

CITY OF SALEM MUNICIPAL PORT AUTHORITY

REPORT OF AUDIT

FOR THE FISCAL YEARS ENDED

JANUARY 31, 2023 AND 2022



CITY OF SALEM MUNICIPAL PORT AUTHORITY
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CITY OF SALEM MUNICIPAL PORT AUTHORITY
Roster of Officials
As of January 31, 2023

Members

Thomas Orsini
Charles Hassler
Timothy Gregory Jr

Position

Chairperson
Vice Chairperson
Member

Other Officials

Karen L. Tuthill

Secretary/Treasurer (A)

(A) Surety Bond \$50,000

CITY OF SALEM MUNICIPAL PORT AUTHORITY

PART I

FINANCIAL SECTION

FOR THE FISCAL YEARS ENDED JANUARY 31, 2023 AND 2022

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, a component unit of the City of Salem, as of January 31, 2023 and 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent 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, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules 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. The 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 schedules 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 29, 2024 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
Certified Public Accountants
& Consultants

Woodbury, New Jersey
January 29, 2024

**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 Chairman 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, 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, 2023, 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 29, 2024.

Report on 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 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 or significant deficiencies may exist that were not identified.

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Report on 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 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

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
January 29, 2024

CITY OF SALEM MUNICIPAL PORT AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended January 31, 2023
(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, 2023. 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 and deferred outflows of the Port Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$43,146.39 a decrease of \$2,618.84.
- Including GASB 68, the Port Authority's liabilities and deferred inflows of resources exceeds its assets and deferred outflows of resources by \$28,446.61.

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, 2023
(Unaudited) (Cont'd)

Computations of Net Position is as follows:

	Fiscal Year Ended 01/31/23	Fiscal Year Ended 01/31/22	Fiscal Year Ended 01/31/21
Current Assets	\$ 93,010.04	\$ 89,262.59	\$ 80,595.92
Deferred Outflows	7,940.00	5,111.00	10,060.00
Current Liabilities	(21,699.09)	(17,534.76)	(14,565.12)
Noncurrent Liabilities	(80,615.81)	(64,596.10)	(81,372.05)
Deferred Inflows	(27,081.75)	(46,960.50)	(44,360.52)
Net Position (Deficit)	<u>\$ (28,446.61)</u>	<u>\$ (34,717.77)</u>	<u>\$ (49,641.77)</u>
Unrestricted	<u>\$ (28,446.61)</u>	<u>\$ (34,717.77)</u>	<u>\$ (49,641.77)</u>
Total Net Position (Deficit)	<u><u>\$ (28,446.61)</u></u>	<u><u>\$ (34,717.77)</u></u>	<u><u>\$ (49,641.77)</u></u>

Computations of Changes in Net Position are as follows:

	Fiscal Year Ended 01/31/23	Fiscal Year Ended 01/31/22	Fiscal Year Ended 01/31/21
<u>OPERATING REVENUES</u>			
Administrative Services Fee	\$ 64,190.00	\$ 63,183.77	\$ 62,265.00
Labor Fees	<u>119,238.59</u>	<u>109,172.80</u>	<u>103,091.87</u>
Total Operating Revenues	<u>183,428.59</u>	<u>172,356.57</u>	<u>165,356.87</u>
<u>OPERATING EXPENSES</u>			
Administration	57,622.96	53,650.13	60,626.25
Cost of Providing Services	<u>119,556.86</u>	<u>103,825.03</u>	<u>103,127.55</u>
Total Operating Expenses	<u>177,179.82</u>	<u>157,475.16</u>	<u>163,753.80</u>
Operating Income (Loss)	<u>6,248.77</u>	<u>14,881.41</u>	<u>1,603.07</u>

CITY OF SALEM MUNICIPAL PORT AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended January 31, 2023
(Unaudited) (Cont'd)

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

<u>NON-OPERATING REVENUES (EXPENSES)</u>	Fiscal Year Ended 01/31/23	Fiscal Year Ended 01/31/22	Fiscal Year Ended 01/31/21
Interest Income	\$ 22.39	\$ 42.59	\$ 57.54
Change in Net Position	6,271.16	14,924.00	1,660.61
Net Position -- Beginning of Fiscal Year	(34,717.77)	(49,641.77)	(51,302.38)
Net Position -- End of Fiscal Year	<u>\$ (28,446.61)</u>	<u>\$ (34,717.77)</u>	<u>\$ (49,641.77)</u>

- For the fiscal year ending January 31, 2023 (excluding GASB 68 and compensated absence accrual) administration revenues exceeded administration expenses by \$289.71.
- For the fiscal year ending January 31, 2022 (excluding GASB 68 and compensated absence accrual) administration revenues exceeded administration expenses by \$920.63.
- For the fiscal year ending January 31, 2023 (excluding GASB 68) labor revenues exceeded labor expenses by \$(318.27).
- For the fiscal year ending January 31, 2022 (excluding GASB 68) labor revenues exceeded labor expenses by \$5,347.77.

C. Capital Assets:

- As of January 31, 2023, 2022 and 2021, the Port Authority had Office Equipment, net of accumulated depreciation, of \$-0-, \$-0-, and \$-0-.

D. Debt Administration:

- As of January 31, 2023, 2022 and 2021, the Port Authority has no debt outstanding.

E. Economic Factors for the Current Year:

- In June 2023, the Port Authority's 2/1/23 to 1/31/24 budget was adopted/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 requests for additional 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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 80,907.71	\$ 75,218.81
Accounts Receivable	6,074.00	4,854.20
Prepaid Expenses	6,028.33	9,189.58
	<hr/>	<hr/>
Total Current Assets	93,010.04	89,262.59
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	93,010.04	89,262.59
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Related to Pensions	7,940.00	5,111.00
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	6,635.41	3,700.00
Accounts Payable - Related to Pension	5,106.00	4,674.00
Payroll Deductions Payable	2,933.19	2,464.73
Accrued Wages and Taxes Payable	1,513.89	1,833.00
Compensated Absences	5,510.60	4,863.03
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	21,699.09	17,534.76
Noncurrent Liabilities:		
Compensated Absences	16,531.81	14,589.10
Net Pension Liability	61,105.00	47,280.00
Accrued Liabilities - Related to Pension	2,979.00	2,727.00
	<hr/>	<hr/>
Total Noncurrent Liabilities	80,615.81	64,596.10
	<hr/>	<hr/>
Total Liabilities	102,314.90	82,130.86
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to Administrative Services Fee	16,738.75	16,047.50
Related to Pensions	10,343.00	30,913.00
	<hr/>	<hr/>
Total Deferred Inflows of Resources	27,081.75	46,960.50
<u>NET POSITION</u>		
Unrestricted	(28,446.61)	(34,717.77)
	<hr/>	<hr/>
Total Net Position (Deficit)	\$ (28,446.61)	\$ (34,717.77)

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

CITY OF SALEM MUNICIPAL PORT AUTHORITY
 Statements of Revenues, Expenses and Changes in Net Position
 For the Fiscal Years Ended January 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenue:		
Administrative Services Fee	\$ 64,190.00	\$ 63,183.77
Labor Fees	119,238.59	109,172.80
	<hr/>	<hr/>
Total Operating Revenues	183,428.59	172,356.57
	<hr/>	<hr/>
Operating Expenses:		
Administration:		
Salaries and Wages	32,217.60	30,987.20
Fringe Benefits	11,277.02	8,593.40
Other Expenses	14,128.34	14,069.53
Cost of Providing Services:		
Salaries and Wages	93,206.32	86,681.15
Fringe Benefits	8,424.38	7,665.35
Other Expenses	17,926.16	9,478.53
	<hr/>	<hr/>
Total Operating Expenses	177,179.82	157,475.16
	<hr/>	<hr/>
Operating Income	6,248.77	14,881.41
	<hr/>	<hr/>
Non-Operating Revenue:		
Investment Income	22.39	42.59
	<hr/>	<hr/>
Total Non-Operating Revenue	22.39	42.59
	<hr/>	<hr/>
Change in Net Position	6,271.16	14,924.00
	<hr/>	<hr/>
Net Position (Deficit) February 1	(34,717.77)	(49,641.77)
	<hr/>	<hr/>
Net Position (Deficit) January 31	\$ (28,446.61)	\$ (34,717.77)
	<hr/>	<hr/>

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

CITY OF SALEM MUNICIPAL PORT AUTHORITY
 Statements of Cash Flows
 For the Fiscal Years Ended January 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 182,900.04	\$ 176,733.65
Payments to Employees	(164,805.19)	(150,688.57)
Payments to Suppliers	(12,428.34)	(13,469.53)
	5,666.51	12,575.55
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	22.39	42.59
	22.39	42.59
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	5,688.90	12,618.14
Cash and Cash Equivalents February 1	75,218.81	62,600.67
Cash and Cash Equivalents January 31	\$ 80,907.71	\$ 75,218.81
Reconciliation of Operating Income to Net Cash		
Cash Provided by (Used in) Operating Activities:		
Operating Income	\$ 6,248.77	\$ 14,881.41
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Pension Liability Expense - GASB 68	(8,890.00)	(10,921.00)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(1,219.80)	4,129.10
Compensated Absences	2,590.28	2,265.40
Unearned Revenue	691.25	247.98
Prepaid Expenses	3,161.25	(177.63)
Accounts Payable	2,935.41	600.00
Payroll Deductions Payable	468.46	(282.71)
Accrued Wages Payable	(319.11)	1,833.00
	\$ 5,666.51	\$ 12,575.55

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

CITY OF SALEM MUNICIPAL PORT AUTHORITY
Notes to Financial Statements
For the Fiscal Years Ended January 31, 2023 and 2022

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 and amortization expenses are not included in the budget appropriations.

The legal level of budgetary control is established at the same level of 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 the 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.

Lease Receivable

Lease receivables recorded on the statements of net position represents a contract that conveys control of the right to use the Authority's (lessor) nonfinancial asset. At the commencement of the lease term, the lessor recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The Authority was not a lessor during the year ended January 31, 2023.

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.

Lease assets are measured on the statements of net position at the amount of the initial measurement of the related lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

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

Amortization and Depreciation

Amortization on lease assets and depreciation on other capital assets is provided using the straight-line method over the shorter of the lease term or the following estimated useful lives:

Office Furniture and Equipment	10 years
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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. Unearned revenue is recorded as a liability until the revenue is measurable and the Authority is eligible to realize the assets as revenue.

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) 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.

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 or amortization of intangible capital assets, 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. 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The adoption of this Statement had no impact on the Authority's financial statements.

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. The adoption of this Statement had no impact on the Authority's 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 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.
2. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 .
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.
4. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition.

The adoption of this Statement had no impact on the Authority's 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 adoption of this Statement had no impact on the Authority's financial statements.

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

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

Statement No. 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 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 year ending January 31, 2024. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective immediately. The requirements related to leases, PPPs, and SBITAs will become effective for the Authority in the year ending January 31, 2024. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will become effective for the Authority in the year ending January 31, 2025. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement will become effective for the Authority in the year ending January 31, 2025. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the Authority in the year ending January 31, 2025. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

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 \$250,000.00 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, 2023, and 2022, the Authority's bank balance of \$81,062.16 and \$75,522.41 respectively, were entirely insured by FDIC.

Capital Assets

During the fiscal year ended January 31, 2023, the following changes in Capital Assets occurred:

	Balance January 31, 2022	Increases	Decreases	Balance January 31, 2023
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, 2022, the following changes in Capital Assets occurred:

	Balance January 31, 2021	Increases	Decreases	Balance January 31, 2022
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>

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

The Authority accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

The full-time Authority employee was entitled to 23 paid sick leave days in the fiscal year ending January 31, 2023. 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.

Note 3: DETAIL NOTES – LIABILITIES (CONT'D)**Compensated Absences (Cont'd)**

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, 2023 and 2022 was estimated to be \$22,042.41 and \$19,452.13, respectively.

Net Pension Liability

For details on the net pension liability, see the Pension Plan section of this note that follows. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Long-term Liabilities

During the fiscal year ended January 31, 2023, the following changes occurred in long-term obligations:

	Balance January 31, 2022	Increases	Decreases	Balance January 31, 2023
Compensated Absences	\$14,589.10	\$1,942.71	\$ -0-	\$16,531.81
Net Pension Liability	47,280.00	31,658.00	(17,833.00)	61,105.00
Accrued Liabilities – Related to Pension	2,727.00	2,979.00	(2,727.00)	2,979.00
Total Long-term Liabilities	\$64,596.10	\$36,579.71	\$(20,560.00)	\$80,615.81

During the fiscal year ended January 31, 2022, the following changes occurred in long-term obligations:

	Balance January 31, 2021	Increases	Decreases	Balance January 31, 2022
Compensated Absences	\$12,890.05	\$3,313.88	\$(1,614.83)	\$14,589.10
Net Pension Liability	65,903.00	24,445.00	(43,068.00)	47,280.00
Accrued Liabilities – Related to Pension	2,579.00	2,727.00	(2,579.00)	2,727.00
Total Long-term Liabilities	\$81,372.05	\$30,485.88	\$(47,261.83)	\$64,596.10

Note 3: DETAIL NOTES – LIABILITIES (CONT'D)**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's 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.

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.

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 22, 2010
- 4 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 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.

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

Special Funding Situation Component - Under N.J.S.A. 43:15A, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

The Authority's contractually required contribution rate for the fiscal years ended January 31, 2023 and 2022 was 16.80% and 15.69% 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, 2022, the Authority's contractually required contribution to the pension plan for the fiscal year ended January 31, 2023 was \$5,106.00 and was payable by April 1, 2023. For the prior year measurement date of June 30, 2021, the Authority's contractually required contribution to the pension plan for the fiscal year ended January 31, 2022 was \$4,674.00 and was paid by April 1, 2022.

Employee contributions to the Plan for the fiscal year ended January 31, 2023 and 2022 were \$2,436.74 and \$2,234.25, respectively.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Authority, under Chapter 133, P.L. 2001, for the fiscal year ended January 31, 2023 was .42% of the Authority's covered payroll.

Based on the most recent PERS measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Authority, to the pension plan for the fiscal year ended January 31, 2023 was \$129.00 and is payable by April 1, 2023.

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, 2023, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Authority's proportionate share of the PERS net pension liability was \$61,105.00. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2022. 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, 2022 measurement date, the Authority's proportion was .0004049013%, which was an increase of .0000057949% from its proportion measured as of June 30, 2021.

As of January 31, 2022, the Authority's proportionate share of the PERS net pension liability was \$47,280.00. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021. 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, 2021 measurement date, the Authority's proportion was .0003991064%, which was a decrease of .0000050256% from its proportion measured as of June 30, 2020.

Pension (Benefit) Expense - For the fiscal years ended January 31, 2023 and 2022, the Authority recognized its proportionate share of the PERS pension (benefit) expense of \$(4,217.00) and \$(6,501.00), respectively. These amounts were based on the Plan's June 30, 2022 and 2021 measurement dates, respectively.

For the fiscal year ended January 31, 2023, the Authority has as a revenue and an expenditure on-behalf payments made by the State for the State's proportionate share of the PERS pension expense, associated with the Authority, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2022 measurement date. The amounts recognized as a revenue and an expenditure in the financial statements would have been \$129.00.

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 – At January 31, 2023 and 2022, the Authority had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>January 31, 2023</u>		<u>January 31, 2022</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2022</u>		<u>June 30, 2021</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	\$ 441.00	\$ 389.00	\$ 746.00	\$ 338.00
Changes of Assumptions	189.00	9,150.00	246.00	16,832.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,529.00	-	-	12,455.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	1,802.00	804.00	1,392.00	1,288.00
Contributions Subsequent to the Measurement Date	2,979.00	-	2,727.00	-
	<u>\$ 7,940.00</u>	<u>\$ 10,343.00</u>	<u>\$ 5,111.00</u>	<u>\$ 30,913.00</u>

Deferred outflows of resources in the amounts of \$2,979.00 and \$2,727.00 will be included as a reduction of the net pension liability during the fiscal years ending January 31, 2024 and 2023, respectively. These amounts are based on an estimated April 1, 2024 and April 1, 2023 contractually required contribution, prorated from the pension plan's measurement date of June 30, 2022 and 2021 to the Authority's fiscal year end of January 31, 2023 and 2022.

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience			Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:			Year of Pension Plan Deferral:		
June 30, 2017	5.48	-	June 30, 2018	5.00	-
June 30, 2018	-	5.63	June 30, 2019	5.00	-
June 30, 2019	5.21	-	June 30, 2020	5.00	-
June 30, 2020	5.16	-	June 30, 2021	5.00	-
June 30, 2021	-	5.13	June 30, 2022	5.00	-
June 30, 2022	-	5.04			
Changes of Assumptions			Changes in Proportion		
Year of Pension Plan Deferral:			Year of Pension Plan Deferral:		
June 30, 2017	-	5.48	June 30, 2017	5.48	5.48
June 30, 2018	-	5.63	June 30, 2018	5.63	5.63
June 30, 2019	-	5.21	June 30, 2019	5.21	5.21
June 30, 2020	-	5.16	June 30, 2020	5.16	5.16
June 30, 2021	5.13	-	June 30, 2021	5.13	5.13
June 30, 2022	-	5.04	June 30, 2022	5.04	5.04

Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Fiscal Year Ending <u>January 31,</u>	
2024	\$ (4,900.00)
2025	(2,277.00)
2026	(1,239.00)
2027	3,034.00
2028	-
	<hr/>
	<u>\$ (5,382.00)</u>

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

The net pension liability was measured as of June 30, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 and 2020.

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, 2022 and 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date <u>June 30, 2022</u>	Measurement Date <u>June 30, 2021</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	2.75% - 6.55%	2.00% - 6.00%
	Based on Years of Service	Based on Years of Service
Thereafter		3.00% - 7.00%
		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, 2018 - June 30, 2021	July 1, 2014 - June 30, 2018

For the June 30, 2022 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-2021.

For the June 30, 2021 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-2021.

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

In accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2022 and 2021) 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, 2022 and 2021 are summarized in the table below:

<u>Asset Class</u>	<u>Measurement Date</u> <u>June 30, 2022</u>		<u>Measurement Date</u> <u>June 30, 2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.38%	13.50%	8.71%
Emerging Markets Equity	5.50%	10.33%	5.50%	10.96%
Private Equity	13.00%	11.80%	13.00%	11.30%
Real Estate	8.00%	11.19%	8.00%	9.15%
Real Assets	3.00%	7.60%	3.00%	7.40%
High Yield	4.00%	4.95%	2.00%	3.75%
Private Credit	8.00%	8.10%	8.00%	7.60%
Investment Grade Credit	7.00%	3.38%	8.00%	1.68%
Cash Equivalents	4.00%	1.75%	4.00%	0.50%
U.S. Treasuries	4.00%	1.75%	5.00%	0.95%
Risk Mitigation Strategies	3.00%	4.91%	3.00%	3.35%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 3.54% as of the June 30, 2022 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 and the nonemployer contributing entity would be based on 100% of the actuarially determined contributions for the State employer 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.

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

Discount Rate (Cont'd) - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 2.16% as of the June 30, 2021 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 and the nonemployer contributing entity would be based on 100% of the actuarially determined contributions for the State employer 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.

Sensitivity of 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, 2022 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	<u>\$ 78,502.00</u>	<u>\$ 61,105.00</u>	<u>\$ 46,300.00</u>

The following presents the Authority's proportionate share of the net pension liability as of the June 30, 2021 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	<u>\$ 64,386.00</u>	<u>\$ 47,280.00</u>	<u>\$ 32,763.00</u>

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS' respective fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, 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 4: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES**Administrative Services Fee**

The Authority receives payments for administrative services fees from the South Jersey Port Corporation. The Authority received \$16,738.75 for the fiscal year ending January 31, 2023 that will be recognized as revenue in the fiscal year February 1, 2023 to January 31, 2024.

Note 5: 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 an agreement to provide stevedoring labor services to Mid Atlantic Shipping & Stevedoring, Inc. Laborers will be paid a set fee which then will be billed to the company 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.

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 Ten Plan Years

	Measurement Date Ending June 30,									
	<u>2022</u>	<u>2021</u>	<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	0.0004049013%	0.0003991064%	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	\$ 61,105.00	\$ 47,280.00	\$ 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)	\$ 29,254.00	\$ 28,633.00	\$ 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	208.88%	165.12%	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	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

Fiscal Year Ended January 31,

	<u>2023</u>	<u>2022</u>	<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	\$ 5,106.00	\$ 4,674.00	\$ 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	(5,106.00)	(4,674.00)	(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 Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll (Fiscal Year)	\$ 30,386.00	\$ 29,790.00	\$ 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	16.80%	15.69%	15.14%	13.46%	13.93%	13.37%	12.92%	12.46%	11.92%	10.92%

CITY OF SALEM MUNICIPAL PORT AUTHORITY
Notes to Required Supplementary Information
For the Fiscal Year Ended January 31, 2023

Note 1: POSTEMPLOYMENT BENEFITS - PENSION

Public Employees' Retirement System (PERS)

Changes in Benefit Terms:

The June 30, 2022 measurement date included three changes to the plan provisions, only one of which had an impact on the Total Pension Liability (TPL). Chapter 226, P.L. 2021 reopened the Prosecutors Part of PERS and made membership in the Prosecutors Part of PERS mandatory for all prosecutors.

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>
2022	7.00%	2017	5.00%
2021	7.00%	2016	3.98%
2020	7.00%	2015	4.90%
2019	6.28%	2014	5.39%
2018	5.66%		

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>
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	7.00%	2014	7.90%
2018	7.00%		

The underlying demographic and economic assumptions were updated as a result of the Experience Study covering the period of July 1, 2018 - June 30, 2021.

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, 2023

<hr/>		
Balance January 31, 2022		
Cash and Cash Equivalents	\$	75,218.81
Cash Receipts:		
Administrative Services Fee	\$	64,881.25
Labor Fees		118,018.79
Investment Income		<u>22.39</u>
Total Cash Receipts		<u>182,922.43</u>
		258,141.24
Cash Disbursements:		
Operating Expenses		12,428.34
Payroll Expenses		<u>164,805.19</u>
Total Cash Disbursements		<u>177,233.53</u>
Balance January 31, 2023		
Cash and Cash Equivalents	\$	<u><u>80,907.71</u></u>
<u>Analysis of Balance</u>		
Operating Account	\$	25,450.81
Lease Labor Account		17,815.77
Savings		<u>37,641.13</u>
	\$	<u><u>80,907.71</u></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, 2023

	Original Budget	Transfers/ Modifications	Final Budget	Actual	Variance-- Favorable (Unfavorable)
Anticipated Revenues:					
Operating Revenues:					
Administrative Services Fee	\$ 64,190.00	\$ -	\$ 64,190.00	\$ 64,190.00	\$ -
Leased Labor	-	-	-	119,238.59	119,238.59
Miscellaneous	-	-	-	22.39	22.39
Total Operating Revenues	<u>64,190.00</u>	<u>-</u>	<u>64,190.00</u>	<u>183,450.98</u>	<u>119,260.98</u>
Operating Appropriations:					
Administration:					
Salaries and Wages	30,436.00	1,782.00	32,218.00	32,217.60	0.40
Employees Fringe Benefits	17,828.00	134.00	17,962.00	17,576.74	385.26
Other Expenses:					
Audit and Accounting Fees	4,600.00	-	4,600.00	4,600.00	-
Telephone	3,376.00	-	3,376.00	3,217.41	158.59
Rent	5,400.00	(1,116.00)	4,284.00	4,800.00	(516.00)
Office Supplies	1,500.00	-	1,500.00	1,260.93	239.07
Contingency and Miscellaneous	500.00	(500.00)	-	-	-
Insurance	550.00	(300.00)	250.00	250.00	-
Total Other Expenses	<u>15,926.00</u>	<u>(1,916.00)</u>	<u>14,010.00</u>	<u>14,128.34</u>	<u>(118.34)</u>
Total Administration Expenses	<u>64,190.00</u>	<u>-</u>	<u>64,190.00</u>	<u>63,922.68</u>	<u>267.32</u>
Cost of Providing Services					
Salaries and Wages	-	-	-	93,206.32	(93,206.32)
Fringe Benefits	-	-	-	8,424.38	(8,424.38)
Insurance Expense	-	-	-	17,448.75	(17,448.75)
Miscellaneous	-	-	-	477.41	(477.41)
Total Cost of Providing Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,556.86</u>	<u>(119,556.86)</u>
Total Appropriations and Cost of Providing Services	<u>64,190.00</u>	<u>-</u>	<u>64,190.00</u>	<u>183,479.54</u>	<u>(119,289.54)</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>\$ (28.56)</u>	<u>\$ (28.56)</u>
<u>Reconciliation to Change in Net Position (Exhibit B)</u>					
Revenues over Appropriations				\$ (28.56)	
Less:					
Compensated Absence Accrual				(2,590.28)	
GASB 68 Pension Accrual				<u>8,890.00</u>	
Change in Net Position				<u>\$ 6,271.16</u>	

CITY OF SALEM MUNICIPAL PORT AUTHORITY
PART II
FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JANUARY 31, 2023

CITY OF SALEM MUNICIPAL PORT AUTHORITY
Schedule of Findings and Recommendations
For the Fiscal Year Ended January 31, 2023

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 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

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* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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