

WOODBINE PORT AUTHORITY
(A component unit of the Borough of Woodbine)

REPORT OF AUDIT

FOR THE YEARS ENDED

DECEMBER 31, 2014 AND 2013

TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Auditors	1-3
Management's Discussion and Analysis	4-11
Financial Statements	
Comparative Statement of Net Position	12-13
Comparative Statement of Activities	14
Comparative Statement of Cash Flows	15
Notes to Financial Statements	16-23
Supplementary Information	
Schedule of Appropriations compared to Budget	24
Compliance	
Independent Auditor's Report - Government Auditing Standards	25-26
Status of Prior Year Recommendations	27
Recommendations	27

FINANCIAL SECTION



FORD - SCOTT

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Independent Auditor's Report

The Chairman and Members of the
Woodbine Port Authority
Woodbine, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Woodbine Port Authority (a component unit of the Borough of Woodbine) in the County of Cape May, State of New Jersey, as of and for the years ended December 31, 2014 and 2013, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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 business-type activities of the Woodbine Port Authority (a component unit of the Borough of Woodbine) in the County of Cape May, State of New Jersey, as of December 31, 2014 and 2013, 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* 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Woodbine Port Authority's basic financial statements. The Schedule of Changes in Required Funds and the Schedule of Appropriations Compared to Budget are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Changes in Required Funds and the Schedule of Appropriations Compared to Budget is the responsibility of management and was 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 Schedule of Changes in Required Funds and the Schedule of Appropriations Compared to Budget is 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 July 24, 2015 on our consideration of the Woodbine Port Authority'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 Woodbine Port Authority's internal control over financial reporting and compliance.

Ford Scott & Associates, LLC

Ford Scott & Associates, LLC

July 24, 2015

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

Management believes the Authority's financial condition is stable. The following are key financial highlights:

- Total assets at year-end were \$9,385,137 and exceeded liabilities in the amount of \$8,500,501 (i.e. net position). Of the \$286,317 classified as unrestricted, the total amount was available to support ongoing operations of the Authority. Total assets and total net position increased \$414,326 and \$143,950, respectively. The increase was mainly due from additional capital assets.
- Operating revenues were \$465,591, a decrease from year 2013 in the amount of \$10,833.
- Operating expense increased \$55,087 from 2013.
- Operating loss for the year was \$206,157 compared with an operating loss of \$140,238 for the year ended 2013.

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 bond resolutions 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. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities. The financial statements include a statement of net position, statement of activities, statement of cash flows and notes to the financial statements.

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

While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the **statement of activities** presents the results of the business activities over the course of the fiscal year and information as to how the net assets changed during the year. All changes in net assets 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 certain information about the Authority's recovery of its costs.

The **statement of cash flows** presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The **notes to the financial statements** provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Supplementary information

A schedule of appropriations compared to budget is comparing the budget to actual expenses as well as an independent auditors' report in accordance with government auditing standards and schedules of federal and state awards.

Summary of the Organization and Business

The Authority was created to operate an airport and industrial park to serve the municipality of the Borough of Woodbine, New Jersey. The Authority is a component unit of the Borough of Woodbine.

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

The Authority has no taxing power. Operational and maintenance costs are funded from customer fees and charges. The acquisition and construction of capital assets are funded by capital (cash and systems) contributions from customers, including developers, Federal and State grants and loans, and customer revenues.

Financial Analysis

The following comparative condensed financial statements and other selected information serve as the key financial data and indicators for management, monitoring and planning. Comments regarding budget-to-actual variances and year-to-year variances are included in each section by the name of the statement or account.

Condensed Financial Statements

Condensed Statement of Net Position

	December 31,		
	2014	2013	2012
Assets:			
Current Assets	\$ 727,953	392,843	396,461
Capital Assets, Net	8,657,184	8,577,968	8,273,434
Total Assets	9,385,137	8,970,811	8,669,895
Liabilities:			
Current Liabilities	489,636	171,260	192,529
Long Term Debt Outstanding	395,000	443,000	490,000
Total Liabilities	884,636	614,260	682,529
Net Position:			
Investment in Capital Assets	8,214,184	8,087,968	7,738,434
Unrestricted	286,317	268,583	248,932
Total Net Position	8,500,501	8,356,551	7,987,366
Total Liabilities and Net Position	\$ 9,385,137	8,970,811	8,669,895

Condensed Statement of Activities

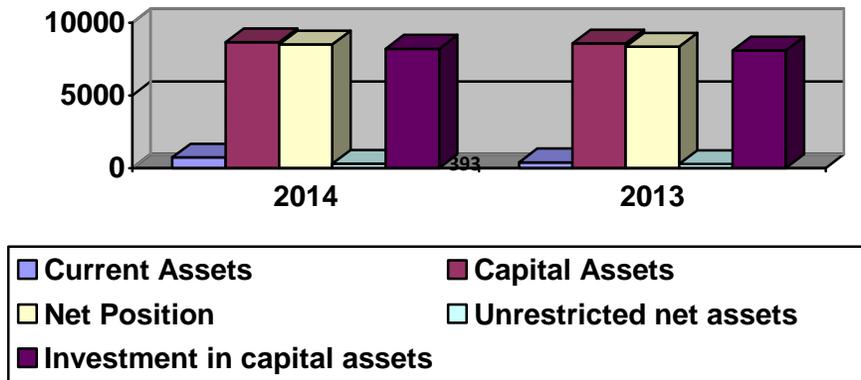
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:			
Leases	\$ 181,666	172,760	174,060
Tie Downs	1,400	330	1,415
Banner Towing	10,000	10,000	10,000
Fuel Sales	268,562	241,317	266,449
Vending Machines	696	400	230
Miscellaneous	3,267	51,617	34,194
Total Operating Revenues	<u>465,591</u>	<u>476,424</u>	<u>486,348</u>
Expenses:			
Operating Appropriations	388,563	378,051	405,573
Depreciation	283,185	238,610	246,563
Total operating expenses	<u>671,748</u>	<u>616,661</u>	<u>652,136</u>
Operating Loss	(206,157)	(140,237)	(165,788)
Non-operating revenue net	<u>350,107</u>	<u>509,423</u>	<u>656,087</u>
Increase in net assets	<u>\$ 143,950</u>	<u>369,186</u>	<u>490,299</u>

General Trends and Significant Events

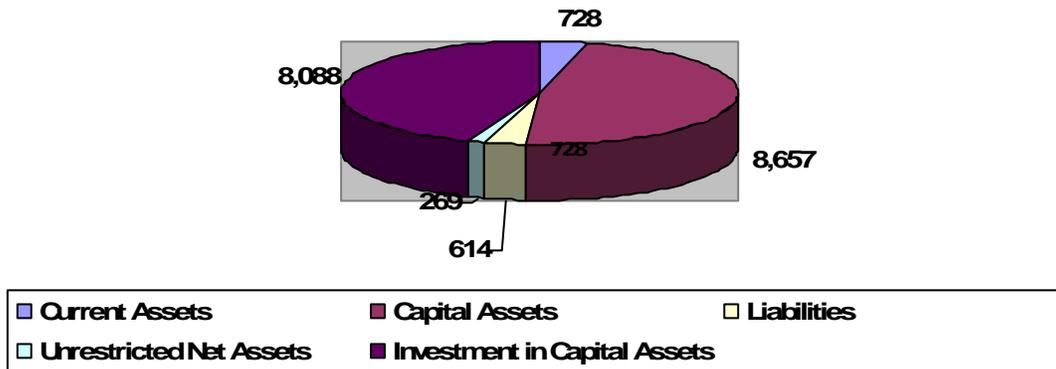
Financial Condition

The Authority's operating loss remained consistent with the prior year except for the decrease in fuel sales. The increase in net position is from Federal, State and Local Grants received during the year. The following charts summarize the statement of net assets with comparisons to the prior year.

Assets and Net Position in thousands



FY 2013 Statement of Net Position (in thous.)



