

**The New Jersey Maritime Pilot and Docking  
Pilot Commission**

**Financial Statements  
and  
Independent Auditors' Report**

**June 30, 2010 and 2009**

**The New Jersey Maritime Pilot and Docking Pilot Commission**  
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**June 30, 2010 and 2009**

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## Independent Auditors' Report

To the Board of Commissioners  
The New Jersey Maritime Pilot and Docking Pilot Commission  
Newark, New Jersey

We have audited the accompanying statement of assets, liabilities and fund balance of The New Jersey Maritime Pilot and Docking Pilot Commission (the "Commission") as of June 30, 2010, and the related statements of revenues, expenses and changes in fund balance, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Commission as of June 30, 2009, were audited by other auditors whose report dated December 10, 2009 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The New Jersey Maritime Pilot and Docking Pilot Commission as of June 30, 2010, and the changes in fund balance and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*McEnerney, Brady & Company, LLC*

Livingston, New Jersey  
September 20, 2011

**The New Jersey Maritime Pilot and Docking Pilot Commission**  
**Statements of Assets, Liabilities and Fund Balance**  
**June 30, 2010 and 2009**

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	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Current assets		
Cash	\$ 60,848	\$ 51,048
Amount on account with State of New Jersey/DOT	368,018	232,101
Statutory fees receivable	54,111	55,050
License fees receivable	-	750
	<u>\$ 482,977</u>	<u>\$ 338,949</u>
<b>Fund Balance</b>		
Fund Balance	<u>\$ 482,977</u>	<u>\$ 338,949</u>

The Notes to Financial Statements are an integral part of these statements.

**The New Jersey Maritime Pilot and Docking Pilot Commission**  
**Statements of Revenues, Expenses and Changes in Fund Balance**  
**Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Revenue:</b>		
Statutory fee income	\$ 623,327	\$ 653,295
Licensing fee income	<u>-</u>	<u>200</u>
Total revenue	623,327	653,495
<b>Expenses</b>		
Payroll and taxes	329,559	343,760
Fringe benefits	114,675	123,449
Office supplies and equipment	8,912	4,155
Professional fees	7,500	8,070
Pilot training	5,000	-
Meetings	3,457	3,743
Newspaper announcements	2,218	2,462
Per diem	2,143	1,890
Travel	1,724	4,618
Harbor inspection tour	600	500
Printing	557	3,442
Annual memberships	354	350
Dues and subscriptions	256	301
Conferences	150	1,723
Commissioner incidentals	104	140
Awards and plaques	87	31
Industry relations	-	9,790
Miscellaneous	<u>2,003</u>	<u>1,054</u>
Total expenses	<u>479,299</u>	<u>509,478</u>
Increase in fund balance	144,028	144,017
Fund balance, beginning of year	338,949	869,932
Distributions to State of NJ/DOT	<u>-</u>	<u>(675,000)</u>
Fund balance, end of year	<u>\$ 482,977</u>	<u>\$ 338,949</u>

The Notes to Financial Statements are an integral part of these statements.

**The New Jersey Maritime Pilot and Docking Pilot Commission**  
**Statements of Cash Flows**  
**Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Increase in fund balance	\$ 144,028	\$ 144,017
Adjustments to reconcile increase in fund balance to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Amount on account with State of New Jersey/DOT	(135,917)	540,297
Statutory fees receivable	939	3,910
License fees receivable	<u>750</u>	<u>(750)</u>
Net cash provided by operating activities	9,800	687,474
Cash flows from financing activities:		
Distributions to State of New Jersey/DOT	<u>-</u>	<u>(675,000)</u>
Net increase in cash	9,800	12,474
Cash, beginning of year	<u>51,048</u>	<u>38,574</u>
Cash, end of year	<u>\$ 60,848</u>	<u>\$ 51,048</u>
Supplemental Disclosures:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

The Notes to Financial Statements are an integral part of these statements.

# The New Jersey Maritime Pilot and Docking Pilot Commission

## Notes to Financial Statements

### June 30, 2010 and 2009

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#### 1. Organization and Purpose

The New Jersey Maritime Pilot and Docking Pilot Commission (the "Commission") is a public agency, created by the New Jersey State Legislature, Laws of 1837, as amended, to provide for the competitive selection, training, licensing and regulation of State Pilots, who navigate large seagoing vessels, as they enter the Port of New Jersey/New York (the "Port"), travel within the respective waterways and departure from the Port

#### 2. Summary of Significant Accounting Policies

##### Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

##### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. The collectibility of receivables, among other accounts, require the significant use of estimates. Actual results could differ from those estimates.

##### Revenue Recognition and Receivables

Revenues are recognized in the period pilot services are provided and consist primarily of pilot fees that are reported at estimated net realizable amounts which are used to support various programs.

Statutory and license fees receivable are recorded at the net realizable value and do not bear interest. There are no allowances recorded at June 30, 2010 and 2009.

##### Risks and Uncertainties

The Commission significant credit risk is the amount on account from the State of New Jersey/DOT. There is a potential for the State of New Jersey to appropriate surplus funds to subsidize New Jersey State budget deficiencies. Due to this level of risk, it is at least reasonably possible that changes in funds available to the Commission will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

##### Financial Instruments

The carrying values of the Commission's financial instruments as of June 30, 2010 include cash, receivables and amounts on account with State of New Jersey/DOT approximate their fair value due to the relatively short maturity of these instruments.

##### Fair Value Disclosures

The Commission has provided fair value disclosure information for relevant assets and liabilities in these financial statements.

For applicable assets and liabilities subject to the provisions of the accounting standard relating to fair value measurements, the Commission will value, such assets and liabilities using quoted market process in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, management will next attempt to value such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets for identical assets or liabilities (Level 1) and other observable measurement criteria (Level 2) or unobservable inputs that are not available (Level 3), the Commission will develop measurement criteria based on the best information available, including information from banking institutions and advisors. All of the Commission's financial assets are Level 1 inputs.

**The New Jersey Maritime Pilot and Docking Pilot Commission**  
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**Concentrations of Credit Risk**

Financial instruments which potentially subject the Commission to concentrations of credit risk consist principally of cash, receivables and amount on account with State of New Jersey/DOT. The Commission places its cash with high credit quality financial institutions. The Commission monitors the financial condition of the banking institutions, along with their cash balances, to minimize this risk.

**3. Amount on Account with State of New Jersey/DOT**

The State of New Jersey/DOT maintains a non-interest bearing account on behalf of the Commission within the State of New Jersey's control. The account is used to receive substantially all fees, as well as pay various expenses, on behalf of the Commission. At June 30, 2010 and 2009, the State of New Jersey owed the Commission \$368,018 and \$232,101.

The Commission distributed to the State of New Jersey/DOT \$675,000 for the year ended June 30, 2009 to help subsidize the State of New Jersey's budget deficit.

**4. Subsequent Events**

The Commission has evaluated subsequent events occurring after June 30, 2010 through the date of September 20, 2011, which is the date the financial statements were available to be issued. Based on this evaluation, the Commission has determined that no subsequent events have occurred which require disclosure in the financial statements.