*Report of Audit*

*on the*

*Financial Statements*
*and Supplementary Schedules*

*of the*

# *Borough of Island Heights*

*in the*

*County of Ocean*
*New Jersey*

*for the*

*Year Ended*
*December 31, 2025*

BOROUGH OF ISLAND HEIGHTS

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BOROUGH OF ISLAND HEIGHTS

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YEAR ENDED DECEMBER 31, 2025

SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
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# INDEPENDENT AUDITOR'S REPORT

The 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 the Financial Statements*

### *Adverse and Unmodified Opinions*

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account groups of the Borough of Island Heights (the "Borough"), as of and for the year ended December 31, 2025, the related statements of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account groups of the Borough as of December 31, 2025, or the results of its operations and changes in fund balance for the year then ended or the revenues or expenditures for the year ended December 31, 2025.

### *Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets of the various individual funds and account groups of the Borough as of December 31, 2025, the results of its operations and changes in fund balance for the year then ended and the revenues and expenditures for the year ended December 31, 2025 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

***Basis for Adverse and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the 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 adverse and unmodified audit opinions.

***Matter Giving Rise to Adverse Opinion***

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough on the basis of the financial reporting provisions prescribed 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 New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the regulatory financial statements in accordance with the regulatory basis of accounting prescribed by the Division, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of regulatory financial statements that are free from material misstatement, whether due to fraud or error. In preparing the regulatory financial statements, management is required to evaluate whether 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the regulatory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, 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 that collectively comprise the Borough's regulatory financial statements. The supplementary information, and data listed in the table of contents as required by the Division are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

***Prior Period Financial Statements***

The financial statements of the Borough as of December 31, 2024, were audited by other auditors whose report dated July 18, 2025, expressed an adverse opinion on the financial statements as to the conformity of the financial statements with accounting principles generally accepted in the United State of America and an unmodified opinion on those financial statements in accordance with the basis of financial reporting prescribed by the division.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2026 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Borough's internal control over financial reporting and compliance.

Suplee Clooney & Company

CERTIFIED PUBLIC ACCOUNTANTS

Robert W. Swisher

REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 26, 2026

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# INDEPENDENT AUDITOR'S 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

The 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, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Island Heights, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated June 26, 2026. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Island Heights prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

### *Internal Control Over Financial Reporting*

In planning and performing our audit of the regulatory financial statements, we considered the Borough's control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of Borough's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Borough's regulatory financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.* However, there were other instances of noncompliance which we discussed in Part II, General Comments and Recommendations section of this audit report.

***Purpose of This Report***

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

Suplee Clooney & Company

CERTIFIED PUBLIC ACCOUNTANTS

Robert W. [illegible]

REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 26, 2026

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# CURRENT FUND

"A"
SHEET #1

# BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## BALANCE SHEETS - REGULATORY BASIS

| | REF. | BALANCE DECEMBER 31, 2025 | BALANCE DECEMBER 31, 2024 |
|---|---|---|---|
| **ASSETS** | | | |
| Current Fund: | | | |
| Cash and Cash Equivalents | A-4 | $ 1,226,814.53 | $ 1,728,929.53 |
| Change Funds | A-5 | 50.00 | 50.00 |
| Due from State of New Jersey (Chapter 20, P.L. 1971) | A-11 | 10,257.24 | 10,355.19 |
| | | 1,237,121.77 | 1,739,334.72 |
| Receivables with Full Reserves: | | | |
| Taxes Receivable | A-6 | 157,538.05 | 129,773.64 |
| Tax Title Liens Receivable | A-7 | 865.51 | 31,765.68 |
| Property Acquired for Taxes at Assessed Valuation | A-8 | 212,400.00 | |
| Revenue Accounts Receivable | A-9 | 19,124.48 | 5,938.92 |
| Interfunds Receivable | A-19 | 235,270.91 | 577.50 |
| | | 625,198.95 | 168,055.74 |
| Deferred Charges: | | | |
| Emergency Authorizations | A-3 | | 50,000.00 |
| | | 1,862,320.72 | 1,957,390.46 |
| Federal and State Grant Fund: | | | |
| Interfunds Receivable | A-22 | 82,040.89 | 95,834.39 |
| Grants Receivable | A-23 | 17,372.94 | 101,676.94 |
| | | 99,413.83 | 197,511.33 |
| | | $ 1,961,734.55 | $ 2,154,901.79 |

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

## BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## BALANCE SHEETS - REGULATORY BASIS

| | REF. | BALANCE DECEMBER 31, 2025 | BALANCE DECEMBER 31, 2024 |
|---|---|---|---|
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Current Fund: | | | |
| Appropriation Reserves | A-3:A-10 | $ 207,814.93 | $ 122,874.41 |
| Due to State of New Jersey Other | A-11 | 3,641.00 | 5,790.00 |
| Tax Overpayments | A-12 | 20,573.89 | 11,452.68 |
| Prepaid Taxes | A-13 | 70,695.44 | 59,047.45 |
| Due County - Added and Omitted Taxes | A-14 | 14,552.96 | 10,244.01 |
| Local District School Tax Payable | A-15 | 140,430.00 | 115,368.00 |
| Regional School District Tax Payable | A-16 | 114,804.69 | 20,405.49 |
| Prepaid Revenue | A-17 | 920.00 | 1,140.00 |
| Accounts Payable | A-18 | 10,270.19 | 5,014.23 |
| Interfunds Payable | A-19 | 82,040.89 | 95,834.39 |
| Miscellaneous Reserves | A-20 | 95,828.18 | 99,033.64 |
| Reserve for Encumbrances | A-21 | 116,316.65 | 154,534.00 |
| | | 877,888.82 | 700,738.30 |
| Reserve for Receivables | | 625,198.95 | 162,116.82 |
| Fund Balance | A-1 | 359,232.95 | 1,094,535.34 |
| | | 1,862,320.72 | 1,957,390.46 |
| Federal and State Grant Fund: | | | |
| Reserve for Encumbrances | A-21 | 9,126.50 | 8,464.05 |
| Grants - Appropriated | A-24 | 90,287.33 | 189,047.28 |
| | | 99,413.83 | 197,511.33 |
| | | $ 1,961,734.55 | $ 2,154,901.79 |

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

# BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

| | REF. | YEAR ENDED DECEMBER 31, 2025 | YEAR ENDED DECEMBER 31, 2024 |
|---|---|---|---|
| REVENUE AND OTHER INCOME | | | |
| Fund Balance Utilized | A-2 | $ 803,500.00 | $ 803,500.00 |
| Miscellaneous Revenue Anticipated | A-2 | 639,734.60 | 659,519.80 |
| Receipts from Delinquent Taxes | A-2 | 129,446.64 | 97,767.28 |
| Receipts from Current Taxes | A-2 | 8,512,285.22 | 8,042,870.64 |
| Non-Budget Revenues | A-2 | 29,560.25 | 41,038.33 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-10 | 104,428.35 | 158,301.32 |
| Miscellaneous Reserves Canceled | A-20 | 6,122.00 | |
| Deferred School Tax | | | 500,000.00 |
| Prior Year Interfunds Returned | | | 350.76 |
| Total Income | | 10,225,077.06 | 10,303,348.13 |
| EXPENDITURES | | | |
| Budget Appropriations: | | | |
| Salaries and Wages | | 1,351,197.00 | 1,188,222.14 |
| Other Expenses | | 1,360,261.81 | 1,443,445.20 |
| Capital Improvements | | 120,000.00 | 237,000.00 |
| Municipal Debt Service | | 211,496.25 | 197,059.92 |
| Deferred Charges and Statutory Expenditures | | 421,423.18 | 359,128.00 |
| | A-3 | 3,464,378.24 | 3,424,855.26 |
| Refund of Prior Year Revenue | A-4 | 5,364.96 | 577.50 |
| County Taxes | A-14 | 1,991,205.36 | 1,783,746.69 |
| Local District School Taxes | A-15 | 2,768,298.00 | 2,718,175.00 |
| Regional School District Taxes | A-16 | 1,674,969.00 | 1,478,304.00 |
| Interfund Advances | A-19 | 234,693.41 | |
| Reserve for Receivables - SLEO | A-9 | 17,970.48 | |
| Total Expenditures | | $ 10,156,879.45 | $ 9,405,658.45 |

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

BOROUGH OF ISLAND HEIGHTS

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS

| | REF. | YEAR ENDED DECEMBER 31, 2025 | YEAR ENDED DECEMBER 31, 2024 |
|---|---|---|---|
| EXPENDITURES (CONTINUED) | | | |
| Excess/(Deficit) in Revenue | | $ 68,197.61 | $ 897,689.68 |
| Fund Balance, January 1 | A | 1,094,535.34 | 1,000,345.66 |
| | | 1,162,732.95 | 1,898,035.34 |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | A-1 | 803,500.00 | 803,500.00 |
| Fund Balance, December 31 | A | $ 359,232.95 | $ 1,094,535.34 |

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

"A-2"
SHEET #1

# BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## STATEMENT OF REVENUES - REGULATORY BASIS
## FOR THE YEAR ENDED DECEMBER 31, 2025

| | REF. | ANTICIPATED BUDGET | ANTICIPATED SPECIAL N.J.S.A. 40A:4-87 | REALIZED | EXCESS OR (DEFICIT) |
|---|---|---|---|---|---|
| Fund Balance Anticipated | A-1 | $ 803,500.00 | $ | $ 803,500.00 | $ |
| Miscellaneous Revenues: | | | | | |
| Fees and Permits | A-9 | 22,000.00 | | 22,442.00 | 442.00 |
| Fines and Costs - Municipal Court | A-9 | 20,000.00 | | 30,611.96 | 10,611.96 |
| Interest and Costs on Taxes | A-9 | 20,000.91 | | 40,301.20 | 20,300.29 |
| Interest on Investments and Deposits | A-9 | 25,000.00 | | 16,623.15 | (8,376.85) |
| Beach Badge Fees | A-9 | 30,000.00 | | 30,729.00 | 729.00 |
| Energy Receipts Tax | A-9 | 117,407.00 | | 118,807.45 | 1,400.45 |
| Uniform Construction Code Fees | A-9 | 65,000.00 | | 139,564.00 | 74,564.00 |
| Special Law Enforcement Officer - Island Heights BOE | A-9 | 52,450.00 | | 52,450.00 | |
| Cable Television Franchise Fees | A-9 | 28,069.09 | | 28,069.09 | |
| Post Office Lease | A-9 | 50,000.00 | | 55,077.00 | 5,077.00 |
| Antenna Lease | A-9 | 35,000.00 | | 36,600.00 | 1,600.00 |
| General Capital Fund Balance | A-9 | 60,000.00 | | 60,000.00 | |
| Clean Communities Grant | A-19 | | 5,791.34 | 5,791.34 | |
| Recycling Tonnage Grant | A-19 | | 2,668.41 | 2,668.41 | |
| | A-1 | 524,927.00 | 8,459.75 | 639,734.60 | 106,347.85 |
| Receipts from Delinquent Taxes | A-2 | 97,000.00 | | 129,446.64 | 32,446.64 |
| Amount to be Raised by Taxation for Support of Municipal Budget | A-2 | 2,196,140.00 | | 2,235,237.80 | 39,097.80 |
| Budget Totals | | 3,621,567.00 | 8,459.75 | 3,807,919.04 | 177,892.29 |
| Non-Budget Revenues | A-1:A-2 | | | 29,560.25 | 29,560.25 |
| | | $ 3,621,567.00 | $ 8,459.75 | $ 3,837,479.29 | $ 207,452.54 |
| | REF. | A-3 | A-3 | | |

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

BOROUGH OF ISLAND HEIGHTS

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

| | REF. | | |
|---|---|---|---|
| **ANALYSIS OF REALIZED REVENUE** | | | |
| **AMOUNT TO BE RAISED BY TAXATION FOR SUPPORT OF MUNICIPAL BUDGET** | | | |
| Current Tax Collections | A-1:A-6 | $ | 8,512,285.22 |
| Appropriation "Reserve for Uncollected Taxes" | A-3 | | 157,424.94 |
| | | | 8,669,710.16 |
| Less: Allocated to School and County Taxes | A-6 | | 6,434,472.36 |
| | A-2 | $ | 2,235,237.80 |
| **RECEIPTS FROM DELINQUENT TAXES** | | | |
| Delinquent Tax Collections | A-6 | $ | 129,446.64 |
| | A-1:A-2 | $ | 129,446.64 |
| **MISCELLANEOUS REVENUES** | | | |
| Revenue Accounts Receivable | A-9 | $ | 618,103.29 |
| Special Law Enforcement Officer - Island Heights BOE Current Year Receivable ($17,970.48-$5,938.92) | A-9 | | 12,031.56 |
| Prepaid Revenue Applied | A-17 | | 1,140.00 |
| Interfund - Federal and State Grant Fund | A-19 | | 8,459.75 |
| | A-1:A-2 | $ | 639,734.60 |
| **ANALYSIS OF NON-BUDGET REVENUE** | | | |
| Bail Forfeiture | | $ | 1,220.00 |
| Board of Education Snow Removal Agreement | | | 3,000.00 |
| Borough Facilities Property Rental | | | 800.00 |
| Election Polling Place Reimbursement | | | 400.00 |
| Kiwanis Donation | | | 1,144.00 |
| Police Special Duty Administrative Fees | | | 14,640.00 |
| Property Owners List | | | 70.00 |
| Rebates and Reimbursements | | | 452.22 |
| Recycling Revenue Sharing | | | 1,466.20 |
| Sailfest Proceeds | | | 2,720.00 |
| Seniors & Veterans Deduction Administrative Fee | | | 191.96 |
| State Fire Rebate | | | 1,829.75 |
| Trash Receptacle Purchase | | | 1,400.00 |
| Unclassified | | | 226.12 |
| | A-1:A-2:A-4 | $ | 29,560.25 |

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

BOROUGH OF ISLAND HEIGHTS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

| | APPROPRIATED | | EXPENDED | | | UNEXPENDED |
|---|---|---|---|---|---|---|
| OPERATIONS WITHIN CAPS | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | ENCUMBERED | RESERVED | BALANCE CANCELED |
| Administrative & Executive | | | | | | |
| General Administration | | | | | | |
| Salaries and Wages | $ 89,710.00 | $ 92,710.00 | $ 90,955.42 | $ | $ 1,754.58 | $ |
| Other Expenses (Central Supply) | 12,000.00 | 9,000.00 | 6,254.25 | 156.00 | 2,589.75 | |
| Mayor & Council | | | | | | |
| Salaries and Wages | 22,200.00 | 22,200.00 | 22,200.00 | | | |
| Other Expenses | 2,000.00 | 2,000.00 | 1,295.00 | 500.00 | 205.00 | |
| Municipal Clerk | | | | | | |
| Other Expenses | 16,500.00 | 16,500.00 | 9,801.67 | 6,179.20 | 519.13 | |
| Advertising | 1,000.00 | 1,000.00 | 513.48 | | 486.52 | |
| Elections | | | | | | |
| Other Expenses | 1,000.00 | 1,000.00 | 632.36 | | 367.64 | |
| Financial Administration (Treasury) | | | | | | |
| Salaries and Wages | 52,925.00 | 54,125.00 | 53,901.79 | | 223.21 | |
| Other Expenses | 29,000.06 | 24,000.06 | 9,743.09 | 1,866.95 | 12,390.02 | |
| Audit | 19,000.00 | 18,000.00 | 18,000.00 | | | |
| Computerized Data Processing | | | | | | |
| Other Expenses | 29,000.00 | 25,000.00 | 19,709.16 | 1,715.03 | 3,575.81 | |
| Tax Collection | | | | | | |
| Salaries and Wages | 30,633.00 | 30,633.00 | 28,785.04 | | 1,847.96 | |
| Other Expenses | 4,200.00 | 5,200.00 | 1,467.00 | | 3,733.00 | |
| Tax Assessment | | | | | | |
| Salaries and Wages | 18,500.00 | 18,500.00 | 18,499.15 | | .85 | |
| Other Expenses | 1,150.00 | 1,150.00 | 756.32 | 45.12 | 348.56 | |
| Tax Map Revisions | 1,500.00 | 1,500.00 | | | 1,500.00 | |
| Cost of Tax Appeals | 10,000.00 | 7,000.00 | | | 7,000.00 | |
| Legal Notices | | | | | | |
| Advertising & Legal Notices | 5,000.00 | 5,000.00 | 3,069.72 | 373.20 | 1,557.08 | |
| Other Expenses | 33,000.00 | 33,000.00 | 15,746.60 | | 17,253.40 | |
| Labor Counsel | 2,000.00 | | | | | |
| Engineering Services | | | | | | |
| Other Expenses | 25,000.00 | 24,000.00 | 17,266.50 | 5,532.50 | 1,201.00 | |
| Land Use Administration | | | | | | |
| Planning Board | | | | | | |
| Salaries and Wages | 2,070.00 | 2,070.00 | 2,067.38 | | 2.62 | |
| Other Expenses - Legal | 3,000.00 | 3,000.00 | 1,530.00 | 75.00 | 1,395.00 | |
| Other Expenses - Other | 1,000.00 | 1,000.00 | 420.00 | | 580.00 | |
| Code Enforcement & Zoning | | | | | | |
| Salaries and Wages | 27,782.00 | 35,782.00 | 32,976.40 | | 2,805.60 | |
| Other Expenses | 12,000.00 | 10,000.00 | 6,054.68 | 3,198.00 | 747.32 | |

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

BOROUGH OF ISLAND HEIGHTS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

| | APPROPRIATED | | EXPENDED | | | UNEXPENDED |
|---|---|---|---|---|---|---|
| OPERATIONS WITHIN CAPS (CONTINUED) | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | ENCUMBERED | RESERVED | BALANCE CANCELED |
| Insurance | | | | | | |
| General Liability Insurance | $ 56,048.00 | $ 56,548.00 | $ 56,548.00 | $ | $ | $ |
| Worker Compensation | 79,496.00 | 79,496.00 | 79,496.00 | | | |
| Employee Group Insurance | 308,000.00 | 298,000.00 | 274,984.70 | | 23,015.30 | |
| Health Benefit Waiver | 8,000.00 | 12,000.00 | 11,687.32 | | 312.68 | |
| Public Safety Functions | | | | | | |
| Police | | | | | | |
| Salaries and Wages | 703,341.00 | 703,341.00 | 679,908.80 | | 23,432.20 | |
| Other Expenses | 68,500.00 | 68,500.00 | 41,780.34 | 15,556.15 | 11,163.51 | |
| Medical Testing | 1,500.00 | 1,500.00 | 523.50 | 100.00 | 876.50 | |
| Emergency Management | | | | | | |
| Salaries and Wages | 3,150.00 | 3,150.00 | 3,150.00 | | | |
| Other Expenses | 5,500.00 | 5,500.00 | 2,529.17 | 1,351.00 | 1,619.83 | |
| Volunteer Fire Company | | | | | | |
| Other Expenses | 5,000.00 | 5,000.00 | 840.00 | 4,020.00 | 140.00 | |
| Contribution | 80,000.00 | 80,000.00 | 60,000.00 | 20,000.00 | | |
| Volunteer First Aid Squad Company | | | | | | |
| Other Expenses | 1,000.00 | 813.00 | | 39.73 | 773.27 | |
| Contribution | 5,000.00 | 9,000.00 | | 9,000.00 | | |
| Municipal Prosecutor | | | | | | |
| Other Expenses | 7,500.00 | 7,500.00 | 5,250.00 | 750.00 | 1,500.00 | |
| Municipal Court | | | | | | |
| Salaries and Wages | 28,384.00 | 26,084.00 | 22,850.37 | | 3,233.63 | |
| Other Expenses | 2,500.00 | 2,800.00 | 2,636.38 | 44.10 | 119.52 | |
| Public Defender | | | | | | |
| Other Expenses | 2,000.00 | 2,000.00 | | | 2,000.00 | |
| Public Works Functions | | | | | | |
| Public Buildings and Grounds | | | | | | |
| Salaries and Wages | 222,502.00 | 232,502.00 | 231,031.85 | | 1,470.15 | |
| Other Expenses | 88,000.00 | 84,000.00 | 56,273.69 | 22,145.16 | 5,581.15 | |
| Snow Removal | | | | | | |
| Salaries and Wages | 9,000.00 | 9,000.00 | | | 9,000.00 | |
| Other Expenses | 9,000.00 | 9,000.00 | | 1,500.00 | 7,500.00 | |
| Shade Tree | | | | | | |
| Other Expenses | 2,500.00 | 2,500.00 | | | 2,500.00 | |
| Solid Waste Collection | | | | | | |
| Contractual | 25,000.00 | 25,000.00 | 16,289.26 | 8,689.25 | 21.49 | |
| Other Expenses | 75,000.00 | 70,800.00 | 65,547.21 | 5,000.00 | 252.79 | |

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

BOROUGH OF ISLAND HEIGHTS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

| | APPROPRIATED | | EXPENDED | | | UNEXPENDED |
|---|---|---|---|---|---|---|
| OPERATIONS WITHIN CAPS (CONTINUED) | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | ENCUMBERED | RESERVED | BALANCE CANCELED |
| Public Works Functions (Continued) | | | | | | |
| Recycling | | | | | | |
| Other Expenses | $ 3,500.00 | $ 3,500.00 | $ 1,500.00 | $ | $ 2,000.00 | $ |
| Vehicle Maintenance | | | | | | |
| Other Expenses | 45,000.00 | 45,000.00 | 26,845.76 | 4,630.69 | 13,523.55 | |
| Health and Human Services | | | | | | |
| 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.A 40:5-2.9) | | | | | | |
| Other Expenses | 10.00 | 10.00 | | | 10.00 | |
| Environmental Committee | | | | | | |
| Other Expenses | 500.00 | 500.00 | 500.00 | | | |
| Dog Regulation | | | | | | |
| Other Expenses | 1,000.00 | 1,000.00 | 3.00 | | 997.00 | |
| Senior Advisory Committee | | | | | | |
| Other Expenses | 10.00 | 10.00 | | | 10.00 | |
| Parks and Recreation Functions | | | | | | |
| Beachfront Maintenance | | | | | | |
| Other Expenses | 7,000.00 | 7,000.00 | 4,512.98 | 2,359.86 | 127.16 | |
| Recreation | | | | | | |
| Salaries and Wages | 3,000.00 | 3,000.00 | | | 3,000.00 | |
| Other Expenses | 5,000.00 | 5,000.00 | 3,380.88 | 497.00 | 1,122.12 | |
| County Library | | | | | | |
| Other Expenses | 1,000.00 | 1,000.00 | | | 1,000.00 | |
| Uniform Construction Code Appropriations | | | | | | |
| Offset by Dedicated Revenues | | | | | | |
| (N.J.A.C. 5:23-4.17) | | | | | | |
| State Uniform Construction Code | | | | | | |
| Construction Code Official | | | | | | |
| Salaries and Wages | 56,650.00 | 59,150.00 | 59,080.86 | | 69.14 | |
| Other Expenses | 10,000.00 | 10,000.00 | 8,588.26 | 978.71 | 433.03 | |
| Fire Official | | | | | | |
| Salaries and Wages | 6,200.00 | 6,200.00 | 5,973.05 | | 226.95 | |
| Other Expenses | 500.00 | 500.00 | 72.60 | 14.00 | 413.40 | |

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

BOROUGH OF ISLAND HEIGHTS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

| | APPROPRIATED | | EXPENDED | | | UNEXPENDED |
|---|---|---|---|---|---|---|
| OPERATIONS WITHIN CAPS (CONTINUED) | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | ENCUMBERED | RESERVED | BALANCE CANCELED |
| Unclassified | | | | | | |
| Gasoline | $ 20,000.00 | $ 20,000.00 | $ 16,696.62 | $ | $ 3,303.38 | $ |
| Electricity | 36,000.00 | 36,000.00 | 27,253.91 | | 8,746.09 | |
| Telephone | 20,000.00 | 25,000.00 | 24,884.25 | | 115.75 | |
| Natural Gas | 20,000.00 | 21,500.00 | 21,252.24 | | 247.76 | |
| Street Lighting | 21,000.00 | 21,000.00 | 20,999.19 | | .81 | |
| Other Common Operating | | | | | | |
| Deferred Sick Time | 2,000.00 | 2,000.00 | | | 2,000.00 | |
| Total Operations within Caps | 2,505,961.06 | 2,505,274.06 | 2,194,515.20 | 116,316.65 | 194,442.21 | |
| Detail: | | | | | | |
| Salaries and Wages | 1,276,347.00 | 1,298,747.00 | 1,251,380.11 | | 47,366.89 | |
| Other Expenses | 1,229,614.06 | 1,206,527.06 | 943,135.09 | 116,316.65 | 147,075.32 | |
| | | | | | | |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN CAPS | | | | | | |
| Statutory Expenditures | | | | | | |
| Contribution to: | | | | | | |
| Public Employees Retirement System | 32,037.00 | 32,037.00 | 32,037.00 | | | |
| Social Security System (O.A.S.I.) | 102,000.00 | 102,500.00 | 102,497.25 | | 2.75 | |
| Police & Firemen's Retirement System of New Jersey | 173,608.00 | 173,608.00 | 173,608.00 | | | |
| Unemployment Compensation | 9,500.00 | 9,500.00 | 8,559.57 | | 940.43 | |
| Defined Contribution Retirement Program | 2,000.00 | 2,000.00 | 670.46 | | 1,329.54 | |
| Total Deferred Charges and Statutory Expenditures within Caps | 319,145.00 | 319,645.00 | 317,372.28 | | 2,272.72 | |
| Total Appropriations within Caps | 2,825,106.06 | 2,824,919.06 | 2,511,887.48 | 116,316.65 | 196,714.93 | |

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

BOROUGH OF ISLAND HEIGHTS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

| | APPROPRIATED | | EXPENDED | | | UNEXPENDED |
|---|---|---|---|---|---|---|
| OPERATIONS EXCLUDED FROM CAPS | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | ENCUMBERED | RESERVED | BALANCE CANCELED |
| Length of Service Awards Program | | | | | | |
| Other Expenses | $ 41,000.00 | $ 41,000.00 | $ 29,900.00 | $ | $ 11,100.00 | $ |
| Shared Service Agreements | | | | | | |
| Trash and Recycling Collection | | | | | | |
| (Service Received from Toms River Township) | 104,275.00 | 104,275.00 | 104,275.00 | | | |
| Special Law Enforcement Officer - Island Heights BOE | | | | | | |
| (Service Provided to Island Heights BOE) | 52,450.00 | 52,450.00 | 52,450.00 | | | |
| Public and Private Programs Offset by | | | | | | |
| Revenues | | | | | | |
| Clean Communities Grant (40A:4-87 +$5,791.34) | | 5,791.34 | 5,791.34 | | | |
| Recycling Tonnage Grant (40A:4-87 +$2,668.41) | | 2,668.41 | 2,668.41 | | | |
| Total Operations excluded from Caps | 197,725.00 | 206,184.75 | 195,084.75 | | 11,100.00 | |
| Detail: | | | | | | |
| Salaries and Wages | 52,450.00 | 52,450.00 | 52,450.00 | | | |
| Other Expenses | 145,275.00 | 153,734.75 | 142,634.75 | | 11,100.00 | |
| CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS | | | | | | |
| Capital Improvement Fund | 120,000.00 | 120,000.00 | 120,000.00 | | | |
| Total Capital Improvements excluded from Caps | 120,000.00 | 120,000.00 | 120,000.00 | | | |
| MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS | | | | | | |
| Payment of Bond Principal | 138,000.00 | 138,000.00 | 138,000.00 | | | |
| Interest on Bonds | 16,500.00 | 16,500.00 | 16,500.00 | | | |
| Interest on Notes | 19,500.00 | 19,687.00 | 19,686.33 | | | 0.67 |
| Green Trust Loan Program: | | | | | | |
| Principal | 36,394.00 | 36,394.00 | 36,393.70 | | | 0.30 |
| Interest | 917.00 | 917.00 | 916.22 | | | 0.78 |
| Total Municipal Debt Service excluded from Caps | 211,311.00 | 211,498.00 | 211,496.25 | | | 1.75 |

BOROUGH OF ISLAND HEIGHTS

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

| OPERATIONS EXCLUDED FROM CAPS (CONTINUED) | REF. | APPROPRIATED BUDGET | APPROPRIATED BUDGET AFTER MODIFICATION | EXPENDED PAID OR CHARGED | EXPENDED ENCUMBERED | EXPENDED RESERVED | UNEXPENDED BALANCE CANCELED |
|---|---|---|---|---|---|---|---|
| DEFERRED CHARGES | | | | | | | |
| Emergency Authorizations | | $ 50,000.00 | $ 50,000.00 | $ 50,000.00 | $ | $ | $ |
| Deferred Charges to Future Taxation -Unfunded Ordinance 00-02/05-04 | | 4,749.00 | 4,749.00 | 4,749.00 | | | |
| General Capital Fund Over Expenditures | | 55,251.00 | 55,251.00 | 47,029.18 | | | 8,221.82 |
| Total Deferred Charges - Municipal -Excluded from Caps | | 110,000.00 | 110,000.00 | 101,778.18 | | | 8,221.82 |
| Total General Appropriations excluded from Caps | | 639,036.00 | 647,682.75 | 628,359.18 | | 11,100.00 | 8,223.57 |
| Subtotal General Appropriations | | 3,464,142.06 | 3,472,601.81 | 3,140,246.66 | 116,316.65 | 207,814.93 | 8,223.57 |
| Reserve for Uncollected Taxes | | 157,424.94 | 157,424.94 | 157,424.94 | | | |
| | | $ 3,621,567.00 | $ 3,630,026.75 | $ 3,297,671.60 | $ 116,316.65 | $ 207,814.93 | $ 8,223.57 |
| | REF. | A-2 | | A1:A-3 | A-1:A21 | A, A-1 | A-1 |
| Appropriation by 40A:4-87 | A-2 | | $ 8,459.75 | | | | |
| Budget | A-2 | | 3,621,567.00 | | | | |
| | | | $ 3,630,026.75 | | | | |
| Deferred Charge - Emergency | A | | | $ 50,000.00 | | | |
| Reserve for Uncollected Taxes | A-2 | | | 157,424.94 | | | |
| Disbursements | A-4 | | | 3,081,786.91 | | | |
| Interfund - Federal & State Grants | A-19 | | | 8,459.75 | | | |
| | | | | $ 3,297,671.60 | | | |

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

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TRUST FUND

# BOROUGH OF ISLAND HEIGHTS

## TRUST FUND

## BALANCE SHEETS - REGULATORY BASIS

| | REF. | BALANCE DECEMBER 31, 2025 | BALANCE DECEMBER 31, 2024 |
|---|---|---|---|
| **ASSETS** | | | |
| Animal Control Trust Fund: | | | |
| Cash and Cash Equivalents | B-1 | $ 348.48 | $ 884.25 |
| Trust - Other: | | | |
| Cash and Cash Equivalents | B-1 | 406,687.55 | 337,611.72 |
| | | $ 407,036.03 | $ 338,495.97 |
| **LIABILITIES, RESERVES AND FUND BALANCES** | | | |
| Animal Control Trust Fund: | | | |
| Reserve for Animal Control Trust Fund Expenditures | B-2 | $ 348.16 | $ 882.30 |
| Due State of New Jersey | B-3 | | 1.20 |
| Interfunds Payable | B-4 | .32 | .75 |
| | | 348.48 | 884.25 |
| Trust - Other: | | | |
| Interfunds Payable | B-4 | 249.18 | 274.03 |
| Reserve for Encumbrances | B-5 | 7,357.16 | |
| Miscellaneous Reserves | B-6 | 399,081.21 | 337,337.69 |
| | | 406,687.55 | 337,611.72 |
| | | $ 407,036.03 | $ 338,495.97 |

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

# GENERAL CAPITAL FUND

# BOROUGH OF ISLAND HEIGHTS

## GENERAL CAPITAL FUND

## BALANCE SHEETS - REGULATORY BASIS

| | REF. | BALANCE DECEMBER 31, 2025 | BALANCE DECEMBER 31, 2024 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and Cash Equivalents | C-2 | $ 47,229.31 | $ 246,677.25 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-4 | 306,470.24 | 480,863.94 |
| Unfunded | C-5 | 2,081,444.77 | 1,539,448.77 |
| Grants Receivable | C-6 | 492,175.00 | 188,920.00 |
| | | $ 2,927,319.32 | $ 2,455,909.96 |
| **LIABILITIES, RESERVES AND FUND BALANCE** | | | |
| Interfunds Payable | C-7 | $ 435,021.41 | $ 302.72 |
| Improvement Authorizations: | | | |
| Funded | C-8 | 489,022.10 | 147,449.23 |
| Unfunded | C-8 | 910,087.22 | 595,130.71 |
| Capital Improvement Fund | C-9 | 110,784.32 | 22,994.32 |
| Serial Bonds Payable | C-10 | 288,000.00 | 426,000.00 |
| Bond Anticipation Note Payable | C-11 | 400,000.00 | 400,000.00 |
| Green Trust Loan Payable | C-12 | 18,470.24 | 54,863.94 |
| Reserve for: | | | |
| Encumbrances | C-13 | 57,411.25 | 533,656.73 |
| Benches | C-14 | 6,798.00 | 3,787.53 |
| Fund Balance | C-1 | 211,724.78 | 271,724.78 |
| | | $ 2,927,319.32 | $ 2,455,909.96 |

There were bonds and notes authorized but not issued on December 31, 2025 of $1,681,444.77 (Schedule C-15) and on December 31, 2024 of $1,139,736.77

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

BOROUGH OF ISLAND HEIGHTS

GENERAL CAPITAL FUND

STATEMENT OF GENERAL CAPITAL FUND BALANCE - REGULATORY BASIS

| | REF. | | |
|---|---|---|---|
| Balance December 31, 2024 | C | $ | 271,724.78 |
| Decreased by: | | | |
| Payment to Current Fund as Anticipated Revenue | C-2 | | 60,000.00 |
| Balance December 31, 2025 | C | $ | 211,724.78 |

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

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# WATER - SEWER UTILITY FUND

"D"
SHEET #1

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY FUND

## BALANCE SHEETS - REGULATORY BASIS

| | REF. | BALANCE DECEMBER 31, 2025 | BALANCE DECEMBER 31, 2024 |
|---|---|---|---|
| **ASSETS** | | | |
| Operating Fund: | | | |
| Cash and Cash Equivalents | D-5 | $ 137,067.35 | $ 299,465.13 |
| Interfunds Receivable | D-9 | 192.34 | 50,040.12 |
| | | 137,259.69 | 349,505.25 |
| Receivables with Full Reserves: | | | |
| Consumer Accounts Receivable Receivable | D-7 | 80,424.14 | 84,554.69 |
| Total Operating Fund | | 217,683.83 | 434,059.94 |
| Capital Fund: | | | |
| Cash and Cash Equivalents | D-5 | 63,545.88 | 46,957.84 |
| Fixed Capital | D-14 | 12,345,452.51 | 8,220,914.69 |
| Fixed Capital Authorized and Uncompleted | D-15 | 541,091.30 | 4,607,209.12 |
| Interfunds Receivable | D-16 | 200,000.00 | |
| Deferred Charge - Cost of Improvements Authorized: | | | |
| Prior Year Unfunded Improvements Canceled To Fund Balance in Error | D-17 | 141,580.00 | |
| Total Capital Fund | | 13,291,669.69 | 12,875,081.65 |
| | | $ 13,509,353.52 | $ 13,309,141.59 |

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

"D"
SHEET #2

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY FUND

## BALANCE SHEETS - REGULATORY BASIS

| | REF. | BALANCE DECEMBER 31, 2025 | BALANCE DECEMBER 31, 2024 |
|---|---|---|---|
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Operating Fund: | | | |
| Appropriation Reserves | D-4:D-10 | $ 25,831.53 | $ 45,007.62 |
| Unapplied Receipts | D-8 | | 2,353.75 |
| Overpayments | D-11 | 2,466.30 | 3,868.74 |
| Prepayments | D-11 | 753.46 | 458.41 |
| Accrued Interest on Bonds, Notes and Loans | D-12 | 17,360.59 | 20,165.11 |
| Accounts Payable | D-10:D-1 | 109.50 | 4,861.38 |
| Reserve for Encumbrances | D-13 | 30,112.35 | 38,458.69 |
| | | 76,633.73 | 115,173.70 |
| Reserve for Receivables | | 80,424.14 | 84,554.69 |
| Fund Balance | D-1 | 60,625.96 | 234,331.55 |
| Total Operating Fund | | 217,683.83 | 434,059.94 |
| Capital Fund: | | | |
| Reserve for Encumbrances | D-13 | 382,293.92 | 952,996.53 |
| Interfunds Payable | D-16 | 192.34 | 50,040.12 |
| Improvement Authorizations: | | | |
| Funded | D-18 | 208,578.96 | 23,613.88 |
| Unfunded | D-18 | 332,512.34 | 474,095.09 |
| Capital Improvement Fund | D-19 | 153,460.00 | 138,460.00 |
| Serial Bonds Payable | D-20 | 2,100,000.00 | 2,211,000.00 |
| N.J. I-Bank Loans Payable | D-21 | 964,744.78 | 1,219,880.15 |
| N.J. I-Bank Interim Construction Loan Payable | D-22 | 622,352.00 | |
| Reserve for Amortization | D-23 | 8,251,204.17 | 6,163,414.95 |
| Deferred Reserve for Amortization | D-24 | 208,578.96 | 1,383,828.71 |
| Fund Balance | D-2 | 67,752.22 | 257,752.22 |
| Total Capital Fund | | 13,291,669.69 | 12,875,081.65 |
| | | $ 13,509,353.52 | $ 13,309,141.59 |

There were bonds and notes authorized but not issued on December 31, 2025 of $739,663.90 (Schedule D-25) and on December 31, 2024 of $1,850,000.00.

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

## BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY OPERATING FUND

## STATEMENT OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS

| | REF. | YEAR ENDED DECEMBER 31, 2025 | YEAR ENDED DECEMBER 31, 2024 |
|---|---|---|---|
| REVENUE AND OTHER INCOME REALIZED | | | |
| Fund Balance Utilized | D-3 | $ 175,000.00 | $ 200,000.00 |
| Rents | D-3 | 883,842.88 | 966,882.20 |
| Water Tower Antenna Lease | D-3 | 60,153.46 | 64,021.45 |
| Miscellaneous | D-3 | 48,786.30 | 33,160.43 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | D-10 | 43,669.35 | 61,564.97 |
| Overpayments Canceled | D-11 | 1,147.17 | |
| Cancelled Accounts Payable | D | 4,861.38 | |
| TOTAL INCOME | | 1,217,460.54 | 1,325,629.05 |
| EXPENDITURES | | | |
| Operating | D-4 | 694,296.00 | 715,821.00 |
| Capital Improvements | D-4 | 25,000.00 | 25,000.00 |
| Debt Service | D-4 | 474,570.13 | 480,595.66 |
| Statutory Expenditures | D-4 | 22,300.00 | 22,300.00 |
| TOTAL EXPENDITURES | | 1,216,166.13 | 1,243,716.66 |
| Excess in Revenue | | 1,294.41 | 81,912.39 |
| Fund Balance January 1 | D | 234,331.55 | 352,419.16 |
| | | 235,625.96 | 434,331.55 |
| Less: Utilized as Anticipated Revenue | D-1:D-3 | 175,000.00 | 200,000.00 |
| Fund Balance December 31 | D | $ 60,625.96 | $ 234,331.55 |

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

## BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY FUND

## STATEMENT OF UTILITY CAPITAL FUND BALANCE - REGULATORY BASIS

| | REF. | |
|---|---|---|
| Balance December 31, 2024 | D | $ 257,752.22 |
| Decreased by: | | |
| Appropriation to Finance Improvement Authorizations | D-18 | $ 190,000.00 |
| Balance December 31, 2025 | D | $ 67,752.22 |

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

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY OPERATING FUND

## STATEMENT OF REVENUES - REGULATORY BASIS
## FOR THE YEAR ENDED DECEMBER 31, 2025

| | REF. | ANTICIPATED | REALIZED | EXCESS OR (DEFICIT) |
|---|---|---|---|---|
| Fund Balance Anticipated | D-1 | $ 175,000.00 | $ 175,000.00 | $ |
| Rents | D-1:D-7 | 964,000.00 | 883,842.88 | (80,157.12) |
| Water Tower Antenna Lease | D-1:D-5 | 55,000.00 | 60,153.46 | 5,153.46 |
| Miscellaneous | D-1:D-5 | 23,178.00 | 48,786.30 | 25,608.30 |
| | | $ 1,217,178.00 | $ 1,167,782.64 | $ (49,395.36) |
| | REF. | D-4 | | |

## ANALYSIS OF MISCELLANEOUS REVENUE

| | REF. | |
|---|---|---|
| Interest on Delinquent User Charges | | $ 11,231.02 |
| Interest on Investments and Deposits | | 4,152.98 |
| Connections | | 24,000.00 |
| Miscellaneous | | 7,048.55 |
| | D-5 | 46,432.55 |
| Unapplied Receipts | D-8 | 2,353.75 |
| | D-3 | $ 48,786.30 |

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

BOROUGH OF ISLAND HEIGHTS

WATER - SEWER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

| | REF. | APPROPRIATONS | | EXPENDED | | | |
|---|---|---|---|---|---|---|---|
| | | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | ENCUMBERED | RESERVED | UNEXPENDED BALANCE CANCELED |
| Operating: | | | | | | | |
| Salaries and Wages | | $ 177,296.00 | $ 177,296.00 | $ 167,096.72 | $ | $ 10,199.28 | $ |
| Other Expenses | | 221,000.00 | 217,000.00 | 175,481.30 | 30,112.35 | 11,406.35 | |
| Ocean County Utilities Authority | | 231,000.00 | 235,000.00 | 234,855.08 | | 144.92 | |
| Group 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 Anticipation & Capital Notes | | 111,000.00 | 111,000.00 | 111,000.00 | | | |
| Interest on Bonds | | 69,895.00 | 69,895.00 | 68,894.38 | | | 1,000.62 |
| N.J. I-Bank Loan - Principal | | 255,136.00 | 255,136.00 | 255,135.37 | | | 0.63 |
| N.J. I-Bank Loan - Interest | | 39,551.00 | 39,551.00 | 39,540.38 | | | 10.62 |
| Statutory Expenditures: | | | | | | | |
| Contribution to: | | | | | | | |
| Public Employees Retirement System | | 10,000.00 | 10,000.00 | 10,000.00 | | | |
| Social Security System (O.A.S.I.) | | 11,000.00 | 11,000.00 | 7,791.05 | | 3,208.95 | |
| Unemployment Compensation Insurance | | 1,300.00 | 1,300.00 | 427.97 | | 872.03 | |
| | | $ 1,217,178.00 | $ 1,217,178.00 | $ 1,160,222.25 | $ 30,112.35 | $ 25,831.53 | $ 1,011.87 |
| | REF. | D-3 | | D-1 | D-1:D-13 | D:D-1 | |
| Disbursements | D-5 | | | $ 1,051,787.49 | | | |
| Accrued Interest on Bonds and Notes | D-12 | | | 108,434.76 | | | |
| | | | | $ 1,160,222.25 | | | |

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

# BOROUGH OF ISLAND HEIGHTS

## GENERAL FIXED ASSETS ACCOUNT GROUP

## BALANCE SHEETS - REGULATORY BASIS

| | BALANCE DECEMBER 31, 2025 | BALANCE DECEMBER 31, 2024 |
|---|---|---|
| **GENERAL FIXED ASSETS** | | |
| Land | $ 17,180,600.00 | $ 183,483.00 |
| Buildings and Building Improvements | 2,693,400.00 | 1,357,829.40 |
| Equipment, Machinery and Vehicles | 2,179,919.00 | 2,065,565.72 |
| | $ 22,053,919.00 | $ 3,606,878.12 |
| **INVESTMENT IN GENERAL FIXED ASSETS** | | |
| Investment in General Fixed Assets | $ 22,053,919.00 | $ 3,606,878.12 |

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF ISLAND HEIGHTS

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

The Borough of Island Heights is an instrumentality of the State of New Jersey established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization.

Except as noted below, the financial statements of the Borough of Island Heights include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Island Heights, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Island Heights do not include the operations of any libraries, first aid organizations, volunteer fire companies, the local school district or the regional school district, in as much as their activities are administered by separate boards.

### B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

The accounting policies of the Borough of Island Heights conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Island Heights are organized on the basis of funds and account groups which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity.

As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account groups:

<u>Current Fund</u> - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

<u>Trust Fund</u> - receipts, custodianship, and disbursements of funds in accordance with the purpose for which each reserve was created.

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

<u>Water - Sewer Operating and Capital Funds</u> - account for the operations and acquisition of capital facilities of the municipally owned water - sewer utility.

<u>General Fixed Assets Account Group</u> - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System.

Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as revenue in a future budget. GAAP requires such proceeds to be recorded as revenue in the year of sale.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of $5,000.00 or more per unit. 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.

Property and equipment acquired by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds.

The General Fixed Assets that have been acquired and that are utilized in the Current and General capital Funds are instead accounted for in the General Fixed Assets Account Group. No depreciation has been provided on general fixed assets or reported in the financial statements.

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

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

Fixed Capital - Water - Sewer Utility - Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

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. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the utility capital fund represents charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish, and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. Under GAAP, the Borough would be required to record a liability for compensated absences, including salary-related payments, as those benefits are earned and meet the recognition criteria established by GASB 101. However, under the accounting practices prescribed by the State of New Jersey, compensated absences are recorded only when due and payable. Accordingly, the Borough has not recorded a liability for compensated absences in accordance with GASB 101.

Accounting and Financial Reporting for Pensions - Under GAAP, municipalities are required to recognize their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources in the Statement of Net Position and total pension related expense in the Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68 however, local units are permitted to disclose the most recently available information as it relates to the New Jersey Division of Pensions and Benefits reporting on GASB 68.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) - Under GAAP, municipalities are required to record their distributive shares of net OPEB liability, deferred outflows of resources, deferred inflows of resources in the statement of Net Position and total OPEB related expense in the Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) (Continued) - New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

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, and 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 expensed 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.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general-purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division, and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey, and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation (FDIC). The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.00.

The Borough of Island Heights had the following cash and cash equivalents at December 31, 2025:

| | Change Fund | Cash on Deposit | Deposits in Transit | Less Checks Outstanding | Reconciled Balance |
|---|---|---|---|---|---|
| Current Fund | $50.00 | $1,220,705.62 | $23,676.39 | $17,567.48 | $1,226,864.53 |
| Animal Control Trust Fund | | 348.48 | | | 348.48 |
| Trust Other Fund | | 406,687.55 | | | 406,687.55 |
| General Capital Fund | | 69,412.92 | | 22,183.61 | 47,229.31 |
| Water-Sewer Operating Fund | | 137,019.93 | 287.42 | 240.00 | 137,067.35 |
| Water-Sewer Capital Fund | | 63,545.88 | | | 63,545.88 |
| | $ 50.00 | $1,897,720.38 | $23,963.81 | $ 39,991.09 | $1,881,743.10 |

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2025, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Of the cash on deposit in the bank, $250,000.00 was covered by FDIC Insurance and a collateral pool under NJ GUDPA covered $1,573,229.91. An amount of $74,490.47 was on deposit in the name of various developers for escrow and is insured by FDIC Insurance or uninsured depending on the deposits of the in

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.

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 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.

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); 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 subsection;

   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. 17:19-41); and

   e. a master repurchase agreement providing for the custody and security of collateral is executed.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Borough of Island Heights had no investments outstanding as of December 31, 2025. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Title 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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 0.496%.

| | GROSS DEBT | DEDUCTIONS | NET DEBT |
|---|---|---|---|
| Water - Sewer Utility Debt | 4,426,760.68 | 3,959,090.88 | 467,669.80 |
| General Debt | 2,387,915.01 | | 2,387,915.01 |
| | $ 6,814,675.69 | $ 3,959,090.88 | $ 2,855,584.81 |

Net debt of $2,855,584.81 divided by equalized valuation basis per N.J.S. 40A:2-2, as amended, of $575,734,630.00 equals 0.496%.

SUMMARY OF MUNICIPAL DEBT

| | YEAR 2025 | YEAR 2024 | YEAR 2023 |
|---|---|---|---|
| Issued: | | | |
| General: | | | |
| Bonds, Notes and Loans | $ 706,470.24 | $ 880,863.94 | $ 689,514.17 |
| Water - Sewer Utility: | | | |
| Bonds, Notes and Loans | 3,687,096.78 | 3,430,880.15 | 3,792,937.20 |
| Total Issued | 4,393,567.02 | 4,311,744.09 | 4,482,451.37 |
| Less: | | | |
| Funds Temporarily Held to Pay Bonds, Notes and Loans, Accounts Receivable and Self Liquidating Purpose | 3,959,090.88 | 2,082,154.13 | 5,142,937.20 |
| Net Debt Issued | 434,476.14 | 2,229,589.96 | (660,485.83) |
| Authorized But Not Issued: | | | |
| General: | | | |
| Bonds, Notes and Loans | 1,681,444.77 | 1,139,736.77 | 1,861,957.51 |
| Water - Sewer Utility: | | | |
| Bonds, Notes and Loans | 739,663.90 | 1,850,000.00 | 1,350,000.00 |
| Total Authorized But Not Issued | 2,421,108.67 | 2,989,736.77 | 3,211,957.51 |
| Net Bonds and Notes Issued and Authorized But Not Issued | $ 2,855,584.81 | $ 5,219,326.73 | $ 2,551,471.68 |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

| | | |
|---|---|---|
| Equalized Valuation Basis* - December 31, 2025 | $ | 575,734,630.00 |
| 3-1/2 of Equalized Valuation Basis (Municipal) | $ | 20,150,712.05 |
| Net Debt | | 2,855,584.81 |
| Remaining Borrowing Power | $ | 17,295,127.24 |

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the Borough of Island Heights for the last three (3) preceding years.

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER - SEWER UTILITY PER N.J.S. 40A:2-45

| | | | | |
|---|---|---|---|---|
| Revenue from Surplus, Fees, Rents, and Other Charges for Year | | | $ | 1,167,782.64 |
| Deductions: | | | | |
| Operating and Maintenance Cost | $ | 716,596.00 | | |
| Interest | | 108,434.76 | | |
| Serial Bonds | | 366,135.37 | | |
| Total Deductions | | | | 1,191,166.13 |
| Deficit in Revenue – Not Self Liquidating | | | $ | 23,383.49 |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG-TERM DEBT OBLIGATIONS

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

General Capital Fund:

Serial Bonds:

| | |
|---|---|
| 3.75% General Improvement Bonds Series 2011 Issued November 30, 2011, installment maturities to November 30, 2026 | $108,000.00 |
| 4.00% General Improvement Bonds Series 2019 Issued December 5, 2019, installment maturities to December 1, 2029 | 180,000.00 |
| | $288,000.00 |

The General Capital Fund bonds mature serially in installments to the year 2029. Aggregate debt service requirements during the next four fiscal years are as follows:

| YEAR | PRINCIPAL | INTEREST |
|---|---|---|
| 2026 | $ 138,000.00 | $ 11,250.00 |
| 2027 | 50,000.00 | 6,000.00 |
| 2028 | 50,000.00 | 4,000.00 |
| 2029 | 50,000.00 | 2,000.00 |
| | $ 288,000.00 | $ 23,250.00 |

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, 2006. The Borough must repay the loan in semi-annual installments over twenty years. Loan payments are due through 2026.

Debt service requirements during the next fiscal year is as follows:

| YEAR | PRINCIPAL | INTEREST |
|---|---|---|
| 2026 | $18,470.24 | $184.72 |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Water - Sewer Utility Capital Fund:

Serial Bonds:

| | |
|---|---|
| 3.75% Water - Sewer Utility Bonds Series 2011 Issued November 30, 2011, installment maturities to November 30, 2026 | $ 40,000.00 |
| Various % Water - Sewer Utility Bonds Series 2019 Issued December 5, 2019, installment maturities to December 1, 2044 | 2,060,000.00 |
| | $2,100,000.00 |

The Water - Sewer Utility Capital Fund bonds mature serially in installments to the year 2044.

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

| YEAR | PRINCIPAL | INTEREST |
|---|---|---|
| 2026 | $ 100,000.00 | $ 64,941.26 |
| 2027 | 80,000.00 | 61,041.26 |
| 2028 | 115,000.00 | 57,841.26 |
| 2029 | 120,000.00 | 53,241.26 |
| 2030 | 120,000.00 | 48,441.26 |
| 2031-2035 | 590,000.00 | 188,158.80 |
| 2036-2040 | 555,000.00 | 110,260.04 |
| 2041-2044 | 420,000.00 | 31,500.00 |
| | $ 2,100,000.00 | $ 615,425.14 |

N.J. I-Bank Loans:

The Borough received various low interest loans (variable rate) under the New Jersey Environmental Infrastructure Trust Loan Program. The respective loan balances at December 31, 2025 are enumerated below. Loan payments are due in semi-annual installments over twenty to thirty years. Loan payments are due through the year 2030.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Water - Sewer Utility Capital Fund (Continued):

N.J. I-Bank Loans (Continued):

| | |
|---|---|
| Utility System Trust Loan 2006 A | $ 13,432.96 |
| Utility System Fund Loan 2006 A | 9,896.10 |
| Utility System Trust Loan 2010 B | 612,000.00 |
| Utility System Fund Loan 2010 B | 329,415.72 |
| | $964,744.78 |

Debt Service requirements during the next five fiscal years are as follows:

| YEAR | PRINCIPAL | INTEREST |
|---|---|---|
| 2026 | $ 261,956.17 | $ 36,117.16 |
| 2027 | 242,627.11 | 29,235.00 |
| 2028 | 205,161.50 | 23,925.00 |
| 2029 | 124,000.00 | 18,300.00 |
| 2030 | 131,000.00 | 12,720.00 |
| | $ 964,744.78 | $ 120,297.16 |

SHORT-TERM DEBT OBLIGATIONS

General Capital Fund:

Bond Anticipation Notes

| ORDINANCE NUMBER | DESCRIPTION | AMOUNT | INTEREST RATE |
|---|---|---|---|
| 24-07 | Acquisition of Fire Truck | $ 400,000.00 | 6.49% |
| | | $ 400,000.00 | |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SHORT-TERM DEBT OBLIGATIONS (CONTINUED)

Water/Sewer Utility Capital Fund:

N.J. I-Bank Interim Construction Note

In 2024 or prior, the Borough signed a loan agreement with the New Jersey Environmental Infrastructure Trust (NJEIT) in order to provide funding for Ordinance #2023-14. The NJEIT assigned the project the following project number: S340176-03. Funding in the amount of $847,719 was approved by the NJEIT. Part of the loan is still in the interim construction phase of the loan process. Of the amount approved, $622,352 was drawn down through December 31, 2025. As of December 31, 2025, a balance of $225,367 remained available for draw down. The balance of the interim construction note at December 31, 2025 was $622,352.00

| ORDINANCE NUMBER | DESCRIPTION | | AMOUNT | INTEREST RATE |
|---|---|---|---|---|
| 23-14 | Water Meter Replacement | $ | 622,352.00 | 0.00% |
| | | $ | 622,352.00 | |

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2025, the Borough had bonds and notes authorized but not issued as follows:

| | |
|---|---|
| General Capital Fund | $ 1,681,444.77 |
| Water - Sewer Utility Capital Fund | 739,663.90 |

NOTE 4: COMPENSATED ABSENCES

Under the terms of various contracts, Borough employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off or paid at a later date as outlined in Borough personnel policies. It is estimated that, at December 31, 2025, the current cost of such unpaid compensation would approximate $132,111.43. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget or paid from a reserve that has been established through annual budget appropriations. At December 31, 2025, the amount reserved for unpaid compensated absences is $72,499.01. The 2025 budget contained an appropriation for $2,000 which as of the date of the audit had yet to be transferred to the accumulated absences trust fund The 2026 budget contained an appropriation for additional funding in the amount of $1,000.00.

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2025, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2026, as adopted were as follows:

| | |
|---|---|
| Current Fund | $ 345,000.00 |
| Water - Sewer Utility Fund | 59,000.00 |

NOTE 6: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the County, the Local School District and the Regional School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

NOTE 7: TAXES AND WATER – SEWER CHARGES COLLECTED IN ADVANCE

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

| | BALANCE DECEMBER 31, 2025 | BALANCE DECEMBER 31, 2024 |
|---|---|---|
| Prepaid Taxes | $70,695.44 | $59,047.45 |
| Tax Overpayments | 20,573.89 | 11,452.68 |
| Water - Sewer Prepaid | 753.46 | 458.41 |
| Water - Sewer Overpayments | 2,466.30 | 3,868.74 |

NOTE 8: TAX APPEALS

The Municipality is responsible for the assessment and collection of property taxes in accordance with New Jersey statutes. Property valuations are established by the Municipal Tax Assessor and are subject to appeal by taxpayers. Appeals are first heard at the County Board of Taxation, with further appeal rights to the New Jersey Tax Court.

Tax appeals can result in reductions to assessed valuations, which may require the Municipality to issue tax refunds for prior years. The financial impact of tax appeals varies depending on the volume of appeals, the complexity of the cases, and the outcomes rendered by the County Board of Taxation or the Tax Court.

As of December 31, 2025, no tax appeals were pending.

NOTE 8: TAX APPEALS (CONTINUED)

The Municipality evaluates all outstanding appeals to determine the likelihood of loss and the potential financial exposure. When it is probable that an appeal will result in a refund and the amount can be reasonably estimated, the Municipality records a liability for the estimated refund obligation. This liability is reflected in the financial statements as Reserve for Tax Appeals within the Current Fund.

For the year ended December 31, 2025:

- The Reserve for Tax Appeals totaled $70,000.00.
- Tax appeal refunds paid during the year amounted to $0.00.
- The Municipality continues to monitor all open appeals and adjusts the reserve as necessary based on updated information, legal decisions, and negotiations with taxpayers.

Management believes that the reserve recorded as of year-end is adequate to cover the Municipality's exposure related to pending tax appeals. Any appeals resolved in favor of the Municipality will reduce the need for future refund payments.

NOTE 9: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2025, the Borough does not believe that any material liabilities will result from such audits.

NOTE 10: LITIGATION

The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and any and all claims for damages under the New Jersey Tort Claims Act are covered by the self-insurance pool provided by the Fund. There is no anticipated or pending tort claim litigation which will result in any direct and uninsured liability of the Borough. Rather, all matters of tort claim have adequate insurance protection.

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.

NOTE 11: 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 program for municipalities within the State. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2025:

| Fund | Interfunds Receivable | Interfunds Payable |
|---|---|---|
| Current Fund | $ 235,270.91 | $ 82,040.89 |
| Federal and State Grant Fund | 82,040.89 | |
| Animal Control Trust Fund | | 0.32 |
| Trust Other Fund | | 249.18 |
| General Capital Fund | | 435,021.41 |
| Water - Sewer Utility Operating Fund | 192.34 | |
| Water - Sewer Utility Capital Fund | 200,000.00 | 192.34 |
| | $ 517,504.14 | $ 517,504.14 |

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 13: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrprts.shtml.

NOTE 13: PENSION PLANS (CONTINUED)

*Public Employees' Retirement* System *(PERS)* - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

*Police and Fireman's Retirement System (PFRS)* - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

*Defined Contribution Retirement Program (DCRP)* - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest alter four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

NOTE 13: PENSION PLANS (CONTINUED)

Funding Policy

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 portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2025, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2025, PERS provides for employee contributions of 7.50% of employees' base salary.

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. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2025, the State contributed an amount less than the actuarially determined amount. During 2025, PFRS provides for employee contributions of 10.00% of employees' base salary.

The Borough's share of regular pension costs, which is based upon the annual billings received from the State, amounted to $286,223 for 2025, $296,387 for 2024 and $286,309 for 2023.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Borough employees are also covered by Federal Insurance Contribution Act.

Accounting and Financial Reporting for Pensions – GASB 68

Public Employees Retirement System (PERS)

At June 30, 2025, the State reported a net pension liability of $309,852.00 for the Borough's proportionate share of the total net pension liability. The total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the Borough's proportion was 0.0025194023 percent, which was a decrease of 0.0005699170 percent from its proportion measured as of June 30, 2024.

NOTE 13: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2025, the State recognized an actuarially determined pension benefit of $23,240.00 for the Borough's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statements based on the April 1, 2025 billing was $42,037.00.

At June 30, 2025, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 8,834.00 | $ 331.00 |
| Changes of assumptions | 49.00 | 3,570.00 |
| Net difference between projected and actual earnings on pension plan investments | | 25,838.00 |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | 24,676.00 | 74,704.00 |
| | $ 33,559.00 | $ 104,443.00 |

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

| Year Ended June 30, | Amount |
|---|---|
| 2026 | ($4,266.60) |
| 2027 | (21,983.60) |
| 2028 | (19,248.60) |
| 2029 | (15,416.60) |
| 2030 | (9,968.60) |
| | ($70,884.00) |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which rolled forward to June 30, 2025. These actuarial valuations used the following assumptions:

| | |
|---|---|
| Inflation | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases | 3.25 – 7.75% Based on Years of Service |
| Investment Rate of Return | 7.00% |

Pre-retirement mortality rates were based on the Pub-2016 General Below-Median Income Employee mortality table with an 86.3% adjustment for males and 97.6% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 General Below-Median Income Healthy Retiree mortality table with a 93.3% adjustment for males and 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 156.9% adjustment for males and 139.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024.

NOTE 13: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2025) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 assets class included in PERS's target assets allocation as of June 30, 2025 asset are summarized in the following table:

| Assets Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| US Equity | 28.00% | 8.55% |
| Non-U.S. Developed Market Equity | 12.75% | 8.77% |
| International Small Cap Equity | 1.25% | 8.77% |
| Emerging Market Equity | 5.50% | 10.30% |
| Private Equity | 13.00% | 12.00% |
| Real Estate | 8.00% | 10.78% |
| Real Assets | 3.00% | 7.90% |
| High Yield | 4.50% | 6.63% |
| Private Credit | 8.00% | 9.00% |
| Investment Grade Credit | 7.00% | 5.47% |
| Cash Equivalents | 2.00% | 3.61% |
| U.S. Treasuries | 4.00% | 3.61% |
| Risk Mitigation Strategies | 3.00% | 7.26% |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. 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 in determining the total pension liability.

NOTE 13: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the Borough's proportionate share of net pension liability to changes in the discount rate

The following presents the Borough's proportionate share of the net pension liability of the participating employers as of June 30, 2025 respectively, calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2025 | | |
|---|---|---|---|
| | 1% Decrease 6.00% | At Current Discount Rate 7.00% | 1% Increase 8.00% |
| Borough's proportionate share of the pension liability | $424,170.00 | $309,852.00 | $212,424.00 |

Special Funding Situation

In accordance with 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 which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2025, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

The amounts contributed by the State on behalf of the Borough 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 Borough does 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 disclose in the notes to the financial statements of the Borough related to this legislation.

NOTE 13: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation (Continued)

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Borough as of June 30, 2025 was 0.0025332752% which was a decrease of 0.0005703170 percent from its proportion measured as of June 30, 2024. The non-employer contributing entities' contribution and employer pension expense and related revenue for the years ended June 30, 2025 and June 30, 2024 was $1,065.00 and $1,353.00, respectively.

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 http://www.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At June 30, 2025, the State reported a net pension liability of $1,142,381.00 for the Borough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2025, the Borough's proportion was 0.0113907348 percent, which was a decrease of 0.00011600952 percent from its proportion measured as of June 30, 2024.

NOTE 13: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

For the year ended June 30, 2025, the State recognized an actuarially determined pension expense of $149,875.00 The pension expense recognized in the Borough's financial statements based on the April 1, 2025, billing was $173,608.00.

At June 30, 2025, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 93,591.00 | $ 21,712.00 |
| Changes of assumptions | 57,142.00 | 14,442.00 |
| Net difference between projected and actual earnings on pension plan investments | | 55,962.00 |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | 210,770.00 | 100,035.00 |
| | $ 361,503.00 | $ 192,151.00 |

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30 | Amount |
|---|---|
| 2026 | $ 86,006.00 |
| 2027 | 3,879.00 |
| 2028 | 12,705.00 |
| 2029 | 27,164.00 |
| 2030 | 39,598.00 |
| | $ 169,352.00 |

NOTE 13: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which rolled forward to June 30, 2025. This actuarial valuation used the following assumptions:

| | |
|---|---|
| Inflation | |
| Price | 2.50% |
| Wage | 3.00% |
| Salary Increases | All future years<br>4.00-17.50%<br>Based on years of<br>Service |
| Investment Rate of Return | 7.00% |

Employee mortality rates were based on the Pub-2016 Safety Employee amount-weighted mortality tables projected generationally from 2016 with Scale MP-2021. 5% of deaths are assumed to be accidental. Healthy annuitants, mortality rates were 100% of the Pub-2016 Safety Retiree Below Median amount-weighted mortality tables for males and 98% of the Pub-2016 Safety Retiree Median amount-weighted mortality tables for females, projected generationally from 2016 with Scale MP-2021 mortality projection. For contingent annuitants, mortality rates were 100% of the Pub-2016 Contingent Survivor Below Median amount-weighted mortality tables for males and 102% Pub-2016 Contingent Survivor Below Median amount-weighted tables for females, projected generationally from 2016 with Scale MP-2021. Disability mortality rates were 134% of the Pub-2016 Safety Disabled Retiree amount weighted mortality table for males and 100% of the Pub-2016 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2016 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024.

NOTE 13: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2025) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 PFRS's target asset allocation as of June 30, 2025 are summarized in the following table:

| Assets Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| U.S. Large-Cap Equity | 24.00% | 6.90% |
| U.S. Small/Mid Cap Equity | 4.00% | 7.40% |
| Non-U.S. Developed Large-Cap Equity | 9.50% | 6.70% |
| Non-U.S. Developed Small Cap Equity | 2.00% | 7.50% |
| Emerging Markets Large-Cap Equity | 6.00% | 9.60% |
| Emerging Markets Small-Cap Equity | 1.50% | 9.60% |
| U.S. Treasury Bond | 7.00% | 4.10% |
| U.S. Corporate Bond | 5.00% | 5.90% |
| U.S. Mortgage-Backed Securities | 5.00% | 4.40% |
| Global Multisector Fixed Income | 6.00% | 6.50% |
| Cash | 2.00% | 3.40% |
| Real Estate Core | 3.00% | 5.10% |
| Real Estate Non-Core | 4.00% | 6.50% |
| Infrastructure | 3.00% | 7.00% |
| Private Debt/Credit | 8.00% | 9.10% |
| Private Equity | 10.00% | 10.10% |

NOTE 13: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. 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 of the participating employers as of June 30, 2025, 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 or 1- percentage point higher than the current rate:

| | June 30, 2025 | | |
|---|---|---|---|
| | 1% Decrease 6.00% | At Current Discount Rate 7.00% | 1% Increase 8.00% |
| Borough's proportionate share of the PFRS pension liability | $1,661,873.00 | $1,142,381.00 | $708,960.00 |

NOTE 13: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

In accordance with 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 which 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.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough 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 Borough does 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 disclose in the notes to the financial statements of the Borough related to this legislation.

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Borough as of December 31, 2025 and 2024 is 0.0113907422% and 0.0125507000% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2025 and 2024 was $27,487.00 and $29,395.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2025 and 2024 was $27,487.00 and $29,395.00, respectively.

At June 30, 2025 and 2024, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is $234,900.00 and $255,518.00, respectively.

At June 30, 2025, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

| | |
|---|---|
| Borough's Proportionate Share of Net Pension Liability | $1,142,381.00 |
| State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough | 231,900.00 |
| | $1,374,281.00 |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 http://www.state.nj.us/treasury/pensions.

NOTE 14: SCHOOL TAXES

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

| | LOCAL DISTRICT SCHOOL TAX | | REGIONAL SCHOOL DISTRICT TAX | |
|---|---|---|---|---|
| | BALANCE DECEMBER 31, 2025 | BALANCE DECEMBER 31, 2024 | BALANCE DECEMBER 31, 2025 | BALANCE DECEMBER 31, 2024 |
| Balance of Tax | $ 1,340,430.00 | $ 1,315,368.00 | $ 806,804.69 | $ 712,405.49 |
| Deferred | 1,200,000.00 | 1,200,000.00 | 692,000.00 | 692,000.00 |
| Tax Payable | $ 140,430.00 | $ 115,368.00 | $ 114,804.69 | $ 20,405.49 |

NOTE 15: LENGTH OF SERVICE AWARD PROGRAM

The Borough of Island Heights adopted an ordinance establishing a Length of Service Award Program to ensure retention of the Borough's volunteers pursuant to N.J.S.A. 40A:14-183 *et seq.*

Under this program, each volunteer member that performs the minimum amount of service will have an annual amount up to $1,150.00 deposited into a tax deferred income account that will earn interest for the volunteer. The Borough's costs amounted to $29,900.00 in 2025, $29,900.00 in 2024 and $27,600.00 in 2023. The accompanying financial statements do not include the Borough's Length of Service Awards Program's activities. The Borough's Length of Service Awards Program's financial statements are contained in a separate review report, as required by state regulations.

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description and Benefits Provided

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 Pensions*; therefore, assets are accumulated to pay associated benefits.

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

The Plan provides medical and prescription drug coverage 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 provided 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.

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Total Net OPEB Liability

At the June 30, 2024 measurement date, the Plan reported a Liability of $2,826,375.00 for the Borough's proportionate share of the collective Net OPEB liability. The total Net OPEB Liability measured as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024.

The Borough's proportion of the Net OPEB Liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024.

At the June 30, 2024 measurement date, the Borough's proportion was .015785 percent, which was a decrease of 0.000658 percent from its proportion measured as of June 30, 2023.

At the June 30 2024 measurement date, the State reported OPEB expense of $147,145.00.

At the June 30, 2024 measurement date, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|---|---|
| Differences between expected and actual experience | $143,136.00 | $478,885.00 |
| Changes of assumptions | 472,516.00 | 469,160.00 |
| Net difference between projected and actual earnings on OPEB plan investments | | 1,279.00 |
| Changes in proportion | 1,008,187.00 | 196,778.00 |
| | $1,623,839.00 | $1,146,102.00 |

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State's actuarially calculated OPEB (benefit)/expense as follows:

| Year Ended June 30, | Amount |
|---|---|
| 2025 | ($15,138.20) |
| 2026 | 85,897.80 |
| 2027 | 149,155.80 |
| 2028 | 92,301.80 |
| 2029 | 117,697.80 |
| Thereafter | 47,822.00 |
| | $477,737.00 |

Actuarial Assumptions and Other Inputs

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:

| | |
|---|---|
| Salary Increases*: | |
| Public Employees Retirement System (PERS): | |
| Initial fiscal year applied | |
| Rate for all future years | 2.75% to 6.55% |
| Police and Firemen's Retirement System (PFRS): | |
| Rate for all future years | 3.25% to 16.25% |

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

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Mortality

Pre-Retirement 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 projections from the central year using scale MP-2021 |

Post-Retirement Mortality

| | |
|---|---|
| Chapter 330 Retirees | Pub-2010 "Safety" classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021 |
| Other Retirees | Pub-2010 "General" classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021 |

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Discount Rate

The discount rate for June 30, 2024 was 3.93%. 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 rating 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 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Health Care Trend Assumption

For Pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend rate is increasing to 19.38% in fiscal year 2026 and decreases to 4.50% in fiscal year 2034. For HMO, the trend rate is increasing to 20.15% in fiscal year 2026 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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

The following presents the Net OPEB Liability associated with the Borough as of June the 30, 2024 measurement date, calculated using the discount rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

| | 1.00% Decrease (2.93%) | At Discount Rate (3.93%) | 1.00% Increase (4.93%) |
|---|---|---|---|
| Borough's proportionate share of the Net OPEB Liability | $3,292,420.00 | $2,826,375.00 | $2,453,110.00 |

Sensitivity of the Borough's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Trends

The following presents the total Net OPEB Liability associated with the Borough as of the June 30, 2024 measurement date, calculated using the healthcare trend rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1.00% Decrease | Healthcare Cost Trend Rate | 1.00% Increase |
|---|---|---|---|
| Borough's proportionate share of the Net OPEB Liability | $2,390,540.00 | $2,826,375.00 | $3,386,740.00 |

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation

The Borough, by resolution of the governing body, has elected to provide postretirement medical coverage to certain employees under the provisions of Chapter 330, P.L. 1997.

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 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 non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Borough as of the measurement date June 30, 2024 and 2023 is 0.004865% and 0.005079% respectively, and the employer pension benefit and related revenue for the measurement date ended June 30, 2024 and 2023 was $22,985.00 and $32,132.00, respectively.

At the measurement date June 30, 2024 and 2023, the State's proportionate share of the net OPEB liability attributable to the Borough for the special funding situation is $237,249.00 and $177,211.00 respectively.

At measurement date June 30, 2024, the Borough's and State of New Jersey's proportionate share of the Net OPEB Liability were as follows:

| | |
|---|---|
| Borough's proportionate share of the Net OPEB Liability | $2,826,375.00 |
| State of New Jersey's proportionate share of Net OPEB Liability associated with the Borough | 237,249.00 |
| | $3,063,624.00 |

NOTE 16: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 http://www.state.nj.us/treasury/pensions

NOTE 17: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2025, the following deferred charges are shown on the balance sheets of the various funds:

| | BALANCE DECEMBER 31, 2025 | 2026 BUDGET APPROPRIATION | BALANCE TO BUDGETS OF SUCCEEDING YEARS |
|---|---|---|---|
| Water-Sewer Capital Fund: | | | |
| Cost of Improvements Authorized Ord. #22-06 | $141,580.00 | -0- | $141,580.00 |

NOTE 18: FIXED ASSETS

Below is a summary of the General Fixed Assets Account Group for the year ended December 31, 2025:

| | Balance December 31, 2024 | Additions | Deletions | Balance December 31, 2025 |
|---|---|---|---|---|
| Land | $183,483.00 | 16,997,117.00 | | $17,180,600.00 |
| Buildings and Building Imp. | $1,357,829.40 | 1,335,570.60 | | 2,693,400.00 |
| Equipment, Machinery and Vehicles | 2,065,565.72 | $114,353.28 | | 2,179,919.00 |
| | $3,606,878.12 | $18,447,040.88 | $0.00 | $22,053,919.00 |

*The fixed asset inventory for land and buildings has not been updated since 2021 and the valuations of Borough owned property have changed significantly since then. Since inadequate documentation exists as to the cost or estimated historical cost of the properties, the valuations at December 31, 2025 reflect the most recent assessed valuation of the Borough owned properties as determined by the Borough Tax Assessor.

NOTE 19: LEASES

The Borough has entered into three (3) cell tower leases with AT&T/Cingular, T-Mobile and Dish Wireless all of which commenced at various dates. The agreements have a five (5) lease term and renewal options ranging in total from a minimum of twenty-five (25) and a maximum of sixty (60) years. Payments received by the Borough during 2025 totaled $96,753.46.

The Borough entered into a lease agreement with DeLage Landen Financial for two (2) Ricoh copiers: a C3000 machine for the Borough hall and a C2510 for the Police Department. The lease term is sixty (60) months with monthly payments of $332.47/month and $267.82/month respectively. Payments made by the Borough during 2025 totaled $7,339.84.

The Borough has entered into a lease agreement with the United States Postal Service (USPS) wherein the USPS will occupy a portion of the Municipal Complex. The lease runs for five (5) years with the option to renew for two (2) additional five (5) year terms. Rents will increase with each renewal. Rents received under this lease agreement amounted to $55,077.00 for the period under audit.

The Borough entered into a lease agreement with Pitney Bowes for a Send Pro C-Series S4 Postage Machine. The lease term is sixty (60) months with a monthly payment of $85.60/month. Payments made by the Borough during 2025 totaled $1,027.20.

NOTE 20: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through June 26, 2026, which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that the following subsequent event requires disclosure.

On March 26, 2026 the Borough permanently financed the N.J. I-Bank Interim Construction Note funding for the Water Meter Replacement Project. Of the total funding permanently financed, ($847,719), the Borough received Principal Forgiveness in the amount of $423,859. The remaining funding was split evenly between the I-Bank and the Fund. The Trust portion, $211,930 is payable with interest and the Fund portion, $211,930 is payable with no interest.

BOROUGH OF ISLAND HEIGHTS

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2025

# BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## SCHEDULE OF CASH

| | REF. | | |
|---|---|---|---|
| Balance, December 31, 2024 | A | | $ 1,728,929.53 |
| Increased by Receipts: | | | |
| Miscellaneous Revenue not Anticipated | A-2 | $ 29,560.25 | |
| Taxes Receivable | A-6 | 8,559,425.46 | |
| Revenue Accounts Receivable | A-9 | 618,103.29 | |
| Due From/To State of New Jersey | A-11 | 15,769.95 | |
| Tax Overpayments | A-12 | 25,811.81 | |
| Prepaid Taxes | A-13 | 70,795.41 | |
| Prepaid Revenue | A-17 | 920.00 | |
| Interfunds | A-19 | 96,603.43 | |
| Miscellaneous Reserves | A-20 | 1,875,840.67 | |
| | | | 11,292,830.27 |
| | | | 13,021,759.80 |
| Decreased by Disbursements: | | | |
| Refund of Prior Year Revenue | A-1 | 5,364.96 | |
| Budget Appropriations | A-3 | 3,081,786.91 | |
| Appropriation Reserves | A-10 | 167,675.06 | |
| Due From/To State of New Jersey | A-11 | 8,321.00 | |
| Tax Overpayments | A-12 | 3,031.62 | |
| County Taxes Payable | A-14 | 1,986,896.41 | |
| Local District School Tax Payable | A-15 | 2,743,236.00 | |
| Regional School District Taxes Payable | A-16 | 1,580,569.80 | |
| Accounts Payable | A-18 | 49.04 | |
| Interfunds | A-19 | 345,090.34 | |
| Miscellaneous Reserves | A-20 | 1,872,924.13 | |
| | | | 11,794,945.27 |
| Balance, December 31, 2025 | A | | $ 1,226,814.53 |

## BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## SCHEDULE OF CHANGE FUNDS

| | REF. | |
|---|---|---|
| Balance, December 31, 2024 and 2025 | A | $ 50.00 |

ANALYSIS OF BALANCE

| | |
|---|---|
| Finance | $ 50.00 |

BOROUGH OF ISLAND HEIGHTS

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| YEAR | BALANCE DECEMBER 31, 2024 | 2025 LEVY | COLLECTED 2025 | COLLECTED 2024 | VETERANS AND SENIOR CITIZENS DEDUCTIONS | CANCELED | OVER-PAYMENTS APPLIED | TRANSFER TO TAX TITLE LIENS | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|---|---|---|---|
| Prior | $ 327.00 | $ | $ | $ | $ | $ | $ | $ | $ 327.00 |
| 2024 | 129,446.64 | | 129,446.64 | | | | | | |
| | 129,773.64 | | 129,446.64 | | | | | | 327.00 |
| 2025 | | 8,680,373.91 | 8,429,978.82 | 59,147.42 | 9,500.00 | 7,335.85 | 13,658.98 | 3,541.79 | 157,211.05 |
| | $ 129,773.64 | $ 8,680,373.91 | $ 8,559,425.46 | $ 59,147.42 | $ 9,500.00 | $ 7,335.85 | $ 13,658.98 | $ 3,541.79 | $ 157,538.05 |
| REF. | A | A-6 | A-4 | A-13 | A-11 | | A-12 | A-7 | A |

| | REF. | | | |
|---|---|---|---|---|
| Analysis of 2025 Property Tax Levy | | | | |
| Tax Yield: | | | | |
| General Purpose Tax | | | $ 8,616,989.16 | |
| Added Taxes | | | 63,384.75 | |
| | A-6 | | | $ 8,680,373.91 |
| Tax Levy: | | | | |
| Local District School Tax (Abstract) | A-15 | | $ 2,768,298.00 | |
| Regional School District Tax (Abstract) | A-16 | | 1,674,969.00 | |
| County Tax (Abstract) | A-14 | $ 1,644,752.46 | | |
| County Library Tax (Abstract) | A-14 | 164,576.49 | | |
| County Health Tax (Abstract) | A-14 | 97,350.51 | | |
| County Open Space Preservation (Abstract) | A-14 | 69,972.94 | | |
| Due County Added Taxes | A-14 | 14,552.96 | | |
| Total County Taxes | A-14 | | 1,991,205.36 | |
| Total School and County Taxes | A-2 | | 6,434,472.36 | |
| Local Tax for Municipal Purposes | A-2 | 2,196,140.00 | | |
| Added Taxes | | 49,761.55 | | |
| | | | 2,245,901.55 | |
| | A-6 | | | $ 8,680,373.91 |

"A-7"

BOROUGH OF ISLAND HEIGHTS

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

| | REF | | |
|---|---|---|---|
| Balance, December 31, 2024 | A | | $ 31,765.68 |
| Increased by: | | | |
| Added Tax Title Liens | | $ 553.75 | |
| Transfer from Taxes Receivable | A-6 | 3,541.79 | |
| | | | 4,095.54 |
| | | | 35,861.22 |
| Decreased by: | | | |
| Transfers to Property Acquired for Taxes | A-8 | | 34,995.71 |
| Balance, December 31, 2025 | A | | $ 865.51 |

"A-8"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES

(AT ASSESSED VALUATION)

| | | | |
|---|---|---|---|
| Increased by: | | | |
| Transferred from Tax Title Liens | A-7 | $ 34,995.71 | |
| Adjustment to Assessed Valuation | | 177,404.29 | |
| | | | $ 212,400.00 |
| Balance, December 31, 2025 | A | | $ 212,400.00 |

# BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | BALANCE DECEMBER 31, 2024 | ACCRUED IN 2025 | COLLECTED | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|
| Fees and Permits | $ | $ 22,442.00 | $ 22,442.00 | $ |
| Fines and Costs - Municipal Court | | 31,765.96 | 30,611.96 | 1,154.00 |
| Interest and Costs on Taxes | | 40,301.20 | 40,301.20 | |
| Interest on Investments and Deposits | | 16,623.15 | 16,623.15 | |
| Beach Badge Fees | | 29,589.00 | 29,589.00 | |
| Energy Tax Receipts | | 118,807.45 | 118,807.45 | |
| Uniform Construction Code Fees | | 139,564.00 | 139,564.00 | |
| Special Law Enforcement Officer - Island Heights BOE | 5,938.92 | 52,450.00 | 40,418.44 | 17,970.48 |
| Cable Television Franchise Fees | | 28,069.09 | 28,069.09 | |
| Post Office Lease | | 55,077.00 | 55,077.00 | |
| Antenna Lease | | 36,600.00 | 36,600.00 | |
| General Capital Fund Balance | | 60,000.00 | 60,000.00 | |
| | $ 5,938.92 | $ 631,288.85 | $ 618,103.29 | $ 19,124.48 |
| REF. | A | | A-4 | A |

"A-10"
SHEET #1

# BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## SCHEDULE OF APPROPRIATION RESERVES

| OPERATIONS WITHIN CAPS | BALANCE DECEMBER 31, 2024 | BALANCE AFTER TRANSFER | PAID OR CHARGED | BALANCE LAPSED |
|---|---|---|---|---|
| General Administration | | | | |
| Salaries and Wages | $ 14.09 | $ 14.09 | $ | $ 14.09 |
| Other Expenses | 757.60 | 2,852.35 | 2,604.10 | 248.25 |
| Mayor and Council | | | | |
| Other Expenses | 5.00 | 955.00 | 950.00 | 5.00 |
| Municipal Clerk | | | | |
| Other Expenses | 119.97 | 2,684.83 | 2,395.28 | 289.55 |
| Advertising | 791.75 | 791.75 | | 791.75 |
| Elections | | | | |
| Other Expenses | 704.71 | 704.71 | | 704.71 |
| Financial Administration | | | | |
| Salaries and Wages | 3.36 | 3.36 | | 3.36 |
| Other Expenses | 1,579.03 | 3,666.23 | 1,650.10 | 2,016.13 |
| Computerized Data Processing | | | | |
| Other Expenses | 172.58 | 1,418.83 | 1,237.20 | 181.63 |
| Collection of Taxes | | | | |
| Other Expenses | 1,259.50 | 555.50 | 296.00 | 259.50 |
| Tax Assessment | | | | |
| Salaries and Wages | 8.66 | 8.66 | | 8.66 |
| Other Expenses | 438.16 | 950.00 | 557.40 | 392.60 |
| Cost of Tax Appeals | 3,000.00 | | | |

BOROUGH OF ISLAND HEIGHTS

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

| OPERATIONS WITHIN CAPS (CONTINUED) | BALANCE DECEMBER 31, 2024 | BALANCE AFTER TRANSFER | PAID OR CHARGED | BALANCE LAPSED |
|---|---|---|---|---|
| Legal Services and Costs | | | | |
| Advertising and Legal Notices | $ 2,416.49 | $ 451.75 | $ 35.26 | $ 416.49 |
| Other Expenses | 2,653.49 | 5,307.52 | 2,654.03 | 2,653.49 |
| Counsel - Labor - Other Expenses | 888.00 | 888.00 | | 888.00 |
| Engineering Services and Costs | | | | |
| Other Expenses | 0.62 | 9,039.12 | 7,900.85 | 1,138.27 |
| Planning Board | | | | |
| Salaries and Wages | 83.32 | 83.32 | | 83.32 |
| Other Expenses - Legal | 661.54 | 1,344.04 | 682.50 | 661.54 |
| Other Expenses - Miscellaneous | 627.16 | 675.00 | 47.84 | 627.16 |
| Code Enforcement & Zoning | | | | |
| Salaries and Wages | 692.53 | 692.53 | | 692.53 |
| Other Expenses | 1,171.89 | 701.89 | 549.36 | 152.53 |
| Insurance | | | | |
| General Liability | 2,300.00 | 300.00 | | 300.00 |
| Employee Group Insurance | 1,334.37 | 26,703.02 | 26,657.65 | 45.37 |
| Employee Health Waiver | 2,518.48 | 7,518.48 | 5,000.00 | 2,518.48 |
| Police | | | | |
| Salaries and Wages | 9,291.29 | 9,291.29 | | 9,291.29 |
| Other Expenses | 2,263.59 | 18,814.64 | 11,812.27 | 7,002.37 |
| Medical Testing | 577.00 | 921.00 | 344.00 | 577.00 |

# BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## SCHEDULE OF APPROPRIATION RESERVES

| OPERATIONS WITHIN CAPS (CONTINUED) | BALANCE DECEMBER 31, 2024 | BALANCE AFTER TRANSFER | PAID OR CHARGED | BALANCE LAPSED |
|---|---|---|---|---|
| Emergency Management Service | | | | |
| Other Expenses | $ 832.40 | $ 2,752.90 | $ 1,920.50 | $ 832.40 |
| First Aid | | | | |
| Other Expenses | 1,000.00 | 1,000.00 | 1,000.00 | |
| Contribution | 5,000.00 | 5,000.00 | 5,000.00 | |
| Fire Department | | | | |
| Other Expenses | 471.00 | 471.00 | | 471.00 |
| Contribution | 18,750.00 | 18,750.00 | 18,750.00 | |
| Municipal Prosecutor | | | | |
| Other Expenses | | 750.00 | 750.00 | |
| Municipal Court | | | | |
| Salaries and Wages | 1,591.10 | 1,591.10 | | 1,591.10 |
| Other Expenses | 672.78 | 672.78 | 31.50 | 641.28 |
| Public Defender | | | | |
| Other Expenses | 500.00 | 500.00 | | 500.00 |
| Public Buildings/Grounds/Parks/Playgrounds Beaches | | | | |
| Salaries and Wages | 5,544.58 | 1,544.58 | | 1,544.58 |
| Other Expenses | 1,346.01 | 21,495.42 | 11,656.04 | 9,839.38 |
| Solid Waste Collection | | | | |
| Contractual | 907.34 | 53,754.45 | 35,838.17 | 17,916.28 |
| Other Expenses | 450.00 | 450.00 | | 450.00 |

BOROUGH OF ISLAND HEIGHTS

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

| OPERATIONS WITHIN CAPS (CONTINUED) | BALANCE DECEMBER 31, 2024 | BALANCE AFTER TRANSFER | PAID OR CHARGED | BALANCE LAPSED |
|---|---|---|---|---|
| Recycling | | | | |
| Salaries and Wages | $ 1,000.00 | $ 1,000.00 | $ | $ 1,000.00 |
| Vehicle Maintenance | | | | |
| Other Expenses | 1,406.14 | 6,397.33 | 5,700.31 | 697.02 |
| Shade Tree | | | | |
| Other Expenses | 1,000.00 | 1,000.00 | | 1,000.00 |
| Snow Removal | | | | |
| Salaries and Wages | 2,688.12 | 688.12 | | 688.12 |
| Other Expenses | 3,950.85 | 18,950.85 | 18,500.00 | 450.85 |
| 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 |
| Environmental Commission | | | | |
| Other Expenses | 75.00 | 75.00 | | 75.00 |
| Animal Control | | | | |
| Other Expenses | 500.00 | 500.00 | 500.00 | |
| Senior Advisory Committee | | | | |
| Other Expenses | 10.00 | 10.00 | | 10.00 |

## BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## SCHEDULE OF APPROPRIATION RESERVES

| OPERATIONS WITHIN CAPS (CONTINUED) | BALANCE DECEMBER 31, 2024 | BALANCE AFTER TRANSFER | PAID OR CHARGED | BALANCE LAPSED |
|---|---|---|---|---|
| Recreation | | | | |
| Salaries and Wages | $ 1,000.00 | $ 1,000.00 | $ | $ 1,000.00 |
| Other Expenses | 256.25 | 1,737.25 | 1,279.21 | 458.04 |
| Deferred Sick Time | 2,000.00 | 2,000.00 | | 2,000.00 |
| Construction Code Official | | | | |
| Salaries and Wages | 128.54 | 128.54 | | 128.54 |
| Other Expenses | 453.41 | 453.41 | | 453.41 |
| Fire Official | | | | |
| Salaries and Wages | 0.04 | 0.04 | | 0.04 |
| Other Expenses | 293.24 | 323.24 | 30.00 | 293.24 |
| Unclassified | | | | |
| Gasoline | 1,106.53 | 1,606.53 | 1,232.52 | 374.01 |
| Electricity | 4,614.11 | 6,476.17 | 1,862.06 | 4,614.11 |
| Telephone | 478.82 | 478.82 | 301.14 | 177.68 |
| Natural Gas | 4,786.81 | 4,786.81 | 3,345.99 | 1,440.82 |
| Street Lighting | 1,908.28 | 1,908.28 | | 1,908.28 |

# BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## SCHEDULE OF APPROPRIATION RESERVES

| OPERATIONS WITHIN CAPS (CONTINUED) | REF. | BALANCE DECEMBER 31, 2024 | BALANCE AFTER TRANSFER | PAID OR CHARGED | BALANCE LAPSED |
|---|---|---|---|---|---|
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Social Security System (O.A.S.I.) | | $ 0.39 | $ 0.39 | $ (91.22) | $ 91.61 |
| Unemployment Compensation Insurance | | 95.59 | 95.59 | | 95.59 |
| Defined Contribution Retirement Program | | 377.24 | 377.24 | | 377.24 |
| Total Appropriations within Caps | | 102,038.75 | 256,572.75 | 172,980.06 | 83,592.69 |
| OPERATIONS EXCLUDED FROM CAPS | | | | | |
| Length of Service Awards Program (LOSAP) | | 11,100.00 | 11,100.00 | | 11,100.00 |
| Special Law Enforcement Officer - Island Heights BOE | | 9,735.66 | 9,735.66 | | 9,735.66 |
| Total Appropriations excluded from Caps | | 20,835.66 | 20,835.66 | | 20,835.66 |
| | | $ 122,874.41 | $ 277,408.41 | $ 172,980.06 | $ 104,428.35 |
| | | A | | | A-1 |
| Appropriation Reserves - 2024 | A | | $ 122,874.41 | $ | |
| Reserve for Encumbrances | A-21 | | 154,534.00 | | |
| Disbursements | A-4 | | | 167,675.06 | |
| Accounts Payable | A-18 | | | 5,305.00 | |
| | | | $ 277,408.41 | $ 172,980.06 | |

## BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## SCHEDULE OF DUE FROM/TO STATE OF NEW JERSEY

| | REF. | TOTAL (MEMO ONLY) | DCA TRAINING FEES | CH. 20 P.L. 1971 | MARRIAGE LICENSES |
|---|---|---|---|---|---|
| Balance, December 31, 2024 - (Due From)/Due To | A | $ (4,565.19) | $ 5,265.00 | $ (10,355.19) | $ 525.00 |
| Increased/Decreased by: | | | | | |
| Deductions: | | | | | |
| Per Billings | A-6 | 9,500.00 | | 9,500.00 | |
| Disbursements | A-4 | 8,321.00 | 7,896.00 | | 425.00 |
| Total Increases/Decreases | | 17,821.00 | 7,896.00 | 9,500.00 | 425.00 |
| Total Increases/Decreases and Balances | | (22,386.19) | (2,631.00) | (19,855.19) | 100.00 |
| Decreased/Increased by: | | | | | |
| Receipts | A-4 | 15,769.95 | 6,047.00 | 9,597.95 | 125.00 |
| Total Decreases/Increases | | 15,769.95 | 6,047.00 | 9,597.95 | 125.00 |
| Balance, December 31, 2025 - (Due From)/Due To | A | $ (6,616.24) | $ 3,416.00 | $ (10,257.24) | $ 225.00 |

## BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## SCHEDULE OF TAX OVERPAYMENTS

| | REF. | | |
|---|---|---|---|
| Balance December 31, 2024 | A | | $ 11,452.68 |
| Increased by: | | | |
| Receipts | A-4 | | 25,811.81 |
| | | | 37,264.49 |
| Decreased by: | | | |
| Disbursements | A-4 | $ 3,031.62 | |
| Applied to Taxes Receivable | A-6 | 13,658.98 | |
| | | | 16,690.60 |
| Balance December 31, 2025 | A | | $ 20,573.89 |



## SCHEDULE OF PREPAID TAXES

| | | |
|---|---|---|
| Balance, December 31, 2024 | A | $ 59,047.45 |
| Increased by: | | |
| Collections | A-4 | 70,795.41 |
| | | 129,842.86 |
| Decreased by: | | |
| Applied to Taxes Receivable | A-6 | 59,147.42 |
| Balance, December 31, 2025 | A | $ 70,695.44 |

# BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## SCHEDULE OF COUNTY TAXES PAYABLE

| | REF. | | | |
|---|---|---|---|---|
| Balance, December 31, 2024 | A | | $ | 10,244.01 |
| Increased by: | | | | |
| General County Tax | A-6 | $ 1,644,752.46 | | |
| County Library Tax | A-6 | 164,576.49 | | |
| County Health | A-6 | 97,350.51 | | |
| County Open Space Preservation | A-6 | 69,972.94 | | |
| Added and Omitted Taxes | A-6 | 14,552.96 | | |
| | A-1:A-6 | | | 1,991,205.36 |
| | | | | 2,001,449.37 |
| Decreased by: | | | | |
| Payments | A-4 | | | 1,986,896.41 |
| Balance, December 31, 2025 | A | | $ | 14,552.96 |

# BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

| | REF. | | |
|---|---|---|---|
| Balance, December 31, 2024: | | | |
| School Tax Payable | A | $ 115,368.00 | |
| School Tax Deferred | | 1,200,000.00 | |
| | | | $ 1,315,368.00 |
| Increased by: | | | |
| Levy School Year - July 1, 2025 to June 30, 2026 | A-1:A-6 | | 2,768,298.00 |
| | | | 4,083,666.00 |
| Decreased by: | | | |
| Payments | A-4 | | 2,743,236.00 |
| Balance, December 31, 2025: | | | |
| School Tax Payable | A | $ 140,430.00 | |
| School Tax Deferred | | 1,200,000.00 | |
| | | | $ 1,340,430.00 |



## SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE

| | | | |
|---|---|---|---|
| Balance, December 31, 2024: | | | |
| School Tax Payable | A | $ 20,405.49 | |
| School Tax Deferred | | 692,000.00 | |
| | | | $ 712,405.49 |
| Increased by: | | | |
| Levy School Year - July 1, 2025 to June 30, 2026 | A-1:A-6 | | 1,674,969.00 |
| | | | 2,387,374.49 |
| Decreased by: | | | |
| Payments | A-4 | | 1,580,569.80 |
| Balance, December 31, 2025: | | | |
| School Tax Payable | A | $ 114,804.69 | |
| School Tax Deferred | | 692,000.00 | |
| | | | $ 806,804.69 |

# BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## PREPAID REVENUE

| | REF. | |
|---|---|---|
| Balance, December 31, 2024 | A | $ 1,140.00 |
| Increased by: | | |
| Receipts | A-4 | 920.00 |
| | | 2,060.00 |
| Decreased by: | | |
| Application to Anticipated Revenue | A-2 | 1,140.00 |
| Balance, December 31, 2025 | | $ 920.00 |

# BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## SCHEDULE OF ACCOUNTS PAYABLE

| | REF. | | |
|---|---|---|---|
| Balance, December 31, 2024 | A | $ | 5,014.23 |
| Increased by: | | | |
| Transfer from Appropriation Reserves | A-10 | | 5,305.00 |
| | | | 10,319.23 |
| Decreased by: | | | |
| Disbursements | A-4 | | 49.04 |
| Balance, December 31, 2025 | A | $ | 10,270.19 |

BOROUGH OF ISLAND HEIGHTS

CURRENT FUND

SCHEDULE OF INTERFUNDS

| | REF. | TOTAL (MEMO ONLY) | FEDERAL AND STATE GRANT FUND | ANIMAL CONTROL TRUST FUND | OTHER TRUST FUND | GENERAL CAPITAL FUND |
|---|---|---|---|---|---|---|
| Balance, December 31, 2024 - Due From/(Due To) | A | $ (95,256.89) | $ (95,834.39) | $ 0.75 | $ 274.03 | $ 302.72 |
| Increased/Decreased by: | | | | | | |
| Disbursements | A-4 | 345,090.34 | 106,557.25 | 5.86 | 3,143.57 | 235,383.66 |
| 2025 Budget Revenues Realized | A-2 | 8,459.75 | 8,459.75 | | | |
| Total Increases/Decreases | | 353,550.09 | 115,017.00 | 5.86 | 3,143.57 | 235,383.66 |
| Total Increases/Decreases and Balances | | 258,293.20 | 19,182.61 | 6.61 | 3,417.60 | 235,686.38 |
| Decreased/Increased by: | | | | | | |
| 2025 Budget Appropriations | A-3 | 8,459.75 | 8,459.75 | | | |
| Receipts | A-4 | 96,603.43 | 92,763.75 | 6.29 | 3,168.42 | 664.97 |
| Total Decreases/Increases | | 105,063.18 | 101,223.50 | 6.29 | 3,168.42 | 664.97 |
| Balance, December 31, 2025 - Due From/(Due To) | A | $ 153,230.02 | $ (82,040.89) | $ 0.32 | $ 249.18 | $ 235,021.41 |

# BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## SCHEDULE OF MISCELLANEOUS RESERVES

| | REF. | BALANCE DECEMBER 31, 2024 | INCREASE | DECREASE | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|
| Municipal Relief Fund Aid | | $ 6,122.00 | $ | $ 6,122.00 | $ |
| Payroll Liabilities | | 16,802.92 | 1,867,756.17 | 1,872,924.13 | 11,634.96 |
| Repairs to Police Interceptor | | | 8,084.50 | | 8,084.50 |
| Sale of Municipal Assets | | 6,108.72 | | | 6,108.72 |
| Tax Appeals | | 70,000.00 | | | 70,000.00 |
| | | $ 99,033.64 | $ 1,875,840.67 | $ 1,879,046.13 | $ 95,828.18 |
| | REF. | A | A-4 | | A |
| | A-1 | | | $ 6,122.00 | |
| | A-4 | | | 1,872,924.13 | |
| | | | | $ 1,879,046.13 | |

# BOROUGH OF ISLAND HEIGHTS

## CURRENT FUND

## SCHEDULE OF RESERVE FOR ENCUMBRANCES

| | REF. | TOTAL (MEMO ONLY) | CURRENT FUND | FEDERAL AND STATE GRANT FUND |
|---|---|---|---|---|
| Balance, December 31, 2024 | A | $ 162,998.05 | $ 154,534.00 | $ 8,464.05 |
| Increased by: | | | | |
| 2025 Budget Appropriations | A-3 | 116,316.65 | 116,316.65 | |
| Grant Appropriated Reserves | A-24 | 9,126.50 | | 9,126.50 |
| | | 125,443.15 | 116,316.65 | 9,126.50 |
| | | 288,441.20 | 270,850.65 | 17,590.55 |
| Decreased by: | | | | |
| 2024 Appropriation Reserves | A-10 | 154,534.00 | 154,534.00 | |
| Grant Appropriated Reserves | A-24 | 8,464.05 | | 8,464.05 |
| | | 162,998.05 | 154,534.00 | 8,464.05 |
| Balance, December 31, 2025 | A | $ 125,443.15 | $ 116,316.65 | $ 9,126.50 |

# BOROUGH OF ISLAND HEIGHTS

## FEDERAL AND STATE GRANT FUND

## SCHEDULE OF INTERFUNDS

| | REF. | | CURRENT FUND |
|---|---|---|---|
| Balance, December 31, 2024 - Due From/(Due To) | A | $ | 95,834.39 |
| Increased/Decreased by: | | | |
| Disbursements by Current Fund - Grants Appropriated | A-24 | | 106,557.25 |
| 2025 Budget Revenues Realized | A-23 | | 8,459.75 |
| Total Increases/Decreases | | | 115,017.00 |
| Total Increases/Decreases and Balances | | | (19,182.61) |
| Decreased/Increased by: | | | |
| Receipts in Current Fund | A-23 | | 92,763.75 |
| 2025 Budget Appropriations | A-24 | | 8,459.75 |
| Total Decreases/Increases | | | 101,223.50 |
| Balance, December 31, 2025 - Due From/(Due To) | A | $ | 82,040.89 |

# BOROUGH OF ISLAND HEIGHTS

## FEDERAL AND STATE GRANT FUND

## SCHEDULE OF GRANTS RECEIVABLE

| | BALANCE DECEMBER 31, 2024 | 2025 BUDGET REVENUE REALIZED | RECEIPTS | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|
| ARP - Firefighter Equipment Grant | $ 288.00 | $ | $ | $ 288.00 |
| Body Armor Replacement Fund | 8,650.74 | | | 8,650.74 |
| Body Worn Camera Grant | 16,304.00 | | 16,304.00 | |
| Clean Communities Grant | | 5,791.34 | 5,791.34 | |
| Community Development Block Grant | 3,106.50 | | | 3,106.50 |
| Local Recreation Improvement Grant | 63,000.00 | | 63,000.00 | |
| OEM 966 | 327.70 | | | 327.70 |
| Recycling Tonnage Grant | | 2,668.41 | 2,668.41 | |
| Sustainable Jersey Small Grants Program | 10,000.00 | | 5,000.00 | 5,000.00 |
| | $ 101,676.94 | $ 8,459.75 | $ 92,763.75 | $ 17,372.94 |
| REF. | A | A-22 | A-22 | A |

# BOROUGH OF ISLAND HEIGHTS

## FEDERAL AND STATE GRANT FUND

## SCHEDULE OF GRANTS - APPROPRIATED

| | REF. | BALANCE DECEMBER 31, 2024 | 2025 BUDGET APPROPRIATIONS | PAID OR CHARGED | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|
| Alcohol Education and Rehabilitation Fund | | $ 334.73 | $ | $ | $ 334.73 |
| ARP - Firefighter Equipment Grant | | 288.00 | | | 288.00 |
| Body Armor Replacement Fund | | 9,632.28 | | | 9,632.28 |
| Body Worn Camera Grant | | 1,563.81 | | | 1,563.81 |
| CARES Act | | 3,780.88 | | | 3,780.88 |
| Clean Communities Program | | 34,991.21 | 5,791.34 | 28,593.20 | 12,189.35 |
| Community Development Block Grant | | 8,310.00 | | | 8,310.00 |
| Community Development Block Grant | | 2,956.25 | | | 2,956.25 |
| Drunk Driving Enforcement Fund | | 3,649.38 | | | 3,649.38 |
| Green Communities Grant | | 3,000.00 | | | 3,000.00 |
| Local Recreation Improvement Grant | | 63,000.00 | | 63,000.00 | |
| OEM 966 | | 17,118.20 | | | 17,118.20 |
| PSEG Small Grant | | 5,000.00 | | | 5,000.00 |
| Recycling Tonnage Grant | | 11,948.59 | 2,668.41 | 8,000.00 | 6,617.00 |
| Stormwater Assistance Grant | | 11,126.50 | | 7,626.50 | 3,500.00 |
| Sustainable Jersey Small Grants Program | | 594.81 | | | 594.81 |
| Waterfront Access Grant | | 11,752.64 | | | 11,752.64 |
| | | $ 189,047.28 | $ 8,459.75 | $ 107,219.70 | $ 90,287.33 |
| | | A | A-22 | | A |
| Disbursements | A-22 | | | $ 106,557.25 | |
| Reserve for Encumbrances | A-21 | | | 9,126.50 | |
| Reserve for Encumbrances | A-21 | | | (8,464.05) | |
| | | | | $ 107,219.70 | |

# BOROUGH OF ISLAND HEIGHTS

## TRUST FUND

## SCHEDULE OF CASH

| | REF. | ANIMAL CONTROL TRUST FUND | TRUST OTHER FUND |
|---|---|---|---|
| Balance December 31, 2024 | B | $ 884.25 | $ 337,611.72 |
| Increased by Receipts: | | | |
| Reserve for Animal Control Trust Fund Expenditures | B-2 | 568.80 | |
| Due State of New Jersey | B-3 | 55.20 | |
| Interfunds | B-4 | 5.86 | 3,143.57 |
| Miscellaneous Reserves | B-6 | | 225,138.31 |
| | | 629.86 | 228,281.88 |
| | | 1,514.11 | 565,893.60 |
| Decreased by Disbursements: | | | |
| Reserve for Animal Control Trust Fund Expenditures | B-2 | 1,102.94 | |
| Due State of New Jersey | B-3 | 56.40 | |
| Interfunds | B-4 | 6.29 | 3,168.42 |
| Miscellaneous Reserves | B-6 | | 156,037.63 |
| | | 1,165.63 | 159,206.05 |
| Balance December 31, 2025 | B | $ 348.48 | $ 406,687.55 |

# BOROUGH OF ISLAND HEIGHTS

## TRUST FUND

## SCHEDULE OF RESERVE FOR ANIMAL CONTROL

## TRUST FUND EXPENDITURES

| | REF. | |
|---|---|---|
| Balance December 31, 2024 | B | $ 882.30 |
| Increased by: | | |
| Animal Control License Fees Collected | B-1 | 568.80 |
| | | 1,451.10 |
| Decreased by: | | |
| Expenditures Under R.S. 4:19-15.11: | | |
| Disbursements | B-1 | 1,102.94 |
| Balance December 31, 2025 | B | $ 348.16 |

License Fees Collected

| Year | Amount |
|---|---|
| 2024 | $ 749.60 |
| 2023 | 1,200.20 |
| | $ 1,949.80 |

"B-3"

## SCHEDULE OF DUE STATE OF NEW JERSEY

| | | |
|---|---|---|
| Balance, December 31, 2024 | B | $ 1.20 |
| Increased by: | | |
| Receipts - State Registration Fees | B-1 | 55.20 |
| | | 56.40 |
| Decreased by: | | |
| Disbursements - State Registration Fees | B-1 | $ 56.40 |

## BOROUGH OF ISLAND HEIGHTS

## TRUST FUND

## SCHEDULE OF INTERFUNDS

| | REF. | TOTAL (MEMO ONLY) | ANIMAL CONTROL TRUST FUND | TRUST OTHER FUND |
|---|---|---|---|---|
| Balance, December 31, 2024 - Due From/(Due To) | B | $ (274.78) | $ (0.75) | $ (274.03) |
| Increased/Decreased by: | | | | |
| Receipts | B-1 | 3,149.43 | 5.86 | 3,143.57 |
| | | (3,424.21) | (6.61) | (3,417.60) |
| Decreased/Increased by: | | | | |
| Disbursements | B-1 | 3,174.71 | 6.29 | 3,168.42 |
| Balance, December 31, 2025 - Due From/(Due To) | B | $ (249.50) | $ (0.32) | $ (249.18) |



## SCHEDULE OF RESERVE FOR ENCUMBRANCES

| | | TRUST OTHER FUND |
|---|---|---|
| Increased by: | | |
| Transfer from: | | |
| Miscellaneous Reserves | B-6 | $ 7,357.16 |
| Balance, December 31, 2025 | B | $ 7,357.16 |

## BOROUGH OF ISLAND HEIGHTS

## TRUST FUND

## SCHEDULE OF MISCELLANEOUS RESERVES

| | REF. | BALANCE DECEMBER 31, 2024 | INCREASE | DECREASE | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|
| Accumulated Absences | | $ 72,499.01 | $ | $ | $ 72,499.01 |
| Community Garden Funds | | 6,835.03 | 1,650.00 | | 8,485.03 |
| D.A.R.E. Program | | 1,090.98 | | | 1,090.98 |
| Escrow Deposits and Cash Bonds | | 62,533.47 | 37,329.80 | 27,948.55 | 71,914.72 |
| Forfeiture Funds - State | | 962.00 | | | 962.00 |
| POAA | | 104.50 | 12.00 | | 116.50 |
| Premiums Received at Tax Sale | | 83,000.00 | 102,800.00 | 54,000.00 | 131,800.00 |
| Public Defender | | 238.50 | 361.50 | 500.00 | 100.00 |
| Snow Removal | | 37,820.69 | 18,500.00 | 16,461.23 | 39,859.46 |
| Special Duty - Police | | 6,851.00 | | | 6,851.00 |
| Tax Title Lien Redemption | | 64,965.98 | 64,485.01 | 64,485.01 | 64,965.98 |
| Unclaimed Property - Police | | 436.53 | | | 436.53 |
| | | $ 337,337.69 | $ 225,138.31 | $ 163,394.79 | $ 399,081.21 |
| | REF. | B | B-1 | | B |
| Disbursements | B-1 | | | $ 156,037.63 | |
| Reserve for Encumbrances | B-5 | | | 7,357.16 | |
| | | | | $ 163,394.79 | |

# BOROUGH OF ISLAND HEIGHTS

## GENERAL CAPITAL FUND

## SCHEDULE OF CASH

| | REF. | | | | |
|---|---|---|---|---|---|
| Balance, December 31, 2024 | C | | | $ | 246,677.25 |
| Increased by: | | | | | |
| Deferred Charges to Future Taxation - Unfunded | C-5 | $ | 4,749.00 | | |
| Interfunds | C-7 | | 435,383.66 | | |
| Capital Improvement Fund | C-9 | | 120,000.00 | | |
| Bond Anticipation Notes | C-11 | | 400,000.00 | | |
| Reserve for Benches | C-14 | | 3,010.47 | | |
| | | | | | 963,143.13 |
| | | | | | 1,209,820.38 |
| Decreased by: | | | | | |
| Capital Surplus to Current Fund | C-1 | $ | 60,000.00 | | |
| Interfunds | C-7 | | 664.97 | | |
| Improvement Authorizations | C-8 | | 701,926.10 | | |
| Bond Anticipation Notes | C-11 | | 400,000.00 | | |
| | | | | | 1,162,591.07 |
| Balance, December 31, 2025 | C | | | $ | 47,229.31 |

BOROUGH OF ISLAND HEIGHTS

GENERAL CAPITAL FUND

ANALYSIS OF CASH

| | | BALANCE DECEMBER 31, 2024 | RECEIPTS | DISBURSEMENTS | TRANSFERS TO | TRANSFERS FROM | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|---|---|
| Fund Balance | | $ 271,724.78 | $ | $ 60,000.00 | $ | $ | $ 211,724.78 |
| Reserve for: | | | | | | | |
| Benches | | 3,787.53 | 3,010.47 | | | | 6,798.00 |
| Encumbrances | | 533,656.73 | | | 57,411.25 | 533,656.73 | 57,411.25 |
| Capital Improvement Fund | | 22,994.32 | 120,000.00 | | 167,790.00 | 200,000.00 | 110,784.32 |
| Interfunds | | 302.72 | 435,383.66 | 664.97 | | | 435,021.41 |
| Grants Receivable | | (188,920.00) | | | | 303,255.00 | (492,175.00) |
| Improvement Authorizations. | | | | | | | |
| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | | | | | | |
| 00-02/05-04 | Repair and Replacement of the Bulkhead at Wanamaker and Summit Ave, Construction of Gazebos | (99,407.58) | | 31,795.07 | 41,853.15 | | (89,349.50) |
| 19-08 | Reconstruction of Lake Avenue Phase II | (70,906.45) | | | | | (70,906.45) |
| 20-02 | Various Capital Improvements | 57,122.23 | 14,690.93 | 6,665.16 | 6,926.00 | 53,000.00 | 19,074.00 |
| 21-03/22-04 | Camp Meeting/Highland Phases I & II | (124,155.63) | | | | | (124,155.63) |
| 21-06 | Various Capital Improvements | | 8,636.25 | | 3,539.10 | | 12,175.35 |
| 21-12 | Bay, Dirmitt, Thomas, East End | (49,289.61) | | | | | (49,289.61) |
| 22-10/25-05 | Road Improvements - Holly & Lake | (119,394.29) | | 576,730.13 | 440,198.79 | 3,000.00 | (258,925.63) |
| 22-13 | Purchase of Trash Recepticles | (1,369.50) | | | | | (1,369.50) |
| 23-08 | Various Capital Improvements | | 22,085.00 | 3,465.00 | (3,014.34) | 385.00 | 15,220.66 |
| 23-11/25-06 | Road Improvements - Garden, Garfield & Maple | (73,320.00) | | 63,877.69 | (22,891.12) | 6,698.50 | (166,787.31) |
| 24-04 | Various Capital Improvements | 90,327.00 | 76,431.00 | 88,979.31 | 67,045.15 | 115,945.75 | 28,878.09 |
| 24-07 | Acquisition of Fire Truck | (6,475.00) | | 4,098.92 | | | (10,573.92) |
| 25-08 | Various Capital Improvements | | | 21,449.00 | 200,000.00 | 19,332.00 | 159,219.00 |
| 25-10 | Chestnut, Park & Westray Avenues Improvement Project | | | 21,960.00 | 303,255.00 | 26,840.00 | 254,455.00 |
| | | $ 246,677.25 | $ 963,143.13 | $ 1,162,591.07 | $ 1,262,112.98 | $ 1,262,112.98 | $ 47,229.31 |
| | REF. | C | C-2 | C-2 | | | C |

# BOROUGH OF ISLAND HEIGHTS

## GENERAL CAPITAL FUND

## SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

| | REF. | | |
|---|---|---|---|
| Balance, December 31, 2024 | C | | $ 480,863.94 |
| Decreased by: | | | |
| 2025 Budget Appropriations to Pay: | | | |
| Serial Bonds | C-10 | $ 138,000.00 | |
| Green Trust Loan | C-12 | 36,393.70 | |
| | | | 174,393.70 |
| Balance, December 31, 2025 | C | | $ 306,470.24 |

BOROUGH OF ISLAND HEIGHTS

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| | | | | | | | Analysis of Balance December 31, 2025 | | |
|---|---|---|---|---|---|---|---|---|---|
| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | BALANCE DECEMBER 31, 2024 | 2025 AUTHORIZATIONS | FUNDED BY BUDGET APPROPRIATION | FUNDED BY GRANTS | BALANCE DECEMBER 31, 2025 | FINANCED BY BOND ANTICIPATION NOTES | EXPENDITURES | UNEXPENDED IMPROVEMENT AUTHORIZATIONS |
| 00-02/05-04 | Repair and Replacement of the Bulkhead at Wanamaker and Summit Ave, Construction of Gazebos | $ 99,407.58 | $ | $ 4,749.00 | $ | $ 94,658.58 | $ | $ 89,349.50 | $ 5,309.08 |
| 19-08 | Reconstruction of Lake Avenue Phase II | 70,906.45 | | | | 70,906.45 | | 70,906.45 | |
| 21-03/22-04 | Camp Meeting/Highland Phases I & II | 124,155.63 | | | | 124,155.63 | | 124,155.63 | |
| 21-12 | Bay, Dirmitt, Thomas, East End | 49,289.61 | | | | 49,289.61 | | 49,289.61 | |
| 22-10/25-05 | Road Improvements - Holly & Lake | 171,000.00 | 200,000.00 | | | 371,000.00 | | 258,925.63 | 112,074.37 |
| 22-13 | Purchase of Trash Recepticles | 1,369.50 | | | | 1,369.50 | | 1,369.50 | |
| 23-11/25-06 | Road Improvements - Garden, Garfield & Maple | 73,320.00 | 150,000.00 | | | 223,320.00 | | 166,787.31 | 56,532.69 |
| 24-07 | Acquisition of Fire Truck | 950,000.00 | | | | 950,000.00 | 400,000.00 | 10,573.92 | 539,426.08 |
| 25-10 | Chestnut, Park & Westray Avenues Improvement Project | | 500,000.00 | | 303,255.00 | 196,745.00 | | | 196,745.00 |
| | | $ 1,539,448.77 | $ 850,000.00 | $ 4,749.00 | $ 303,255.00 | $ 2,081,444.77 | $ 400,000.00 | $ 771,357.55 | $ 910,087.22 |
| | REF. | C | C-8 | C-2 | C-6 | C | C-11 | C-3 | C-8 |

# BOROUGH OF ISLAND HEIGHTS

## GENERAL CAPITAL FUND

## SCHEDULE OF GRANTS RECEIVABLE

| | REF. | | |
|---|---|---|---|
| Balance, December 31, 2024 | C | $ | 188,920.00 |
| Increased by: | | | |
| Grants Awarded | C-5 | | 303,255.00 |
| Balance, December 31, 2025 | C | $ | 492,175.00 |

ANALYSIS OF BALANCE

| | | |
|---|---|---|
| Road Improvements - Holly & Lake ( DOT ) (2022-10/25-05) | $ | 94,750.00 |
| Road Improvements - Garden, Garfield & Maple (DOT) (2023-11/25-06) | | 94,170.00 |
| Chestnut, Park & Westray Avenues Improvement Project (DOT) (2025-10) | | 303,255.00 |
| | $ | 492,175.00 |

# BOROUGH OF ISLAND HEIGHTS

## GENERAL CAPITAL FUND

## SCHEDULE OF INTERFUNDS

| | REF. | TOTAL (MEMO ONLY) | CURRENT FUND | WATER - SEWER UTILITY CAPITAL FUND |
|---|---|---|---|---|
| Balance December 31, 2024 - Due From/(Due To) | C | $ (302.72) | $ (302.72) | $ |
| Increased/Decreased by: | | | | |
| Receipts | C-2 | 435,383.66 | 235,383.66 | 200,000.00 |
| | | (435,686.38) | (235,686.38) | (200,000.00) |
| Decreased/Increased by: | | | | |
| Disbursements | C-2 | 664.97 | 664.97 | |
| Balance December 31, 2025 - Due From/(Due To) | C | $ (435,021.41) | $ (235,021.41) | $ (200,000.00) |

# BOROUGH OF ISLAND HEIGHTS

## GENERAL CAPITAL FUND

## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | ORDINANCE DATE | ORDINANCE AMOUNT | BALANCE DECEMBER 31, 2024 FUNDED | BALANCE DECEMBER 31, 2024 UNFUNDED | 2025 AUTHORIZATION | DECREASED | BALANCE DECEMBER 31, 2025 FUNDED | BALANCE DECEMBER 31, 2025 UNFUNDED |
|---|---|---|---|---|---|---|---|---|---|
| 00-02/05-04 | Repair and Replacement of the Bulkhead at Wanamaker and Summit Ave, Construction of Gazebos | 05/16/00 | $ 620,000.00 | $ | $ | $ | $ (5,309.08) | $ | $ 5,309.08 |
| 20-02 | Various Capital Improvements | 07/01/20 | 161,500.00 | 57,122.23 | | | 38,048.23 | 19,074.00 | |
| 21-06 | Various Capital Improvements | 06/15/21 | 235,000.00 | | | | (12,175.35) | 12,175.35 | |
| 22-10/25-05 | Road Improvements - Holly & Lake | Various | 750,000.00 | | 51,605.71 | 200,000.00 | 139,531.34 | | 112,074.37 |
| 23-08 | Various Capital Improvements | 06/19/23 | 250,000.00 | | | | (15,220.66) | 15,220.66 | |
| 23-11/25-06 | Road Improvements -Garden, Garfield & Maple | Various | 600,000.00 | | | 150,000.00 | 93,467.31 | | 56,532.69 |
| 24-04 | Various Capital Improvements | 07/28/24 | 250,000.00 | 90,327.00 | | | 61,448.91 | 28,878.09 | |
| 24-07 | Acquisition of Fire Truck | 07/16/24 | 1,000,000.00 | | 543,525.00 | | 4,098.92 | | 539,426.08 |
| 25-08 | Various Capital Improvements | 07/08/25 | 200,000.00 | | | 200,000.00 | 40,781.00 | 159,219.00 | |
| 25-10 | Chesnut, Park & Westray Avenues Improvement Project | 07/08/25 | 500,000.00 | | | 500,000.00 | 48,800.00 | 254,455.00 | 196,745.00 |
| | | | | $ 147,449.23 | $ 595,130.71 | $ 1,050,000.00 | $ 393,470.62 | $ 489,022.10 | $ 910,087.22 |
| | | | REF. | C | C | | | C | C |
| | Deferred Charges to Future Taxation Unfunded | | C-5 | | | $ 850,000.00 | | | |
| | Capital Improvement Fund | | C-9 | | | 200,000.00 | | | |
| | | | | | | $ 1,050,000.00 | | | |
| | Disbursements | | C-2 | | | | $ 701,926.10 | | |
| | Capital Improvement Fund | | C-9 | | | | 167,790.00 | | |
| | Reserve for Encumbrances | | C-13 | | | | 57,411.25 | | |
| | Reserve for Encumbrances | | C-13 | | | | (533,656.73) | | |
| | | | | | | | $ 393,470.62 | | |

# BOROUGH OF ISLAND HEIGHTS

## GENERAL CAPITAL FUND

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | REF. | | |
|---|---|---|---|
| Balance December 31, 2024 | C | | $ 22,994.32 |
| Increased by: | | | |
| 2025 Budget Appropriation | C-2 | $ 120,000.00 | |
| Improvement Authorizations Canceled | C-8 | 167,790.00 | |
| | | | 287,790.00 |
| | | | 310,784.32 |
| Decreased by: | | | |
| Appropriation to Finance Improvement Authorizations | C-8 | | 200,000.00 |
| Balance, December 31, 2025 | C | | $ 110,784.32 |

## BOROUGH OF ISLAND HEIGHTS

## GENERAL CAPITAL FUND

## SCHEDULE OF SERIAL BONDS PAYABLE

| PURPOSE | DATE OF ISSUE | ORIGINAL ISSUE | MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2025 DATE | MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2025 AMOUNT | INTEREST RATE | BALANCE DECEMBER 31, 2024 | DECREASED | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|---|---|---|
| Series 2011 | 11/30/11 | $ 1,623,000.00 | 11/30/26 | $ 108,000.00 | 3.750% | $ 216,000.00 | $ 108,000.00 | $ 108,000.00 |
| Series 2019 | 12/05/19 | 340,000.00 | 11/15/26 | 30,000.00 | 4.000% | | | |
| | 02/18/82 | | 11/15/2027-2029 | 50,000.00 | 4.000% | 210,000.00 | 30,000.00 | 180,000.00 |
| | | | | | | $ 426,000.00 | $ 138,000.00 | $ 288,000.00 |
| | | | | | REF. | C | C-4 | C |

BOROUGH OF ISLAND HEIGHTS

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | DATE OF ISSUE OF ORIGINAL NOTE | DATE OF ISSUE | DATE OF MATURITY | INTEREST RATE | BALANCE DECEMBER 31, 2024 | INCREASED | DECREASED | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|---|---|---|---|
| 24-07 | Acquisition of Fire Truck | 11/01/24 | 08/01/25 | 07/31/26 | 6.49% | $ 400,000.00 | $ 400,000.00 | $ 400,000.00 | $ 400,000.00 |
| | | | | | | $ 400,000.00 | $ 400,000.00 | $ 400,000.00 | $ 400,000.00 |
| | | | | | REF. | C | C-2 | C-2 | C |

## BOROUGH OF ISLAND HEIGHTS

## GENERAL CAPITAL FUND

## SCHEDULE OF GREEN TRUST LOAN PAYABLE

| | REF. | |
|---|---|---|
| Balance December 31, 2024 | C | $ 54,863.94 |
| Decreased by: | | |
| Paid by Budget Appropriation | C-4 | 36,393.70 |
| Balance December 31, 2025 | C | $ 18,470.24 |

### MATURITY SCHEDULE

| DUE | PRINCIPAL | INTEREST | PAYMENT |
|---|---|---|---|
| March 2026 | $ 18,470.24 | $ 184.72 | $ 18,654.96 |
| | $ 18,470.24 | $ 184.72 | $ 18,654.96 |

## BOROUGH OF ISLAND HEIGHTS

## GENERAL CAPITAL FUND

## SCHEDULE OF RESERVE FOR ENCUMBRANCES

| | REF. | | |
|---|---|---|---|
| Balance, December 31, 2024 | C | $ | 533,656.73 |
| Increased by: | | | |
| Transfer from Improvement Authorizations | C-8 | | 57,411.25 |
| | | | 591,067.98 |
| Decreased by: | | | |
| Transfer to Improvement Authorizations | C-8 | | 533,656.73 |
| Balance, December 31, 2025 | C | $ | 57,411.25 |

BOROUGH OF ISLAND HEIGHTS

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR BENCHES

| PURPOSE | | BALANCE DECEMBER 31, 2024 | INCREASE | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|
| Benches | | $ 3,787.53 | $ 3,010.47 | $ 6,798.00 |
| | | $ 3,787.53 | $ 3,010.47 | $ 6,798.00 |
| | REF. | C | C-2 | C |

# BOROUGH OF ISLAND HEIGHTS

## GENERAL CAPITAL FUND

## SCHEDULE OF BONDS AND NOTES AUTHORIZED

## BUT NOT ISSUED

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | BALANCE DECEMBER 31, 2025 |
|---|---|---|
| 00-02/05-04 | Repair and Replacement of the Bulkhead at Wanamaker and Summit Ave, Construction of Gazebos | $ 94,658.58 |
| 19-08 | Reconstruction of Lake Avenue Phase II | 70,906.45 |
| 21-03/22-04 | Camp Meeting/Highland Phases I & II | 124,155.63 |
| 21-12 | Bay, Dirmitt, Thomas, East End | 49,289.61 |
| 22-10/25-05 | Road Improvements - Holly & Lake | 371,000.00 |
| 22-13 | Purchase of Trash Receptacles | 1,369.50 |
| 23-11/25-06 | Road Improvements - Garden, Garfield & Maple | 223,320.00 |
| 24-07 | Acquisition of Fire Truck | 550,000.00 |
| 25-10 | Chestnut, Park & Westray Avenues Improvement Project | 196,745.00 |
| | | $ 1,681,444.77 |
| | REF. | C |

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY FUND

## SCHEDULE OF CASH

| | REF. | OPERATING | CAPITAL |
|---|---|---|---|
| Balance, December 31, 2024 | D | $ 299,465.13 | $ 46,957.84 |
| Increased by Receipts: | | | |
| Water Tower Antenna Lease | D-3 | 60,153.46 | |
| Miscellaneous | D-3 | 46,432.55 | |
| Water Rents Receivable | D-7 | 877,993.24 | |
| Interfunds | D-9 | 111,715.68 | |
| Overpayments | D-11 | 6,114.38 | |
| Prepayments | D-11 | 753.46 | |
| Interfunds | D-16 | | 61,867.90 |
| Capital Improvement Fund | D-19 | | 25,000.00 |
| N.J. I-Bank Interim Construction Loan Payable | D-22 | | 622,352.00 |
| Reserve for Amortization | D-23 | | 346,404.10 |
| | | 1,103,162.77 | 1,055,624.00 |
| | | 1,402,627.90 | 1,102,581.84 |
| Decreased by Disbursements: | | | |
| Budget Appropriations | D-4 | 1,051,787.49 | |
| Interfunds | D-9 | 61,867.90 | |
| Appropriation Reserves | D-10 | 39,687.46 | |
| Overpayments | D-11 | 978.42 | |
| Accrued Interest on Bonds, Notes and Loans | D-12 | 111,239.28 | |
| Interfunds | D-16 | | 311,715.68 |
| Improvement Authorizations | D-18 | | 727,320.28 |
| | | 1,265,560.55 | 1,039,035.96 |
| Balance, December 31, 2025 | D | $ 137,067.35 | $ 63,545.88 |

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## ANALYSIS OF UTILITY CAPITAL CASH

| | | BALANCE DECEMBER 31, 2024 | RECEIPTS | DISBURSEMENTS | TRANSFERS TO | TRANSFERS FROM | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|---|---|
| Fund Balance | | $ 257,752.22 | $ | $ | $ | $ 190,000.00 | $ 67,752.22 |
| Capital Improvement Fund | | 138,460.00 | 25,000.00 | | | 10,000.00 | 153,460.00 |
| Interfund - Water - Sewer Operating Fund | | 50,040.12 | 61,867.90 | 111,715.68 | | | 192.34 |
| Interfund - General Capital Fund | | | | 200,000.00 | | | (200,000.00) |
| Reserve for Encumbrances | | 952,996.53 | | | 382,293.92 | 952,996.53 | 382,293.92 |
| Deferred Charge - Cost of Improvements Authorized | | | | | | 141,580.00 | (141,580.00) |
| Improvement Authorizations: | | | | | | | |
| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | | | | | | |
| 09-04 | Rehab. & Repair of the Sanitary Sewer System | 378.61 | | 222.00 | | | 156.61 |
| 10-06 | Repair and Replacement of Fire Hydrants | 23,235.27 | | | 222.00 | | 23,457.27 |
| 16-09 | Various Water and Sewer Improvements | 11,787.00 | | | 8,310.75 | 11,787.00 | 8,310.75 |
| 19-01 | Various Water and Sewer Improvements | 33,972.25 | | (222.00) | | 34,194.25 | |
| 19-10 | Various Water and Sewer Improvements | | | | 30,454.33 | | 30,454.33 |
| 22-06 | Various Water and Sewer Improvements | (8,420.00) | | | | | (8,420.00) |
| 23-14 | Water Meter Replacement Project | (1,087,793.81) | 622,352.00 | 632,512.32 | 1,055,589.45 | 234,919.17 | (277,283.85) |
| 24-02 | Various Water and Sewer Improvements | (325,450.35) | 346,404.10 | 94,807.96 | | 47,593.50 | (121,447.71) |
| 25-09 | Various Water and Sewer Improvements | | | | 200,000.00 | 53,800.00 | 146,200.00 |
| | | $ 46,957.84 | $ 1,055,624.00 | $ 1,039,035.96 | $ 1,676,870.45 | $ 1,676,870.45 | $ 63,545.88 |
| | REF. | D | D-5 | D-5 | | | D |

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY OPERATING FUND

## SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

| | REF. | | |
|---|---|---|---|
| Balance December 31, 2024 | D | | $ 84,554.69 |
| Increased by: | | | |
| Water-Sewer Rents Levied | | | 879,712.33 |
| | | | 964,267.02 |
| Decreased by: | | | |
| Collection | D-5 | $ 877,993.24 | |
| Overpayments and Prepayments Applied | D-11 | 5,849.64 | |
| | D-3 | | 883,842.88 |
| Balance December 31, 2025 | D | | $ 80,424.14 |

"D-8"

## SCHEDULE OF UNAPPLIED RECEIPTS

| | | |
|---|---|---|
| Balance December 31, 2024 | D | $ 2,353.75 |
| Decreased by: | | |
| