

BOROUGH OF ISLAND HEIGHTS

COUNTY OF OCEAN

DECEMBER 31, 2023

ROBERT A. HULSART AND COMPANY
Certified Public Accountants

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Wall, New Jersey 07719

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

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BOROUGH OF ISLAND HEIGHTS

COUNTY OF OCEAN

PART I

AUDITOR'S REPORT OF THE BOROUGH'S FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Island Heights
County of Ocean
Island Heights, New Jersey 08732

Report on the Audit of Financial Statements

Opinions

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

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Borough as of December 31, 2023 and 2022, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying 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 and account group of the Borough as of December 31, 2023 and 2022, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws 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.

In addition, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit the LOSAP fund financial statements as a part of our audit of the Borough's Financial Statements. The LOSAP fund financial statements are included in the Borough's Trust Fund and represent 66% and 69% of the assets and liabilities as of December 31, 2023 and 2022, respectively, of the Borough's Trust Fund.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Supplementary Information

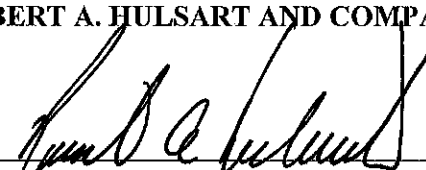
Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund and account group financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the affection of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY



Robert A. Hulsart
Certified Public Accountant
Registered Municipal Accountant
R.M.A. Number 158
Wall Township, New Jersey

September 30, 2024

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN**COMPARATIVE BALANCE SHEET - CURRENT FUND**Exhibit A
Sheet 1 of 2**REGULATORY BASIS****DECEMBER 31**

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
Cash	A-4	\$ 2,152,737.42	2,365,834.56
Cash - Change Fund		50.00	50.00
		<u>2,152,787.42</u>	<u>2,365,884.56</u>
Due from State of New Jersey (Chapter 20, P.L. 1971)	A-4,5	10,257.24	10,362.03
		<u>2,163,044.66</u>	<u>2,376,246.59</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	100,514.29	138,902.88
Tax Title Liens Receivable	A-6	55,216.83	49,988.73
Interfunds:			
Animal Control Trust Fund	A-12	1.35	0.48
Trust Other Fund	A-12	283.43	102.14
General Capital Fund	A-12	65.98	44.75
		<u>156,081.88</u>	<u>189,038.98</u>
		<u>2,319,126.54</u>	<u>2,565,285.57</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-13	114,689.85	218,624.56
Grants Receivable	A-14	70,388.94	70,388.94
		<u>185,078.79</u>	<u>289,013.50</u>
Total Assets		<u>\$ 2,504,205.33</u>	<u>2,854,299.07</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN**COMPARATIVE BALANCE SHEET - CURRENT FUND**Exhibit A
Sheet 2 of 2**REGULATORY BASIS****DECEMBER 31**

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Liabilities:			
Appropriation Reserves	A-3,11	\$ 240,628.11	337,263.06
Reserve for Encumbrances	A-3,11	102,718.42	57,761.45
Due to State of New Jersey - DCA Training Fees		3,743.00	1,234.00
Tax Overpayments		15,688.15	7,177.03
Prepaid Taxes	A-4,5	50,286.16	41,579.19
Prepaid Revenue		1,040.00	1,260.00
Payroll Liabilities		17,954.75	11,249.56
Accounts Payable	A-4,10	9,029.59	185.46
Marriage License		250.00	175.00
County Taxes Payable	A-8	19,423.92	10,947.76
Local District School Tax Payable	A-9	323,477.00	286,680.00
Regional High School Tax Payable	A-10	185,414.93	208,353.17
Interfunds:			
Grant Fund	A-13	114,689.85	218,624.56
Various Reserves:			
Sale of Municipal Assets		6,108.72	6,108.72
Police Extra Duty			
Municipal Relief Fund		12,246.40	6,124.40
Tax Appeals		60,000.00	60,000.00
		<u>1,162,699.00</u>	<u>1,254,723.36</u>
Reserve for Receivables and Other Assets		156,081.88	189,038.98
Fund Balance	A-1	<u>1,000,345.66</u>	<u>1,121,523.23</u>
		<u>2,319,126.54</u>	<u>2,565,285.57</u>
<u>Grant Fund</u>			
Appropriated Reserves	A-15	140,741.21	158,756.40
Reserve for Encumbrances	A-15	28,599.08	34,518.60
Unappropriated Reserves	A-16	15,738.50	95,738.50
		<u>185,078.79</u>	<u>289,013.50</u>
		<u>\$ 2,504,205.33</u>	<u>2,854,299.07</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - CURRENT FUND

Exhibit A-1

REGULATORY BASIS

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 760,000.00	722,557.00
Miscellaneous Revenue Anticipated	A-2	626,269.26	442,841.34
Receipts from Delinquent Taxes	A-2	138,566.49	107,268.99
Receipts from Current Taxes	A-2	7,770,268.57	7,444,624.25
Non-Budget Revenue	A-2	57,578.36	29,115.86
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	208,552.08	145,527.37
Current Appropriations Cancelled	A-3	1.09	1.08
Excess County Added & Omitted Raised		0.02	
Deferred School Tax			587,000.10
Accounts Payable Cancelled	A		150.00
Interfunds Returned		147.37	58.36
Total Income		<u>9,561,383.24</u>	<u>9,479,144.35</u>
<u>Expenditures</u>			
Budget Appropriations Within Caps:			
Operations:			
Salaries and Wages		1,075,377.00	1,089,129.00
Other Expenses		1,196,083.86	1,212,819.54
Deferred Charges and Statutory Expenditures		259,678.00	273,776.73
Budget Appropriations Excluded From Caps:			
Operations - Other Expenses		193,880.48	80,030.32
Capital Improvements		237,000.00	245,500.00
Deferred Charges and Statutory Expenditures		60,000.00	
Municipal Debt Service		197,111.00	202,161.00
	A-3	<u>3,219,130.34</u>	<u>3,103,416.59</u>
County Taxes	A-8	1,766,611.71	1,553,626.17
Local District School Tax	A-9	2,531,061.00	2,503,679.00
Regional High School Tax	A-10	1,405,407.00	1,453,195.00
Refunds	A-4	350.76	147.37
Total Expenditures		<u>5,703,430.47</u>	<u>5,510,647.54</u>
Excess in Revenue		638,822.43	865,080.22
Fund Balance January 1	A	1,121,523.23	979,000.01
		1,760,345.66	1,844,080.23
Decreased by:			
Utilized as Anticipated Revenue	A-2	760,000.00	722,557.00
Fund Balance December 31	A	<u>\$ 1,000,345.66</u>	<u>1,121,523.23</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit A-2
Sheet 1 of 2

CURRENT FUND

STATEMENT OF REVENUES - DECEMBER 31, 2023

REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 760,000.00	760,000.00	-
Miscellaneous Revenues				
Local Aid:				
Fees and Permits	A-7	22,000.00	29,661.17	7,661.17
Fines and Costs, Municipal Court	A-7	13,000.00	36,350.68	23,350.68
Interest and Costs on Taxes	A-7	20,000.29	29,709.25	9,708.96
Interest on Investments and Deposits	A-7	4,790.00	35,466.93	30,676.93
Beach Fees	A-7	30,000.00	30,485.00	485.00
Cable Television Franchise Fees	A-7	26,000.00	27,282.92	1,282.92
Post Office Lease	A-7	45,000.00	48,282.87	3,282.87
Antenna Lease	A-7	30,000.00	36,600.00	6,600.00
Uniform Construction Code Fees	A-7	50,000.00	121,687.00	71,687.00
American Recovery Act Funds	A-16	80,000.00	80,000.00	-
State Aid:				
Energy Receipts Tax	A-7	117,407.00	118,218.56	811.56
Municipal Relief Fund	A	6,124.40	6,124.40	-
Federal and State Programs Offset by Revenues:				
Recycling Tonnage	A-14	2,570.31	2,570.31	-
Clean Communities	A-14	5,140.90	5,140.90	-
Drunk Driving Enforcement Grant	A-14	3,689.27	3,689.27	-
Stormwater Assistance Grant	A-14	15,000.00	15,000.00	-
Total Miscellaneous Revenues	A-1	470,722.17	626,269.26	155,547.09
Receipts from Delinquent Taxes	A-1, 5	105,000.00	138,566.49	33,566.49
		1,335,722.17	1,524,835.75	189,113.58
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	A-2	2,103,222.00	2,287,002.71	183,780.71
		\$ 3,438,944.17	3,811,838.46	372,894.29
Non-Budget Revenue	A-1,4		57,578.36	57,578.36
			\$ 3,869,416.82	\$ 3,869,416.82

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN**CURRENT FUND**

Exhibit A-2

Sheet 2 of 2

STATEMENT OF REVENUES - DECEMBER 31, 2023**REGULATORY BASIS**

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue From Collections	A-1,5	\$ 7,770,268.57
Allocated to School and County Taxes	A-8,9,10	<u>5,703,079.71</u>
		2,067,188.86
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>219,813.83</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 2,287,002.69</u>
 <u>Analysis of Non-Budget Revenues</u>		
Borough Owned Property Rental		\$ 3,000.00
Class Action Lawsuit Settlement		17,414.03
Joint Insurance Fund Dividend		7,928.29
Insurance Settlement		7,700.00
Polling Place Rental		800.00
Police Special Duty Administration Fees		3,820.00
State Fire Rebate		2,078.05
Trash Recepticle Purchase		2,710.00
Inspection Fines		10,000.00
Refunds		1,056.83
Miscellaneous		<u>1,071.16</u>
	A-4	<u>\$ 57,578.36</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2023

REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within Caps					
General Administration:					
Salaries and Wages	\$ 74,020.00	79,520.00	77,142.43	2,377.57	
Other Expenses	12,000.00	12,000.00	5,864.98	6,135.02	
Mayor and Council:					
Salaries and Wages	20,000.00	20,000.00	20,000.00	-	
Other Expenses	2,000.00	2,000.00	240.00	1,760.00	
Municipal Clerk:					
Other Expenses	16,500.00	16,500.00	14,885.26	1,614.74	
Advertising Budget	1,000.00	1,000.00	170.96	829.04	
Elections:					
Other Expenses	1,000.00	1,000.00	65.85	934.15	
Financial Administration:					
Salaries and Wages	49,800.00	49,800.00	49,800.00	-	
Other Expenses	28,999.86	24,999.86	13,646.05	11,353.81	
Audit	19,000.00	19,000.00	18,000.00	1,000.00	
Computerized Data Processing:					
Other Expenses	24,000.00	24,000.00	20,622.80	3,377.20	
Collection of Taxes:					
Salaries and Wages	33,550.00	33,550.00	24,422.84	9,127.16	
Other Expenses	4,200.00	4,200.00	2,028.50	2,171.50	
Tax Assessment					
Salaries and Wages	17,600.00	17,600.00	17,600.00	-	
Other Expenses	1,150.00	1,150.00	1,149.97	0.03	
Tax Map Revisions	1,500.00	1,500.00	1,500.00	-	
Cost of Tax Appeals	10,000.00	10,000.00		10,000.00	
Legal Services and Costs:					
Advertising and Legal Notices	5,000.00	5,000.00	3,256.53	1,743.47	
Other Expenses	33,000.00	33,000.00	23,637.16	9,362.84	
Counsel - Labor - Other Expenses	2,000.00	2,000.00		2,000.00	