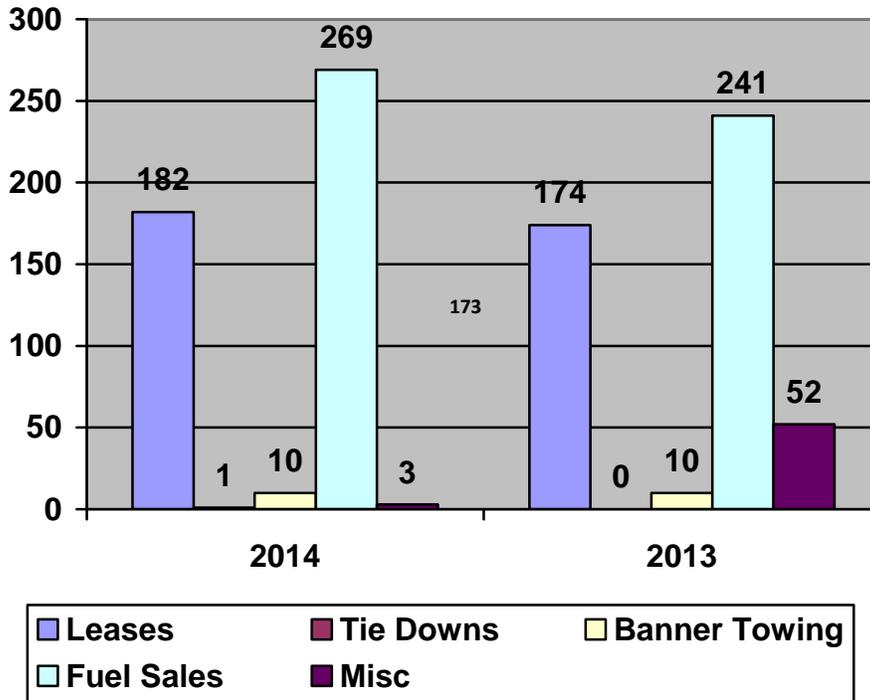
Total assets increased \$414,326 or 4.627%. The increase was primarily related to an increase in Capital Assets and Grants Receivable.

Investments in capital assets, net of related debt increased \$126,216. Unrestricted net assets increased by \$17,734.

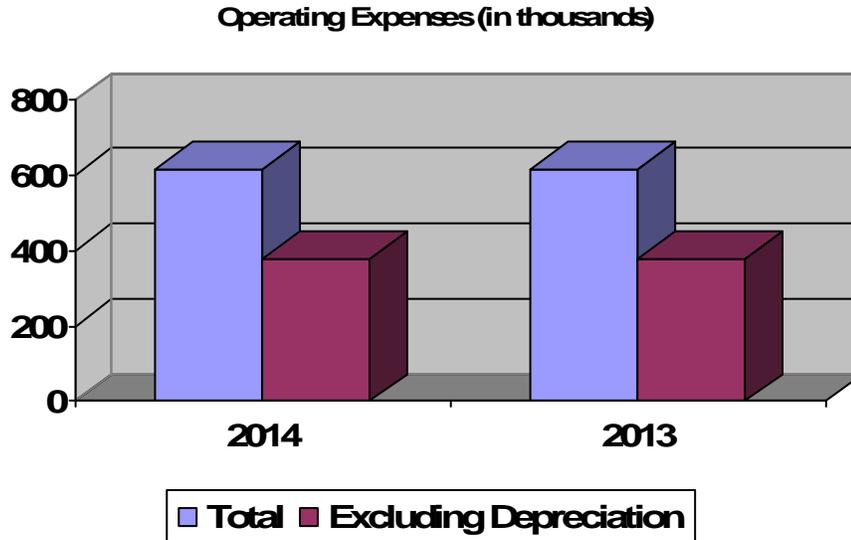
Results of Operations

Operating Revenues: Revenues from operations fall into three general categories: leases, fuel sales, and other. The following chart depicts revenues for the past two years.

Operating Revenues (in thousands)



Expenses: Total operating expenses of the Authority increased \$55,087 over the fiscal year 2013. Operating expenses, including and excluding depreciation, for the last two years are graphed below:



Cash Flow Activity

The following table shows the Authority's ability to generate net operating cash. Net cash provided by operating activities is shown both in total dollars and as a percentage of operating revenues.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total operating revenues	\$ 465,591	476,424	486,348
Net cash provided by operations	72,124	125,486	75,291
Net operating cash as a % of operating revenue	15.49%	26.34%	15.48%

Capital Assets and Debt Administration

Capital assets, net of depreciation, increased \$79,216 during 2014.

Capital Assets

	2014	2013	2012
	<u> </u>	<u> </u>	<u> </u>
Hangers	\$ 798,292	798,292	366,445
Building	75,000	75,000	75,000
Runways & Lights	9,763,896	9,763,896	6,859,323
Maintenance Equipment	101,132	101,132	1,260
Office Equipment	7,341	7,341	-
Fuel Tanks	74,386	74,386	17,631
Land	354,000	354,000	354,000
Well and Septic	2,931	2,931	
Construction in Progress	362,401		674,774
Total	<u>\$ 11,539,379</u>	<u>11,176,978</u>	<u>8,348,433</u>

Long-term Debt. At the end of the current fiscal year, the Authority had total debt outstanding of \$443,000.

	2014	2013	2012
	<u> </u>	<u> </u>	<u> </u>
Loan Payable	\$ 443,000	490,000	535,000
	<u>\$ 443,000</u>	<u>490,000</u>	<u>535,000</u>

Economic Factor and Next Year's Budget and Rates

- Grant projects will continue.

This factor was considered in preparing the Authority's budget for the 2015 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Melissa Rodriquez at 609-861-2164.

FINANCIAL SECTION

WOODBINE PORT AUTHORITY
(A component unit of the Borough of Woodbine)
COMPARATIVE STATEMENT OF NET POSITION

ASSETS

	December 31,	
	2014	2013
Current Assets:		
Cash	\$ 217,105	\$ 205,437
Accounts Receivable		
Rent/Fuel	23,304	18,229
Intergovernmental - Federal	208,617	112,820
Intergovernmental - State	224,378	26,570
Intergovernmental - Local	30,266	5,332
Inventory - Fuel	24,283	24,454
Total current assets	727,953	392,843
Capital Assets		
Land	354,000	354,000
Construction in progress	362,401	-
Depreciable assets, net of depreciation	7,940,783	8,223,968
Total capital assets, net of depreciation	8,657,184	8,577,968
Total assets	\$ 9,385,137	\$ 8,970,811

The accompanying Notes to Financial Statements are an integral part of this statement

WOODBINE PORT AUTHORITY

COMPARATIVE STATEMENT OF NET POSITION
(A component unit of the Borough of Woodbine)

LIABILITIES AND FUND EQUITY

	December 31,	
	2014	2013
Current Liabilities:		
Security Deposits	\$ 16,620	\$ 15,470
Escrow Deposits	-	2,312
Current Maturities of Long Term Debt	48,000	47,000
Contracts Payable	425,016	106,477
Total Current Liabilities	489,636	171,260
Long Term Obligations:		
Long Term Portion of Loans Payable	395,000	443,000
Total Long Term Liabilities	395,000	443,000
Total Liabilities	884,636	614,260
Net Position:		
Investment in Capital Assets, Net of Related Debt	8,214,184	8,087,968
Unrestricted	286,317	268,583
Total net position	8,500,501	8,356,551
Total liabilities and position	\$ 9,385,137	\$ 8,970,811

The accompanying Notes to Financial Statements are an integral part of this statement

WOODBINE PORT AUTHORITY
(A component unit of the Borough of Woodbine)
COMPARATIVE STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED

	December 31,	
	2014	2013
Operating Revenues:		
Leases	\$ 181,666	\$ 172,760
Tie Downs	1,400	330
Banner Towing	10,000	10,000
Fuel Sales	268,562	241,317
Vending Machines	696	400
Miscellaneous	3,267	51,617
	465,591	476,424
Operating Expenses :		
Operating Expenses	388,563	378,051
Depreciation	283,185	238,610
	671,748	616,661
Operating (Loss)	(206,157)	(140,238)
Non-Operating Revenue (Expenses):		
Interest Income	619	106
Interest Expense	(12,913)	(13,438)
Grant Write-Off	-	(14,670)
State and Federal Grants	362,401	524,609
Local Grants	-	12,815
	350,107	509,423
Increase in net position	143,950	369,185
Net position at beginning of year	8,356,551	7,987,366
Net position at end of year	\$ 8,500,501	\$ 8,356,551

WOODBINE PORT AUTHORITY
(A component unit of the Borough of Woodbine)
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED

	December 31,	
	2014	2013
Cash Flows From Operating Activities:		
Receipts from Leases	\$ 175,961	\$ 204,866
Receipts from Fuel Sales	268,733	236,325
Receipts from Other	15,363	62,347
Payments to Suppliers and Vendors	(387,933)	(378,051)
	72,124	125,486
Net Cash Provided by Operating Activities		
Cash Flows From Investing Activities:		
Interest Income	619	106
	619	106
Net cash provided by investing activities		
Cash flows from capital and related financing activities:		
Purchase of Capital Assets	316,226	(496,339)
Federal and State Grants	(293,604)	425,023
Local Grants	(24,934)	(47,370)
Security Deposits Received	1,150	400
Payment of Loans	(47,000)	(45,000)
Interest Paid on Capital Debt	(12,913)	(13,438)
	(61,075)	(176,724)
Net Cash Used by Capital and Related Activities		
Increase (Decrease) in Cash and Cash Equivalents	11,668	(51,131)
Cash and Cash Equivalents at the Beginning of the Year	205,437	256,568
Cash and Cash Equivalents at the End of the Year	\$ 217,105	\$ 205,437
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Loss	\$ (206,157)	\$ (140,238)
Adjustments:		
Depreciation	283,185	238,610
(Increase) Decrease in Accounts Receivable - Operating	(5,075)	32,106
(Increase) Decrease in Inventory - Fuel	171	(4,992)
	72,124	125,486
Net Cash Provided by Operating Activities	\$ 72,124	\$ 125,486

The accompanying Notes to Financial Statements are an integral part of this statement

WOODBINE PORT AUTHORITY
(A component unit of Borough of Woodbine)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 AND 2013

Note 1. Organization

The Woodbine Port Authority, hereafter referred to as the “Authority,” was established in 1975. The Authority’s governing board selects management staffs, sets user charges, establishes budgets and controls all aspects of general aviation, airport management and airport development. The Authority is organized and existing under and by virtue of the laws of the State of New Jersey.

The Authority, as a component unit of the Borough of Woodbine, is financially accountable to the Borough. As set forth in Government Accounting Standards Board (GASB) 14, financial accountability is defined as appointment of a voting majority of the component unit’s board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The Authority, as a component unit, issues separate financial statements from the Borough. However, if the Borough presented its financial statements in accordance with accounting principal generally accepted in the United States of America, these financial statements would be includable with the Borough’s on a blended basis.

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

Note 2. Summary of Significant Accounting Policies

Basis of Financial Statements

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 Standard Board (GASB) pronouncements currently in effect.

The Authority has adopted GASB No. 1 through 66 and related interpretations issued through December 31, 2013.

The Authority has implemented GASB 62. As result of the implementation the prior year was restated to agree to the presentation requirements of GASB 62. This implementation had no effect on net position of the Authority.

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.

WOODBINE PORT AUTHORITY
(A component unit of Borough of Woodbine)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 AND 2013

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 position. Net position (i.e. total assets net of total liabilities) are segregated into “net investment in capital assets” and “unrestricted” components.

Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity’s financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity’s proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68”. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the net position of the entity is not presently determinable.

Budgets and Budgetary Accounting

An annual operating budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures in accordance with NJSA 40A:5A. The operating budget adopted annually covers the general fund activity only. The current operating budget details the Authority’s plans to earn and expend funds for charges incurred for the operation, maintenance, certain interest and general functions, and other charges for the fiscal year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

WOODBINE PORT AUTHORITY
 (A component unit of Borough of Woodbine)
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014 AND 2013

Inventory

Inventory is carried at the lower of FIFO cost or market, and is summarized as follows:

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Fuel Inventory	\$ 24,283	24,454	(171)

Risks of Loss

The Authority purchases commercial insurance policies on an annual basis to handle risks of loss associated with property, auto, liability, workers compensation, flood damage, and employee crime coverage. Any potential liability of the Authority with respect to loss claims would be equal to the deductibles associated with the policies and an event, which may exceed policy coverage limits.

Cash and Cash Equivalents

Cash and cash equivalents include various checking and money market accounts, U.S. obligations and certificates of deposit with maturities of three months or less at the time of purchase.

Plant and Equipment

Plant and equipment in service and construction in progress are recorded at cost, if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value, if available, or at engineers' estimated fair market value or cost to construct at the date of the contribution. Internal engineering costs are capitalized to the extent of direct support and contribution to construction and expansion projects.

Maintenance and repairs, which do not significantly extend the value of life of plant and equipment, are expensed as incurred.

