

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**

**REPORT OF AUDIT**

**FOR THE FISCAL YEARS ENDED**

**JANUARY 31, 2021 AND 2020**



**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
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**CITY OF SALEM MUNICIPAL PORT AUTHORITY**

**PART I**

**FINANCIAL SECTION**

**FOR THE FISCAL YEARS ENDED JANUARY 31, 2021 AND 2020**

## **INDEPENDENT AUDITOR'S REPORT**

The Chairperson and Members of  
The City of Salem Municipal Port Authority  
Salem, New Jersey

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

We have audited the accompanying financial statements of the business-type activities of the City of Salem Municipal Port Authority, in the County of Salem, State of New Jersey, a component unit of the City of Salem (Authority), as of and for the fiscal years ended January 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; 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 Bureau of Authority Regulation, 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 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 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 respects, the financial position of the business-type activities of the City of Salem Municipal Port Authority, in the County of Salem, State of New Jersey as of January 31, 2021 and 2020, and the changes in its financial position and its cash flows thereof for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

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**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability and schedule of the Authority's pension contributions as listed 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements

The accompanying supplementary schedules as listed in the table of contents are the responsibility of management and were derived from and relate 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 accompanying supplementary information, as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Woodbury, New Jersey  
January 31, 2022

**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**

**INDEPENDENT AUDITOR'S REPORT**

The Chairperson and Members of  
The City of Salem Municipal Port Authority  
Salem, 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 in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the City of Salem Municipal Port Authority, in the County of Salem, State of New Jersey, a component unit of the City of Salem (Authority), as of and for the fiscal year ended January 31, 2021 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 31, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 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 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 financial statements. 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* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**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* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Woodbury, New Jersey  
January 31, 2022

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
Management's Discussion and Analysis  
For the Fiscal Year Ended January 31, 2021  
(Unaudited)

As management of the City of Salem Municipal Port Authority (hereafter referred to as the "Port Authority"), we offer readers of the Port Authority's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended January 31, 2021. We encourage readers to consider the information presented here in conjunction with the Port Authority's financial statements as presented elsewhere in this Report.

**A. Financial Highlights**

- Excluding GASB 68, the assets of the Port Authority exceeded its liabilities at the close of the most recent fiscal year by \$41,762.23, a decrease of \$417.39.
- Including GASB 68, the Port Authority's liabilities and deferred inflows of resources exceeds its assets and deferred outflows of resources by \$49,641.77.

**B. Using the Annual Report**

**Management's Discussion and Analysis**

- The Management's Discussion and Analysis is intended to serve as an introduction to the Port Authority's financial statements. The Port Authority's financial statements and Notes to Financial Statements included in this Report were prepared in accordance with Generally Accepted Accounting Principles (GAAP) applicable to governmental entities in the United States of America for Proprietary Fund Types.

**Financial Statements**

- The financial statements are designed to provide readers with a broad overview of the Port Authority's finances, in a manner similar to a private sector business. They consist of the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows.
- The Statements of Net Position present information on all the Port Authority's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Port Authority is improving or deteriorating.
- The Statements of Revenues, Expenses and Changes in Net Position present information showing how the Port Authority's net position changed during the most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of unrelated cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. depreciation and earned but unused vacation time).
- The Statements of Cash Flows provides a breakdown of the various sources of cash flow, categorized (if applicable) into four areas: Cash flows from operating activities, non-capital financing activities; capital and related financing activities and investing activities.

**Notes to Financial Statements**

- The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes to Financial Statements can be found in this Report after the financial statements.

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
Management's Discussion and Analysis  
For the Fiscal Year Ended January 31, 2021  
(Unaudited) (Cont'd)

Computations of Net Position is as follows:

	<b>Fiscal Year Ended 01/31/21</b>	<b>Fiscal Year Ended 01/31/20</b>	<b>Fiscal Year Ended 01/31/19</b>
Current Assets	\$ 80,595.92	\$ 86,340.15	\$ 75,744.02
Noncurrent Assets			113.99
Deferred Outflows	10,060.00	11,174.00	16,685.00
Current Liabilities	(14,565.12)	(22,370.81)	(14,708.73)
Noncurrent Liabilities	(81,372.05)	(83,616.47)	(92,184.29)
Deferred Inflows	(44,360.52)	(42,829.25)	(42,261.25)
Net Position (Deficit)	<u>\$ (49,641.77)</u>	<u>\$ (51,302.38)</u>	<u>\$ (56,611.26)</u>
Investment in Capital Assets			\$ 113.99
Unrestricted	<u>\$ (49,641.77)</u>	<u>\$ (51,302.38)</u>	<u>(56,725.25)</u>
Total Net Position (Deficit)	<u>\$ (49,641.77)</u>	<u>\$ (51,302.38)</u>	<u>\$ (56,611.26)</u>

Computations of Changes in Net Position are as follows:

	<b>Fiscal Year Ended 01/31/21</b>	<b>Fiscal Year Ended 01/31/20</b>	<b>Fiscal Year Ended 01/31/19</b>
<b><u>OPERATING REVENUES</u></b>			
Administrative Services Fee	\$ 62,265.00	\$ 59,781.00	\$ 60,344.00
Labor Fees	103,091.87	107,660.54	109,060.91
Miscellaneous			184.10
Total Operating Revenues	<u>165,356.87</u>	<u>167,441.54</u>	<u>169,589.01</u>
<b><u>OPERATING EXPENSES</u></b>			
Administration	60,626.25	59,547.28	61,442.34
Cost of Providing Services	103,127.55	102,515.96	112,893.88
Depreciation		113.99	93.72
Total Operating Expenses	<u>163,753.80</u>	<u>162,177.23</u>	<u>174,429.94</u>
Operating Income (Loss)	<u>1,603.07</u>	<u>5,264.31</u>	<u>(4,840.93)</u>

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended January 31, 2021  
 (Unaudited) (Cont'd)

Computations of Changes in Net Position are as follows: (Cont'd)

<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	<b>Fiscal Year Ended 01/31/21</b>	<b>Fiscal Year Ended 01/31/20</b>	<b>Fiscal Year Ended 01/31/19</b>
Interest Income	\$ 57.54	\$ 44.57	\$ 42.12
Change in Net Position	1,660.61	5,308.88	(4,798.81)
Net Position -- Beginning of Fiscal Year	(51,302.38)	(56,611.26)	(51,812.45)
Net Position -- End of Fiscal Year	<u>\$ (49,641.77)</u>	<u>\$ (51,302.38)</u>	<u>\$ (56,611.26)</u>

- For the fiscal year ending January 31, 2021 (excluding GASB 68 and compensated absence accrual) administration revenues exceeded administration expenses by \$3,375.06.
- For the fiscal year ending January 31, 2020 (excluding GASB 68 and compensated absence accrual) administration revenues exceeded administration expenses by \$462.96.
- For the fiscal year ending January 31, 2021 (excluding GASB 68) labor expenses exceeded labor revenues by \$35.68.
- For the fiscal year ending January 31, 2020 (excluding GASB 68) labor revenues exceeded labor expenses by \$5,144.58.

**C. Capital Assets:**

- As of January 31, 2021, 2020 and 2019, the Port Authority had Office Equipment, net of accumulated depreciation, of \$-0-, \$-0-, and \$113.99.

**D. Debt Administration:**

- As of January 31, 2021, 2020 and 2019, the Port Authority has no debt outstanding.

**E. Economic Factors for the Current Year:**

- In February 2021, the Port Authority's 2/1/21 to 1/31/22 budget was filed with the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, with no major changes in operations from the prior year.

**F. Contacting the Port Authority's Financial Management**

- The financial report is designed to provide a general overview of the Port Authority's finances for all those with interest. Questions concerning any of the information provided in this report or request for additional information financial information should be addressed to the Secretary/Treasurer, City of Salem Municipal Port Authority, 19 South Front Street, Salem, New Jersey 08079.