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2023

REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Engineering Services and Costs:					
Other Expenses	25,000.00	25,000.00	22,450.00	2,550.00	
Planning Board:					
Salaries and Wages	1,944.00	2,444.00	2,125.24	318.76	
Other Expenses - Legal	3,000.00	3,000.00	1,662.50	1,337.50	
Other Expenses - Miscellaneous	1,000.00	1,000.00	179.00	821.00	
Code Enforcement & Zoning:					
Salaries and Wages	25,160.00	25,160.00	22,138.47	3,021.53	
Other Expenses	12,000.00	7,000.00	4,906.89	2,093.11	
Insurance:					
General Liability	75,099.00	75,099.00	75,099.00	-	
Other Insurance	36,645.00	32,645.00	28,188.00	4,457.00	
Employee Group Insurance	247,520.00	242,520.00	219,786.22	22,733.78	
Employee Health Waiver	10,000.00	10,000.00	7,999.96	2,000.04	
Police:					
Salaries and Wages	539,160.00	549,160.00	549,160.00	-	
Other Expenses	68,500.00	58,500.00	53,523.04	4,976.96	
Medical Testing	1,500.00	1,500.00	902.00	598.00	
ARP Government Services Offset	80,000.00	80,000.00	80,000.00	-	
Emergency Management Service:					
Salaries and Wages	3,150.00	3,150.00	3,150.00	-	
Other Expenses	5,500.00	5,500.00	5,258.33	241.67	
First Aid:					
Other Expenses	1,000.00	1,000.00	70.00	930.00	
Contribution	5,000.00	5,000.00		5,000.00	
Fire Department:					
Other Expenses	3,500.00	4,000.00	3,872.00	128.00	
Contribution	75,000.00	75,000.00	75,000.00	-	
Municipal Prosecutor:					
Other Expenses	7,500.00	7,500.00	5,250.00	2,250.00	

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2023

REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Court					
Salaries and Wages	37,582.00	29,582.00	24,622.46	4,959.54	
Other Expenses	2,500.00	2,500.00	2,409.30	90.70	
Public Defender:					
Other Expenses	2,000.00	2,000.00	455.00	1,545.00	
Public Buildings, Grounds, Parks, Playgrounds and Beaches:					
Salaries and Wages	187,874.00	201,874.00	201,874.00	-	
Other Expenses	88,000.00	88,000.00	71,432.09	16,567.91	
Solid Waste Collection:					
Contractual	117,000.00	117,000.00	100,731.94	16,268.06	
Other Expenses	250.00	250.00		250.00	
Recycling:					
Other Expenses	3,500.00	5,000.00	1,500.00	3,500.00	
Vehicle Maintenance:					
Other Expenses	43,000.00	43,000.00	30,529.73	12,470.27	
Shade Trees:					
Other Expenses	2,500.00	2,500.00		2,500.00	
Snow Removal:					
Salaries and Wages	9,000.00	9,000.00		9,000.00	
Other Expenses	9,000.00	9,000.00		9,000.00	
Board of Health:					
Salaries and Wages	300.00	300.00		300.00	
Other Expenses	200.00	200.00		200.00	
Mental Health Program (N.J.S. 40:5-2.9):					
Other Expenses	10.00	10.00		10.00	

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2023

REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Environmental Commission:					
Other Expenses	500.00	500.00	500.00	-	
Animal Control:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Senior Advisory Committee:					
Other Expenses	10.00	10.00		10.00	
Beachfront Maintenance:					
Other Expenses	7,000.00	3,000.00		3,000.00	
Recreation:					
Salaries and Wages	3,000.00	3,000.00		3,000.00	
Other Expenses	5,000.00	5,000.00	2,883.03	2,116.97	
Participants in Free County Library	1,000.00	1,000.00	407.00	593.00	
Deferred Sick Time	2,000.00	2,000.00		2,000.00	
Construction Code Official:					
Salaries and Wages	41,502.00	45,002.00	43,977.73	1,024.27	
Other Expenses	10,000.00	10,000.00	8,989.60	1,010.40	
Fire Official:					
Salaries and Wages	5,735.00	6,235.00	5,780.70	454.30	
Other Expenses	500.00	500.00	30.00	470.00	
<u>Unclassified</u>					
Utilities:					
Gasoline	20,000.00	20,000.00	15,840.26	4,159.74	
Electricity	36,000.00	36,000.00	29,535.92	6,464.08	
Telephone	15,000.00	17,000.00	16,038.33	961.67	
Natural Gas	18,000.00	20,000.00	15,392.78	4,607.22	
Street Lighting	19,000.00	19,000.00	18,410.77	589.23	
Total Operations Within Caps	<u>2,271,460.86</u>	<u>2,271,460.86</u>	<u>2,046,094.62</u>	<u>225,366.24</u>	<u>-</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2023

REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Statutory Expenditures Within Caps					
Contribution to:					
Public Employees' Retirement System	29,768.00	29,768.00	29,768.00	-	
Social Security System (O.A.S.I.)	83,000.00	83,000.00	82,999.97	0.03	
Police and Firemen's Retirement System	135,410.00	135,410.00	135,410.00	-	
Unemployment Compensation Insurance	9,500.00	9,500.00	8,704.30	795.70	
Defined Contribution Retirement Program	2,000.00	2,000.00	933.86	1,066.14	
Total Statutory Expenditures Within Caps	259,678.00	259,678.00	257,816.13	1,861.87	-
Total Appropriations Within Caps	2,531,138.86	2,531,138.86	2,303,910.75	227,228.11	-
Operations Excluded from Caps					
Length of Service Awards Program (LOSAP)	41,000.00	41,000.00	27,600.00	13,400.00	
Employee Group Health Insurance	28,480.00	28,480.00	28,480.00	-	
Shared Service Agreements:					
Trash & Recycling Collection - Toms River	98,000.00	98,000.00	98,000.00	-	
Public and Private Programs Offset by Revenues:					
Recycling Tonnage Grant	2,570.31	2,570.31	2,570.31	-	
Clean Communities	5,140.90	5,140.90	5,140.90	-	
Drunk Driving Enforcement Grant	3,689.27	3,689.27	3,689.27	-	
Stormwater Assistance Grant	15,000.00	15,000.00	15,000.00	-	
Total Operations Excluded from Caps	193,880.48	193,880.48	180,480.48	13,400.00	-
Capital Improvements Excluded From Caps					
Capital Improvement Fund	237,000.00	237,000.00	237,000.00	-	
Capital Outlay					
Total Capital Improvements Excluded From Caps	237,000.00	237,000.00	237,000.00	-	-

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit A-3
Sheet 6 of 6

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2023

REGULATORY BASIS

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<u>Municipal Debt Service Excluded From Caps</u>					
Payment of Bond Principal	133,000.00	133,000.00	133,000.00	-	
Interest on Bonds	26,800.00	26,800.00	26,800.00	-	
Loan Repayments for Principal and Interest:					
Principal	34,974.00	34,974.00	34,973.63		0.37
Interest	2,337.00	2,337.00	2,336.28		0.72
Total Municipal Debt Service Excluded From Caps	<u>197,111.00</u>	<u>197,111.00</u>	<u>197,109.91</u>	<u>-</u>	<u>1.09</u>
<u>Deferred Charges Excluded From Caps</u>					
Deferred Charges to Future Taxation - Unfunded	60,000.00	60,000.00	60,000.00		
Total Deferred Charges Excluded From Caps	<u>60,000.00</u>	<u>60,000.00</u>	<u>60,000.00</u>	<u>-</u>	<u>-</u>
Total General Appropriations Excluded From Caps	<u>687,991.48</u>	<u>687,991.48</u>	<u>674,590.39</u>	<u>13,400.00</u>	<u>1.09</u>
Subtotal General Appropriations	3,219,130.34	3,219,130.34	2,978,501.14	240,628.11	1.09
Reserve for Uncollected Taxes	219,813.83	219,813.83	219,813.83	-	
Total General Appropriations	<u>\$ 3,438,944.17</u>	<u>3,438,944.17</u>	<u>3,198,314.97</u>	<u>240,628.11</u>	<u>1.09</u>
Ref.	A-3	A-3	A-3	A	A-1
Disbursements			\$ 2,849,382.24		
Grant Fund			26,400.48		
Reserve for Encumbrances			102,718.42		
Reserve for Uncollected Taxes			219,813.83		
			<u>\$ 3,198,314.97</u>		

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

BOROUGH OF ISLAND HEIGHTS- COUNTY OF OCEAN**BALANCE SHEET - TRUST FUND****COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,**

Exhibit B

RESERVES AND FUND BALANCE - REGULATORY BASIS**DECEMBER 31, 2023 AND 2022**

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 1,638.21	1,027.99
<u>Other Trust Funds</u>			
Cash	B-1	390,037.73	293,683.47
<u>Length of Service Award Program (LOSAP) - Unaudited</u>			
Funds Held by Trustee		760,457.68	662,019.15
Total Assets		<u>\$ 1,152,133.62</u>	<u>956,730.61</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Reserve for Animal Control Trust Fund Expenditures	B-2	\$ 1,636.86	1,023.91
Due to the State	B-3		3.60
Interfund - Current Fund	A	1.35	0.48
		<u>1,638.21</u>	<u>1,027.99</u>
<u>Other Trust Fund</u>			
Interfund - Current Fund	A	283.43	102.14
Miscellaneous Reserves	B-4	389,754.30	293,581.33
		<u>390,037.73</u>	<u>293,683.47</u>
<u>Length of Service Award Program (LOSAP) - Unaudited</u>			
Reserve for Length of Service Award Program (LOSAP)		760,457.68	662,019.15
Total Liabilities and Reserves		<u>\$ 1,152,133.62</u>	<u>956,730.61</u>

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

GENERAL CAPITAL FUND

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES

AND FUND BALANCES - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
Cash	C-2	\$ 19,201.99	91,527.21
Deferred Charges to Future Taxation:			
Funded	C-4	689,514.17	822,514.17
Unfunded		756,988.03	743,668.03
Grants Receivable	C-10	895,770.78	620,805.30
Total Assets		<u>\$ 2,361,474.97</u>	<u>2,278,514.71</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-6	\$ 35,994.32	48,994.32
Improvement Authorizations:			
Funded	C-7	160,080.79	216,289.05
Unfunded	C-7	1,027,063.94	894,688.70
Reserve for Encumbrances	C-7	134,682.11	236,239.53
General Serial Bonds	C-8	564,000.00	697,000.00
Green Trust Loan Payable	C-9	125,514.17	125,514.17
Interfund - Current Fund	A	65.98	44.75
Interfund - Water-Sewer Capital	C	250,000.00	
Reserve for Benches	C-3	6,100.73	1,771.26
Fund Balance	C-1	57,972.93	57,972.93
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,361,474.97</u>	<u>2,278,514.71</u>

There were Bonds and Notes Authorized but Not Issued of \$1,861,957.51 as of December 31, 2023 and \$1,950,352.03 at December 31, 2022 (Exhibit C-11).