Depreciation is determined on a straight-line basis for all plant and equipment. Depreciation is provided over the following estimated useful life:

Buildings and Hangers	20 to 39.5 years
Runways and Lights	20 to 39.5 years
Equipment	10 to 50 years

Revenues and Rate Structure

Revenues are recognized on the accrual basis as earned.

Capital Contributions

Contributions are recognized in the Statement of Activities when earned. Contributions include capital grants and other supplemental support by other industrial customers and federal, state and local grants in support of system improvements.

Net Positions

Net positions comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net positions are classified in the following two components: invested in capital assets, net of related liabilities and unrestricted net assets. Invested in capital assets, net of related debt, 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. Unrestricted consists of all other net assets not included in the above categories.

Long-term Obligations

Long-term debt is recognized as a liability of the Authority. A current liability is recorded for principal due within twelve months of the balance sheet date.

Note 3: Investments

Interest Rate Risk. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The Authority places no limit on the amount the Authority may invest in any one issuer.

WOODBINE PORT AUTHORITY
(A component unit of Borough of Woodbine)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 AND 2013

Note 4. Cash

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The district’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of December 31, 2014 and 2013, \$0 of the authority’s respective bank balances of \$279,524 and \$266,362 were exposed to custodial credit risk.

Note 5. Long-term Obligations

The Authority secured a Note from the 1st Bank of Sea Isle City in the amount of \$535,000. \$508,598 of the proceeds were used to redeem the outstanding loan with the Showboat and Tropicana Casinos. The interest rate on the loan varies from 1.25% to 4.00%. \$47,000 was paid on December 1, 2014 and the last payment will be on December 1, 2022. The present value savings were approximately \$75,000.

Schedule of Annual Debt Service for Principal and Interest for Loans Issued and Outstanding:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 48,000	12,325	60,325
2016	50,000	11,725	61,725
2017	52,000	10,975	62,975
2018	55,000	10,065	65,065
2019	55,000	8,828	63,828
2020-2022	183,000	14,858	197,858
Total	<u>\$ 443,000</u>	<u>68,776</u>	<u>511,776</u>

The following schedule represents the changes in the long-term debt:

	<u>Outstanding 12/31/2012</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/2013</u>	<u>Amounts Due Within 1 Year</u>
Loans Payable	\$ 535,000	-	45,000	490,000	47,000
Total	<u>\$ 535,000</u>	<u>-</u>	<u>45,000</u>	<u>490,000</u>	<u>47,000</u>

WOODBINE PORT AUTHORITY
(A component unit of Borough of Woodbine)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 AND 2013

	<u>Outstanding 12/31/2013</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/2012</u>	<u>Amounts Due Within 1 Year</u>
Loans Payable	\$ 490,000	-	47,000	443,000	48,000
Total	<u>\$ 490,000</u>	<u>-</u>	<u>47,000</u>	<u>443,000</u>	<u>48,000</u>

Note 6. Property, Plant & Equipment

	<u>Balance 12/31/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2013</u>
Land	\$ 354,000	-	-	354,000
Construction in Progress	674,774	537,425	1,212,199	-
Buildings	75,000			75,000
Hangars	798,292			798,292
Runways and Lights	8,551,697	1,212,199		9,763,896
Maintenance Equipment	95,412	5,720		101,132
Office Equipment	7,341			7,341
Well & Septic System	2,931			2,931
Fuel Tank	74,386			74,386
Total Cost	<u>10,633,833</u>	<u>1,755,344</u>	<u>1,212,199</u>	<u>11,176,978</u>
Less:				
Accumulated Depreciation	<u>2,360,400</u>	<u>238,610</u>		<u>2,599,010</u>
Capital Assets, Net	<u>\$ 8,273,433</u>	<u>1,516,734</u>	<u>1,212,199</u>	<u>8,577,968</u>

WOODBINE PORT AUTHORITY
(A component unit of Borough of Woodbine)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 AND 2013

	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014
Land	\$ 354,000			354,000
Construction in Progress	-	362,401		362,401
Buildings	75,000			75,000
Hangars	798,292			798,292
Runways and Lights	9,763,896			9,763,896
Maintenance Equipment	101,132			101,132
Office Equipment	7,341			7,341
Well & Septic System	2,931			2,931
Fuel Tank	74,386			74,386
Total Cost	<u>11,176,978</u>	<u>362,401</u>	<u>-</u>	<u>11,539,379</u>
Less:				
Accumulated Depreciation	<u>2,599,010</u>	<u>283,185</u>		<u>2,882,195</u>
Capital Assets, Net	<u>\$ 8,577,968</u>	<u>79,216</u>	<u>-</u>	<u>8,657,184</u>