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
 Statements of Net Position  
 As of January 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 62,600.67	\$ 70,334.39
Accounts Receivable	8,983.30	5,731.59
Prepaid Expenses	9,011.95	10,274.17
	<hr/>	<hr/>
Total Current Assets	80,595.92	86,340.15
Noncurrent Assets:		
Capital Assets:		
Office Equipment	3,274.86	3,274.86
Accumulated Depreciation	(3,274.86)	(3,274.86)
	<hr/>	<hr/>
Total Capital Assets	-	-
	<hr/>	<hr/>
Total Assets	80,595.92	86,340.15
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Related to Pensions	10,060.00	11,174.00
	<hr/>	<hr/>
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	3,100.00	10,800.00
Accounts Payable - Related to Pension	4,421.00	3,849.00
Payroll Deductions Payable	2,747.44	2,774.70
Accrued Wages and Taxes Payable	-	1,589.62
Compensated Absences	4,296.68	3,357.49
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	14,565.12	22,370.81
Noncurrent Liabilities:		
Compensated Absences	12,890.05	10,072.47
Net Pension Liability	65,903.00	71,299.00
Accrued Liabilities - Related to Pension	2,579.00	2,245.00
	<hr/>	<hr/>
Total Noncurrent Liabilities	81,372.05	83,616.47
	<hr/>	<hr/>
Total Liabilities	95,937.17	105,987.28
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Related to Administrative Services Fee	15,799.52	15,566.25
Related to Pensions	28,561.00	27,263.00
	<hr/>	<hr/>
Total Deferred Inflows of Resources	44,360.52	42,829.25
<b><u>NET POSITION</u></b>		
Investment in Capital Assets	-	-
Unrestricted	(49,641.77)	(51,302.38)
	<hr/>	<hr/>
Total Net Position (Deficit)	\$ (49,641.77)	\$ (51,302.38)

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

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
 Statements of Revenues, Expenses and Changes in Net Position  
 For the Fiscal Years Ended January 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenue:		
Administrative Services Fee	\$ 62,265.00	\$ 59,781.00
Labor Fees	103,091.87	107,660.54
Total Operating Revenues	<u>165,356.87</u>	<u>167,441.54</u>
Operating Expenses:		
Administration:		
Salaries and Wages	30,379.68	29,830.10
Fringe Benefits	18,007.61	17,043.20
Other Expenses	12,238.96	12,673.98
Cost of Providing Services:		
Salaries and Wages	77,579.35	84,427.13
Fringe Benefits	7,211.64	6,315.33
Other Expenses	18,336.56	11,773.50
Depreciation	-	113.99
Total Operating Expenses	<u>163,753.80</u>	<u>162,177.23</u>
Operating Income	<u>1,603.07</u>	<u>5,264.31</u>
Non-Operating Revenue:		
Investment Income	<u>57.54</u>	<u>44.57</u>
Total Non-Operating Revenue	<u>57.54</u>	<u>44.57</u>
Change in Net Position	<u>1,660.61</u>	<u>5,308.88</u>
Net Position (Deficit) February 1	<u>(51,302.38)</u>	<u>(56,611.26)</u>
Net Position (Deficit) January 31	<u>\$ (49,641.77)</u>	<u>\$ (51,302.38)</u>

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

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
 Statements of Cash Flows  
 For the Fiscal Years Ended January 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 162,338.43	\$ 166,127.44
Payments to Employees	(150,090.73)	(153,224.50)
Payments to Suppliers	(20,038.96)	(7,273.98)
	(7,791.26)	5,628.96
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income	57.54	44.57
	57.54	44.57
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
	(7,733.72)	5,673.53
Cash and Cash Equivalents February 1	70,334.39	64,660.86
Cash and Cash Equivalents January 31	\$ 62,600.67	\$ 70,334.39
Reconciliation of Operating Income to Net Cash		
Cash Provided by (Used in) Operating Activities:		
Operating Income	\$ 1,603.07	\$ 5,264.31
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	-	113.99
Pension Liability Expense - GASB 68	(2,078.00)	(781.00)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(3,251.71)	(1,935.10)
Compensated Absences	3,756.77	965.67
Unearned Revenue	233.27	621.00
Prepaid Expenses	1,262.22	(2,987.50)
Accounts Payable	(7,700.00)	5,400.00
Payroll Deductions Payable	(27.26)	799.31
Accrued Wages Payable	(1,589.62)	(1,831.72)
	(7,791.26)	5,628.96
Net Cash Provided by (Used in) Operating Activities	\$ (7,791.26)	\$ 5,628.96

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

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
Notes to Financial Statements  
For the Fiscal Years Ended January 31, 2021 and 2020

