

CITY OF PORT REPUBLIC

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

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CITY OF PORT REPUBLIC

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2023

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Council
City of Port Republic
County of Atlantic, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Port Republic, as of December 31, 2023 and 2022 the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Port Republic as of December 31, 2023 and 2022, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2023 and 2022, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2023 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of Port Republic and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles.

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Port Republic on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 City of Port Republic'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 Responsibility 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 opinions. 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services 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 an 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services, we:

- exercise professional judgement 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 the 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 City of Port Republic'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 judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the City of Port Republic's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Port Republic basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2024, on our consideration of the City of Port Republic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness 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 City of Port Republic's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Nancy Sbrolla
Nancy Sbrolla
Certified Public Accountant
Registered Municipal Accountant
No. 542

July 3, 2024

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EXHIBIT A - CURRENT FUND

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**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 1,533,887.05	1,475,269.69
Cash - Change	150.00	150.00
Total Cash	1,534,037.05	1,475,419.69
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	28,258.67	42,486.11
Tax Title and Other Liens	13,487.92	12,259.39
Property Acquired for Taxes - at Assessed Valuation	882,801.00	882,801.00
Property Deeded to the City	386,300.00	386,300.00
Revenue Accounts Receivable	-	-
Interfund Receivable:		
General Capital	33,609.71	36,127.90
Grant Fund	-	-
Dog Trust	4,017.08	4,017.08
Other Trust Funds	300.51	300.51
Total Receivables and Other Assets	1,348,774.89	1,364,291.99
Deferred Charges:		
Special Emergency Appropriation	-	-
Total Deferred Charges	-	-
Total Regular Fund	2,882,811.94	2,839,711.68
Federal and State Grant Fund:		
Cash	248,751.25	54,590.19
Federal and State Grants Receivable	835,960.36	726,010.11
Total Federal and State Grant Fund	1,084,711.61	780,600.30
Total Current Fund	\$ 3,967,523.55	3,620,311.98

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2023</u>	<u>2022</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 126,944.80	111,684.30
Reserve for Encumbrances	39,167.73	32,228.70
Prepaid Taxes	68,676.56	90,531.52
Overpaid Taxes	1,693.02	1,401.60
Local School Tax Payable	624,029.94	578,489.94
County Added Tax Payable	4,510.16	6,586.17
Due to State:		
Marriage Licenses	128.00	103.00
DCA Fees	-	-
Veterans and Senior Citizens	13,899.00	13,399.00
Reserve for Tax Map	700.00	700.00
Reserve for Revaluation	3,469.20	3,469.20
Reserve for Municipal Relief Aid	18,394.00	9,196.86
Interfund Payable:		
Open Space Trust	138,796.34	115,375.04
Trust other	5.46	5.46
General Capital	-	-
	1,040,414.21	963,170.79
Reserve for Receivables and Other Assets	1,348,774.89	1,364,291.99
Fund Balance	493,622.84	512,248.90
Total Regular Fund	2,882,811.94	2,839,711.68
Federal and State Grant Fund:		
Unappropriated Reserves	2,430.75	29.01
Appropriated Reserves	1,081,848.32	679,022.35
Encumbrances Payable	432.54	101,548.94
Due to Current Fund	-	-
Total Federal and State Grant Fund	1,084,711.61	780,600.30
Total Current Fund	\$ 3,967,523.55	3,620,311.98

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2023	2022
Revenue and Other Income Realized		
Fund Balance	\$ 324,000.00	326,000.00
Miscellaneous Revenue Anticipated	749,228.72	518,905.55
Receipts from Delinquent Taxes	42,736.11	28,947.14
Receipts from Current Taxes	3,596,142.86	3,445,166.84
Non Budget Revenue	152,269.32	100,260.30
Other Credits to Income:		-
Unexpended Balance of Appropriation Res.	99,995.30	98,640.73
Interfund Returned	2,518.19	-
Total Income	4,966,890.50	4,517,920.56
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	377,300.00	353,550.00
Other Expenses	593,251.00	582,400.00
Deferred Charges & Statutory Expenditures	66,262.00	60,120.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	521,950.00	306,730.99
Capital Improvements	79,910.00	87,000.00
Debt Service	-	-
Deferred Charges	19,000.00	19,000.00
Local District School Tax	2,168,064.00	2,076,984.00
County Tax	807,848.10	759,590.23
County Share of Added Tax	4,510.16	6,586.17
Municipal Open Space Taxes	23,421.30	23,180.04
Interfund Created		31,935.24
Total Expenditures	4,661,516.56	4,307,076.67
Excess in Revenue	305,373.94	210,843.89

**CURRENT FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
 IN FUND BALANCE - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31,**

	2023	2022
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		-
Emergency Appropriation		
Total Adjustments	-	-
Statutory Excess to Fund Balance	305,373.94	210,843.89
Fund Balance January 1	512,248.90	627,405.01
	817,622.84	838,248.90
Decreased by:		
Utilization as Anticipated Revenue	324,000.00	326,000.00
Fund Balance December 31	\$ 493,622.84	512,248.90

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 324,000.00		324,000.00	-
Total Fund Balance Anticipated	<u>324,000.00</u>	<u>-</u>	<u>324,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Fines and Costs:				
Municipal Court	10,700.00		12,352.88	1,652.88
Interest and Costs on Taxes	10,600.00		11,867.48	1,267.48
Interest Earned on Investments	1,600.00		9,108.62	7,508.62
Communication Tower Rental - Bell Atlantic Nynex & Sprint	44,500.00		46,595.88	2,095.88
Total Section A: Local Revenues	<u>67,400.00</u>	<u>-</u>	<u>79,924.86</u>	<u>12,524.86</u>
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	176,307.00		176,307.00	-
Municipal Relief Funds	9,196.86		9,196.86	-
Total Section B: State Aid Without Offsetting Appropriations	<u>185,503.86</u>	<u>-</u>	<u>185,503.86</u>	<u>-</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Stormwater Grant		25,000.00	25,000.00	-
Spotted Lantern Fly		15,000.00	15,000.00	-
Clean Communities		4,000.00	4,000.00	-
Sustainable Jersey - Environmental Stewardship		2,000.00	2,000.00	-
NJ DOT 2023		160,202.49	160,202.49	-
NJ DOT 2022		207,597.51	207,597.51	-
Local Recreation Grant		70,000.00	70,000.00	-
Total Section F: Special Items - Public and Private Programs		483,800.00	483,800.00	-
Section G: Special Items of Revenue Anticipated with Prior Written Consent of Director				
Total Section G: Special Items of Revenue Anticipated with Prior Written Consent of Director		-	-	-
Total Miscellaneous Revenues:	252,903.86	483,800.00	749,228.72	12,524.86
Receipts from Delinquent Taxes	39,000.00		42,736.11	3,736.11
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	605,259.14		638,999.30	33,740.16
Total Amount to be Raised by Taxes for Support of Municipal Budget	605,259.14	-	638,999.30	33,740.16
Budget Totals	1,221,163.00	483,800.00	1,754,964.13	50,001.13
Non-Budget Revenues:			152,269.32	152,269.32
Other Non- Budget Revenues:			1,907,233.45	202,270.45
	1,221,163.00	483,800.00	1,907,233.45	202,270.45

