

CITY OF PORT REPUBLIC

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

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CITY OF PORT REPUBLIC

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2020

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Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Port Republic, New Jersey

Report on the Financial Statements

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, 2020 and 2019, 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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.

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, 2020 and 2019, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 16 of the financial statements, the City participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$263,515.09 and \$218,027.73 for 2020 and 2019 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2020 and 2019, 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, 2020 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Port Republic’s 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.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, is fairly stated, in all material respects, in relation to the basic 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 12, 2021 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 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.

Very truly yours,

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 12, 2021

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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>2020</u>	<u>2019</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 1,367,942.21	1,312,869.12
Cash - Change	150.00	150.00
Total Cash	<u>1,368,092.21</u>	<u>1,313,019.12</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	33,626.04	60,738.59
Tax Title and Other Liens	9,929.81	8,817.98
Property Acquired for Taxes - at Assessed Valuation	923,101.00	923,101.00
Property Deeded to the City	386,300.00	386,300.00
Revenue Accounts Receivable	1,046.93	1,871.58
Interfund Receivable:		
Grant Fund	40,291.36	35,691.36
Dog Trust	3,758.50	3,473.90
Other Trust Funds	295.05	295.05
Total Receivables and Other Assets	<u>1,398,348.69</u>	<u>1,420,289.46</u>
Deferred Charges:		
Special Emergency Appropriation	-	12,000.00
Total Deferred Charges	<u>-</u>	<u>12,000.00</u>
Total Regular Fund	<u>2,766,440.90</u>	<u>2,745,308.58</u>
Federal and State Grant Fund:		
Cash	23,113.65	16,165.23
Federal and State Grants Receivable	<u>777,280.11</u>	<u>649,967.11</u>
Total Federal and State Grant Fund	<u>800,393.76</u>	<u>666,132.34</u>
Total Current Fund	<u>\$ 3,566,834.66</u>	<u>3,411,440.92</u>

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

	<u>2020</u>	<u>2019</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 112,957.83	108,461.13
Reserve for Encumbrances	27,943.11	20,770.13
Prepaid Taxes	82,714.44	62,047.70
Overpaid Taxes	5.00	767.82
Local School Tax Payable	482,661.96	454,345.00
County Added Tax Payable	3,503.67	232.20
Due to State:		
Marriage Licenses	75.00	25.00
DCA Fees	369.00	129.00
Veterans and Senior Citizens	13,899.00	13,649.00
Reserve for Tax Map	700.00	700.00
Reserve for Revaluation	3,469.20	3,469.20
Reserve for Gravel	9,000.00	8,250.00
Interfund Payable:		
Open Space Trust	69,165.00	46,135.00
General Capital	20,780.41	20,780.41
	<u>827,243.62</u>	<u>739,761.59</u>
 Reserve for Receivables and Other Assets	 1,398,348.69	 1,420,289.46
Fund Balance	<u>540,848.59</u>	<u>585,257.53</u>
Total Regular Fund	<u>2,766,440.90</u>	<u>2,745,308.58</u>
 Federal and State Grant Fund:		
Unappropriated Reserves	-	2,662.91
Appropriated Reserves	567,202.40	627,273.07
Encumbrances Payable	192,900.00	505.00
Due to Current Fund	40,291.36	35,691.36
	<u>800,393.76</u>	<u>666,132.34</u>
Total Federal and State Grant Fund	<u>800,393.76</u>	<u>666,132.34</u>
 Total Current Fund	 \$ <u>3,566,834.66</u>	 <u>3,411,440.92</u>

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

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized		
Fund Balance	\$ 278,000.00	270,110.00
Miscellaneous Revenue Anticipated	267,031.23	253,438.44
Receipts from Delinquent Taxes	58,847.86	74,606.08
Receipts from Current Taxes	3,170,624.89	3,032,214.38
Non Budget Revenue	80,838.38	78,923.75
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	77,190.73	57,572.32
Interfund Returned		-
Total Income	<u>3,932,533.09</u>	<u>3,766,864.97</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	354,804.97	335,640.00
Other Expenses	521,956.33	512,744.00
Deferred Charges & Statutory Expenditures	54,753.00	52,660.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	16,150.00	11,781.00
Capital Improvements	22,500.00	37,500.00
Debt Service	102,144.03	105,345.11
Deferred Charges	12,000.00	17,727.00
Local District School Tax	1,885,328.00	1,828,694.00
County Tax	698,365.62	656,533.03
County Share of Added Tax	3,503.67	232.20
Municipal Open Space Taxes	23,030.00	23,100.00
Interfund Created	4,406.41	10,935.47
Total Expenditures	<u>3,698,942.03</u>	<u>3,592,891.81</u>
Excess in Revenue	<u>233,591.06</u>	<u>173,973.16</u>

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

	<u>2020</u>	<u>2019</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		-
Emergency Appropriation		
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>233,591.06</u>	<u>173,973.16</u>
Fund Balance January 1	<u>585,257.53</u>	<u>681,394.37</u>
	818,848.59	855,367.53
Decreased by:		
Utilization as Anticipated Revenue	<u>278,000.00</u>	<u>270,110.00</u>
Fund Balance December 31	<u>\$ 540,848.59</u>	<u>585,257.53</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 278,000.00		278,000.00	-
Total Fund Balance Anticipated	278,000.00	-	278,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Fines and Costs:				
Municipal Court	19,900.00		15,477.04	(4,422.96)
Interest and Costs on Taxes	13,300.00		11,302.97	(1,997.03)
Interest Earned on Investments	3,500.00		13,864.20	10,364.20
Communication Tower Rental - Bell Atlantic Nynex & Sprint	40,000.00		41,830.02	1,830.02
Total Section A: Local Revenues	76,700.00	-	82,474.23	5,774.23
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	176,307.00		176,307.00	-
Total Section B: State Aid Without Offsetting Appropriations	176,307.00	-	176,307.00	-
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Clean Communities		4,000.00	4,000.00	-
Municipal Alliance			-	-
Alcohol Education		333.42	333.42	-
NJDEP			-	-
Recycling Tonnage Grant	2,663.00		2,663.00	-
NJDOT		130,433.00	130,433.00	-
Total Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations	2,663.00	134,766.42	137,429.42	-

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section G: Special Items of Revenue Anticipated with Prior Written Consent of Director				
Reserve for Gravel	8,250.00		8,250.00	-
Total Section G: Special Items of Revenue Anticipated with Prior Written Consent of Director	8,250.00	-	8,250.00	-
Total Miscellaneous Revenues:	263,920.00	134,766.42	404,460.65	5,774.23
Receipts from Delinquent Taxes	60,500.00		58,847.86	(1,652.14)
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	587,242.58		633,083.18	45,840.60
Total Amount to be Raised by Taxes for Support of Municipal Budget	587,242.58	-	633,083.18	45,840.60
Budget Totals	1,189,662.58	134,766.42	1,374,391.69	49,962.69
Non- Budget Revenues:				
Other Non- Budget Revenues:			80,838.38	80,838.38
	1,189,662.58	134,766.42	1,455,230.07	130,801.07

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	3,170,624.89
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Less: Reserve for Tax Appeals Pending		-
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Net Revenue from Collections		3,170,624.89
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Allocated to:

School, County and Other Taxes		2,610,227.29
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Balance for Support of Municipal Budget Appropriations		560,397.60
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Increased by:

Appropriation "Reserved for Uncollected Taxes"		72,685.58
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Amount for Support of Municipal Budget Appropriations		633,083.18
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	58,847.86	
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Tax Title Lien Collections	-	
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Total Receipts from Delinquent Taxes		58,847.86
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Building Permits	17,269.00	
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Miscellaneous	63,569.38	
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Total Miscellaneous Revenue Not Anticipated:	\$	80,838.38
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Non-Budget Revenue:

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	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	6,400.00		600.00	-
Other Expenses	1,600.00	1,600.00	1,419.29		180.71	-
Municipal Clerk						
Salaries and Wages	126,000.00	126,000.00	122,921.53		3,078.47	-
Other Expenses	32,000.00	32,000.00	29,724.57	1,779.80	495.63	-
Financial Administration						
Salaries and Wages	15,000.00	15,000.00	15,000.00		-	-
Other Expenses	7,600.00	7,600.00	4,495.75		3,104.25	-
Audit Services						
Other Expenses	24,750.00	24,750.00	24,750.00		-	-
Revenue Administration (Tax Collector)						
Salaries and Wages	15,850.00	15,850.00	15,835.74		14.26	-
Other Expenses	5,100.00	5,100.00	4,420.00	680.00	-	-
Tax Assessment Administration						
Salaries and Wages	11,500.00	11,500.00	11,460.00		40.00	-
Other Expenses	1,700.00	1,700.00	475.00	410.64	814.36	-
Legal Services						
Other Expenses	27,000.00	27,000.00	19,040.63	2,350.88	5,608.49	-
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	1,045.00		11,555.00	-
MUNICIPAL COURT						
Salaries and Wages	17,500.00	17,500.00	14,235.14		3,264.86	-
Other Expenses	9,000.00	9,000.00	2,665.46	150.00	6,184.54	-
Public Defender (P.L. 1997, C.256)						
Other Expenses	1,100.00	1,100.00	1,050.00		50.00	-
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	2,000.00	2,000.00	516.90		1,483.10	-
Other Expenses	2,000.00	2,000.00	1,188.00	607.50	204.50	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
INSURANCE						
Disability Insurance	400.00	400.00	43.11		356.89	-
Liability Insurance	47,515.00	47,515.00	47,515.00		-	-
Group Insurance Plan for Employees	75,000.00	75,000.00	73,764.56		1,235.44	-
PUBLIC SAFETY						
Police						
Other Expenses	4,000.00	4,000.00	1,511.05		2,488.95	-
911 Services	2,000.00	2,000.00			2,000.00	-
Emergency Management Services						
Salaries and Wages	3,000.00	3,000.00	2,100.00		900.00	-
Other Expenses	3,400.00	3,400.00	294.40		3,105.60	-
Aid to Volunteer Fire Company	25,000.00	25,000.00	23,001.00		1,999.00	-
First Aid Organization - Contribution	10,000.00	10,000.00	10,000.00		-	-
Municipal Prosecutor						
Other Expenses	6,000.00	6,000.00	6,000.00		-	-
PUBLIC WORKS						
Streets and Road Maintenance						
Salaries and Wages	107,000.00	107,000.00	83,667.47		23,332.53	-
Other Expenses	21,000.00	21,000.00	19,282.87	274.52	1,442.61	-
Garbage and Trash Removal						
Salaries and Wages	78,000.00	92,947.76	67,312.81	15,229.28	10,405.67	-
Other Expenses	4,000.00	6,052.54	6,052.54		-	-
Monitoring Wells						
Buildings and Grounds						
Other Expenses	35,000.00	35,000.00	31,228.89	2,917.28	853.83	-
Stormwater						
Salaries and Wages	15,000.00	13,000.00	9,750.00		3,250.00	-
HEALTH AND HUMAN SERVICES						
Dog Regulation						
Other Expenses	2,600.00	2,600.00	1,215.00		1,385.00	-
Aid to Outreach	2,000.00	2,000.00			2,000.00	-
PARKS AND RECREATION						
Parks and Playgrounds						
Salaries and Wages	10,500.00	10,500.00	10,500.00		-	-
Other Expenses						
Miscellaneous Other Expenses	15,000.00	15,000.00	8,300.29	155.54	6,544.17	-

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, 2020

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UNIFORM CONSTRUCTION CODE						
Construction Official						
Salaries and Wages	11,750.00	11,750.00	11,740.28		9.72	-
Other Expenses	1,000.00	991.03		898.00	93.03	-
Plumbing Inspector						
Salaries and Wages	2,693.00	2,697.49	2,697.49		-	-
Building Inspector						
Salaries and Wages	2,693.00	2,697.48	2,697.48		-	-
Electrical Inspector						
Salaries and Wages	4,205.00	4,205.00	4,202.40		2.60	-
Code Enforcement						
Salaries and Wages	5,105.00	5,105.00	5,100.75		4.25	-
UNCLASSIFIED						
Celebration of Public Events	10,300.00	3,800.00	3,300.00	432.98	67.02	-
UTILITY EXPENSES AND BULK PURCHASES						
Electric	200.00	200.00			200.00	-
Street Lighting	36,000.00	27,500.00	20,342.46	25.02	7,132.52	-
Telephone	12,000.00	12,000.00	9,565.19	836.23	1,598.58	-
Heating Oil	3,000.00	3,000.00	559.75		2,440.25	-
Motor Fuel	2,000.00	2,000.00	387.51	1,195.44	417.05	-
TOTAL OPERATIONS WITHIN "CAPS"	<u>876,761.00</u>	<u>876,761.30</u>	<u>738,775.31</u>	<u>27,943.11</u>	<u>110,042.88</u>	<u>-</u>
Contingent						-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	<u>876,761.00</u>	<u>876,761.30</u>	<u>738,775.31</u>	<u>27,943.11</u>	<u>110,042.88</u>	<u>-</u>
Detail:						
Salaries and Wages	356,796.00	354,804.97	318,825.18	-	35,979.79	-
Other Expenses	519,965.00	521,956.33	419,950.13	27,943.11	74,063.09	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	28,253.00	28,253.00	28,253.00	-	-
Social Security System (O.A.S.I.)	26,000.00	26,000.00	23,274.11	2,725.89	-
Unemployment Compensation Insurance	500.00	500.00	310.94	189.06	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	54,753.00	54,753.00	51,838.05	2,914.95	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	931,514.00	931,514.30	790,613.36	27,943.11	-
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"	16,150.00	16,150.00	16,150.00	-	-
LOSAP Contribution - Fire	-	-	-	-	-
Group Insurance Plan for Employees	-	-	-	-	-
(A) Public and Private Programs Off-Set by Revenues	16,150.00	16,150.00	16,150.00	-	-
Municipal Alliance Program - Local Match	-	-	-	-	-
Municipal Alliance Program	-	-	-	-	-
Alcohol Education Rehabilitation	333.42	333.42	333.42	-	-
Recycling Tonnage Grant	2,663.00	2,663.00	2,663.00	-	-
Clean Communities	4,000.00	4,000.00	4,000.00	-	-
Community Development Block Grant	-	-	-	-	-
NJDOT	130,433.00	130,433.00	130,433.00	-	-
DOT - Pomona Ave	-	-	-	-	-
Total Public and Private Programs Off-Set by Revenues	2,663.00	137,429.42	137,429.42	-	-
Total Operations - Excluded from "CAPS"	18,813.00	153,579.42	153,579.42	-	-
Detail:					
Other Expenses	16,150.00	16,150.00	16,150.00	-	-

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, 2020

	Budget	Appropriations Budget After Modifications	Paid or Charged	Expended Encumbered	Reserved	(Over expended) Unexpended Balance Cancelled
(C) Capital Improvements						
Capital Improvement Fund	15,000.00	15,000.00	15,000.00	-	-	-
Road Repairs	30,000.00	30,000.00			-	30,000.00
Firefighter Equipment	7,500.00	7,500.00	7,500.00		-	-
Public and Private Programs Offset by Revenues: New Jersey DOT Trust Fund Authority Act		-				
Total Capital Improvements	52,500.00	52,500.00	22,500.00	-	-	30,000.00
(D) Debt Service						
Payment of Bond Anticipation Notes	100,000.00	100,000.00	100,000.00		-	-
Interest on Notes	2,150.00	2,150.00	2,144.03			5.97
Total Debt Service	102,150.00	102,150.00	102,144.03	-	-	5.97
(E) Deferred Charges						
Special Emergency Authorizations - 5 years	12,000.00	12,000.00	12,000.00		-	-
Total Deferred Charges	12,000.00	12,000.00	12,000.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	185,463.00	320,229.42	290,223.45	-	-	30,005.97
SUBTOTAL GENERAL APPROPRIATIONS	1,116,977.00	1,251,743.72	1,080,836.81	27,943.11	112,957.83	30,005.97
(M) Reserve for Uncollected Taxes	72,685.58	72,685.58	72,685.58			-
TOTAL GENERAL APPROPRIATIONS	1,189,662.58	1,324,429.30	1,153,522.39	27,943.11	112,957.83	30,005.97
\$						
Budget		1,189,662.58			Cancelled	30,005.97
Appropriations by 40A:4-87		134,766.42			Overexpended	-
Emergency Appropriations		-				
		1,324,429.00				30,005.97
Reserve for Uncollected Taxes			72,685.58			
Federal and State Grants			137,429.42			
Deferred Charges			12,000.00			
Disbursements			931,407.39			
			1,153,522.39			

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

EXHIBIT B - TRUST FUNDS

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

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Dog License Fund:		
Cash	\$ 4,346.88	4,185.08
Due from State of New Jersey	30.40	33.40
	<u>4,377.28</u>	<u>4,218.48</u>
Length of Service Award Program (unaudited)		
Investments held for LOSAP	263,515.09	218,027.73
	<u>263,515.09</u>	<u>218,027.73</u>
Other Funds:		
Cash - Treasurer	189,830.00	245,613.86
Due from Current Fund - Open Space	69,165.00	46,135.00
Due from Dog Trust	-	-
	<u>258,995.00</u>	<u>291,748.86</u>
	<u>526,887.37</u>	<u>513,995.07</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Due to Current Fund	3,758.50	3,473.90
Due to Other Trusts	-	-
Reserve for Dog Fund Expenditures	618.78	744.58
	<u>4,377.28</u>	<u>4,218.48</u>
Length of Service Award Program (unaudited)		
Reserve for LOSAP	263,515.09	218,027.73
	<u>263,515.09</u>	<u>218,027.73</u>
Other Funds:		
Due to Current Fund	295.05	295.05
Miscellaneous Reserves	258,699.95	291,453.81
	<u>258,995.00</u>	<u>291,748.86</u>
	<u>\$ 526,887.37</u>	<u>513,995.07</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>2020</u>	<u>2019</u>
Cash	\$ 15,173.35	173.35
Deferred Charges to Future Taxation -		
Funded	-	-
Unfunded	131,249.00	136,249.00
Interfunds and Receivables		
Due from Current Fund	20,780.41	20,780.41
	<u>167,202.76</u>	<u>157,202.76</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Bond Anticipation Notes Payable	-	100,000.00
Encumbrances Payable	-	-
Improvement Authorizations:		
Funded	14,772.50	9,772.50
Unfunded	95,059.26	59.26
Capital Improvement Fund	27,454.00	17,454.00
Fund Balance	29,917.00	29,917.00
	<u>\$ 167,202.76</u>	<u>157,202.76</u>

There were bonds and notes authorized but not issued at December 31,

2019	36,249.00
2020	131,249.00

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

	<u>2020</u>	<u>2019</u>
Beginning Balance January 1	\$ 29,917.00	29,917.00
No current year activity		
Ending Balance December 31	\$ <u>29,917.00</u>	<u>29,917.00</u>

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>2020</u>	<u>2019</u>
General Fixed Assets:		
Land	\$ 2,060,028.00	2,060,028.00
Buildings	1,234,981.91	1,234,981.91
Equipment and Transportation	<u>209,585.83</u>	<u>233,976.96</u>
Total General Fixed Assets	<u><u>3,504,595.74</u></u>	<u><u>3,528,986.87</u></u>
Investment in General Fixed Assets	\$ <u><u>3,504,595.74</u></u>	<u><u>3,528,986.87</u></u>

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

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 AND 2019**

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, 2020 AND 2019**

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, 2020 AND 2019**

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 June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after June 15, 2021, may have an effect on the City's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement, which is effective for fiscal periods beginning after December 15, 2020, will not have any an effect on the City's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91 "Conduit Debt Obligations". This statement, which is effective for fiscal periods beginning after December 15, 2021, will not have any an effect on the City's financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92 "Omnibus 2020". This statement, which is effective for fiscal periods beginning after June 15, 2021, will not have any an effect on the City's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93 "Replacement of Interbank Offered Rates". This statement, which is effective for fiscal periods beginning after June 15, 2020, will not have any an effect on the City's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94 "Public-Private and Public-Private Partnerships and Availability Payment Arrangements". This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any an effect on the City's financial reporting.

In May 2020, the Government Accounting Standards Board (GASB) issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which provides temporary relief from certain newer accounting and financial reporting requirements to governments due to the COVID-19 pandemic. The effective date of certain Statements and Implementation Guides –

CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

through GASB Statement No. 93 and Implementation Guide No. 2019-03 – that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, are not deferred by either one year or eighteen months.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96 “Subscription-Based Information Technology Arrangements”. This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any an effect on the City’s financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32”. This statement is partially effective immediately and also for fiscal years beginning after June 15, 2021. This statement will not have any an 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 2020 and 2019 statutory budgets included a reserve for uncollected taxes in the amount of \$72,685.58 and \$83,497. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2020 and 2019 statutory budgets was \$278,000 and \$270,110.

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 2020 or 2019 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 item was not determined at the time of budget adoption. During 2020 and 2019, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
<u>Current Fund:</u>		
Clean Communities	\$ 4,000.00	4,000.00
Municipal Alliance		10,323.00
Alcohol Education Rehabilitation	333.42	1,044.87
NJ DOT	130,433.00	201,270.00

The City may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The City approved a special emergency appropriation in 2016 for \$60,000. The emergency was for a revaluation. The unfunded balance as of December 31, 2020 was \$0.

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, 2020 and 2019, \$0 of the municipality's bank balance of \$1,539,752.78 and \$1,572,917.82 was exposed to custodial credit risk.

CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2020 and 2019:

	Balance 12/31/2019	Additions	Retirements/ Adjustments	Balance 12/31/2020
Land	\$ 2,060,028.00			2,060,028.00
Building	1,234,981.91			1,234,981.91
Furniture & Fixtures	5,118.96	1,840.00		6,958.96
Transportation Equipment	228,858.00	5,392.87	31,624.00	202,626.87
	<u>\$ 3,528,986.87</u>	<u>7,232.87</u>	<u>31,624.00</u>	<u>3,504,595.74</u>

	Balance 12/31/2018	Additions	Retirements	Balance 12/31/2019
Land	\$ 2,060,028.00			2,060,028.00
Building	1,234,981.91			1,234,981.91
Furniture & Fixtures	-	5,118.96		5,118.96
Transportation Equipment	223,858.00	5,000.00		228,858.00
	<u>\$ 3,518,867.91</u>	<u>10,118.96</u>	<u>-</u>	<u>3,528,986.87</u>

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/19	Issued	Retired	Balance 12/31/20
Bond Anticipation Notes payable:				
General	\$ 100,000.00		100,000.00	-
	<u>\$ 100,000.00</u>	<u>-</u>	<u>100,000.00</u>	<u>-</u>

	Balance 12/31/18	Issued	Retired	Balance 12/31/19
Bond Anticipation Notes payable:				
General	\$ 200,000.00		100,000.00	100,000.00
	<u>\$ 200,000.00</u>	<u>-</u>	<u>100,000.00</u>	<u>100,000.00</u>

CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

The note was issued on September 18, 2019 and was due and payable on September 17, 2020 with interest at 2.15%. As of December 31, 2020 the City has authorized but not issued bonds in the amount of \$131,249 in the General Capital Fund.

<u>Summary of Municipal Debt</u>	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ -	100,000.00	200,000.00
Total Issued	-	100,000.00	200,000.00
<u>Authorized but not issued:</u>			
General - Bonds and Notes	131,249.00	36,249.00	36,249.00
Total Authorized But Not Issued	131,249.00	36,249.00	36,249.00
Total Bonds & Notes Issued and Authorized But Not Issued	\$ 131,249.00	\$ 136,249.00	236,249.00

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 .102%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ -	-	-
General Debt	131,249.00	-	131,249.00
	<u>\$ 131,249.00</u>	<u>-</u>	<u>131,249.00</u>

Net Debt \$131,249 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$128,808,420.33 = .102%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 4,508,294.71
Net Debt	131,249.00
Remaining Borrowing Power	<u>\$ 4,377,045.71</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, 2020 AND 2019**

Note 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2020 and 2019, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2021 and 2020 were as follows:

		<u>2021</u>	<u>2020</u>
Current Fund	\$	240,000	278,000

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>12/31/2020</u>	<u>12/31/2019</u>
Balance of Tax	\$	942,661.96	914,345.00
Deferred		460,000.00	460,000.00
Tax Payable	\$	<u>482,661.96</u>	<u>454,345.00</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 12/31/20</u>	<u>Balance 12/31/19</u>
Prepaid Taxes	\$ 82,714.44	62,047.70
Cash Liability for Taxes Collected in Advance	<u>\$ 82,714.44</u>	<u>62,047.70</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>.

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Public Employees' Retirement System

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, 2020, 2019, and 2018 were \$28,253.00, \$26,660.00, and \$28,186.58, respectively. The total payroll for the year ended December 31, 2020, 2019 and 2018 was \$326,017.98, \$320,100.59, and \$314,009.69, respectively. Payroll covered by PERS was \$201,742.00, \$210,819.00, and \$195,126.00.

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

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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.

- 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, 2020:

CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

Public Employees' Retirement System

The Municipality has a liability of \$478,765 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 that was rolled forward to June 30, 2020. 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, 2020, the Municipality's proportion would be 0.00293587580%, which would be an increase of 1.41% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$25,157. At December 31, 2020, 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	\$ 8,718	(1,693)
Changes of assumptions	15,532	(200,463)
Changes in proportion	46,165	(36,554)
Net difference between projected and actual earnings on pension plan investments	16,365	
Total	<u>\$ 86,780</u>	<u>\$ (238,710)</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,	
2021	\$ (56,501)
2022	(51,512)
2023	(29,438)
2024	(11,904)
2025	(2,575)
Total	<u>\$ (151,930)</u>

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate		
Price		2.75%
Wage		3.25%
Salary increases:		
Through 2026		2.00% – 6.00% (based on years of service)
Thereafter		3.00% - 7.00% (based on years of service)
Investment rate of return:		7.00%

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-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% 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 projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of 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 of 7.00%, 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 (6.00%) or 1-percentage point higher (8.00%) 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	\$ 570,208	\$ 478,765	\$ 401,273

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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>

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, 2020 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, 2020 and 2019, 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.

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019 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.

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:

Calendar Year	City Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2020	\$ -	480.76	-	7,923.74
2019	-	742.30	94.15	7,442.98
2018	-	694.04	-	6,794.83

Note 16: LENGTH OF SERVICE AWARDS PROGRAM (UNAUDITED)

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.

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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.

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**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Note 19: INTERFUND BALANCES

During the most current calendar year ended December 31, 2020, the following interfunds were included on the balance sheets of the various funds of the City of Port Republic:

	Due From	Due To
Current Fund:		
Open Space Trust		69,165.00
Dog Trust	3,758.50	
Other Trust Funds	295.05	
General Capital		20,780.41
Grant Fund	40,291.36	
Grant Fund:		
Current Fund		40,291.36
Animal Control Fund:		
Current Fund		3,758.50
Trust Fund:		
Current - Open Space Trust	69,165.00	
Current - Other Trusts		295.05
General Capital Fund:		
Current Fund	20,780.41	
	\$ 134,290.32	134,290.32

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 2020, \$23,030.00 was raised and was paid to the Open Space Trust Fund.

**CITY OF PORT REPUBLIC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Note 21: SUBSEQUENT EVENTS

The City has evaluated subsequent events through July 12, 2021, the date which the financial statements were available to be issued and identified no events requiring disclosure.

SUPPLEMENTARY INFORMATION

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Independent Auditor's Report

The Honorable Mayor and
Member of City Council
City of Port Republic, 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 regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2020, 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 12, 2021, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Ford, Scott & Associates, 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 12, 2021

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Balance December 31, 2019	\$	1,312,869.12
Increased by Receipts:		
Taxes Receivable	3,096,327.19	
Delinquent Taxes	58,847.86	
Revenue Accounts Receivable	258,781.23	
Miscellaneous Revenue	80,838.38	
Prepaid Taxes	82,714.44	
Overpayments Created	5.00	
Due to Other Trust		
State of New Jersey		
Senior Citizens and Veterans	12,250.00	
Marriage Licenses	100.00	
DCA Fees	1,775.00	
Reserve for Gravel	9,000.00	
		<u>3,600,639.10</u>
		4,913,508.22
Decreased by Disbursements:		
Current Year Appropriation	931,407.39	
Prior Year Appropriations	52,040.53	
County Taxes	698,365.62	
Local District School Taxes	1,857,011.04	
County Added Taxes	232.20	
Refund Overpayments	39.63	
Due to Federal and State Grant Fund	4,600.00	
Due from Dog Trust	284.60	
Due to State of New Jersey		
Marriage Licenses	50.00	
DCA Fees	1,535.00	
		<u>3,545,566.01</u>
Balance December 31, 2020	\$	<u><u>1,367,942.21</u></u>

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

Year	Balance Dec. 31, 2019	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2020
				2019	2020				
Arrears \$	-								-
2018	10.00					10.00			-
2019	60,728.59				58,847.86	811.01	1,069.72		(0.00)
	60,738.59	-	-	-	58,847.86	821.01	1,069.72	-	(0.00)
2020		3,193,117.98	16,945.64	62,047.70	3,108,577.19	4,700.86	1,111.83		33,626.04
\$	60,738.59	3,193,117.98	16,945.64	62,047.70	3,167,425.05	5,521.87	2,181.55	-	33,626.04

Cash Receipts
Senior Citizens and Veterans
3,155,175.05
12,250.00
3,167,425.05

Analysis of Current Year Tax Levy

Tax Yield:
General Property Tax 3,193,117.98
Added Taxes (54:4-63.1 et. Seq.) 16,945.64
3,210,063.62

Tax Levy:
General County Taxes 621,443.45
County Library Taxes 46,087.50
County Open Space Taxes 1,659.72
County Health Taxes 29,174.95
County Added and Omitted Taxes 3,503.67
Municipal Open Space Tax 23,030.00
Total County Taxes 724,899.29

Local School District Tax 1,885,328.00

Local Tax for Municipal Purposes 587,242.58
Add: Additional Tax Levied 12,593.75
599,836.33
3,210,063.62

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

Balance December 31, 2019		\$	8,817.98
Increased by:			
Transfers from Taxes Receivable	2,181.55		
Interest and Costs Accrued by Sale			
	<hr/>		<hr/>
			2,181.55
			10,999.53
Decreased by:			
Collections	-		
Cancellation	1,069.72		
	<hr/>		<hr/>
			1,069.72
Balance December 31, 2020		\$	<u><u>9,929.81</u></u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2019	Accrued in 2020	Collected by Treasurer	Balance Dec. 31, 2020
Interest on Taxes				
Fines and Costs:				
Municipal Court	-	11,302.97	11,302.97	-
Energy Receipts Tax	1,871.58	14,652.39	15,477.04	1,046.93
Communication Tower Rental	-	176,307.00	176,307.00	-
Investment Interest	-	41,830.02	41,830.02	-
Reserve for Gravel	-	13,864.20	13,864.20	-
Miscellaneous Revenue Not Anticipated		8,250.00	8,250.00	
		80,838.38	80,838.38	-
	<u>1,871.58</u>	<u>347,044.96</u>	<u>347,869.61</u>	<u>1,046.93</u>
		Reserves	8,250.00	
		Cash	339,619.61	
			<u>347,869.61</u>	

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor & Council					
Other Expenses	\$ 339.62	339.62	186.88	152.74	-
Municipal Clerk					
Other Expenses	6,634.98	6,634.98	3,593.56	3,041.42	-
Financial Administration					
Other Expenses	258.25	258.25	258.25	-	-
Revenue Administration (Tax Collector)					
Other Expenses	548.66	548.66	23.50	525.16	-
Tax Assessment Administration					
Other Expenses	911.50	911.50	23.50	888.00	-
Legal Services and Costs					
Other Expenses	5,036.30	5,036.30	3,683.32	1,352.98	-
MUNICIPAL COURT					
Other Expenses	1,858.44	1,858.44	1,323.84	534.60	-
PUBLIC WORKS					
Streets and Road Maintenance					
Other Expenses	3,418.63	3,418.63	226.30	3,192.33	-
Garbage and Trash Removal					
Other Expenses	6,000.34	6,000.34	4,921.10	1,079.24	-
Monitoring Wells	1,864.00	1,864.00	1,067.00	797.00	-
Building and Grounds					
Other Expenses	5,786.95	5,786.95	257.50	5,529.45	-
HEALTH AND HUMAN SERVICES					
Dog Regulation					
Other Expenses	1,385.00	1,385.00	405.00	980.00	-
UTILITY EXPENSES AND BULK PURCHASES					
Street Lighting	6,429.06	6,429.06	6,400.00	29.06	-
Telephone	1,733.62	1,733.62	925.78	807.84	-
CAPITAL IMPROVEMENTS					
Office Equipment/Building Upgrades	30,000.00	30,000.00	28,745.00	1,255.00	-
Other accounts with no change	57,025.91	57,025.91	-	57,025.91	-
	<u>\$ 129,231.26</u>	<u>129,231.26</u>	<u>52,040.53</u>	<u>77,190.73</u>	<u>-</u>

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

Balance December 31, 2019			
School Tax Payable	\$	454,345.00	
School Tax Deferred		<u>460,000.00</u>	
			\$ 914,345.00
Increased by:			
Levy - School Year July 1, 2019 to June 30, 2020			<u>1,885,328.00</u>
			2,799,673.00
Decreased by:			
Payments			<u>1,857,011.04</u>
Balance December 31, 2020			
School Tax Payable		482,661.96	
School Tax Deferred		<u>460,000.00</u>	
			<u>942,661.96</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,857,011.04
Tax Payable Ending			<u>482,661.96</u>
			2,339,673.00
Less: Tax Payable Beginning			<u>454,345.00</u>
Amount charged to Current Year Operations			<u>\$ 1,885,328.00</u>

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CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2019		2020	Encumbrances	Disbursed	Encumbrances	Prior Encumbrances Canceled	Balance Dec. 31, 2020
	Appropriated	Reserve for						
FEDERAL GRANTS:								
Help America Vote Act	\$ 8,575.00							8,575.00
Housing and Urban Development Community Development Block Grant	37,075.00							37,075.00
Dept. of Environmental Protection Municipal Stormwater Regulation	4,444.31							4,444.31
Total Federal	50,094.31	-	-	-	-	-	-	50,094.31
STATE GRANTS:								
Recycling Tonnage	11,484.58		2,662.91					14,147.49
Clean Communities Grant	6,214.86		4,000.00		600.00			9,614.86
New Jersey Transportation Grant								
Church	43,510.24							43,510.24
Mill Road	7,088.11							7,088.11
Blake	63,734.25							63,734.25
Pomona Ave	201,270.00					192,900.00		8,370.00
NJDOT - 2020			130,433.00					130,433.00
NJDEP	1,150.00							1,150.00
Comcast Technology	3,059.33							3,059.33
Alcohol Education Rehabilitation	7,194.12	505.00	333.42		505.00			7,527.54
Atlantic County Drug Alliance - County	33,277.98							30,477.98
Atlantic County Drug Alliance - Local	28,577.88				2,800.00 1,200.00			27,377.88
Atlantic County Open Spaces - 4	30,992.41							30,992.41
Atlantic County Open Spaces - 9	139,625.00							139,625.00
Total State	577,178.76	505.00	137,429.33		5,105.00	192,900.00	-	517,108.09
	627,273.07	505.00	137,429.33		5,105.00	192,900.00	-	567,202.40

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	Balance Dec. 31, 2019	Transferred To 2020 Appropriations	Received	Adjustments	Balance Dec. 31, 2020
STATE GRANTS:					
Recycling Tonnage Grant	\$ 2,662.91	2,662.91			-
Municipal Alliance	-				-
Total State	<u>\$ 2,662.91</u>	<u>2,662.91</u>	<u>-</u>	<u>-</u>	<u>-</u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2019	\$ 4,185.08	245,613.86
Increased by Receipts:		
Dog License Fees 2020	158.80	
Due to State of New Jersey	52.20	
Other	-	
Due from Dog		
Miscellaneous Trust Reserves		65,983.34
Due to Current		
	<u>211.00</u>	<u>65,983.34</u>
	4,396.08	311,597.20
Decreased by Disbursements		
Statutory Expenditures	-	
Due to State of New Jersey	49.20	
Miscellaneous Trust Reserves		121,767.20
Due to Other Trusts		
Due to Current	-	
	<u>49.20</u>	<u>121,767.20</u>
Balance December 31, 2020	\$ <u><u>4,346.88</u></u>	<u><u>189,830.00</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2019		\$	744.58
Increased by:			
Dog License Fees Collected	158.80		
Other	-		
			<u>158.80</u>
			903.38
Decreased by:			
Statutory Excess	284.60		
Expenditures under N.J.S. 4:19-15:11			
			<u>284.60</u>
Balance December 31, 2020		\$	<u><u>618.78</u></u>

License Fees Collected:

Year		Amount
2019	\$	314.80
2018		<u>306.98</u>
	\$	<u><u>621.78</u></u>

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

Balance December 31, 2019	\$	3,473.90
Increased by:		
Statutory Excess	<u>284.60</u>	<u>284.60</u>
		3,758.50
Decreased by:		
Payment		<u> </u>
Balance December 31, 2020	\$	<u><u>3,758.50</u></u>

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

Balance December 31, 2019	\$	(33.40)
Increased by:		
2020 State License Fees	<u>52.20</u>	<u>52.20</u>
		18.80
Decreased by:		
Disbursements to the State		<u>49.20</u>
Balance December 31, 2020	\$	<u><u>(30.40)</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Increased by</u>		<u>Decreased by</u>			
	Balance Dec 31, 2019	Receipts	Disbursements	2020 Budget Appropriation	Collections made by Current Fund	Balance Dec 31, 2020
<u>Reserve</u>						
Other Trust Funds	\$ 295.05					295.05
						-
	<u>\$ 295.05</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295.05</u>

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020

Reserve	Balance Dec 31, 2019	Increased by			Decreased by			Balance Dec 31, 2020
		Interfunds Created	Collections made by Current Fund	Receipts Held in Trust	Interfunds Cancelled	Disbursements Held in Trust	Payments made by Current Fund	
Unemployment Compensation	\$ 7,442.98			480.76				7,923.74
TTL Redemption	0.01							0.01
Escrow Deposits	774.73			59,552.63		59,552.22		775.14
Recycling Trust	2,751.64							2,751.64
Celebration Trust	-							-
Open Space Trust	188,682.68	23,030.00		1,400.75				213,113.43
Recreation Trust	244.98							244.98
Historical	1,178.23							1,178.23
Quality Properties Escrow	4,345.12			354.27		1,849.84		2,849.55
Holly Creek Construction Escrow	13,251.86			3.38		13,255.24		-
Gravel Security	1,500.48							1,500.48
Glenn Marienski Tenant	-							-
Oscar Halldorson Escrow	738.98			0.87		739.85		-
Christopher Stankus Escrow	128.77			0.18				128.95
Matthew Strickland Escrow				2,633.66		8,186.00		27,633.36
Holly Creek - Turner	33,185.70			13.20		37,240.85		-
Whispering Woods Guarantee	37,227.65			943.52		943.20		0.32
Joseph Simone				600.12				600.12
Kimberly Frazee								
	\$ 291,453.81	23,030.00	-	65,983.34	-	121,767.20	-	258,699.95

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

Balance December 31, 2019		\$	173.35
Increased by:			
Capital Improvement Fund	15,000.00		
Interest	<u>2.43</u>		
			<u>15,002.43</u>
			15,175.78
Decreased by:			
interest to Current Fund	<u>2.43</u>		
			<u>2.43</u>
Balance December 31, 2020		\$	<u><u>15,173.35</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2019	Receipts		Disbursements		Transfers		Balance Dec. 31, 2020
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
\$								
Fund Balance	29,917.00							29,917.00
Capital Improvement Fund	17,454.00	15,000.00				5,000.00		27,454.00
Due from Current Fund	(20,780.41)							(20,780.41)
Encumbrances Payable	-							-
Improvement Authorizations:								
05-14 Computer/Equipment	-							-
02-13 Construction of New City Hall	(36,189.74)							(36,189.74)
03-11 Construction of New City Hall/Backhoe	-							-
01-02 Construction of Park and Landfill Closure	9,772.50						5,000.00	9,772.50
02-20 Purchase of Dump Truck	-							5,000.00
\$	<u>173.35</u>	<u>15,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000.00</u>	<u>5,000.00</u>	<u>15,173.35</u>

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

Balance December 31, 2019		\$	17,454.00
Increased by:			
Budget Appropriation	<u>15,000.00</u>		<u>15,000.00</u>
			32,454.00
Decreased by:			
Down Payment on Purchase of Dump Truck	<u>5,000.00</u>		<u>5,000.00</u>
Balance December 31, 2020		\$	<u><u>27,454.00</u></u>

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

Balance December 31, 2019	\$	-
No current year activity		
Balance December 31, 2020	\$	<u><u>-</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Raised in 2020 Budget	Debt Issued	Balance Dec. 31, 2020	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2011-3	Construction of New City Hall/Backhoe	\$ 100,000.00		100,000.00		-	-		
2013-2	Construction of New City Hall	-				-	-		
2014-5	Computer/Equipment	36,249.00	95,000.00			36,249.00		36,189.74	59.26
2020-2	Purchase of Dump Truck					95,000.00			95,000.00
		<u>\$ 136,249.00</u>	<u>95,000.00</u>	<u>100,000.00</u>	<u>-</u>	<u>131,249.00</u>	<u>-</u>	<u>36,189.74</u>	<u>95,059.26</u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations						
				Balance December 31, 2019		Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Balance December 31, 2020	
				Funded	Unfunded					
2014-5	Computer/Equipment	6/17/2014	38,157.00	\$ -	59.26					59.26
2002-1	Construction of Park and Landfill Closure	3/15/2003	14,000	9,772.50					9,772.50	
2020-2	Purchase of Dump Truck	3/10/2020	100,000				5,000.00	95,000.00		95,000.00
				\$ 9,772.50	59.26		5,000.00	95,000.00	14,772.50	95,059.26
								Disbursements	-	
								Encumbrances	-	
									-	

**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, 2019	Increased	Decreased	Balance Dec. 31, 2020
			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, 2019	Increased	Decreased	Balance Dec. 31, 2020
Construction of New City Hall/Backhoe	2011-3	9/28/2011	9/18/2019	9/17/2020	2.150% \$	100,000.00		100,000.00	-
					\$	100,000.00	-	100,000.00	-

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Debt Issued	Other	Balance Dec. 31, 2020
2014-5	Computer/Equipment	\$ 36,249.00				36,249.00
2020-2	Purchase of Dump Truck		95,000.00			95,000.00
		<u>\$ 36,249.00</u>	<u>95,000.00</u>	<u>-</u>	<u>-</u>	<u>131,249.00</u>

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CITY OF PORT REPUBLIC

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

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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 \$40,000.

The governing body of the City of Port Republic has the responsibility of determining whether the expenditures in any category will exceed \$40,000 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:

No bids during 2020

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 \$40,000 "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 7, 2020, 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 2020.

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>
2020	3
2019	3
2018	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 2021 and 2020 Taxes	10
Delinquent Taxes	3
Municipal Court	5

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>
2020	3,210,064	3,171,313	98.79%
2019	3,097,729	3,032,214	97.89%
2018	3,096,057	3,020,236	97.55%
2017	2,998,057	2,941,739	98.12%
2016	2,909,463	2,828,790	97.23%

Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	2.774	2.681	2.680	2.636	3.717
Apportionment of Tax Rate:					
Municipal	0.510	0.509	0.510	0.509	0.650
Municipal Open Space	0.020	0.019	0.020	0.020	0.020
County	0.607	0.570	0.592	0.583	0.865
Local School	1.637	1.583	1.558	1.524	2.182
Assessed Valuation	115,784,100	115,801,800	115,174,700	113,866,000	78,129,800

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>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	Percentage of Tax <u>Levy</u>
2020	\$ 9,930	33,626	43,556	1.36%
2019	8,818	60,739	69,557	2.25%
2018	7,748	74,616	82,364	2.66%
2017	6,679	83,259	89,938	3.00%
2016	5,627	68,864	74,491	2.56%

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 12, 2021