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE

REGULATORY BASIS

Balance December 31, 2022 and 2023	<u>Ref.</u> C	<u>\$ 57,972.93</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN**BALANCE SHEET - WATER-SEWER UTILITY FUND****Exhibit D
Sheet 1 of 2****COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES****AND FUND BALANCE - REGULATORY BASIS****DECEMBER 31, 2023 AND 2022**

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash	D-5	\$ 475,254.91	470,457.07
Interfunds:			
Water- Sewer Utility Capital Fund	D-6	238.68	207.74
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-7	83,304.47	90,239.95
Total Operating Fund		<u>558,798.06</u>	<u>560,904.76</u>
<u>Capital Fund</u>			
Cash	D-5	187,557.86	473,910.92
Interfund - General Capital	C	250,000.00	
Fixed Capital	D-8	8,220,914.69	8,220,914.69
Fixed Capital Authorized and Uncompleted	D-9	4,107,209.12	2,907,209.12
Total Capital Fund		<u>12,765,681.67</u>	<u>11,602,034.73</u>
Total Assets		<u>\$ 13,324,479.73</u>	<u>12,162,939.49</u>
<u>Liabilities</u>			
Operating Fund:			
Appropriation Reserves	D-4,10	\$ 58,089.12	47,992.22
Reserve for Encumbrances	D-4,10	26,032.41	41,589.20
Utility Rent Overpayments	D-5,7	6,195.63	5,692.48
Prepaid Utility Rents	D-5	1,126.01	916.82
Unapplied Receipts		3,855.25	
Accounts Payable		4,861.38	
Accrued Interest on Notes and Loans	D-11	22,914.63	25,377.61
		<u>123,074.43</u>	<u>121,568.33</u>
Reserve for Receivables and Other Assets		83,304.47	90,239.95
Fund Balance	D-1	352,419.16	349,096.48
Total Operating Fund		<u>558,798.06</u>	<u>560,904.76</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN**BALANCE SHEET - WATER-SEWER UTILITY FUND**Exhibit D
Sheet 2 of 2**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES****AND FUND BALANCE - REGULATORY BASIS****DECEMBER 31, 2023 AND 2022**

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Capital Fund</u>			
Interfund - Water-Sewer Utility Operating Fund	D-6	238.68	207.74
Improvement Authorizations:			
Funded	D-14	154,197.97	337,422.91
Unfunded	D-14	1,323,100.00	137,600.00
Reserve for Encumbrances	D-6	195,137.02	58,796.08
Capital Improvement Fund	D-12	113,460.00	88,460.00
Reserve for Amortization		6,163,414.95	6,163,414.95
Reserve for Deferred Amortization	D-13	1,021,771.66	661,728.59
Utility Serial Bonds	D-16	2,322,000.00	2,433,000.00
NJ Environmental Infrastructure Loans Payable	D-17-20	1,470,937.20	1,719,980.27
Fund Balance	D-2	1,424.19	1,424.19
Total Capital Fund		<u>12,765,681.67</u>	<u>11,602,034.73</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 13,324,479.73</u>	<u>12,162,939.49</u>

There were Bonds and Notes Authorized but Not Issued of \$1,350,000.00 as of December 31, 2023 and \$150,000.00 at December 31, 2022 (Exhibit D-15).

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit D-1

WATER-SEWER UTILITY FUNDCOMPARATIVE STATEMENT OF OPERATIONS ANDCHANGES IN FUND BALANCEREGULATORY BASIS

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-3	\$ 200,000.00	115,000.00
Rents	D-3	1,039,758.55	933,979.81
Miscellaneous Revenue Anticipated	D-3	35,054.43	34,691.84
Water Tower Antenna Lease	D-3	65,075.77	58,368.04
American Recovery Act	D-3		80,000.00
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	D-10	72,310.23	33,473.96
Unexpended Balances of Current Budget	D-4	1,123.70	55,610.14
Cancelled Prior Years's Accrued Interest			5,186.29
Total Income		<u>1,413,322.68</u>	<u>1,316,310.08</u>
<u>Expenditures</u>			
Budget:			
Operating		672,876.00	651,000.00
Capital Improvements		25,000.00	25,000.00
Debt Service		489,824.00	539,310.00
Deferred Charges and Statutory Expenditures		22,300.00	23,000.00
Total Expenditures	D-4	<u>1,210,000.00</u>	<u>1,238,310.00</u>
Statutory Excess to Fund Balance		203,322.68	78,000.08
Fund Balance January 1	D	<u>349,096.48</u>	<u>386,096.40</u>
		552,419.16	464,096.48
Decreased by:			
Utilization by Water-Sewer Operating Fund	D-1	<u>200,000.00</u>	<u>115,000.00</u>
Fund Balance December 31	D	<u>\$ 352,419.16</u>	<u>349,096.48</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN**WATER-SEWER UTILITY FUND**

Exhibit D-2

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

Balance December 31, 2022 and 2023	<u>Ref.</u> D	<u>\$ 1,424.19</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-3

STATEMENT OF REVENUES - FOR YEAR ENDED 2023 - OPERATING FUND

REGULATORY BASIS

	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 200,000.00	200,000.00	-
Rents	930,000.00	1,039,758.55	109,758.55
Miscellaneous	25,000.00	35,054.43	10,054.43
Water Tower Antenna Lease	55,000.00	65,075.77	10,075.77
	<u>\$ 1,210,000.00</u>	<u>1,339,888.75</u>	<u>129,888.75</u>
Ref.	D-4	D-1	

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - FOR YEAR ENDED 2023 - OPERATING FUND

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operating:					
Salaries and Wages	\$ 158,380.00	158,380.00	141,436.37	16,943.63	
Salaries and Wages - American Rescue Plan Funded					
Other Expenses	224,496.00	224,496.00	210,185.58	14,310.42	
Ocean County Utilities Authority	225,000.00	225,000.00	199,607.38	25,392.62	
Group Health Insurance	35,000.00	35,000.00	35,000.00	-	
Liability Insurance	30,000.00	30,000.00	30,000.00	-	
Capital Improvements:					
Capital Improvement Fund	25,000.00	25,000.00	25,000.00	-	
Debt Service:					
Payment of Bond Principal	111,000.00	111,000.00	111,000.00	-	
Interest on Bonds	77,527.00	77,527.00	77,527.00	-	
New Jersey Infrastructure Trust Loans:					
Principal	249,045.00	249,045.00	249,043.07	1.93	
Interest	52,252.00	52,252.00	51,130.23	1,121.77	
Statutory Expenditures:					
Public Employer's Retirement System	10,000.00	10,000.00	10,000.00	-	
Contribution to Social Security System	11,000.00	11,000.00	9,784.43	1,215.57	
Unemployment Compensation Insurance	1,300.00	1,300.00	1,073.12	226.88	
Total Water-Sewer Utility Appropriations	<u>\$ 1,210,000.00</u>	<u>1,210,000.00</u>	<u>1,150,787.18</u>	<u>58,089.12</u>	<u>1,123.70</u>
Ref.	D-3	D-1		D	D-1
Disbursements			\$ 1,095,560.36		
Accrued Interest			29,194.41		
Reserve for Encumbrances			<u>26,032.41</u>		
			<u>\$ 1,150,787.18</u>		

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES
REGULATORY BASIS
DECEMBER 31, 2023 AND 2022

Exhibit H

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
General Fixed Assets:		
Land	\$ 183,483.00	183,483.00
Buildings and Building Improvements	1,357,829.40	1,357,829.40
Machinery and Equipment	<u>2,008,632.37</u>	<u>1,887,364.37</u>
	<u>\$ 3,549,944.77</u>	<u>3,428,676.77</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 3,549,944.77</u>	<u>3,428,676.77</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Borough of Island Heights, County of Ocean, New Jersey (the "Borough"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Board of Education, first aid organization or volunteer fire companies which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2023.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division. 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 respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

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

Animal Control Trust Fund - animal license revenues and expenditures.

Other Trust Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Descriptions of Funds (Continued)

Water-Sewer Utility Operating Fund - revenues and expenditures necessary to operate municipally-owned water supply and sewer collection systems from user fees.

Water-Sewer Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water-sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

Payroll Fund - receipt and disbursement for payroll costs and payroll taxes.

General Fixed Assets Account Group - used to account for fixed assets used in general government operations.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

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

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Appropriation Reserves - are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Deferred Charges - the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2023 is set forth in Note 9.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water-Sewer Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2023 is set forth in Note 4.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

Net Pension and OPEB Liability - New Jersey's municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability and OPEB liability as liabilities on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 and GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68 and GASB 75.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Leases

Under GAAP, lease receivables are measured at the present value of the lease payments expected to be received during the lease term. Payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

Lease liabilities represent obligations to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a term of 12 months or less are expenses as incurred and these leases are not included as lease liabilities or right-to-use assets on the statements of net position.

New Jersey's municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording lease receivables, deferred outflows, lease liabilities or deferred inflows on their balance sheets.

General Fixed Assets - In accordance with the New Jersey Administrative Code, which differs in certain respects from GAAP, the Borough has developed a fixed assets accounting and reporting system. Fixed assets acquired prior to 2000 are based on an inspection and appraisal prepared by an independent firm. All general fixed assets acquired after 2000 are recorded at cost. Capital leases are not reported in the General Fixed Assets Account Group as required by GAAP.

Fixed assets used in governmental operations (general fixed assets) are required to be 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.

GAAP does not require utilization of a general fixed asset account group.

All fixed assets are required to be valued at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation is not recorded in the General Fixed Assets Account Group.

Expenditures for construction in progress are required to be 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**C. Basis of Accounting (Continued)**

Utility Fixed Assets - Accounting for utility fund “fixed capital” remains unchanged.

Property and equipment purchased by the Water-Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contribution in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer utility Statement of Operations.

During 2013 the Borough contracted with an outside vendor in order to establish a fixed asset inventory. There was change to the Borough’s asset inventory during 2023. The estimated historic value of the Borough’s fixed assets at 2023 and 2022 are as follows:

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Increase</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
General Fixed Assets Account Group:			
Land	\$ 183,483.00		183,483.00
Building	1,357,829.40		1,357,829.40
Equipment	1,887,364.37	121,268.00	2,008,632.37
Water-Sewer Utility Fund:			
Fixed Capital	8,220,914.69		8,220,914.69
Fixed Capital Authorized and Uncompleted	<u>2,907,209.12</u>	<u>1,200,000.00</u>	<u>4,107,209.12</u>
	<u>\$ 14,556,800.58</u>	<u>1,321,268.00</u>	<u>15,878,068.58</u>

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Borough presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

F. Subsequent Events

The Borough has evaluated subsequent events occurring after December 31, 2023 through the date of September 30, 2024, which is the date the financial statements were available to be issued.

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At year-end, the carrying amount of the Borough's deposits was \$3,986,935.80 the bank balance amount was \$4,084,091.07. Of this amount \$250,000.00 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$3,834,091.07.

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Borough may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Borough:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- a. (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every Borough shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**D. Credit Risk Categories**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2023</u>	<u>2022</u>
Insured:		
FDIC	\$ 250,000.00	\$ 250,000.00
GUDPA	<u>3,834,091.07</u>	<u>4,155,817.63</u>
	<u>\$ 4,084,091.07</u>	<u>\$ 4,405,817.63</u>

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 Borough does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

During the year, the Borough had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Borough.

E. Interest Rate Risk

New Jersey municipal units are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America; government money market mutual funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress; bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located; bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units; local government investment pools; deposits with the State of New Jersey Cash Management Fund; and agreements for the purchase of fully collateralized securities with certain provisions. The Borough has no investment policy that would further limit its investment choices.

NOTE 3. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid.

A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the Borough at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-Term Debt

The Borough's long-term debt is summarized as follows:

General Capital Fund

2.00% to 2.50% General Improvement Bonds, Series 2011 issued November 30, 2011 for \$1,623,000, installment maturities to November 30, 2021. (Term bond due November 30, 2026).	\$ 324,000.00
4.00% General Obligation Bonds, Series 2019 issued December 5, 2019 for \$340,000, installment maturities to December 1, 2029	<u>240,000.00</u>
	<u>\$ 564,000.00</u>

The bonds mature serially in installments to the year 2029, Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	\$ <u>Principal</u>	<u>Interest</u>
2024	138,000.00	27,850.00
2025	138,000.00	25,850.00
2026	138,000.00	22,850.00
2027	50,000.00	13,200.00
2028	50,000.00	6,200.00
2029	<u>50,000.00</u>	<u>2,000.00</u>
	<u>\$ 564,000.00</u>	<u>\$ 97,950.00</u>

NOTE 3. DEBT (CONTINUED)**A. Long-Term Debt (Continued)****Green Trust Loan Program**

The Borough has a low interest (2%) loan under the New Jersey Department of Environmental Protection's Green Trust Loan Program. The loan for the River Avenue Boardwalk was approved on June 27, 2007. The Borough must repay the loan in semi-annual installments over twenty years. Loan payments are due through 2027.

Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 34,974.00	2,336.00
2025	35,677.00	1,633.00
2026	36,393.49	916.00
2027	18,469.68	185.00
	<u>\$ 125,514.17</u>	<u>5,070.00</u>

Water-Sewer Utility Capital Fund

2.00% to 2.50% General Improvement Bonds, Series 2011 issued November 30, 2011 for \$754,000, installment maturities to November 30, 2021. (Term bond due November 30, 2026).

\$ 142,000.00

2.45% to 4.00% General Obligation Bonds, Series 2019 issued December 5, 2019 for \$2,420,000, installment maturities to December 1, 2044.

2,180,000.00

\$ 2,322,000.00

The bonds mature serially in installments to the year 2044. Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 111,000.00	77,260.00
2025	111,000.00	74,860.00
2026	100,000.00	71,260.00
2027	80,000.00	68,860.00
2028	115,000.00	66,260.00
2029-2033	600,000.00	211,455.00
2034-2038	575,000.00	107,555.00
2039-2044	<u>630,000.00</u>	<u>66,150.00</u>
	<u>\$ 2,322,000.00</u>	<u>\$ 743,660.00</u>

NOTE 3. DEBT (CONTINUED)**A. Long-Term Debt (Continued)**

The Borough has four loans with the New Jersey Infrastructure Program to fund utility upgrades. The New Jersey Infrastructure Fund Loans amounting to \$198,500 and \$2,451,000 are payable semi-annually till 2026 and 2030, respectively, with no interest. The New Jersey Infrastructure Trust Loans amounting to \$205,000 and \$2,275,000 are payable semi-annually commencing in 2008 till 2026 and 2013 till 2030, respectively. Interest rates vary between 4% to 5% for the loan in the amount of \$205,000. The interest rate for the second Trust Loan is 5%. The loan proceeds were received in 2007 for the first Trust and Fund Loans issued. To date the Borough has received partial funding from the Trust and Fund Loans that closed during 2011.

Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 250,311.17	63,413.00
2025	255,135.37	56,275.00
2026	262,702.05	43,661.00
2027	242,627.11	35,622.00
2028	205,161.50	29,473.00
2029	124,000.00	12,750.00
2030	131,000.00	6,550.00
	<u>\$ 1,470,937.20</u>	<u>\$ 247,744.00</u>

B. Short-Term Debt**General Capital Fund**

The Borough had no outstanding bond anticipation notes at December 31, 2023.

C. Bonds and Notes Authorized but not Issued

At December 31 the Borough had authorized but not issued bonds and notes as follows:

	<u>2023</u>	<u>2022</u>
General Capital Fund	\$ 1,861,957.51	\$1,950,352.03
Water-Sewer Utility Capital Fund	1,350,000.00	150,000.00

NOTE 3. DEBT (CONTINUED)

D. Borrowing Power

New Jersey statutes limit the debt of a Borough to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2023 was .546%. The Borough's remaining borrowing power is 2.954%.

Summary of Municipal Debt

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 689,514.17	822,514.17	989,798.68
Water-Sewer Utility:			
Bonds, Notes and Loans	<u>3,792,937.20</u>	<u>4,152,980.27</u>	<u>4,506,176.31</u>
Total Issued	<u>4,482,451.37</u>	<u>4,975,494.44</u>	<u>5,495,974.99</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	1,861,957.51	1,950,352.03	1,308,254.31
Water-Sewer Utility:			
Bonds and Notes	<u>1,350,000.00</u>	<u>150,000.00</u>	
Total Authorized but not Issued	<u>3,211,957.51</u>	<u>2,100,352.03</u>	<u>1,308,254.31</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 7,694,408.88</u>	<u>7,075,846.47</u>	<u>6,804,229.30</u>

E. Summary of Debt Activity

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 .546%

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 2,305,000.00	\$ 2,305,000.00	\$
Water-Sewer	5,142,937.20	5,142,937.20	
General Debt	<u>2,551,471.68</u>		<u>2,551,471.68</u>
	<u>\$ 9,999,408.88</u>	<u>\$ 7,447,937.20</u>	<u>\$ 2,551,471.68</u>

Net Debt \$2,551,471.68 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$466,991,089.67 = .546%.

NOTE 3. DEBT (CONTINUED)**Borrowing Power Under N.J.S.A. 40A:2-6**

3.5% of Equalized Valuation Basis (Municipal)	\$ 16,344,688.14
Net Debt	<u>2,516,598.05</u>
Remaining Borrowing Power	<u>\$ 13,828,090.09</u>

Calculation of Self-Liquidating Purpose - Water-Sewer Utility per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents and Other Charges		\$1,338,888.75
Deductions:		
Operating and Maintenance Costs	778,523.25	
Debt Service	<u>488,700.30</u>	
Total Deductions		<u>1,267,223.55</u>
Excess in Revenue		<u>\$ 71,665.20</u>

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$80,330.45 and \$68,041.04 at December 31, 2023 and 2022, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES APPROPRIATED

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the proposed municipal budget for the year ending December 31 of the succeeding years are as follows:

	<u>2023</u>	<u>2022</u>
Current Fund	\$ 803,500.00	760,000.00
Water-Sewer Utility Operating Fund	200,000.00	200,000.00

NOTE 6. PROPERTY TAXES**Comparison of Tax Rate Information**

The following is a three year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax Rate	<u>\$ 2.070</u>	<u>\$ 2.026</u>	<u>\$ 2.011</u>
Apportionment of Tax Rate			
Municipal	.559	.548	.550
County	.465	.414	.405
Regional School	.373	.391	.384
Local School	.673	.673	.672
Assessed Valuation			
2023	\$ 376,353,600		
2022		\$ 372,151,261	
2021			\$ 370,923,890

Comparison of Tax Levies and Collection Currently

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Collection</u>	<u>Percentage of Collection</u>
2023	\$ 7,879,108.69	7,778,921.40	98.61%
2022	7,593,490.71	7,457,381.00	98.03%
2021	7,485,618.19	7,365,175.77	98.39%

Delinquent Taxes and Tax Title Liens

<u>Year Ended December 31</u>	<u>Amount of Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2023	\$ 55,216.83	100,514.29	155,731.12	1.98%
2022	49,988.73	138,902.88	188,891.61	2.48%
2021	29,153.77	120,442.42	149,596.19	1.99%

NOTE 7. TAXES AND WATER-SEWER CHARGES COLLECTED IN ADVANCE

Taxes and water-sewer charges collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2023</u>	<u>2022</u>
Prepaid Taxes	\$ 50,286.16	41,579.19
Prepaid Water-Sewer Charges	1,126.01	916.82

NOTE 8. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Regional and Local School Districts, and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector (the "Collector") on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 9. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pension* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement providing they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Total OPEB Liability

At December 31, 2022, the Borough had a liability of \$2,431,806 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2022, the Borough's proportion was .015058 which was an increase of .00095 from its proportion measured as of June 30, 2021.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

For the year ended December 31, 2022, the Borough would be recognized OPEB expense of \$22,731. At December 31, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 125,581	450,753
Changes of Assumptions	324,535	829,929
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	640	
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	<u>1,226,780</u>	<u>201,815</u>
Total	<u>\$ 1,677,536</u>	<u>1,482,497</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) would be recognized in OPEB expense as follows:

Year ended June 30:	
2023	\$ (220,356.00)
2024	(220,550.00)
2025	(174,165.00)
2026	(77,783.00)
2027	(17,439.00)
Thereafter	<u>(119,633.00)</u>
	<u>\$ (829,926.00)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**Actual Assumptions and Other Inputs**

The total OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Initial Fiscal Year Applied	
Rate through 2026	2.75% to 6.55%
Thereafter	2.75% to 6.55%
Police and Firemen's Retirement System (PFRS)	
Rate for all Future Years	3.25% to 16.25%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projects from the central year using MP-2021

* Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021 and July 1, 2018 to June 30, 2021, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**Sensitivity of Net OPEB Liability to Changes in the Discount Rate**

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>June 30, 2022</u>		
	<u>1% Decrease 2.54%</u>	<u>At Current Discount Rate 3.54%</u>	<u>1% Increase 4.54%</u>
Borough's Proportionate Share Of Net OPEB Liability	\$ 2,818,953	2,431,806	2,120,310

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>June 30, 2022</u>		
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Borough's Proportionate Share Of Net OPEB Liability	\$ 2,062,974	2,431,806	2,904,176

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

The Borough, as of December 31, 2022, has one member under the Special Funding Situation. The State proportionate share of the Net OPEB liability attributed to the Borough is \$205,229.00 per the latest available information provided by the State.

NOTE 11. SCHOOL TAXES

Regional and Local District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any Borough that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy.

In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	<u>Regional District School Tax</u>		<u>Local District School Tax</u>	
	<u>Balance December 31</u>		<u>Balance December 31</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Balance of Tax	\$ 677,414.93	700,353.17	1,223,477.00	1,186,680.00
Deferred	<u>492,000.00</u>	<u>492,000.00</u>	<u>900,000.00</u>	<u>900,000.00</u>
Tax Payable	<u>\$ 185,414.93</u>	<u>208,353.17</u>	<u>323,477.00</u>	<u>286,680.00</u>

NOTE 12. RISK MANAGEMENT

The Borough 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. The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Borough pays an actuarially determined annual assessment to Ocean County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Borough has not been notified on any supplemental assessments.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 13. CONTINGENT LIABILITIES**State and Federal Financial Assistance**

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2023, the Borough estimates that no material liabilities will result from such audits.

NOTE 13. CONTINGENT LIABILITIES (CONTINUED)**Major Tax Assessments**

Taxpayers in 2023 with assessments in excess of 1% of the total assessed valuation were as follows:

<u>Owner</u>	<u>Assessed Value</u>	<u>Block/Lot</u>	<u>% of Value</u>
Jersey Yacht LLC	\$ 4,950,500	38.02/4.01	1.32%

There are actions which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

It is the opinion of the Borough officials that there is no litigation threatened or pending that would materially affect the financial position of the Borough or adversely affect the Borough's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The Borough officials believe that negligence and other types of liability suits, of which the Borough is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2023:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 350.76	\$ 114,689.85
Grant Fund	114,689.85	
General Capital Fund		250,065.98
Animal Control Trust		1.35
Trust Other Fund		283.43
Water-Sewer Utility Operating Fund	238.68	
Water-Sewer Utility Capital Fund	<u>250,000.00</u>	<u>238.68</u>
	\$ <u>365,279.29</u>	\$ <u>365,279.29</u>

Fees collected or expenses paid from one fund due another.

Interfund Explanations

The interfund between Grants and Current is for budgeted funds not yet received in the Grant Fund.

The interfund between water-sewer capital and general capital is for a project loan.

The remaining interfunds pertain to interest earned that need to be transferred to operations.

It is anticipated that all interfunds will be liquidated in 2024.

NOTE 15. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer firefighters and volunteer members of emergency service squads. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$1,150 per year of active emergency service, commencing with the year 2002.

Appropriations - Appropriations for the purpose of funding the Borough's LOSAP shall be included as a separate line item in the Borough's budget, commencing with the year 2002.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Borough for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Borough, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

Determination as to Eligibility - Each emergency service organization shall provide to the Borough Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as each January 1 thereafter. The Plan Administrator shall forward said certified list to the Borough Council for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Borough Council as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements - N.J.A.C. 5:30-14.49 requires that the Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

NOTE 16. PENSION OBLIGATIONS**A. Public Employee's Retirement System (PERS)**

Based on the latest available information provided by the State of New Jersey.

Plan Description – The State of New Jersey, Public Employee's Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Annual Financial Statements which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions – The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer's portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2023, the State's pension contribution was less than the actuarial determined amount. The local employer's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$29,768.00 for 2023.

NOTE 16. PENSION OBLIGATIONS (Continued)**Special Funding Situation**

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Components of Net Pension Liability – At December 31, 2023, the Borough reported a liability of \$456,868 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Borough's proportion measured as of June 30, 2023, was .00313%, which was .00002% less as its proportion measured as of June 30, 2022.

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
	July 1, 2022	July 1, 2021
Actuarial Valuation Date		
Net Pension Liability	\$ 456,868	475,917
Borough's Portion of the Plan's Total Net Pension Liability	0.00313%	0.00315%

For the year ended December 31, 2023, the Borough had an allocated pension benefit of \$4,605.

NOTE 16. PENSION OBLIGATIONS (Continued)

Actuarial Assumptions – The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Measurement Date	June 30, 2023
Actuarial Valuation Date	July 1, 2022
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 - 6.55%
Inflation 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 disables retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

NOTE 16. PENSION OBLIGATIONS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	<u>Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>Increase (8.0%)</u>
Borough's Proportionate Share Of Net Pension Liability	<u>\$ 594,745</u>	<u>456,868</u>	<u>339,517</u>

NOTE 16. PENSION OBLIGATIONS (Continued)**B. Police and Fireman's Retirement System (PFRS)**

Plan Description – The State of New Jersey, Police and Fireman's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to Division's Annual Financial Statements which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:16A*. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which cash benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions – The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For fiscal year 2022, the State contributed an amount less than the actuarially determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability by employer for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

NOTE 16. PENSION OBLIGATIONS (Continued)

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Components of Net Pension Liability – At December 31, 2023, the Borough reported a liability of \$1,290,388 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Borough's proportion measured as of December 31, 2023, was .00986%, which was a decrease of .00055% from its proportion measured as of December 31, 2022.

Collective Balances at December 31, 2023 and December 31, 2022

	<u>Dec. 31, 2023</u> July 1, 2022	<u>Dec. 31, 2022</u> July 1, 2021
Actuarial Valuation Date		
Net Pension Liability	\$ 1,290,388	1,191,763
District's Portion of the Plan's Total Net Pension Liability	0.00986%	0.01041%

For the year ended December 31, 2023, the Borough had an allocated pension expense of \$70,382.

NOTE 16. PENSION OBLIGATIONS (Continued)

Actuarial Assumptions – The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PFRS</u>
Measurement Date	June 30, 2023
Actuarial Valuation Date	July 1, 2022
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	All Future Years 3.25 - 16.25% Based on Years of Service
Inflation Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% 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 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) 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 weighing 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 PFRS's target asset allocation as of June 30, 2023 are summarized in the following table:

NOTE 16. PENSION OBLIGATIONS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	<u>Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>Increase (8.0%)</u>
Borough's Proportionate Share Of Net Pension Liability	\$ 1,797,930	1,290,388	867,727

NOTE 16. PENSION OBLIGATIONS (Continued)**C. Defined Contributions Retirement Program**

The defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. Seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

As of December 31, 2023, the Borough did not have any employees participating in the Defined Contribution Retirement Program.

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the Borough.

NOTE 17. LEASES

The Borough has entered into lease agreements for cellular Co-Location on its water tower with different communication companies. Each lease is for 5 years with four 5 year renewal options for a maximum of 25 years.

<u>Company</u>	<u>Year Agreement Started</u>	<u>Increase % Per Year</u>	<u>Base Amount</u>
T-Mobile	1998	3%	\$ 6,000.00
AT&T	2017	2%	28,129.92
Dish Wireless, LLC	2022	3%	30,000.00

In 2023, the Borough received \$65,075.77 from these leases.

BOROUGH OF ISLAND HEIGHTS

COUNTY OF OCEAN

PART II

YEAR ENDED DECEMBER 31, 2023

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under review:

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
E. Steven Doyle	Mayor	
Susan Thompson	Council President	
Brian Gabriel	Councilmember	
Robert Baxter	Councilmember	
Alan Fumo	Councilmember	
Rolf Weber	Councilmember	
Lynn Pendleton	Councilmember	
Sean Asay	Borough Clerk	*
Louis Palazzo	Chief Financial Officer	*
Jeanette Larrison	Tax Collector	*
Damian G. Murrery, Esq.	Municipal Court Judge	*
Elizabeth Boettger	Municipal Court Administrator	*

(*) A blanket bond covering municipal employees in the amount of \$50,000 was in effect with the Ocean County Joint Insurance Fund. Additional coverage of \$950,000 for public employees and \$1,000,000.00 for public officials and statutory employees was provided by the Municipal Excess Liability Joint Insurance Fund.

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEANCURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

Balance December 31, 2022	Ref A		\$ 2,365,834.56
Increased by Receipts:			
Taxes Receivable	A-5	7,856,443.54	
Prepaid Taxes	A	50,286.16	
Revenue Accounts Receivable	A-7	513,744.38	
Miscellaneous Revenue Not Anticipated	A-2	57,578.36	
Grant Interfund	A-13	49,111.69	
Interfunds	A-12	929.40	
DCA Training Fees	A	2,509.00	
Prepaid Revenue	A	1,040.00	
Municipal Relief Fund Aid	A	12,246.40	
Payroll Deductions Payable	A	6,705.19	
Due from State of New Jersey (Ch. 20, P.L. 1971)	A	104.79	
			<u>8,550,698.91</u>
			<u>10,916,533.47</u>
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	2,849,382.24	
County Taxes	A-8	1,758,135.55	
Local District School Tax	A-9	2,494,264.00	
Regional High School Tax	A-10	1,428,345.24	
Appropriation Reserves	A-11	177,628.30	
Interfunds	A-12	1,132.79	
Grant Interfund	A-13	49,216.23	
Tax Overpayments	A	5,691.70	
			<u>8,763,796.05</u>
Balance December 31, 2023	A		<u>\$ 2,152,737.42</u>

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND

ANALYSIS OF PROPERTY TAX LEVY

	Balance	2023	Collections		Veterans and Senior Citizens	Transfer To Liens	Cancelled	Balance
	Dec. 31, 2022	Levy	2022	2023				Dec. 31, 2023
Prior Year 2023	\$ 138,902.88	-	-	138,566.49	-	-	9.39	327.00
		7,879,108.69	41,579.19	7,717,877.05	10,812.33	5,228.10	3,424.73	100,187.29
	<u>\$ 138,902.88</u>	<u>7,879,108.69</u>	<u>41,579.19</u>	<u>7,856,443.54</u>	<u>10,812.33</u>	<u>5,228.10</u>	<u>3,434.12</u>	<u>100,514.29</u>
Ref.	A		A	A-2	A	A-6		A

Analysis of Current Year Property Yield and Tax Levy

Tax Yield:	
General Purpose Tax	\$ 7,758,177.78
Added and Omitted Taxes	120,930.91
	<u>\$ 7,879,108.69</u>
Tax Levy:	Ref.
Local District School Tax	A-9
Regional High School Tax	A-10
County Taxes:	
General County Tax	1,469,076.58
County Library Tax	139,068.83
County Health Tax	80,671.19
County Open Space Tax	58,371.19
County Added and Omitted Tax	19,423.92
Total County Taxes	A-8
Local Tax for Municipal Purposes	A-2
Add: Additional Tax Levied	
	<u>1,766,611.71</u>
	<u>2,176,028.98</u>
	<u>\$ 7,879,108.69</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 49,988.73
Increased by:		
Transfers from Taxes Receivable	A-5	<u>5,228.10</u>
Balance December 31, 2023	A	<u>\$ 55,216.83</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Exhibit A-7

	<u>Ref.</u>	<u>Accrued in 2023</u>	<u>Collected</u>
Local Revenues:			
Local Aid:	A-2		
Fees and Permits		\$ 29,661.17	29,661.17
Fines and Costs, Municipal Court		36,350.68	36,350.68
Interest and Costs on Taxes		29,709.25	29,709.25
Interest on Investment and Deposits		35,466.93	35,466.93
Beach Fees		30,485.00	30,485.00
Cable Television Franchise Fees		27,282.92	27,282.92
Post Office Lease		48,282.87	48,282.87
Antenna Lease		36,600.00	36,600.00
Uniform Construction Code Fees		121,687.00	121,687.00
State Aid:			
Energy Receipts Tax		<u>118,218.56</u>	<u>118,218.56</u>
		<u>\$ 513,744.38</u>	<u>513,744.38</u>
	Ref.		A-4

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit A-8

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2022	<u>Ref.</u> A		\$ 10,947.76
Increased by:			
2023 Levy:			
General County Tax		1,469,076.58	
County Library Tax		139,068.83	
County Health Tax		80,671.19	
County Open Space Tax		58,371.19	
County Share of Added and Omitted Taxes		<u>19,423.92</u>	
	A-1		<u>1,766,611.71</u>
			<u>1,777,559.47</u>
Decreased by:			
Payments	A-4		<u>1,758,135.55</u>
Balance December 31, 2023	A		<u><u>\$ 19,423.92</u></u>

SCHEDULE OF LOCAL SCHOOL DISTRICT TAX PAYABLE

Exhibit A-9

Balance December 31, 2022:	<u>Ref.</u>		
School Tax Deferred		\$ 900,000.00	
School Tax Payable	A	<u>286,680.00</u>	
			1,186,680.00
Increased:			
Levy School Year July 1, 2022 to June 30, 2023	A-1		<u>2,531,061.00</u>
			<u>3,717,741.00</u>
Decreased by:			
Payments	A-4		<u>2,494,264.00</u>
Balance December 31, 2023:			
School Tax Deferred		900,000.00	
School Tax Payable	A	<u>323,477.00</u>	
			<u><u>\$ 1,223,477.00</u></u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEANCURRENT FUND

Exhibit A-10

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	<u>Ref.</u>		
Balance December 31, 2022:			
School Tax Deferred		\$ 492,000.00	
School Tax Payable	A	<u>208,353.17</u>	700,353.17
Increased by:			
Levy School Year July 1, 2022 to June 30, 2023	A-1		<u>1,405,407.00</u>
			2,105,760.17
Decreased by:			
Payments	A-4		<u>1,428,345.24</u>
Balance December 31, 2023:			
School Tax Deferred		492,000.00	
School Tax Payable	A	<u>185,414.93</u>	
			<u>\$ 677,414.93</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEANCURRENT FUND

Exhibit A-11

SCHEDULE OF APPROPRIATION RESERVES

Balance December 31, 2022	<u>Ref.</u> A		\$ 337,263.06
Increased by:			
Encumbrances			<u>57,761.45</u>
			395,024.51
Decreased by:			
Disbursed	A-4	177,628.30	
Accounts Payable	A	8,844.13	
Lapsed to Surplus	A-1	<u>208,552.08</u>	
			<u>\$ 395,024.51</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-12

SCHEDULE OF INTERFUNDS

	Ref.	Total (Memo Only)	Animal Control Trust	General Capital	Trust Other
Balance December 31, 2022 - Due From (To)	A	\$ 147.37	0.48	44.75	102.14
Increased by:					
Receipts	A-4	1,132.79	13.24	938.26	181.29
Total Increases and Balances		1,280.16	13.72	983.01	283.43
Decreased by:					
Disbursements		929.40	12.37	917.03	-
Total Decreases	A-4	929.40	12.37	917.03	-
Balance December 31, 2023 - Due From (To)	A	\$ 350.76	1.35	65.98	283.43

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-13

SCHEDULE OF INTERFUND

GRANT FUND

	<u>Ref</u>		
Balance December 31, 2022 - Due To	A		\$ 218,624.56
Increased by:			
Deposited in Current Fund:			
Grant Receivable		22,711.21	
Current Year Budget Appropriations		<u>26,400.48</u>	
			<u>49,111.69</u>
			267,736.25
Decreased by:			
Current Year Anticipated Revenue		23,830.17	
Apply Unappropriated Grants to 2023 Budget		80,000.00	
Grant Fund Disbursements		<u>49,216.23</u>	
			<u>153,046.40</u>
Balance December 31, 2023 - Due To	A		<u>\$ 114,689.85</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit A-14

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

GRANT FUND

	Balance	2023	Balance
	Dec. 31, 2022	Budget Revenue Realized	Dec. 31, 2023
<u>Grant</u>			
Body Armor Fund	\$ 8,650.74		8,650.74
OEM - 966 Equipment Grant	327.70		327.70
Sustainable Jersey Small Grants Program	10,000.00		10,000.00
Community Development Block Grant	3,106.50		3,106.50
Recycling Tonnage Grant		2,570.31	-
OAG Body Worn Camera Grant	16,304.00		16,304.00
Stotmwater Management Grant		15,000.00	-
Clean Communities		5,140.90	-
ARP - Firefighter Equipment Grant	32,000.00		32,000.00
	<u>\$ 70,388.94</u>	<u>22,711.21</u>	<u>70,388.94</u>

Ref. A A-3 A-4 A

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit A-15

CURRENT FUND

SCHEDULE OF APPROPRIATED RESERVES

GRANT FUND

<u>Grant</u>	Balance	2023	Expended	Encumbrances Cancelled	Balance Dec. 31, 2023
	Dec. 31, 2022	Budget Appropriations			
Drunk Driving Enforcement Fund	\$ 3,649.38	3,689.27		(3,689.27)	3,649.38
Clean Communities	33,155.32	5,140.90	5,140.90		33,155.32
Recycling Tonnage	21,426.56	2,570.31			23,996.87
Alcohol Rehabilitation	334.73				334.73
Waterfront Access	11,752.64				11,752.64
Sustainable Jersey Grant	594.81				594.81
OEM Grant	17,118.20				17,118.20
CDBG - Lake Avenue Memorial Field	8,310.00				8,310.00
CDBG - Handicapped Ramp - River Road	2,956.25				2,956.25
Green Communities	3,000.00				3,000.00
Body Armor Replacement Fund	15,677.63				15,677.63
CARES Act Coronavirus Relief Fund	3,780.88				3,780.88
Stormwater Management Grant		15,000.00	3,873.50		11,126.50
ARP - Firefighter Equipment Grant	32,000.00		9,998.00	(21,714.00)	288.00
PSEG Small Grant Award	5,000.00				5,000.00
	<u>\$ 158,756.40</u>	<u>26,400.48</u>	<u>19,012.40</u>	<u>(25,403.27)</u>	<u>140,741.21</u>

Ref.

A

A-3

A-4

A

Exhibit A-16

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

SCHEDULE OF UNAPPROPRIATED RESERVES

FEDERAL AND STATE GRANT FUND

	Balance Dec. 31, 2022	Transferred to 2023 Budget	Received	Balance Dec. 31, 2023
<u>Grant</u>	\$ 95,738.50	80,000.00		15,738.50
American Recovery Plan	\$ 95,738.50	80,000.00	-	15,738.50

Ref.

A

A-4

A

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

TRUST FUND

Exhibit B-1

SCHEDULE OF TRUST - CASH

	<u>Ref.</u>	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2022	B	\$ 1,027.99	293,683.47
Increased by Receipts:			
Reserve for Animal Control Expenditures	B-2	1,200.20	
Due to State of New Jersey Department of Health	B-3	106.80	
Interfund - Current Fund	B	13.24	181.29
Various Trust Reserves	B-4	<u>1,320.24</u>	<u>198,080.30</u>
		2,348.23	491,763.77
Decreased by:			
Reserve for Animal Control Expenditures	B-2	587.25	
Due to State of New Jersey Department of Health	B-3	110.40	
Interfund - Current Fund	B	12.37	
Various Trust Reserves	B-4	<u>710.02</u>	<u>101,726.04</u>
Balance December 31, 2023	B	\$ <u>1,638.21</u>	<u>390,037.73</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEANTRUST FUND

Exhibit B-2

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 1,023.91
Increased by:		
Deposits	B-1	1,200.20
		<u>2,224.11</u>
Decreased by:		
Disbursements	B-1	587.25
		<u>587.25</u>
Balance December 31, 2023	B	<u>\$ 1,636.86</u>

SCHEDULE OF FEES DUE TO STATE OF NEW JERSEYDEPARTMENT OF HEALTH

Exhibit B-3

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 3.60
Increased by:		
Fees Collected	B-1	106.80
		<u>110.40</u>
Decreased by:		
Payments to State	B-1	110.40
		<u>110.40</u>
Balance December 31, 2023	B	<u>\$ -</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

TRUST FUND

SCHEDULE OF MISCELLANEOUS RESERVES

	Balance Dec. 31, 2022	Increases	Decreases	Balance Dec. 31, 2023	
Reserve For:					
Accumulated Absences	\$ 72,499.01			72,499.01	
Community Garden Funds	3,335.03	3,800.00	2,025.00	5,110.03	
D.A.R.E. Program	1,090.98			1,090.98	
Escrow Deposits and Cash Bonds	73,007.97	29,000.00	47,884.00	54,123.97	
Forfeiture Funds - State	962.00			962.00	
P.O.A.A.	80.50	14.00		94.50	
Premiums Received at Tax Sale	80,400.00	5,200.00	27,000.00	58,600.00	
Public Defender	250.00			250.00	
Unclaimed Property - Police	402.00	34.53		436.53	
Snow Removal	34,767.88		2,141.76	32,626.12	
Special Duty - Police	6,851.00			6,851.00	
Tax Title Lien Redemption	19,934.96	159,850.48	22,675.28	157,110.16	
	<u>\$ 293,581.33</u>	<u>197,899.01</u>	<u>101,726.04</u>	<u>389,754.30</u>	
Ref.	B	B-1	B-1	B	

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEANTRUST FUND

Exhibit B-5

SCHEDULE OF LOSAP(LENGTH OF SERVICE AWARD PROGRAM) - UNAUDITED

Balance December 31, 2022	<u>Ref.</u> B		\$ 662,019.15
Increased by:			
Contributions		27,600.00	
Gains on Investments		<u>108,190.13</u>	
			<u>135,790.13</u>
			797,809.28
Decreased by:			
Withdrawals		36,051.60	
Maintenance Charges		<u>1,300.00</u>	
			<u>37,351.60</u>
Balance December 31, 2023	B		<u>\$ 760,457.68</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEANGENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF GENERAL CAPITAL CASH

Balance December 31, 2022	<u>Ref.</u> C		\$ 91,527.21
Increased by Receipts:			
Grants Receivable	C-10	101,714.52	
Reserve for Benches	C	8,290.25	
Capital Improvement Fund	C-6	237,000.00	
Interfund - Water-Sewer Capital	D	250,000.00	
Interfund - Current Fund	A	<u>938.26</u>	
			<u>597,943.03</u>
			689,470.24
Decreased by Disbursements:			
Improvement Authorizations	C-7	665,390.44	
Reserve for Benches	C	3,960.78	
Interfund - Current Fund	C-3	<u>917.03</u>	
			<u>670,268.25</u>
Balance December 31, 2023	C		<u><u>\$ 19,201.99</u></u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH

	Balance Dec. 31, 2022	Receipts		Disbursements		Transfers		Balance Dec. 31, 2023
		Miscellaneous		Improvement Authorization	Miscellaneous	From	To	
Capital Improvement Fund	\$ 48,994.32	237,000.00				250,000.00		35,994.32
Grants Receivable	-	101,714.52				101,714.52		-
Interfund - Current Fund	44.75	938.26		917.03				65.98
Interfund - Water-Sewer Capital Fund	104,108.35	250,000.00						250,000.00
Reserve for Payment of Bonds and Notes	1,771.26							104,108.35
Reserve for Benches	57,972.93	8,290.25		3,960.78				6,100.73
Capital Fund Balance								57,972.93
Improvement Authorizations								
Ordinance								
Number								
00-02, 05-04								
04-07	7,196.75		59,808.62	-				(52,611.87)
16-08	552.00							552.00
18-03	106.25							106.25
19-02	119,424.44							119,424.44
19-06	13,089.76		160.00					12,929.76
19-08	7,172.17							7,172.17
20-02	(313,191.45)							(313,191.45)
21-02	153,175.50							103,679.32
21-03/22-04	(33,465.88)					101,714.52		67,046.39
21-06	80,408.62							28,124.48
21-12	180,229.11							52,975.31
22-05	(59,728.28)							(92,069.28)
22-10	(196,833.39)							(204,678.96)
22-13	(86,500.00)							(128,544.00)
23-08	7,000.00							(61,369.50)
23-11	-					250,000.00		34,157.12
								(8,742.50)
	\$ 91,527.21	597,943.03	665,390.44	4,877.81		351,714.52	351,714.52	19,201.99

Ref. C C-2 C-2 C-2 C

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Balance December 31, 2022	<u>Ref.</u> C	\$ 822,514.17
Decreased by:		
2023 Budget Appropriations to Debt Service:		
Serial Bonds Paid by Budget	C-8	<u>133,000.00</u>
Balance December 31, 2023	C	<u>\$ 689,514.17</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2022</u>	<u>2023 Authorizations</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2023</u>
00-02, 05-04	Repair and Replacement of the Bulkhead at Wanamaker and Summit Avenue, Construction of Gazebo	\$ 99,407.58			99,407.58
19-08	Reconstruction of Lake Avenue Phase II	71,110.45			71,110.45
21-02	Reconstruction of Lake Avenue Phase II Cont.	41,750.00			41,750.00
21-03	Camp Meeting/ Highland	5,500.00			5,500.00
21-12	Bay, Dirmitt, Thomas, East End	81,900.00			81,900.00
22-04	Camp Meeting/ Highland - Phase II	140,000.00			140,000.00
22-10	Road Improvements - Holly & Lake	171,000.00			171,000.00
22-13	Purchase of Trash Recepticles	133,000.00		60,000.00	73,000.00
23-11	Road Improvements - Garden & Maple	-	73,320.00		73,320.00
		<u>\$ 743,668.03</u>	<u>73,320.00</u>	<u>60,000.00</u>	<u>756,988.03</u>
	Ref.	C	C-7	C-11	C

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEANGENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2022	Ref. C	\$ 48,994.32
Increased by:		
Budget Appropriation	C-2	<u>237,000.00</u>
		285,994.32
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-7	<u>250,000.00</u>
Balance December 31, 2023	C	<u><u>\$ 35,994.32</u></u>

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2022		(Cancelled)/ Encumbrance	2023 Authorizations	Paid Or Charged	Balance Dec. 31, 2023	
				Funded	Unfunded				Funded	Unfunded
00-02, 05-04	Repair and Replacement of the Bulkhead	5/16/2000	\$ 620,000.00	\$ -	98,907.58	3,381.38	59,898.62	1,825.46	35,717.58	
19-02	Various Recreation Improvements	3/12/2019	34,500.00	1,825.46	(160.00)		160.00	4,942.35		
19-06	Various Capital Improvements	3/12/2019	121,000.00	4,942.35				90,934.34		
20-02	Various Capital Improvements	7/1/2020	161,500.00	147,200.00						
21-02	Reconstruction of Lake Avenue Phase II Cont.	2/23/2021	466,750.00		91,460.63	6,769.48	49,496.18		82,769.88	
21-03	Camp Meeting/ Highland	3/9/2021	190,000.00		60,833.62	7,488.50	1,202.25		21,698.37	
21-06	2021 Various Capital Improvements	6/15/2021	235,000.00	61,379.11		(13,148.89)	52,284.14		15,547.61	
21-12	Bay, Dirmitt, Thomas, East End	11/8/2021	300,000.00		39,986.87	(81,422.30)	127,253.80			
22-05	Various Capital Improvements	6/6/2022	200,000.00	942.13		(25,769.27)	32,341.00	33,415.14		
22-10	Road Improvements - Holly & Lake	12/8/2022	550,000.00		463,500.00	(7,845.57)	7,845.57	942.13		
22-13	Purchase of Trash Receipts	12/14/2022	140,000.00		140,000.00	(42,044.00)	42,044.00		463,500.00	
23-08	Various Capital Improvements	6/19/2023	250,000.00				128,369.50		11,630.50	
23-11	NJ DOT Road Improvements (Garden)	12/4/2023	450,000.00				215,842.88	28,021.37	396,200.00	
				\$ 2,162,289.05	894,688.70	(101,557.42)	700,000.00	725,390.44	1,027,063.94	
				C	C		C-3	C	C	
	Capital Improvement Fund					Ref.				
	Grants					C-6	\$ 250,000.00			
	Def. Charges to Future Taxation-Unfunded					C-10	376,680.00			
						C-5	73,320.00			
							\$ 700,000.00			
						Disbursed		\$ 665,390.44		
						Encumbrance		60,000.00		
								\$ 725,390.44		

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>Purpose</u>	<u>Issue</u>	<u>Issue</u>	<u>Maturities of Bonds</u>	<u>Rate</u>	<u>Dec. 31, 2022</u>	<u>Paid by</u>	<u>Dec. 31, 2023</u>
General Improvement Bonds	2011	\$ 1,623,000.00	2024-2026	3.75%	\$ 432,000.00	108,000.00	324,000.00
General Obligations Bonds	12/3/2019	340,000.00	2024-2026 2027-2029	4.00% 4.00%	265,000.00	25,000.00	240,000.00
					<u>\$ 697,000.00</u>	<u>133,000.00</u>	<u>564,000.00</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-9
Sheet 1 of 2

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

<u>Improvement Description</u>	<u>Date of Issued</u>	<u>Original Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2022</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2023</u>
River Avenue Boardwalk	6/27/2006	\$ 600,000.00	See Amortization Schedule	2.00%	\$ 125,514.17	-	125,514.17

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Exhibit C-9

Sheet 2 of 2

River Avenue Boardwalk

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>
33	March 2024	\$ 17,399.82	1,255.14
34	September 2024	17,573.81	1,081.15
35	March 2025	17,749.55	905.41
36	September 2025	17,927.05	727.91
37	March 2026	18,106.32	548.64
38	September 2026	18,287.38	367.58
39	March 2027	18,470.24	184.72
		<u>\$ 125,514.17</u>	<u>5,070.55</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit C-10

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance Dec. 31, 2022</u>	<u>2023 Authorizations</u>	<u>Received</u>	<u>Balance Dec. 31, 2023</u>
21-02	NJ DOT - Lake Avenue Phase II Cont (2019 MA)	129,140.15		101,714.52	27,425.63
21-03	NJ DOT - Camp Meeting/Highland (2020 MA)	43,750.00			43,750.00
21-12	NJ DOT Bay Dirmitt Thomas (2021 MA)	68,915.15			68,915.15
22-10	NJ DOT - Holly & Lake	379,000.00			379,000.00
23-11	NJ DOT - Reconstruction of Garden, Garfield & Maple	-	376,680.00		376,680.00
		<u>\$ 620,805.30</u>	<u>376,680.00</u>	<u>101,714.52</u>	<u>895,770.78</u>
	Ref.	C		C-2	C

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Description	Balance		2023 Authorizations	Funded	Balance Dec. 31, 2023
		Dec. 31, 2022				
00-02 & 05-04	Repair and Replacement of the Bulkhead at Wanamaker and Summit Avenue, Construction of Gazebos	\$ 99,407.58				99,407.58
19-08	Reconstruction of Lake Avenue Phase II	71,194.45				71,194.45
21-02	Reconstruction of Lake Avenue Phase II (continued)	466,750.00			101,714.52	365,035.48
21-03	Camp Meeting/Highland	330,000.00				330,000.00
21-12	Bay, Dirrinit, Thomas, East End	300,000.00				300,000.00
22-10	Road Improvements - Holly & Lake	550,000.00				550,000.00
22-13	Purchase of Trash Recepticles	133,000.00			60,000.00	73,000.00
23-11	Reconstruction of Garden, Garfield & Maple	-		73,320.00		73,320.00
		<u>\$ 1,950,352.03</u>		<u>73,320.00</u>	<u>161,714.52</u>	<u>1,861,957.51</u>
		Ref. C		C-5		C
		Funded by Budget		Ref. C-5	\$ 60,000.00	
		Grant		C-2	<u>101,714.52</u>	
					<u>\$ 161,714.52</u>	

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit D-5

WATER-SEWER UTILITY FUND

SCHEDULE OF WATER-SEWER UTILITY CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2022	D	\$ 470,457.07	473,910.92
Increased by Receipts:			
Consumer Accounts Receivable	D-3	1,039,758.55	
Water Tower Antenna Lease	D-3	65,075.77	
Miscellaneous Revenue	D-3	35,054.43	
Capital Improvement Fund	D-12		25,000.00
Unapplied Receipts	D	3,855.25	
Overpayments	D	555.39	
Interfund - Utility Capital Fund			30.94
Prepaid Utility Rents	D	<u>1,126.01</u>	
		<u>1,145,425.40</u>	<u>25,030.94</u>
		<u>1,615,882.47</u>	<u>498,941.86</u>
Decreased by Disbursements:			
Current Year Budget Appropriations	D-4	1,090,698.98	
Appropriation Reserve	D-10	17,271.19	
Interfund - General Capital Fund			250,000.00
Accrued Interest	D-11	32,657.39	
Encumbrances			34,156.08
Improvement Authorizations	D-12		<u>27,227.92</u>
		<u>1,140,627.56</u>	<u>311,384.00</u>
Balance December 31, 2023	D	\$ <u>475,254.91</u>	<u>187,557.86</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit D-6

WATER-SEWER UTILITY CAPITAL FUND

ANALYSIS OF WATER-SEWER UTILITY CAPITAL CASH

	Balance		Receipts	Disbursements	Transfers		Balance
	Dec. 31, 2022	Dec. 31, 2023			From	to	
Capital Improvement Fund	\$ 88,460.00		25,000.00				113,460.00
Interfunds:							
Water-Sewer Utility Operating Fund	207.74		30.94				238.68
General Capital Fund	1,424.19			250,000.00			(250,000.00)
Fund Balance	54,816.08						1,424.19
Reserve for Encumbrances							54,816.08
Ordinance							
Number	Improvement Description						
09-04	Root Treatment	378.61					378.61
10-06	Repair and Replacement of Fire Hydrants	27,197.27		18,845.94			8,351.33
16-09	Various Water and Sewer Improvements	74,534.10		39,724.00			34,810.10
18-12	Various Water and Sewer Improvements	4,497.50					4,497.50
19-01	Various Water and Sewer Improvements	214,814.57		2,814.06			212,000.51
19-10	Various Water and Sewer Improvements	16,000.86					16,000.86
22-06	Various Water and Sewer Improvements	(8,420.00)		-			(8,420.00)
		\$ 473,910.92	25,030.94	311,384.00	-		187,557.86

Ref.

D-4

D-5

D-5

D-4

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2022	<u>Ref.</u> D		\$ 90,239.95
Increased by:			
Water-Sewer Rents Levied			<u>1,032,823.07</u>
			1,123,063.02
Decreased by:			
Receipts		\$ 1,020,897.57	
Overpayments Applied		<u>18,860.98</u>	
			<u>1,039,758.55</u>
Balance December 31, 2023	D		<u><u>\$ 83,304.47</u></u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEANWATER-SEWER UTILITY FUND

Exhibit D-8

SCHEDULE OF FIXED CAPITAL

<u>Accounts</u>	Balance Dec. 31, 2022 & Dec. 31, 2023
Wells	\$ 910,460.73
Sewer Mains	243,700.00
Treatment Plant	3,063,936.03
Pumping Station Structures and Improvements	288,878.35
Sewer Flusher, Pumps and Equipment	44,000.00
Electric Power Pumping Equipment	5,023.85
Other Power and Pumping Equipment	2,200.00
Transmission Main and Accessories	7,922.63
Tank and Standpipes	1,706,792.72
Distribution Main, Accessories, Distribution System and Rehabilitation of System	516,037.43
Fire Hydrants	2,700.00
Truck Equipment, Utility Truck and Backhoe	75,700.00
Engineering	1,838.29
Legal	1,033.94
Interest During Construction	172.72
Sewer Plant	409,065.08
Water-Sewer System Improvements	553,353.98
Water Meters	58,000.00
Rehabilitation of Sewer Lines and Water Mains	44,964.99
Office and Computer Equipment	15,000.00
Renovations to Water Tower	136,669.82
Drainage Improvements	10,426.00
Purchase of Pick-Up Truck	53,196.25
Filter Media and Plant Upgrades	69,841.88
	<u>\$ 8,220,914.69</u>

Ref.

D

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit D-9

WATER-SEWER UTILITY FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Improvement Description	Date	Amount	Balance		2023 Authorizations	Balance Dec. 31, 2023
				Dec. 31, 2022	Dec. 31, 2023		
07-14	Filter Media and Plant Upgrades System	8/21/2007	\$ 76,000.00	\$ 158.12			158.12
09-04	Various Water and Sewer Improvements	7/28/2009	20,000.00	20,000.00			20,000.00
09-08	Replacement of Pump Stations	10/29/19	70,000.00	70,000.00			70,000.00
10-04	Replacement of Pump Stations (amending 09-08)	4/17/2010	17,250.00	17,250.00			17,250.00
10-06	Repair and Replacement of Fire Hydrants	4/27/2010	275,860.00	275,860.00			275,860.00
16-09	Various Water and Sewer Improvements	8/09/2016	937,500.00	937,500.00			937,500.00
18-12	Various Water and Sewer Improvements	7/10/2018	728,441.00	728,441.00			728,441.00
19-01	Various Water and Sewer Improvements	3/12/2019	408,000.00	408,000.00			408,000.00
19-10	Various Water and Sewer Improvements	10/22/2019	300,000.00	300,000.00			300,000.00
22-06	Various Water and Sewer Improvements	5/24/2022	150,000.00	150,000.00			150,000.00
23-14	Water Meter Replacement Project	12/12/2023	1,200,000.00	-	1,200,000.00		1,200,000.00
				\$ 2,907,209.12	1,200,000.00	1,200,000.00	4,107,209.12
		Ref.	D	D	D-15	D	D

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit D-10

WATER-SEWER UTILITY FUND

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2022</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Expended</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 1,660.37		1,660.37		1,660.37
Other Expenses	37,151.39	41,589.20	78,740.59	17,271.19	61,469.40
Ocean County Utilities Authority	7,226.60		7,226.60		7,226.60
Statutory Expenditures:					
Contribution to:					
Social Security System	693.42		693.42		693.42
Unemployment Compensation Insurance	1,260.44		1,260.44		1,260.44
	<u>\$ 47,992.22</u>	<u>41,589.20</u>	<u>89,581.42</u>	<u>17,271.19</u>	<u>72,310.23</u>
Ref. D					D-1
		Disbursed	Ref. D-5	\$ 17,271.19	
				<u>\$ 17,271.19</u>	

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-11

SCHEDULE OF ACCRUED INTEREST ON NOTES AND LOANS

Balance December 31, 2022	<u>Ref.</u> D	\$ 25,377.61
Increased by:		
Budget Appropriation	D-4	<u>29,194.41</u>
		54,572.02
Decreased by:		
Disbursements	D-5	<u>32,657.39</u>
Balance December 31, 2023	D	<u>\$ 21,914.63</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-12

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2022	<u>Ref.</u> D		\$ 88,460.00
Increased by:			
Budget Appropriation	D-4		<u>25,000.00</u>
Balance December 31, 2023	D		<u>\$ 113,460.00</u>

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

Exhibit D-13

Balance December 31, 2022	D		\$ 661,728.59
Increased by:			
Paid by Budget Appropriation:			
Bond Principal	D-4	111,000.00	
Infrastructure Loans	D-4	<u>249,043.07</u>	
			<u>360,043.07</u>
Balance December 31, 2023	D		<u>\$ 1,021,771.66</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Exhibit D-14

Ordinance Number	Improvement Description	Date	Amount	Balance Dec 31, 2022		2023 Authorizations	Paid or Charged	Cancel Encumbrance	Balance Dec 31, 2023	
				Funded	Unfunded				Funded	Unfunded
09-04	Rehabilitation & Repair of the Sanitary Sewer System	7/28/2009	\$ 28,000.00	\$ 378.61					378.61	
10-06	Repair and Replacement of Fire Hydrants	4/27/2010	275,860.00	27,197.27		18,845.94	12,240.00		20,591.33	
16-09	Various Water and Sewer Improvements	8/09/2016	937,500.00	74,534.10		39,724.00			34,810.10	
18-12	Various Water and Sewer Improvements	7/10/2018	728,441.00	4,497.50					4,497.50	
19-01	Various Water and Sewer Improvements	3/12/2019	408,000.00	214,814.57		136,895.00			77,919.57	
19-10	Various Water and Sewer Improvements	10/22/2019	300,000.00	16,000.86					16,000.86	
22-06	Various Water and Sewer Improvements	5/24/2022	150,000.00			26,900.00		12,400.00		123,100.00
23-14	Water Meter Replacement Project	12/12/2023	1,200,000.00		1,200,000.00					1,200,000.00
				\$ 337,422.91	137,600.00	222,364.94	24,640.00		154,197.97	1,323,100.00
			Ref.	D	D-9	D-5		D		D
			Disbursed Encumbrances		Ref.	\$ 27,227.92				
					D-5	195,137.02				
					D	\$ 222,364.94				

WATER-SEWER UTILITY FUND

SCHEDULE OF BOND AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2022</u>	<u>2023 Authorization</u>	<u>Balance Dec. 31, 2023</u>
22-06	Various Water and Sewer Improvements	\$ 150,000.00	-	150,000.00
23-14	Water Meter Replacement Project		1,200,000.00	1,200,000.00
		<u>\$ 150,000.00</u>	<u>1,200,000.00</u>	<u>1,350,000.00</u>
	Ref. D		D-14	D

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

SCHEDULE OF WATER-SEWER SERIAL BONDS

Description	Date of Issue	Original Amount Issued	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2022	Paid by Budget Appropriation	Balance Dec. 31, 2023
			Date	Amount				
Water-Sewer Improvement Bonds	11/30/11	\$ 754,000.00	2024-2025	\$ 51,000.00	3.75%	\$ 193,000.00	51,000.00	142,000.00
			2026	40,000.00	3.75%			
Utility General Obligation Bonds	12/5/19	2,420,000.00	2024-2026	60,000.00	4.000%	2,240,000.00	60,000.00	2,180,000.00
			2027	80,000.00	4.000%			
			2028	115,000.00	4.000%			
			2029-2030	120,000.00	4.000%			
			2031	120,000.00	2.450%			
			2032	120,000.00	2.500%			
			2033	120,000.00	2.600%			
			2034	115,000.00	2.650%			
			2035	115,000.00	2.700%			
			2036	115,000.00	2.750%			
			2037	115,000.00	2.800%			
			2038	115,000.00	2.850%			
			2039	105,000.00	2.875%			
			2040-2044	105,000.00	3.000%			
						\$ 2,433,000.00	111,000.00	2,322,000.00

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit D-17

WATER-SEWER UTILITY FUND

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities Outstanding Dec. 31, 2023</u>			<u>Interest Rate</u>	<u>Balance Dec. 31, 2022</u>	<u>Budget Appropriation</u>	<u>Balance Dec. 31, 2023</u>
			<u>Year</u>	<u>Amount</u>	<u>Rate</u>				
Utility System	2006	\$ 205,000.00	2024	\$ 12,910.12	4.25%	\$ 55,536.50	14,238.59	41,297.91	
			2025	14,208.95	4.25%				
			2026	14,178.84	4.25%				
						<u>\$ 55,536.50</u>	<u>14,238.59</u>	<u>41,297.91</u>	
						D	D-4	D	

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit D-18

WATER-SEWER UTILITY FUND

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE FUND LOAN

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding		Interest Rate	Balance Dec. 31, 2022	Budget Appropriation	Balance Dec. 31, 2023
			Year	Amount				
Utility System	2006	\$ 198,500.00	2024	\$ 10,773.94	0.00%	\$ 42,146.72	11,177.37	30,969.35
			2025	10,299.31				
			2026	9,896.10				
						<u>\$ 42,146.72</u>	<u>11,177.37</u>	<u>30,969.35</u>
						D	D-4	D

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit D-19

WATER-SEWER UTILITY FUND

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding		Interest Rate	Balance Dec. 31, 2022	Budget Appropriation	Balance Dec. 31, 2023
			Year	Amount				
Utility System	2010	\$ 2,275,000.00	2024	\$ 102,000.00	5.00%	\$ 911,000.00	91,000.00	820,000.00
			2025	106,000.00	5.00%			
			2026	114,000.00	5.00%			
			2027	118,000.00	5.00%			
			2028	125,000.00	5.00%			
			2029	124,000.00	5.00%			
			2030	131,000.00	5.00%			
						\$ 911,000.00	91,000.00	820,000.00
							D-4	D
							D	D

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit D-20

WATER-SEWER UTILITY FUND

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE FUND LOAN

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities Outstanding Dec. 31, 2023</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2022</u>	<u>Budget Appropriation</u>	<u>Balance Dec. 31, 2023</u>
			<u>Year</u>	<u>Amount</u>				
Utility System	2010	\$ 2,451,000.00	2024	\$ 124,627.11	0.00%	\$ 703,297.05	124,627.11	578,669.94
			2025	124,627.11				
			2026	124,627.11				
			2027	124,627.11				
			2028	80,161.50				
						\$ 703,297.05	124,627.11	578,669.94
						D	D-4	D

BOROUGH OF ISLAND HEIGHTS

COUNTY OF OCEAN

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2023

Robert A. Hulsart and Company
 CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members
 of the Borough Council
 Borough of Island Heights
 County of Ocean
 Island Heights, New Jersey 08732

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, 2023, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated September 30, 2024, 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, we considered the Borough's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion of the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all efficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's consolidated financial statements are free of 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* and audit requirements as prescribed by the Division.

This report is intended solely for the information and use of the Borough's management, the Borough Council, others within the organization, the Division, and federal and state awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Robert A. Hulsart and Company
Independent Auditors

September 30, 2024

BOROUGH OF ISLAND HEIGHTS

COUNTY OF OCEAN

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

An audit of the financial accounts and transactions of the Borough of Island Heights, in the County of Ocean, for the year ended December 31, 2023, has recently been completed. The results of the audit are herewith set forth.

Scope of Audit

The audit covered the financial transactions of the Chief Financial Officer, Tax Collector, and the activities of the Mayor and Borough Council and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payments had been made or for which reserves had not been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the governing body.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Borough Departments as shown on the Statement of Revenue and Schedule of Revenue Accounts Receivable are presented as recorded in the Borough records.

General Comments

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

N.J.S. 40A:11-4a 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." The amount set forth pursuant to the above statute was \$17,500 for municipalities without a qualified purchasing agent (QPA) and \$44,000 with qualified purchasing agent. The Borough's bid threshold was \$44,000 for the year under audit.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the above statutory limitation within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that 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 the furnishing 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.

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit 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.A. 40A:11-4.

Contracts and Agreements Not Required to be Advertised per N.J.S. 40A:11-6.1

N.J.S. 40A:11-6.1 states “For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount... . the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable.”

We conducted a compliance review of the procedures and policies for securing quotations for purchases referred to above which indicated that the procedures were implemented to ensure statutory compliance and that quotes had been solicited as required by the statute.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S. 54:4-67, as amended, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

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

NOW THEREFORE BE IT RESOLVED, that if said taxes are deemed to be delinquent for nonpayment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and

BE IT FURTHER RESOLVED, by the Council of the Borough of Island Heights, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and

BE IT FURTHER RESOLVED, by the Council and the Borough of Island Heights, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.

It appears from an examination of the collector's records that interest was generally collected in accordance with the foregoing ordinance and resolution.

Delinquent Taxes and Tax Title Liens

The last tax and utility lien sale was held on December 14, 2023.

Inspection of tax sale certificates on file revealed that all certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2023	6
2022	5
2021	4

Miscellaneous

All sums of outstanding checks, reflected in cash reconciliations herein, are in agreement with the records of the Treasurer, as well as with independent lists made part of this audit.

A report summarizing collections of Animal License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Borough Clerk.

Individual payments of the Regional School District Tax by the municipality were confirmed as received by the Secretary of the Board of Education for the year 2023.

In our verification of expenditures, no attempt was made to establish proof of rendition, character or extent of services nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from individual employee salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittances to authorized agencies, however, were ascertained.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

FOLLOW-UP OF PRIOR YEAR FINDINGS

In accordance with Government Auditing Standards procedures should include a review of all prior year findings. There were no prior year findings that needed to be addressed in 2023.

FINDINGS/RECOMMENDATIONS

None

ACKNOWLEDGEMENT

We desire to express our appreciation for the assistance and courtesies rendered by the Borough officials and employees during the course of the audit.

The foregoing comments are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments, please contact us at your earliest opportunity.