Note 7: Net Position

	December 31	
	<u>2014</u>	<u>2013</u>
Invested in Capital Assets, Net of related Liabilities		
Net plant and equipment in service	\$ 8,657,184	\$ 8,577,968
Debt	(443,000)	(490,000)
	<u>8,214,184</u>	<u>8,087,968</u>
Unrestricted	<u>286,317</u>	<u>268,583</u>
Total net position	<u>\$ 8,500,501</u>	<u>\$ 8,356,551</u>

WOODBINE PORT AUTHORITY
(A component unit of Borough of Woodbine)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 AND 2013

Note 8: Contingencies

In the normal course of business, the Authority may periodically be named as a defendant in litigation. In the opinion of management, supported by legal counsel, the impact of any such matters, if adversely determined, would not have a material adverse effect on the financial statement or operations of the Authority.

Note 9. Risk Management

The Authority is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property, and Liability Insurance – The Authority maintains commercial insurance for property, liability and surety bonds.

The Authority made no payments in excess of the insurance coverage during the fiscal year. Also, there was no decrease in insurance coverage. From time to time, the Authority may be a defendant in legal proceedings relating to its operations as an authority.

Note 10. Subsequent Events

The Authority has evaluated subsequent events through July 24, 2015, the date which the financial statements were available to be issued and no items were noted for disclosure.

SUPPLEMENTARY INFORMATION

WOODBINE PORT AUTHORITY
(A Component Unit of the Borough of Woodbine)
SCHEDULE OF APPROPRIATIONS COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Final Budget</u> <u>2014</u>	<u>Actual</u>	<u>Variance</u>	<u>2013</u> <u>Actual</u>
REVENUES:				
Tie Downs	\$ 1,500	\$ 1,400	\$ (100)	\$ 330
T-Hangars	168,500	181,666	13,166	172,760
Banner Towing	10,000	10,000	-	10,000
Fuel	240,000	268,562	28,562	241,317
Miscellaneous	2,000	3,267	1,267	51,617
Federal and State Grants		362,401	362,401	524,609
Local Grants		-	-	12,815
Vending Machine		696	696	400
Interest		619	619	106
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	422,000	828,611	406,611	1,013,954
EXPENSES:				
<u>Operating Expenses</u>				
Administration:				
Salaries and Wages	16,200	13,800	2,400	15,375
Other Expenses	51,750	58,898	(7,148)	63,412
	<hr/>	<hr/>	<hr/>	<hr/>
Total Administration	67,950	72,698	(4,748)	78,787
Cost of Providing Service:				
Salaries and Wages	25,000	25,878	(878)	24,384
Other Expenses	283,850	289,987	(6,137)	274,880
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cost of Providing Services	308,850	315,865	(7,015)	299,264
Total Operating Expenses	376,800	388,563	(11,763)	378,051
Interest Expense	12,913	12,913	-	13,438
	<hr/>	<hr/>	<hr/>	<hr/>
Other Costs Funded by Operating Revenues:				
Bond Principal	47,000	47,000	-	45,000
Grant Write-Off		-	-	14,670
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Costs Funded by Operating Revenues	47,000	47,000	-	59,670
Total Costs Funded by Operating Revenues	436,713	448,476	(11,763)	451,159
Excess of Revenue over Expenditures	\$ (14,713)	\$ 380,135	\$ 394,848	\$ 562,795



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Chairman and Members of the
Woodbine Port Authority
Woodbine, 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 business-type activities of Woodbine Port Authority (a component unit of the Borough of Woodbine), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 24, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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.

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 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.

Ford Scott & Associates, LLC

Ford Scott & Associates, LLC

July 24, 2015

STATUS OF PRIOR RECOMMENDATIONS

NONE

RECOMMENDATIONS

NONE

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call.

Very truly yours,

Kenneth W. Moore

Kenneth W. Moore, CPA
Registered Municipal Accountant
No. 231

Ford, Scott & Associates, LLC

Ford, Scott & Associates, LLC