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Salem Municipal Port Authority (the "Authority") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

**Reporting Entity**

The City of Salem Municipal Port Authority was created by a resolution adopted July 12, 1982 by the Mayor and Common Council of the City of Salem (the "City"). The Authority was created to stimulate the economic well-being of its surrounding area; creating employment; attracting industry; and bringing a direct influx of dollars generated by vessels and their cargoes. Its purpose is development and operation of land/water transportation interchange and distribution facilities. It is structured along traditional port authority lines, which enables it to function with private entities in trade, commerce and industry while maintaining and safeguarding the public interest with regards to such activities. The Authority was established in accordance with the port authorities' law of the State of New Jersey, N.J.S.A. 40:68A-29 et seq.

**Component Unit**

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units and is a component unit of the City of Salem.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Basis of Presentation**

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

**Revenues -- Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Lease Labor charges are recognized as revenue when services are provided.

**Expenses** - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**Budgets and Budgetary Accounting**

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the fiscal year. The budget is adopted on the accrual basis of accounting. Depreciation expense is not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statements of Revenues, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority adopted an amending budget resolution during the year.

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At fiscal year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statements of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey governments units 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 in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governmental units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to 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, is available to pay the amount of their deposits to the governmental units.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

**Inventories**

Inventory consists principally of office supplies and is valued at cost. The Authority has determined that the inventories are immaterial and are not recorded in the financial statements.

**Prepaid Expenses**

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the applicable fiscal year end.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Capital Assets**

Capital assets primarily consist of expenditures to acquire office equipment. Assets purchased are stated at actual cost.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$100.00 or more
- 2) Useful life of more than one year
- 3) Asset is not affected by consumption

**Depreciation**

Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

Office Furniture and Equipment	10 years
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Depreciation is taken starting the month after the asset is placed in service.

**Deferred Outflows and Deferred Inflows of Resources**

The statements of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources: defined benefit pension plan and administrative service fees.

**Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Net Position**

In accordance with the provisions of GASB Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*", the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

**Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at fiscal year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

**Restricted** - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Unrestricted** - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." This component includes net position that may be allocated for specific purposes by the Board.

**Income Taxes**

The Authority operates as defined by the Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

**Operating and Non-Operating Revenues and Expenses**

Operating revenues include all revenues derived from facility charges (i.e., lease labor and operating agreements) and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts.

Operating expenses include expenses associated with the operation of the stevedoring services and general administrative expenses.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Policies****Recently Issued and Adopted Accounting Pronouncements**

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The adoption of this Statement had no impact on the Authority's financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of this Statement had no impact on the Authority's financial statements.

Statement No. 90, *Major Equity Interests*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The adoption of this Statement had no impact on the Authority's financial statements.

**Recently Issued Accounting Pronouncements**

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

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement originally would have become effective for the Authority in the fiscal year ending January 31, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2022. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement originally would have become effective for the Authority in the fiscal year ending January 31, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. This Statement originally would have become effective for the Authority in the fiscal year ending January 31, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2022. Management does not expect this Statement will have an impact on the financial statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Policies (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement originally would have become effective for the Authority in the fiscal year ending January 31, 2022, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statements are effective as follows:

1. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
2. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 originally would have become effective for the Authority in the fiscal year ending January 31, 2022, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2023.
3. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities originally would have become effective for the Authority in the fiscal year ending January 31, 2022, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2023.
4. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition originally would have become effective for the Authority in the fiscal year ending January 31, 2022, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2023.

Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. This Statement will become effective for the Authority in the fiscal year ending January 31, 2022. GASB Statement 95 changed the effective date for paragraphs 13 and 14 to the fiscal year ending January 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Policies (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The Statement will become effective for the Authority in the fiscal year ending January 31, 2024. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Statement will become effective for the Authority in the fiscal year ending January 31, 2024. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The portions of the statement effect component unit criteria are effective immediately, but the other portions of the Statement will become effective for the Authority in the fiscal year ending January 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

**Note 2: DETAIL NOTES - ASSETS****Cash and Cash Equivalents**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized. As of January 31, 2021, and 2020, the Authority's bank balance of \$62,990.59 and \$72,101.31 respectively, were entirely insured by FDIC.