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Analysis of Realized Revenues

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 3,596,142.86
Less: Reserve for Tax Appeals Pending	-
Net Revenue from Collections	3,596,142.86
Allocated to:	
School, County and Other Taxes	3,003,843.56
Balance for Support of Municipal Budget Appropriations	592,299.30
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	46,700.00
Amount for Support of Municipal Budget Appropriations	638,999.30

Receipts from Delinquent Taxes:	
Delinquent Tax Collection	42,736.11
Tax Title Lien Collections	-
Total Receipts from Delinquent Taxes	42,736.11

Analysis of Non-Budget Revenue:	
Miscellaneous Revenue Not Anticipated:	
Construction Fees	27,625.00
Reimbursements	16,760.80
Atlantic Comm LLC	36,084.58
Settlement	17,414.03
Miscellaneous	54,384.91
Total Miscellaneous Revenue Not Anticipated:	\$ 152,269.32

Non-Budget Revenue:	
Non-cash	17,000.00
Cash	135,269.32
	\$ 152,269.32

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Council						
Salaries and Wages	\$ 7,000.00	7,000.00	6,333.37		666.63	-
Other Expenses	2,000.00	2,000.00	1,395.39		604.61	-
Municipal Clerk						
Salaries and Wages	139,250.00	139,250.00	139,250.00		-	-
Other Expenses	35,000.00	35,000.00	27,005.10	1,036.59	6,958.31	-
Financial Administration						
Salaries and Wages	16,200.00	16,200.00	14,806.89		1,393.11	-
Other Expenses	9,600.00	11,600.00	10,356.92	1,154.00	89.08	-
Audit Services						
Other Expenses	26,750.00	26,750.00	26,750.00		-	-
Revenue Administration (Tax Collector)						
Salaries and Wages	16,850.00	16,850.00	16,800.11		49.89	-
Other Expenses	5,600.00	5,600.00	3,639.68	100.00	1,860.32	-
Tax Assessment Administration						
Salaries and Wages	12,000.00	12,000.00	11,981.23		18.77	-
Other Expenses	2,200.00	2,200.00	1,450.20		749.80	-
Legal Services						
Other Expenses	30,000.00	24,500.00	14,345.90	2,319.59	7,834.51	-
Liquidation of Tax Title Liens and Foreclosed Property						
Other Expenses	100.00	100.00	-		100.00	-
Engineering Services and Costs						
Other Expenses	12,600.00	12,600.00	3,075.20		9,524.80	-
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	2,200.00	2,200.00	1,080.74		1,119.26	-
Other Expenses	2,000.00	2,000.00	1,795.50		204.50	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
INSURANCE						
Disability Insurance	400.00	400.00	224.17		175.83	-
Liability Insurance	55,000.00	55,000.00	54,950.72		49.28	-
Group Insurance Plan for Employees	74,000.00	80,000.00	77,413.56		2,586.44	-
PUBLIC SAFETY						
Police						
Salaries and Wages	15,000.00	15,000.00	3,750.00		11,250.00	-
Other Expenses	15,000.00	15,000.00	1,828.88	13,171.12	(0.00)	-
911 Services	2,000.00	2,000.00	2,000.00		-	-
Emergency Management Services						
Salaries and Wages	-	-	-		-	-
Other Expenses	-	-	-		-	-
Aid to Volunteer Fire Company	30,000.00	30,000.00	30,000.00		-	-
First Aid Organization - Contribution	10,000.00	10,000.00	10,000.00		-	-
PUBLIC WORKS						
Streets and Road Maintenance						
Salaries and Wages	107,000.00	107,000.00	106,480.20		519.80	-
Other Expenses	31,000.00	31,000.00	21,823.27	8,691.20	485.53	-
Grant Writer						
Other Expenses	10,000.00	10,000.00	6,020.00		3,980.00	-
Garbage and Trash Removal						
Salaries and Wages						
Other Expenses	90,000.00	85,000.00	74,913.66		10,086.34	-
Monitoring Wells	6,000.00	7,200.00	7,195.00		5.00	-
Buildings and Grounds						
Other Expenses	49,500.00	49,500.00	40,294.86	6,624.85	2,580.29	-
Stormwater						
Salaries and Wages	15,000.00	15,000.00	10,612.50		4,387.50	-
HEALTH AND HUMAN SERVICES						
Dog Regulation						
Other Expenses	2,600.00	2,600.00	1,620.00		980.00	-
Aid to Outreach	1.00	1.00	-		1.00	-
PARKS AND RECREATION						
Parks and Playgrounds						
Salaries and Wages	20,000.00	20,000.00	16,594.25		3,405.75	-
Other Expenses						
Miscellaneous Other Expenses	20,000.00	20,000.00	16,990.48		3,009.52	-

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UNIFORM CONSTRUCTION CODE						
Construction Official	12,000.00	12,000.00	11,750.40		249.60	-
Salaries and Wages	1,000.00	1,000.00	290.77	45.00	664.23	-
Other Expenses						
Plumbing Inspector	2,700.00	2,700.00	2,692.80		7.20	-
Salaries and Wages						
Building Inspector	2,700.00	2,700.00	2,692.80		7.20	-
Salaries and Wages						
Electrical Inspector	4,290.00	4,290.00	4,202.40		87.60	-
Salaries and Wages						
Code Enforcement	5,110.00	5,110.00	5,100.00		10.00	-
Salaries and Wages						
	<u>12,000.00</u>	<u>12,000.00</u>	<u>10,206.80</u>	<u>604.86</u>	<u>1,188.34</u>	<u>-</u>
UNCLASSIFIED						
Celebration of Public Events						
	200.00	200.00	-		200.00	-
Electric	35,000.00	35,000.00	26,212.35	3,630.51	5,157.14	-
Street Lighting	12,000.00	12,000.00	8,693.35	209.52	3,097.13	-
Telephone	3,000.00	3,000.00	70.00		2,930.00	-
Heating Oil	10,000.00	10,000.00	5,639.80	455.49	3,904.71	-
Motor Fuel						
	<u>971,851.00</u>	<u>970,551.00</u>	<u>840,329.25</u>	<u>38,042.73</u>	<u>92,179.02</u>	<u>-</u>
TOTAL OPERATIONS WITHIN "CAPS"						
Contingent						
	<u>971,851.00</u>	<u>970,551.00</u>	<u>840,329.25</u>	<u>38,042.73</u>	<u>92,179.02</u>	<u>-</u>
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"						
Detail:						
Salaries and Wages	377,300.00	377,300.00	354,127.69	-	23,172.31	-
Other Expenses	594,551.00	593,251.00	486,201.56	38,042.73	69,006.71	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	36,312.00	36,912.00	36,898.35		13.65	-
Social Security System (O.A.S.I.)	27,500.00	27,073.22	27,073.22		426.78	-
Unemployment Compensation Insurance	500.00	1,000.00	499.92		500.08	-
DCRP	650.00	850.00	719.88		130.12	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	64,962.00	66,262.00	65,191.37	-	1,070.63	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,036,813.00	1,036,813.00	905,520.62	38,042.73	93,249.65	-
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"	16,150.00	16,150.00	15,200.00		950.00	-
LOSAP Contribution - Fire						
Shared Service Agreements	22,000.00	22,000.00	21,897.63		102.37	-
Municipal Court						
Group Insurance Plan for Employees						
	38,150.00	38,150.00	37,097.63	-	1,052.37	-
(A) Public and Private Programs Off-Set by Revenues						
Stormwater Grant		25,000.00	25,000.00		-	-
Spotted Lantern Fly		15,000.00	15,000.00		-	-
Clean Communities		4,000.00	4,000.00		-	-
Sustainable Jersey - Environmental Stewardship		2,000.00	2,000.00		-	-
NJ DOT 2023		160,202.49	160,202.49		-	-
NJ DOT 2022		207,597.51	207,597.51		-	-
Local Recreation Grant		70,000.00	70,000.00		-	-
Total Public and Private Programs Off-Set by Revenues	-	483,800.00	483,800.00	-	-	-
Total Operations - Excluded from "CAPS"	38,150.00	521,950.00	520,897.63	-	1,052.37	-
Detail:						
Other Expenses	38,150.00	521,950.00	520,897.63	-	1,052.37	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(C) Capital Improvements						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00	-	-	-
Equipment	34,000.00	34,000.00	10,767.22	23,232.78	-	-
Office Equipment	4,500.00	4,500.00	3,375.00	1,125.00	-	-
Firefighter Equipment	22,000.00	22,000.00	22,000.00	-	-	-
Road Repairs	10,000.00	10,000.00	590.00	9,410.00	-	-
Total Capital Improvements	80,500.00	80,500.00	46,732.22	1,125.00	32,642.78	-
(E) Deferred Charges						
Ordinance 02-2020	19,000.00	19,000.00	19,000.00	-	-	-
Total Deferred Charges	19,000.00	19,000.00	19,000.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	137,650.00	621,450.00	586,629.85	1,125.00	33,695.15	-
SUBTOTAL GENERAL APPROPRIATIONS	1,174,463.00	1,658,263.00	1,492,150.47	39,167.73	126,944.80	-
(M) Reserve for Uncollected Taxes	46,700.00	46,700.00	46,700.00	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 1,221,163.00	1,704,963.00	1,538,850.47	39,167.73	126,944.80	-
Budget						
Appropriations by 40A-4-87	1,221,163.00	1,221,163.00	-	-	Cancelled	-
Emergency Appropriations	-	-	-	-	Overexpended	-
		<u>1,704,963.00</u>				
Reserve for Uncollected Taxes						
Federal and State Grants			46,700.00			
Deferred Charges			483,800.00			
Disbursements			19,000.00			
			989,350.47			
		<u>1,538,850.47</u>				

EXHIBIT B - TRUST FUNDS

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TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Dog License Fund:		
Cash	\$ 4,261.28	4,346.48
Due from State of New Jersey	33.40	33.40
	<u>4,294.68</u>	<u>4,379.88</u>
Length of Service Award Program		
Investments held for LOSAP	314,375.51	291,591.03
	<u>314,375.51</u>	<u>291,591.03</u>
Other Funds:		
Cash - Treasurer	167,797.90	167,978.97
Due from Current Fund - Open Space	138,796.34	115,375.04
	<u>306,594.24</u>	<u>283,354.01</u>
	<u>625,264.43</u>	<u>579,324.92</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Due to Current Fund	4,017.08	4,017.08
Reserve for Dog Fund Expenditures	277.60	362.80
	<u>4,294.68</u>	<u>4,379.88</u>
Length of Service Award Program		
Reserve for LOSAP	314,375.51	291,591.03
	<u>314,375.51</u>	<u>291,591.03</u>
Other Funds:		
Due to Current Fund	295.05	295.05
Other Accounts Payable	702.49	
Miscellaneous Reserves	305,596.70	283,058.96
	<u>306,594.24</u>	<u>283,354.01</u>
	<u>\$ 625,264.43</u>	<u>579,324.92</u>

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

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EXHIBIT C - GENERAL CAPITAL FUND

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**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Cash	\$ 55,173.35	45,173.35
Deferred Charges to Future Taxation -		
Funded	-	-
Unfunded	74,249.00	93,249.00
Interfunds and Receivables		
Due from Current Fund	-	-
	<u>129,422.35</u>	<u>138,422.35</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Due to Current Fund	33,609.71	36,127.90
Encumbrances Payable	-	-
Improvement Authorizations:		
Funded	14,955.88	26,346.00
Unfunded	59.26	5,150.95
Capital Improvement Fund	50,880.50	40,880.50
Fund Balance	29,917.00	29,917.00
	<u>\$ 129,422.35</u>	<u>138,422.35</u>
There were bonds and notes authorized but not issued at December 31,		
2022	93,249.00	
2023	74,249.00	

