying amount of \$15,918.58 and \$168,555.04, respectively, and a bank balance of \$29,166.08 and \$168,555.04, respectively. Of the bank balance, \$29,166.08 was covered by federal depository insurance.

NOTE 6 OPERATING LEASE

The Authority leases three coin-operated binoculars for \$500 each annually. The Authority is not obligated to any future payments and can cancel at any time.

NOTE 7 PENSION PLAN

Description of the System

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 7 PENSION PLAN (continued)

Description of the System (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Membership

Membership in the PERS is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction. Since PERS covers public employees throughout the State separate records are not maintained for each reporting unit; accordingly, the actuarial data for the employees of the Authority who are members of PERS are not available.

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Authority contributions to PERS amounted to \$476 and \$437 for 2015 and 2014, respectively. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits.

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 7 PENSION PLAN (continued)

Membership (continued)

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Net Pension Liability and Pension Expense

At December 31, 2015 and 2014 the Authority's proportionate share of the PERS net pension liability is valued to be \$13,003.00 and \$10,811.00, respectively. The net pension liabilities were measured as of June 30, 2015 and 2014, respectively. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Authority's proportion measured as of June 30, 2015, was 0.0000579250%, which was an increase of 0.000000185% from its proportion measured as of June 30, 2014 of 0.0000577400%.

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 7 PENSION PLAN (continued)

Net Pension Liability and Pension Expense (continued)

For the year ended December 31, 2015 and 2014 the Authority recognized pension expense of \$855 and \$549, respectively. The Authority reported deferred outflow of resources and deferred inflow of resources related to pension from the following sources:

Year ended December 31, 2015	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 376	\$ -
Changes of assumptions	1,355	-
Changes in proportion	35	2
Net difference between projected and actual investment earning on pension plan investments	<u>-</u>	<u>(342)</u>
	<u>\$ 1,766</u>	<u>\$ (340)</u>
Year ended December 31, 2014	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 403	\$ -
Changes in proportion		50
Net difference between projected and actual investment earning on pension plan investments	<u>-</u>	<u>805</u>
	<u>\$ 403</u>	<u>\$ 855</u>

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 7 PENSION PLAN (continued)

Net Pension Liability and Pension Expense (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	December 31, 2015	December 31, 2014
2015	\$ -	\$ (106)
2016	271	(106)
2017	271	(106)
2018	271	(106)
2019	432	55
2020	<u>244</u>	<u>23</u>
Total	<u>\$ 1,489</u>	<u>\$ (346)</u>
	December 31, 2015	December 31, 2014
Deferred Outflows	\$ 1,734	\$ 340
Deferred Inflows	<u>245</u>	<u>686</u>
Net Outflows (Inflows)	<u>\$ 1,489</u>	<u>\$ (346)</u>

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 7 PENSION PLAN (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary increases:	
2012-2021	2.15-4.40% Based on Age
Thereafter	3.15-5.40% Based on Age
Investment rate of return	3.04%

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 7 PENSION PLAN (continued)

Long-Term Expected Rate of Return (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2015 and 2014**

NOTE 7 PENSION PLAN (continued)

Sensitivity to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease</u> <u>(3.90%)</u>	<u>Discount</u> <u>(4.90%)</u>	<u>Increase</u> <u>(5.90%)</u>
Authority's proportionate share of the net pension liability	\$ 13,437	\$ 10,811	\$ 8,610

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

NOTE 8 RISK MANAGEMENT

The Authority is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Authority has not obtained any insurance and may not be properly insured for various risks including workers compensation, general liability, or employee theft.

NOTE 9 RELATED PARTY TRANSACTIONS

All of the Authority's revenues are received from the Borough either in the form of a direct local subsidy or miscellaneous revenues derived from Borough owned assets.