**Capital Assets**

During the fiscal year ended January 31, 2021, the following changes in Capital Assets occurred:

	<b>Balance January 31, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance January 31, 2021</b>
Office Equipment	\$3,274.86			\$3,274.86
Less Accumulated Depreciation	(3,274.86)			(3,274.86)
Total Capital Assets	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>

During the fiscal year ended January 31, 2020, the following changes in Capital Assets occurred:

	<b>Balance January 31, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance January 31, 2020</b>
Office Equipment	\$3,274.86			\$3,274.86
Less Accumulated Depreciation	(3,160.87)	\$(113.99)		(3,274.86)
Total Capital Assets	<u>\$113.99</u>	<u>\$(113.99)</u>		<u>\$-0-</u>

**Note 3: DETAIL NOTES - LIABILITIES****Compensated Absences**

The full-time Authority employee was entitled to 23 paid sick leave days in the fiscal year ending January 31, 2021. Unused sick leave earned during a calendar year may be accumulated and carried forward to subsequent years. Vacation days not used may also be accumulated and carried forward.

The Authority compensates employees for unused sick leave and vacation days upon termination or retirement. The current sick leave policy provides one-half compensated day's pay for every day accumulated. There is a maximum payout of \$7,000.00 payable for sick time accumulated at the rate of pay upon termination or retirement.

The accrued liability for accumulated sick leave and vacation time at January 31, 2021 and 2020 was estimated to be \$17,186.73 and \$13,429.96, respectively.

**Note 3: DETAIL NOTES – LIABILITIES (CONT'D)****Long-term Liabilities**

During the fiscal year ended January 31, 2021, the following changes occurred in long-term obligations:

	<b>Balance January 31, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance January 31, 2021</b>
Compensated Absences	\$10,072.47	\$3,248.88	\$(431.30)	\$12,890.05
Net Pension Liability	71,299.00	36,516.00	(41,912.00)	65,903.00
Accrued Liabilities – Related to Pension	2,245.00	2,579.00	(2,245.00)	2,579.00
<b>Total Long-term Liabilities</b>	<b>\$83,616.47</b>	<b>\$42,343.88</b>	<b>\$(44,588.30)</b>	<b>\$81,372.05</b>

During the fiscal year ended January 31, 2020, the following changes occurred in long-term obligations:

	<b>Balance January 31, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance January 31, 2020</b>
Compensated Absences	\$12,464.29	\$889.35	\$(3,281.17)	\$10,072.47
Net Pension Liability	77,438.00	39,376.00	(45,515.00)	71,299.00
Accrued Liabilities – Related to Pension	2,282.00	2,245.00	(2,282.00)	2,245.00
<b>Total Long-term Liabilities</b>	<b>\$92,184.29</b>	<b>\$42,510.35</b>	<b>\$(51,078.17)</b>	<b>\$83,616.47</b>

**Pension Plan**

The Authority's only full-time employee participates in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits ("the Division"). The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS plan fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

**General Information about the Pension Plan****Plan Descriptions**

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

**Note 3: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plan (Cont'd)****General Information about the Pension Plan (Cont'd)****Vesting and Benefit Provisions**

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death, and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

**Tier Definition**

- 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 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 with 25 years or more of service credit before age 62, 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.

**Contributions**

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rate for the fiscal years ended January 31, 2021 and 2020 was 15.14% and 13.46% of the Authority's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2020, the Authority's contractually required contribution to the pension plan for the fiscal year ended January 31, 2021 was \$4,421.00 and was payable by April 1, 2021. Based on the PERS measurement date of June 30, 2019, the Authority's contractually required contribution to the pension plan for the fiscal year ended January 31, 2020 was \$3,849.00 and was payable by April 1, 2020.

Employee contributions to the Plan for the fiscal years ended January 31, 2021 and 2020 were \$2,190.17 and \$2,144.24, respectively.

**Note 3: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plan (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Public Employees' Retirement System**

**Pension Liability** - As of January 31, 2021, the Authority's proportionate share of the PERS net pension liability was \$65,903.00. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2020 measurement date, the Authority's proportion was .0004041320%, which was an increase of .0000084315% from its proportion measured as of June 30, 2019.