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2023	2022
Beginning Balance January 1	\$ 29,917.00	29,917.00
No current year activity		
Ending Balance December 31	\$ 29,917.00	29,917.00

EXHIBIT G - GENERAL FIXED ASSETS

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GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS
AS OF DECEMBER 31,

	<u>2023</u>	<u>2022</u>
General Fixed Assets:		
Land	\$ 2,060,028.00	2,060,028.00
Buildings	1,239,981.91	1,239,981.91
Equipment and Transportation	<u>318,068.97</u>	<u>312,420.71</u>
Total General Fixed Assets	<u><u>3,618,078.88</u></u>	<u><u>3,612,430.62</u></u>
Investment in General Fixed Assets	\$ <u><u>3,618,078.88</u></u>	<u><u>3,612,430.62</u></u>

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

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**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting City

Except as noted below, the financial statements of the City of Port Republic include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Port Republic, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The Board of Education of the City is a component unit. However, under the regulatory basis of accounting in New Jersey, the component unit is neither blended nor shown in a discrete presentation in the financial statements of the City. The Board of Education does have an independent audit performed and a copy is available at the Board's offices.

B. Description of Funds

The accounting policies of the City of Port Republic conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the City of Port Republic accounts for its financial transactions through the following separate funds:

Current Fund -- resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds -- receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the City budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund, accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets -- The City has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$5,000 are capitalized.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the City of Port Republic to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Capitalization of Interest -- It is the policy of the City of Port Republic to treat interest on projects as a current expense and the interest is included in the current operating budget.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement is effective for periods beginning after June 15, 2022 and June 15, 2023, and will not have any effect on the City's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". This statement is effective for fiscal years beginning after June 15, 2023, and will not have any effect on the City's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement is effective for fiscal years beginning after December 15, 2023, and will not have any effect on the City's financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2023 and 2022 statutory budgets included a reserve for uncollected taxes in the amount of \$46,700 and \$59,918.15. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2023 and 2022 statutory budgets was \$324,000 and \$326,000.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. There were no significant budget transfers during the 2023 or 2022 calendar years.

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

item was not determined at the time of budget adoption. During 2023 and 2022, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2023</u>	<u>2022</u>
Clean Communities	\$ 4,000.00	4,000.00
American Rescue Plan		110,111.32
Recycling Tonnage Grant		1,988.67
Sustainable Jersey - Environmental Stewardship	2,000.00	2,000.00
Community Development Block Grant		150,000.00
Stormwater Grant	25,000.00	
Spotted Lantern Fly	15,000.00	
Local Recreation Grant	70,000.00	
NJ DOT 2023	160,202.49	
NJ DOT 2022	207,597.51	

Note 3: INVESTMENTS

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

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

Concentration of Credit Risk. The municipality places no limit on the amount the City can invest in any one issuer.

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2023 and 2022, \$0 of the municipality’s bank balance of \$1,967,305.18 and \$1,736,253.74 was exposed to custodial credit risk.

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2023 and 2022:

	Balance 12/31/2022	Additions	Retirements/ Adjustments	Balance 12/31/2023
Land	\$ 2,060,028.00			2,060,028.00
Building	1,239,981.91			1,239,981.91
Equipment	312,420.71	10,767.22	5,118.96	318,068.97
	<u>\$ 3,612,430.62</u>	<u>10,767.22</u>	<u>5,118.96</u>	<u>3,618,078.88</u>

	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022
Land	\$ 2,060,028.00			2,060,028.00
Building	1,239,981.91			1,239,981.91
Equipment	206,014.86	106,405.85		312,420.71
	<u>\$ 3,506,024.77</u>	<u>106,405.85</u>	<u>-</u>	<u>3,612,430.62</u>

Note 6: SHORT-TERM OBLIGATIONS

Lease Liability

The City entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at present value of the future minimum lease payments as of the date of their inception. The City has determined the accumulated amortization to be immaterial to the government-wide financial statements and has elected to record the remaining payments in full.

Agreement for mail machine was executed in August 2019 and matures in December 2024. The remaining liability as of December 31, 2023 is \$347.40.

The future minimum lease obligations as of December 31, 2023, are as follows:

Year Ending <u>June 30,</u>	
2024	\$ 347.40

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

<u>Summary of Municipal Debt</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ -	-	-
Total Issued	-	-	-
<u>Authorized but not issued:</u>			
General - Bonds and Notes	74,249.00	93,249.00	112,249.00
Total Authorized But Not Issued	74,249.00	93,249.00	112,249.00
Total Bonds & Notes Issued and Authorized But Not Issued	\$ 74,249.00	93,249.00	112,249.00

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .063%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ -	-	-
General Debt	74,249.00	-	74,249.00
	\$ 74,249.00	-	74,249.00

Net Debt \$74,249 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$163,384,309.33 = .045%.

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 5,718,450.83
Net Debt	74,249.00
Remaining Borrowing Power	<u>\$ 5,644,201.83</u>

The City of Port Republic School District, as a K-8 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2023 and 2022, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2024 and 2023 were as follows:

		<u>2024</u>	<u>2023</u>
Current Fund	\$	325,000	324,000

Note 8: SCHOOL TAXES

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

		<u>12/31/2023</u>	<u>12/31/2022</u>
Balance of Tax	\$	1,084,029.94	1,038,489.94
Deferred		460,000.00	460,000.00
Tax Payable	\$	<u>624,029.94</u>	<u>578,489.94</u>

Note 9: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance 12/31/23</u>	<u>Balance 12/31/22</u>
Prepaid Taxes	\$ 68,676.56	90,531.52
Cash Liability for Taxes Collected in Advance	<u>\$ 68,676.56</u>	<u>90,531.52</u>

Note 10: PENSION FUNDS

Description of Plans

Substantially all of the City's employees participate in the Public Employees' Retirement System (PERS) cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The City's contributions to PERS for the years ended December 31, 2023, 2022, and 2021 were \$36,312, \$33,120.00, and \$32,117.00, respectively. The total payroll for the year ended December 31, 2023, 2022 and 2021 was \$361,606.44, \$330,311.12, and \$335,242.89, respectively. Payroll covered by PERS was \$228,664.00, \$210,198.00, and \$212,314.00.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

Note 11: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2022:

Public Employees' Retirement System

The Municipality has a liability of \$434,558.00 for its proportionate share of the net pension liability. 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 that