SUPPLEMENTARY INFORMATION

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
RESTRICTED AND UNRESTRICTED
For the Year Ended December 31, 2015

	Unrestricted	Restricted	Total December 31, 2015	Total December 31, 2014
Operating Revenues:				
Golf course fees	\$ 1,879.79	\$ -	\$ 1,879.79	\$ 4,582.83
Binocular fees	46.20	-	46.20	347.71
Local subsidy	50,000.00	-	50,000.00	60,000.00
Miscellaneous income	-	-	-	49.00
Total Operating Revenues	<u>51,925.99</u>	<u>-</u>	<u>51,925.99</u>	<u>64,979.54</u>
Operating Expenses:				
Cost of providing services	2,751.90	-	2,751.90	15,960.46
Administration and general	200,074.13	-	200,074.13	43,406.24
Total Operating Expenses	<u>202,826.03</u>	<u>-</u>	<u>202,826.03</u>	<u>59,366.70</u>
Operating Income (Loss)	<u>(150,900.04)</u>	<u>-</u>	<u>(150,900.04)</u>	<u>5,612.84</u>
Non-Operating Revenue:				
Interest income	384.58	-	384.58	452.79
Revenue	384.58	-	384.58	452.79
Net Income (Loss) Before Transfers	<u>(150,515.46)</u>	<u>-</u>	<u>(150,515.46)</u>	<u>6,065.63</u>
Transfers	-	-	-	-
Net Position, January 1	<u>154,422.04</u>	<u>-</u>	<u>154,422.04</u>	<u>148,356.41</u>
Net Position, December 31	<u>\$ 3,906.58</u>	<u>\$ -</u>	<u>\$ 3,906.58</u>	<u>\$ 154,422.04</u>

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH
UNRESTRICTED ACCOUNTS
For the Year Ended December 31, 2015

	Operating Checking	Change Fund	Total December 31, 2015	Total December 31, 2014
Cash - January 1	\$ 168,555.04	\$ -	\$ 168,555.04	\$ 164,636.16
Cash Receipts:				
Golf course fees	1,879.79	-	1,879.79	4,582.83
Binocular fees	46.20	-	46.20	347.71
Local subsidy	50,000.00	-	50,000.00	60,000.00
Interest income	384.58	-	384.58	452.79
Miscellaneous income	-	-	-	49.00
Transfers from unrestricted accounts	-	-	-	23,535.12
Total Cash Receipts	<u>52,310.57</u>	<u>-</u>	<u>52,310.57</u>	<u>88,967.45</u>
 Total Cash and Investments Available	 <u>220,865.61</u>	 <u>-</u>	 <u>220,865.61</u>	 <u>253,603.61</u>
Cash Disbursements:				
Operating claims	204,947.03	-	204,947.03	61,513.45
Transfers to unrestricted accounts	-	-	-	23,535.12
Total Cash Disbursements	<u>204,947.03</u>	<u>-</u>	<u>204,947.03</u>	<u>85,048.57</u>
 Cash and Investments - December 31	 <u>\$ 15,918.58</u>	 <u>\$ -</u>	 <u>\$ 15,918.58</u>	 <u>\$ 168,555.04</u>

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
SCHEDULE OF OPERATING REVENUES AND EXPENDITURES FUNDED BY
OPERATING REVENUES COMPARED TO BUDGET
For the Years Ended December 31, 2015 and December 21, 2014