As of January 31, 2020, the Authority's proportionate share of the PERS net pension liability was \$71,299.00. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2019 measurement date, the Authority's proportion was .0003957005%, which was an increase of .0000024070% from its proportion measured as of June 30, 2019.

**Pension Expense** - For the fiscal years ended January 31, 2021 and 2020, the Authority recognized its proportionate share of the PERS pension (benefit) expense of \$1,772.00 and \$3,131.00, respectively. These amounts were based on the Plan's June 30, 2020 and 2019 measurement dates, respectively.

**Note 3: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plan (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Deferred Outflows of Resources and Deferred Inflows of Resources** – At January 31, 2021 and 2020, the Authority had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>January 31, 2021</u>		<u>January 31, 2020</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2020</u>		<u>June 30, 2019</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Differences between Expected and Actual Experience	\$ 1,200.00	\$ 233.00	\$ 1,280.00	\$ 315.00
Changes of Assumptions	2,138.00	27,594.00	7,119.00	24,748.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,253.00	-	-	1,125.00
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	1,890.00	734.00	530.00	1,075.00
Authority Contributions Subsequent to the Measurement Date	2,579.00	-	2,245.00	-
	<u>\$ 10,060.00</u>	<u>\$ 28,561.00</u>	<u>\$ 11,174.00</u>	<u>\$ 27,263.00</u>

Deferred outflows of resources in the amounts of \$2,579.00 and \$2,245.00 will be included as a reduction of the net pension liability during the fiscal years ending January 31, 2022 and 2021, respectively. These amounts are based on an estimated April 1, 2022 and April 1, 2021 contractually required contribution, prorated from the pension plan's measurement date of June 30, 2020 and 2019 to the Authority's fiscal year end of January 31, 2021 and 2020.

**Note 3: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plan (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - The Authority will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	-
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

**Note 3: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plan (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<b>Fiscal Year Ending <u>January 31,</u></b>		
2022	\$	(8,100.00)
2023		(7,336.00)
2024		(3,972.00)
2025		(1,354.00)
2026		<u>(318.00)</u>
	<u>\$</u>	<u>(21,080.00)</u>

**Actuarial Assumptions****Public Employees' Retirement System**

The net pension liability was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020 and 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b>Measurement Date <u>June 30, 2020</u></b>	<b>Measurement Date <u>June 30, 2019</u></b>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	2.00% - 6.00%	2.00% - 6.00%
	Based on Years of Service	Based on Years of Service
Thereafter	3.00% - 7.00%	3.00% - 7.00%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018	July 1, 2014 - June 30, 2018

**Note 3: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plan (Cont'd)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System (Cont'd)**

For the June 30, 2020 measurement date, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

For the June 30, 2019 measurement date, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

In accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2020 and 2019) 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 rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 and 2019 are summarized in the table below:

<u>Asset Class</u>	<u>Measurement Date</u> <u>June 30, 2020</u>		<u>Measurement Date</u> <u>June 30, 2019</u>	
	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
High Yield	2.00%	5.95%	2.00%	5.37%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Assets	3.00%	9.73%	2.50%	9.31%
Real Estate	8.00%	9.56%	7.50%	8.33%
U.S. Equity	27.00%	7.71%	28.00%	8.26%
Non-U.S. Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
Private Equity	13.00%	11.42%	12.00%	10.85%
	<u>100.00%</u>		<u>100.00%</u>	

**Note 3: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plan (Cont'd)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System (Cont'd)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of the June 30, 2020 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal 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 would be based on 78% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. 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. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability at June 30, 2019 was 6.28%. The single blended discount rate as based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal 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 pension plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current pension plan members through 2057. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate****Public Employees' Retirement System**

The following presents the Authority's proportionate share of the net pension liability as of the June 30, 2020 measurement date, calculated using a discount rate of 7.00%, 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% lower or 1% higher than the current rates used:

	<u>January 31, 2021</u>		
	<b>1% Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.00%)</u></b>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 91,899.00</u>	<u>\$ 65,903.00</u>	<u>\$ 56,620.00</u>

**Note 3: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plan (Cont'd)****Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate****Public Employees' Retirement System (Cont'd)**

The following presents the Authority's proportionate share of the net pension liability at June 30, 2019, the pension plan's measurement date, calculated using a discount rate of 6.28%, 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% lower or 1% higher than the current rates used:

	<u>January 31, 2020</u>		
	<b>1% Decrease <u>(5.28%)</u></b>	<b>Current Discount Rate <u>(6.28%)</u></b>	<b>1% Increase <u>(7.28%)</u></b>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 97,965.00</u>	<u>\$ 71,299.00</u>	<u>\$ 61,088.00</u>

**Note 4: AGREEMENTS****South Jersey Port Corporation**

On September 13, 1996, the South Jersey Port Corporation exercised its option to acquire substantially all the assets of the Authority. The acquisition included the Authority's land, warehouse and associated equipment but did not include office furniture and office equipment. In exchange for these assets, the South Jersey Port Corporation agreed to extinguish the note payable outstanding and due the City by the Authority. In addition, the South Jersey Port Corporation will provide annual funding to cover reasonable expenses. Such funds will be used to pay for Authority employees and other administrative expenses.

**Leased Labor Agreements**

The Authority has entered into several agreements to provide stevedoring labor services to Salem Port Logistics, Inc. Laborers will be paid a set fee which will be then billed to the companies that lease their services in accordance with pre-established labor rates. The Authority has established a lease labor escrow account in order to ensure that sufficient funds are in place to pay the laborers when due.

**Note 5: SUBSEQUENT EVENTS**

**COVID-19** - On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Authority's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
 Required Supplementary Information  
 Schedule of the Authority's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Eight Plan Years

	Measurement Date Ending June 30,							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability	0.0004041320%	0.0003957005%	0.0003932935%	0.0003986428%	0.0004015148%	0.0004003574%	0.0003993277%	0.0004002763%
Authority's Proportionate Share of the Net Pension Liability	\$ 65,903.00	\$ 71,299.00	\$ 77,438.00	\$ 92,798.00	\$ 118,917.00	\$ 89,872.00	\$ 74,765.00	\$ 76,501.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 28,116.00	\$ 27,616.00	\$ 27,616.00	\$ 27,616.00	\$ 27,616.00	\$ 27,616.00	\$ 27,616.00	\$ 27,616.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	234.40%	258.18%	280.41%	336.03%	430.61%	325.43%	270.73%	277.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.  
 However, until a full 10-year trend is compiled, this presentation will only include information  
 for those years for which information is available.

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
 Required Supplementary Information  
 Schedule of Authority Contributions  
 Public Employees' Retirement System (PERS)  
 Last Eight Fiscal Years

	<b>Fiscal Year Ended January 31,</b>							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 4,421.00	\$ 3,849.00	\$ 3,912.00	\$ 3,693.00	\$ 3,567.00	\$ 3,442.00	\$ 3,292.00	\$ 3,016.00
Contribution in Relation to the Contractually Required Contribution	<u>(4,421.00)</u>	<u>(3,849.00)</u>	<u>(3,912.00)</u>	<u>(3,693.00)</u>	<u>(3,567.00)</u>	<u>(3,442.00)</u>	<u>(3,292.00)</u>	<u>(3,016.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Fiscal Year)	\$ 29,202.32	\$ 28,589.88	\$ 28,075.43	\$ 27,616.00	\$ 27,616.00	\$ 27,616.00	\$ 27,616.00	\$ 27,616.00
Contributions as a Percentage of Covered Payroll	15.14%	13.46%	13.93%	13.37%	12.92%	12.46%	11.92%	10.92%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.  
 However, until a full 10-year trend is compiled, this presentation will only include information  
 for those years for which information is available.

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
Notes to Required Supplementary Information  
For the Fiscal Year Ended January 31, 2021

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**Note 1: POSTEMPLOYMENT BENEFITS - PENSION**

**Public Employees' Retirement System (PERS)**

***Changes in Benefit Terms:***

The June 30, 2020 measurement date included two changes to the plan provisions. Chapter 157, P.L. 2019 expanded the definition of regular or assigned duties for purposes of accidental disability. The Division of Pension and Benefits (DPB) also adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions.

***Changes in Assumptions:***

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%
2017	5.00%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

## **SUPPLEMENTARY SCHEDULES**

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
 Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Cash Equivalents  
 For the Fiscal Year Ended January 31, 2021

<hr/>		
Balance January 31, 2020		
Cash and Cash Equivalents	\$	70,334.39
Cash Receipts:		
Administrative Services Fee	\$ 46,698.75	
Unearned Revenue	15,799.52	
Labor Fees	99,840.16	
Investment Income	<u>57.54</u>	
Total Cash Receipts		<u>162,395.97</u>
		232,730.36
Cash Disbursements:		
Operating Expenses	20,038.96	
Payroll Expenses	<u>150,090.73</u>	
Total Cash Disbursements		<u>170,129.69</u>
Balance January 31, 2021		
Cash and Cash Equivalents	<u>\$</u>	<u>62,600.67</u>
<u>Analysis of Balance</u>		
Operating Account	\$	31,303.93
Lease Labor Account		3,711.61
Savings		<u>27,585.13</u>
	<u>\$</u>	<u>62,600.67</u>

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
 Schedule of Anticipated Revenues, Operating Appropriations  
 and Non-Operating Appropriations Compared to Budget--Non-GAAP (Budgetary) Basis  
 For the Fiscal Year Ended January 31, 2021

	Original Budget	Transfers/ Modifications	Final Budget	Actual	Variance-- Favorable (Unfavorable)
Anticipated Revenues:					
Operating Revenues:					
Administrative Services Fee	\$ 62,265.00	\$ -	\$ 62,265.00	\$ 62,265.00	\$ -
Leased Labor	-	-	-	103,091.87	103,091.87
Miscellaneous	-	-	-	57.54	57.54
Total Operating Revenues	<u>62,265.00</u>	<u>-</u>	<u>62,265.00</u>	<u>165,414.41</u>	<u>103,149.41</u>
Operating Appropriations:					
Administration:					
Salaries and Wages	29,254.00	1,126.00	30,380.00	30,379.68	0.32
Employees Fringe Benefits	17,085.00	-	17,085.00	16,328.84	756.16
Other Expenses:					
Audit and Accounting Fees	4,600.00	-	4,600.00	4,600.00	-
Telephone	3,376.00	(726.00)	2,650.00	2,572.99	77.01
Rent	5,400.00	-	5,400.00	3,200.00	2,200.00
Office Supplies	1,500.00	100.00	1,600.00	1,595.97	4.03
Contingency and Miscellaneous	500.00	(500.00)	-	-	-
Insurance	550.00	-	550.00	270.00	280.00
Total Other Expenses	<u>15,926.00</u>	<u>(1,126.00)</u>	<u>14,800.00</u>	<u>12,238.96</u>	<u>2,561.04</u>
Total Administration Expenses	<u>62,265.00</u>	<u>-</u>	<u>62,265.00</u>	<u>58,947.48</u>	<u>3,317.52</u>
Cost of Providing Services					
Salaries and Wages	-	-	-	77,579.35	(77,579.35)
Fringe Benefits	-	-	-	7,211.64	(7,211.64)
Insurance Expense	-	-	-	18,336.56	(18,336.56)
Total Cost of Providing Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,127.55</u>	<u>(103,127.55)</u>
Total Appropriations and Cost of Providing Services	<u>62,265.00</u>	<u>-</u>	<u>62,265.00</u>	<u>162,075.03</u>	<u>(99,810.03)</u>
Unrestricted Net Position Utilized	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Anticipated Revenues over Appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,339.38</u>	<u>\$ 3,339.38</u>
<u>Reconciliation to Change in Net Position (Exhibit B)</u>					
Revenues over Appropriations				\$ 3,339.38	
Less:					
Compensated Absence Accrual				(3,756.77)	
GASB 68 Pension Accrual				<u>2,078.00</u>	
Change in Net Position				<u>\$ 1,660.61</u>	

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
**PART II**  
**FINDINGS AND RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JANUARY 31, 2021**

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
Schedule of Findings and Recommendations  
For the Fiscal Year Ended January 31, 2021

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***Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

**None**

**CITY OF SALEM MUNICIPAL PORT AUTHORITY**  
Summary Schedule of Prior Year Findings and Recommendations  
as Prepared by Management

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This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**FINANCIAL STATEMENT FINDINGS**

None

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APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Authority officials during the course of the audit.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants &  
Consultants