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
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was rolled forward to June 30, 2022. The Municipality’s proportion of the net pension liability was based on a projection of the Municipality’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Municipality’s proportion would be 0.00287950970%, which would be an increase of 1.82% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Municipality would have recognized pension expense of \$(33,757.00). At December 31, 2022, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 3,136.00	(2,766.00)
Changes of assumptions	1,346.00	(65,070.00)
Changes in proportion	23,452.00	(22,911.00)
Net difference between projected and actual earnings on pension plan investments	17,986.00	-
Total	<u>\$ 45,920.00</u>	<u>(90,747.00)</u>

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

Year ended June 30,		
2023	\$	(40,974)
2024		(15,091)
2025		(1,060)
2026		12,395
2027		(96)
Total	<u>\$</u>	<u>(44,827)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

**CITY OF PORT REPUBLIC
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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 disable 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 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan

**CITY OF PORT REPUBLIC
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YEARS ENDED DECEMBER 31, 2023 AND 2022**

members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all 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 in determining the total pension liability.

Sensitivity of the Municipality’s proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 521,124	434,558.00	360,968.61

Pension plan fiduciary net position.

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

Note 12: POST-RETIREMENT BENEFITS

Plan Description The City of Port Republic contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at to <http://www.state.nj.us/treasury/pensions/shbp.htm>

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
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Funding Policy Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the City of Port Republic on a monthly basis. The rates charged by the system for the year ended December 31, 2023 vary according to the type of coverage selected by the retiree and range from \$378 to \$1,770 monthly per retiree.

The City of Port Republic contributions to SHBP for post-retirement benefits for the year ended December 31, 2023 and 2022, were \$0 and \$0 respectively, which equaled the required contribution for the year.

Note 13: ACCRUED SICK AND VACATION BENEFITS

The City has permitted employees to accrue unused vacation and sick pay, which may be taken as time off. The City allows the employees to accumulate a maximum of 24 days of sick time and 7 days of vacation time. The City has no policy of payments to employees at retirement or termination.

Note 14: ECONOMIC DEPENDENCY

The City of Port Republic is not economically dependent on any one business or industry as a major source of tax revenue for the City.

Note 15: RISK MANAGEMENT

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

Property and Liability Insurance - The City maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2023 and 2022 the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The City is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The City is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The City has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

New Jersey Unemployment Compensation Insurance – The City has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the City is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The City is billed quarterly for amounts due to the State. The following is a summary of City contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the City’s trust fund for the previous three years:

<u>Calendar Year</u>	<u>City Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ -	842.11	83.91	10,252.39
2022	-	848.19		9,494.19
2021	-	815.37	93.11	8,646.00

Note 16: LENGTH OF SERVICE AWARDS PROGRAM

In 2001, the voters of the City of Port Republic approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as fire fighting and prevention services, emergency medical services, and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP document.

Note 17: DEFERRED COMPENSATION

Employees of the City of Port Republic may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the City has an obligation of due care in selecting the third party administrator. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

Note 18: CONTINGENT LIABILITIES

From time to time, the City is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the City’s management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 19: INTERFUND BALANCES

During the most current calendar year ended December 31, 2023, the following interfunds were included on the balance sheets of the various funds of the City of Port Republic:

	Due From	Due To
	<u> </u>	<u> </u>
Current Fund:		
Open Space Trust		138,796.34
Dog Trust	4,017.08	
Other Trust Funds	300.51	5.46
General Capital	33,609.71	
Animal Control Fund:		
Current Fund		4,017.08
Trust Fund:		
Current - Open Space Trust	138,796.34	
Current - Other Trusts	5.46	300.51
General Capital Fund:		
Current Fund		33,609.71
	<u>\$ 176,729.10</u>	<u>176,729.10</u>

The interfunds occurred since the Grant and the Capital funds do not have separate bank accounts. The interfund with the Animal Control Fund is due to the statutory excess resulting during the current year. The interfund in the other trust funds is due to interest earnings that were not transferred to the Current Fund prior to December 31 and bills paid by the Current Fund.

Note 20: OPEN SPACE TAXING DISTRICT

The voters of the City approved the establishment of an Open Space, Recreation, Farmland and Historic Preservation Trust Fund Taxing District effective January 1, 2005. The amount assessed each year, \$.02 per \$100 of assessed valuation, will be placed in an interest bearing account for the acquisition, development, capital maintenance and payment of debt service on lands acquired for recreation and conservation purposes. During 2023, \$24,265.65 was raised and was paid to the Open Space Trust Fund.

Note 21: SUBSEQUENT EVENTS

The City has evaluated subsequent events July 3, 2024, the date which the financial statements were available to be issued and identified no events requiring disclosure.

SUPPLEMENTARY INFORMATION

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FORD - SCOTT

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INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTER BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the City Counsel
City of Port Republic
County of Atlantic, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the City of Port Republic, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 3, 2024, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the City of Port Republic prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Nancy Sbrolla
Nancy Sbrolla
Certified Public Accountant
Registered Municipal Accountant
No. 542

July 3, 2024

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		Current Fund
Balance December 31, 2022	\$	1,475,269.69
Increased by Receipts:		
Taxes Receivable		3,493,861.34
Delinquent Taxes		42,736.11
Revenue Accounts Receivable		256,231.86
Miscellaneous Revenue		135,269.32
Prepaid Taxes		68,676.56
Overpayments Created		291.42
Due to Capital		2,518.19
State of New Jersey		
Senior Citizens and Veterans		11,809.66
Marriage Licenses		25.00
DCA Fees		1,164.00
Reserve for Municipal Relief Aid		18,394.00
		4,030,977.46
		5,506,247.15
Decreased by Disbursements:		
Current Year Appropriation		989,350.47
Prior Year Appropriations		43,917.70
County Taxes		807,848.10
Local District School Taxes		2,122,524.00
County Added Taxes		6,586.17
Refund Overpayments		969.66
Due to State of New Jersey		
DCA Fees		1,164.00
		3,972,360.10
Balance December 31, 2023	\$	1,533,887.05

**CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2022	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2023
				2022	2023				
2021 \$	384.29				384.29				0.00
2022	42,101.82				42,351.82	(250.00)			(0.00)
	42,486.11	-	-	-	42,736.11	(250.00)	-	-	(0.00)
		3,625,148.71		90,531.52	3,505,611.34	(481.35)	1,228.53		28,258.67
		3,625,148.71	-	90,531.52	3,548,347.45	(731.35)	1,228.53		28,258.67

3,536,597.45	Cash Receipts
11,750.00	Senior Citizens and Veterans
<u>3,548,347.45</u>	

Analysis of Current Year Tax Levy

Tax Yield:
 General Property Tax
 Added Taxes (54.4-63.1 et. Seq.)