	2015 <u>Budget</u>	2015 <u>Actual</u>	2014 <u>Budget</u>	2014 <u>Actual</u>
Revenues:				
Golf course fees	\$ -	\$ 1,879.79	\$ -	\$ 4,582.83
Binocular fees	-	46.20	-	347.71
Miscellaneous	-	-	-	49.00
Local subsidy	75,000.00	50,000.00	75,000.00	60,000.00
Total operating income	<u>75,000.00</u>	<u>51,925.99</u>	<u>75,000.00</u>	<u>64,979.54</u>
Interest income		384.58	-	452.79
Unreserved retained earnings	<u>145,000.00</u>	<u>15,918.58</u>	<u>25,000.00</u>	<u>166,055.04</u>
Total revenues	<u>220,000.00</u>	<u>68,229.15</u>	<u>100,000.00</u>	<u>231,487.37</u>
Expenses:				
Administration:				
Salaries and wages	5,000.00	4,000.00	6,500.00	4,000.00
Fringe benefits	1,250.00	1,455.37	1,000.00	1,078.74
Other expenses	191,250.00	194,618.76	70,000.00	38,327.50
Subtotal Administration	<u>197,500.00</u>	<u>200,074.13</u>	<u>77,500.00</u>	<u>43,406.24</u>
Cost of providing services:				
Salaries and wages	10,000.00	2,688.02	10,000.00	7,049.50
Fringe benefits	1,500.00	-	1,500.00	-
Other expense	11,000.00	63.88	11,000.00	8,910.96
Subtotal Cost of Providing Services	<u>22,500.00</u>	<u>2,751.90</u>	<u>22,500.00</u>	<u>15,960.46</u>
Total Expenses	<u>220,000.00</u>	<u>202,826.03</u>	<u>100,000.00</u>	<u>59,366.70</u>
Excess revenues over expenditures	<u>-</u>	<u>(134,596.88)</u>	<u>-</u>	<u>172,120.67</u>
Total Budget	<u>\$ 220,000.00</u>	<u>\$ 68,229.15</u>	<u>\$ 100,000.00</u>	<u>\$ 231,487.37</u>
Reconciliation of Budgetary Basis to Change in Net Position				
Excess revenue over expenditures		\$ (134,596.88)		\$ 172,120.67
Unreserved retained earnings		(15,918.58)		(166,055.04)
Change in Net Position		<u>\$ (150,515.46)</u>		<u>\$ 6,065.63</u>

Schedule 4

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
SCHEDULE OF THE PROPORTIONATE SHARE OF
NET PENSION LIABILITY
Year Ended December 31, 2015
(Last 10 Years)*

	2013	2014	2015
Proportion of the net pension liability	0.0057999800%	0.0000577400%	0.0000579250%
Proportionate share of the net pension liability	\$ 11,084	\$ 10,811	\$ 13,003
Covered - employee payroll	\$ 4,000	\$ 4,000	\$ 4,000
Proportionate Share of the net pension liability as percentage of employee payroll	277.10%	270.28%	325.08%
Plan's fiduciary net position	\$ 10,533	\$ 11,749	\$ 11,968
Plan fiduciary net position as a percentage of the total pension liability	48.73%	52.08%	47.93%

Notes to Schedule:

2015 Changes in Assumptions. The largest amount reported in deferred outflows was do to changes in assumptions. However, when comparing the actuarial assumptions, the only changes were the assumed rate of inflation, which was increased from 3.01% to 3.04%. The latest report also disclosed using the RP-2000 Disabled Mortality Tables to value disabled retirees.

* - 2015 was the first year of implementation. All available data is shown.

Schedule 5

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
SCHEDULE OF CONTRIBUTIONS
Year Ended December 31, 2015
(Last 10 Years) (1)

	2013	2014	2015
Contractually required contribution (actuarially determined)	\$ 437.00	\$ 476.00	\$ 498.00
Contributions in relation to the actuarially determined contributions (2)	437.00	476.00	498.00
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
Contributions as a percentage of covered-employee payroll	10.93%	11.90%	12.45%

Notes to Schedule:

	June 30, 2013	June 30, 2014	June 30, 2015
Valuation date:			
Inflation rate	N/A	3.01%	3.04%
Salary Increases 2012 - 2021	N/A	2.15 - 4.40% based on age	2.15 - 4.40% based on age
Thereafter	N/A	3.15 - 5.40% based on age	3.15 - 5.40% based on age
Investment rate of return	7.90%	7.90%	7.90%
Mortality			RP-2000 Combined Healthy and RP-2000 Disabled Mortality Tables

(1) - 2015 was the first year of implementation. Available data is shown.

(2) - Payments made in subsequent year.

ROSTER OF OFFICIALS

**BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY
ROSTER OF OFFICIALS
DECEMBER 31, 2015**

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

<u>OFFICIALS OF THE BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY</u>	<u>POSITION</u>
Hank D'Orsi	Chairman
Joseph Caliguari	Commissioner
Joseph Sitarz	Commissioner
Welsey Kaskiw	Commissioner
Honorable Mayor Daniel J. Reiman	Commissioner
Benny Waters	Commissioner/Alternate

COMMENTS & RECOMMENDATIONS

BOROUGH OF CARTERET MUNICIPAL PORT AUTHORITY

COMMENTS AND RECOMMENDATIONS

Year Ended December 31, 2015

None