3,625,148.71	
-	
<u>3,625,148.71</u>	

Tax Levy:
 General County Taxes
 County Library Taxes
 County Open Space Taxes
 County Health Taxes
 County Added and Omitted Taxes
 Municipal Open Space Tax
 Total County Taxes

715,654.69
50,676.56
8,206.73
33,310.12
4,510.16
23,421.30
<u>835,779.56</u>

Local School District Tax

2,168,064.00

Local Tax for Municipal Purposes
 Add: Additional Tax Levied

605,259.14
16,046.01
<u>621,305.15</u>
<u>3,625,148.71</u>

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2022		\$ 12,259.39
Increased by:		
Transfers from Taxes Receivable	1,228.53	
Interest and Costs Accrued by Sale		
		1,228.53
		13,487.92
Decreased by:		
Collections	-	
Cancellation	-	
		-
Balance December 31, 2023		\$ <u><u>13,487.92</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2022	Accrued in 2023	Collected by Treasurer	Balance Dec. 31, 2023
Interest on Taxes	-	11,867.48	11,867.48	-
Fines and Costs:				
Municipal Court	-	12,352.88	12,352.88	-
Energy Receipts Tax	-	176,307.00	176,307.00	-
Municipal Relief Funds	-	9,196.86	9,196.86	-
Communication Tower Rental	-	46,595.88	46,595.88	-
Investment Interest	-	9,108.62	9,108.62	-
Miscellaneous Revenue Not Anticipated	-	152,269.32	152,269.32	-
	-	417,698.04	417,698.04	-
	-	417,698.04	417,698.04	-
		Reserves	9,196.86	
		Cash	408,501.18	
			<u>417,698.04</u>	

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2022	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Council					
Other Expenses	\$ 100.00	100.00	82.50	17.50	-
Municipal Clerk					
Other Expenses	492.11	492.11	492.11	-	-
Financial Administration					
Other Expenses	331.45	331.45	331.45	-	-
Tax Collector					
Other Expenses	790.32	790.32	693.20	97.12	-
Legal Services and Costs					
Other Expenses	9,342.46	9,342.46	954.59	8,387.87	-
MUNICIPAL COURT					
Other Expenses		-		-	-
LAND USE ADMINISTRATION					
Planning Board					
Other Expenses	1,522.50	1,522.50	594.00	928.50	-
PUBLIC SAFETY					
Police					
Other Expenses	2,941.29	2,941.29	279.58	2,661.71	-
Emergency Management Services					
Other Expenses	3,400.00	3,400.00	2,030.36	1,369.64	-
PUBLIC WORKS					
Streets and Road Maintenance					
Other Expenses	4,473.52	4,473.52	3,733.64	739.88	-
Grant Writer					
Other Expenses	10,880.00	10,880.00	6,760.00	4,120.00	-
Garbage and Trash Removal					
Other Expenses	26,009.14	26,009.14	14,706.63	11,302.51	-
Building and Grounds					
Other Expenses	11,657.96	11,657.96	9,735.05	1,922.91	-
HEALTH AND HUMAN SERVICES					
Dog Regulation					
Other Expenses	1,115.00	1,115.00	135.00	980.00	-
UTILITY EXPENSES AND BULK PURCHASES					
Street Lighting	453.28	453.28	29.12	424.16	-
Telephone	2,342.65	2,342.65	1,537.03	805.62	-
Gasoline	2,635.31	2,635.31	1,036.07	1,599.24	-
CAPITAL IMPROVEMENTS					
Office Equipment/Building Upgrades	7,719.74	7,719.74	256.37	7,463.37	-
Road Repairs	10,000.00	10,000.00	531.00	9,469.00	-
Other accounts with no change	47,706.27	47,706.27		47,706.27	-
	<u>\$ 143,913.00</u>	<u>143,913.00</u>	<u>43,917.70</u>	<u>99,995.30</u>	<u>-</u>

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2022			
School Tax Payable	\$	578,489.94	
School Tax Deferred		<u>460,000.00</u>	
			\$ 1,038,489.94
Increased by:			
Levy - School Year July 1, 2022 to June 30, 2023			<u>2,168,064.00</u>
			3,206,553.94
Decreased by:			
Payments			<u>2,122,524.00</u>
Balance December 31, 2023			
School Tax Payable		624,029.94	
School Tax Deferred		<u>460,000.00</u>	
			<u>1,084,029.94</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			2,122,524.00
Tax Payable Ending			<u>624,029.94</u>
			2,746,553.94
Less: Tax Payable Beginning			<u>578,489.94</u>
Amount charged to Current Year Operations			<u>\$ 2,168,064.00</u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

Purpose	Balance Dec. 31, 2022	Transferred From 2023 Revenues	Received	Adjustments	Balance Dec. 31, 2023
FEDERAL GRANTS:					
Help America Vote Act	\$ 8,575.00				8,575.00
Community Development Block Grant	188,600.00				188,600.00
Total Federal Grants	<u>197,175.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,175.00</u>
STATE GRANTS:					
New Jersey Transportation Grant					
Church	88,383.50				88,383.50
Mill Road	7,088.11				7,088.11
Blake	66,735.00				66,735.00
Pomona Ave	-				-
NJDOT - 2020 (Wilson Avenue)	130,433.00		97,824.75		32,608.25
NJDOT - 2023		160,202.49	120,151.87		40,050.62
NJDOT - 2022		207,597.51	148,048.13		59,549.38
Clean Communities Program	-	4,000.00	4,000.00		-
Wetland Preservation Park	6,508.00				6,508.00
Dept. of Environmental Protection	1,705.00				1,705.00
NJDEP	1,150.00				1,150.00
Sustainable Jersey	-	2,000.00	2,000.00		-
American Rescue Plan	-				-
Atlantic County Municipal Alliance	14,500.00				14,500.00
Atlantic County Open Spaces	61,804.00				61,804.00
Atlantic County Open Spaces - 6	2,983.50				2,983.50
Atlantic County Open Spaces - 8	147,545.00				147,545.00
Spotted Lantern Fly		15,000.00	1,825.00		13,175.00
Stormwater Grant		25,000.00			25,000.00
Total State Grants	<u>528,835.11</u>	<u>413,800.00</u>	<u>373,849.75</u>	<u>-</u>	<u>568,785.36</u>
LOCAL GRANTS					
Local Recreation Grant		70,000.00			70,000.00
Total Local Grants	<u>-</u>	<u>70,000.00</u>	<u>-</u>	<u>-</u>	<u>70,000.00</u>
\$	<u>726,010.11</u>	<u>483,800.00</u>	<u>373,849.75</u>	<u>-</u>	<u>835,960.36</u>
		Cash	373,849.75		
		Unappropriated Reserves	-		
			<u>373,849.75</u>		

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2022		2023 Appropriations	Disbursed	Encumbrances	Prior Encumbrances/ Canceled	Balance Dec. 31, 2023
	Appropriated	Reserve for Encumbrances					
FEDERAL GRANTS:							
Help America Vote Act	\$ 8,575.00						8,575.00
Housing and Urban Development Community Development Block Grant	187,075.00			61,249.00			125,826.00
Dept. of Environmental Protection Municipal Stormwater Regulation	4,444.31						4,444.31
American Rescue Plan	104,111.32			3,504.25			100,607.07
Total Federal Grants	304,205.63	-	-	64,753.25	-	-	239,452.38
STATE GRANTS:							
Recycling Tonnage Clean Communities Grant	17,856.66 7,463.86		4,000.00	1,590.23 183.30			16,266.43 11,280.56
New Jersey Transportation Grant Church Mill Road Blake Wilson NJDOT 2023 NJDOT 2022	43,510.24 7,088.11 63,734.25 - - - -			16,916.75 95,564.37		(101,548.94)	43,510.24 7,088.11 46,817.50 5,984.57 160,202.49 207,597.51
NJDEP	1,150.00						1,150.00
Comcast Technology	3,059.33						3,059.33
Atlantic County Drug Alliance - County Atlantic County Drug Alliance - Local	30,477.98 27,377.88						30,477.98 27,377.88
Atlantic County Open Spaces - 4 Atlantic County Open Spaces - 9	30,992.41 139,625.00						30,992.41 139,625.00
Safety Grant	481.00						481.00
Sustainable Jersey Spotted Lantern Fly Stormwater Grant	2,000.00		2,000.00 15,000.00 25,000.00	3,515.07			484.93 15,000.00 25,000.00
Total State Grants	374,816.72	-	413,800.00	117,769.72	-	(101,548.94)	772,395.94
LOCAL GRANTS							
Local Recreation Improvement			70,000.00				70,000.00
Total Local Grants	-	-	70,000.00	-	-	(101,548.94)	1,081,848.32

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

Purpose	Balance	Transferred	Received	Adjustments	Balance
	Dec. 31, 2022	To 2023 Appropriations			Dec. 31, 2023
STATE GRANTS:					
Recycling Tonnage Grant	\$ 29.01		2,401.74		2,430.75
American Rescue Plan	-				-
Total State	<u>\$ 29.01</u>	<u>-</u>	<u>2,401.74</u>	<u>-</u>	<u>2,430.75</u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2022	\$ 4,346.48	167,978.97
Increased by Receipts:		
Dog License Fees 2023	184.80	
Due to State of New Jersey	61.20	
Other	-	1,546.84
Due from Dog		
Miscellaneous Trust Reserves		8,279.51
Due to Current		
	<u>246.00</u>	<u>9,826.35</u>
	4,592.48	177,805.32
Decreased by Disbursements		
Statutory Expenditures	270.00	
Due to State of New Jersey	61.20	
Miscellaneous Trust Reserves		10,007.42
Due to Other Trusts		
Due to Current	-	-
	<u>331.20</u>	<u>10,007.42</u>
Balance December 31, 2023	\$ <u><u>4,261.28</u></u>	<u><u>167,797.90</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2022		\$	362.80
Increased by:			
Dog License Fees Collected	184.80		
Other			
	<u> </u>		<u>184.80</u>
			547.60
Decreased by:			
Statutory Excess			
Expenditures under N.J.S. 4:19-15:11	270.00		
	<u> </u>		<u>270.00</u>
Balance December 31, 2023		\$	<u><u>277.60</u></u>

License Fees Collected:

<u>Year</u>		<u>Amount</u>
2022	\$	241.60
2021		204.00
		<u> </u>
	\$	<u><u>445.60</u></u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO CURRENT FUND - DOG LICENSE FUND

Balance December 31, 2022	\$	4,017.08
Increased by:		
Statutory Excess	_____	-
		4,017.08
Decreased by:		
Payment	_____	_____
Balance December 31, 2023	\$	4,017.08

TRUST FUND
SCHEDULE OF AMOUNT DUE TO(FROM) STATE OF NEW JERSEY - DEPARTMENT OF HEALTH

Balance December 31, 2022	\$	(33.40)
Increased by:		
2023 State License Fees	61.20	61.20
		27.80
Decreased by:		
Disbursements to the State	_____	61.20
Balance December 31, 2023	\$	(33.40)

**TRUST - OTHER FUNDS
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Increased by</u>	<u>Decreased by</u>	
<u>Balance Dec 31, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance Dec 31, 2023</u>
		<u>2023 Budget Appropriation</u>	<u>Collections made by Current Fund</u>
Other Trust Funds	\$ 295.05		295.05
	<u>295.05</u>	<u>-</u>	<u>-</u>
	<u>295.05</u>		<u>295.05</u>

**TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2023**

Reserve	Balance Dec 31, 2022	Increased by			Decreased by			Balance Dec 31, 2023
		Interfunds Created	Collections made by Current Fund	Receipts Held in Trust	Interfunds Cancelled	Disbursements Held in Trust	Payments made by Current Fund	
Unemployment Compensation	\$ 9,494.19			842.11		83.91		10,252.39
TTL Redemption	0.01							0.01
Escrow Deposits	1,787.71			5,184.60		2,672.62		4,299.69
Recycling Trust	2,751.64							2,751.64
Open Space Trust	259,944.58	24,265.65						284,210.23
Recreation Trust	244.98			1,347.80		610.00		982.78
Historical	4,250.77			905.00		5,155.77		-
Quality Properties Esrow	2,851.48							2,851.48
Gravel Security	0.48							0.48
Bart Anderson	1,200.00					952.00		248.00
Robert Adams	145.62					145.62		(0.00)
James Van Daley	387.50					387.50		-
	\$ 283,058.96	24,265.65	-	8,279.51	-	10,007.42	-	305,596.70

**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2022		\$ 45,173.35
Increased by:		
Capital Improvement Fund	10,000.00	
Interest	10,000.00	10,000.00
		55,173.35
Decreased by:		
interest to Current Fund		-
Balance December 31, 2023		\$ 55,173.35

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2022	Receipts		Disbursements		Transfers		Balance Dec. 31, 2023
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 29,917.00							29,917.00
Capital Improvement Fund	57,454.00	10,000.00						50,880.50
Due from Current Fund	36,127.90	16,481.81		16,573.50		19,000.00		33,609.71
Encumbrances Payable	-							-
Improvement Authorizations:								
05-14 Computer/Equipment	(36,189.74)							(36,189.74)
02-13 Construction of New City Hall	-							-
03-11 Construction of New City Hall/Backhoe	-							-
01-02 Construction of Park and Landfill Closure	9,772.50					19,000.00		9,772.50
02-20 Purchase of Dump Truck	(51,908.31)							(32,908.31)
02-21 Public Works Equipment		16,573.50		16,481.81				91.69
Total	\$ 45,173.35	43,055.31	-	33,055.31	19,000.00	19,000.00	19,000.00	55,173.35

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2022		\$ 40,880.50
Increased by:		
Budget Appropriation	10,000.00	10,000.00
		50,880.50
Decreased by:		
No Current Year Activity	-	-
Balance December 31, 2023		\$ 50,880.50

**GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2022	\$	-
No current year activity		
Balance December 31, 2023	\$	<u>-</u>

**GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord #	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	Raised in 2023 Budget	Debt Issued	Balance Dec. 31, 2023	Analysis of Balance		Unexpended Improvement Authorizations	
							Bond Anticipation Notes	Expenditures		
2014-5	Computer/Equipment	\$ 36,249.00	-	19,000.00		36,249.00		36,189.74	59.26	
2020-2	Purchase of Dump Truck	57,000.00	-			38,000.00		38,000.00	-	
		<u>\$ 93,249.00</u>	<u>-</u>	<u>19,000.00</u>	<u>-</u>	<u>74,249.00</u>	<u>-</u>	<u>74,189.74</u>	<u>59.26</u>	
Improvement Authorizations Unfunded Less: Unexpended Proceeds of Bond Anticipation Notes Issued: Ord. Number _____										
								-		
									<u>\$ 59.26</u>	

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2022		Authorizations		Balance December 31, 2023	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Funded	Unfunded
2014-5	Computer/Equipment	6/17/2014	38,157.00	\$	59.26			9,772.50	59.26
2002-1	Construction of Park and Landfill Closure	3/15/2003	14,000.00					5,091.69	-
2020-2	Purchase of Dump Truck	3/10/2020	100,000.00					16,481.81	-
	Public Works Equipment	4/13/2021	16,573.50						91.69
				\$	5,150.95	-	-	14,955.88	59.26
							Disbursements	16,481.81	
							Encumbrances	16,481.81	
								<u>16,481.81</u>	

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2022	Increased	Decreased	Balance Dec. 31, 2023
			Date	Amount					
No Current Year Activity						\$			
						\$			

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2022	Increased	Decreased	Balance Dec. 31, 2023
No Current Year Activity									
						-			-
						\$			
						-			-

**GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	Debt Issued	Other	Balance Dec. 31, 2023
2014-5	Computer/Equipment	\$ 36,249.00				36,249.00
2020-2	Purchase of Dump Truck	57,000.00	-		(19,000.00)	38,000.00
		<u>\$ 93,249.00</u>	<u>-</u>	<u>-</u>	<u>(19,000.00)</u>	<u>74,249.00</u>

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CITY OF PORT REPUBLIC

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

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GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. Due to the City having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$44,000.

The governing body of the City of Port Republic has the responsibility of determining whether the expenditures in any category will exceed \$44,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City's counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested for the following by public advertising:

ADA Improvements
Road Reconstruction

The minutes indicate resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our examination of expenditures did not reveal any payments in excess of \$44,000 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 3, 2023, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED by the City Council of the City of Port Republic, in accordance with N.J.S.A. 54:4-67, which authorizes the Governing Body to fix the rate of interest to be charged, in the City of Port Republic, for the nonpayment of taxes and assessments, said rate of interest shall be and is hereby fixed at eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount in excess of \$1,500 of the delinquent to be calculated from the date when the taxes and assessments become delinquent. There will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order."

Our examination of interest collected on delinquent taxes did not reveal any charges that were not in agreement with the above resolution.

Delinquent Taxes and Tax Title Liens

No tax sale was necessary for 2023.

The following comparison is made of the number of tax title liens receivable on December 31st of the last three years:

<u>Year</u>	<u>Number</u>
2023	3
2022	3
2021	3

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2024 and 2023 Taxes	5
Delinquent Taxes	3

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2023	3,625,149	3,596,890	99.22%
2022	3,488,459	3,445,167	98.76%
2021	3,313,693	3,258,706	98.34%
2020	3,210,064	3,171,313	98.79%
2019	3,097,729	3,032,214	97.89%

Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	3.079	2.984	2.842	2.774	2.681
Apportionment of Tax Rate:					
Municipal	0.517	0.516	0.505	0.510	0.509
Municipal Open Space	0.020	0.020	0.019	0.020	0.019
County	0.690	0.655	0.632	0.607	0.570
Local School	1.852	1.793	1.686	1.637	1.583
Assessed Valuation	117,106,500	115,900,200	115,784,100	115,141,900	115,501,800

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>of Tax Levy</u>
2023	\$ 13,488	28,259	41,747	1.15%
2022	12,259	42,486	54,745	1.57%
2021	11,064	29,081	40,145	1.21%
2020	9,930	33,626	43,556	1.36%
2019	8,818	60,739	69,557	2.25%

FINDINGS AND RECOMMENDATIONS

None

STATUS OF PRIOR RECOMMENDATIONS

None

FINDINGS

None

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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

Very truly yours,

Ford, Scott & Associates, LLC
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Nancy Sbrolla
Nancy Sbrolla
Certified Public Accountant
Registered Municipal Accountant
No. 542

July 3, 2024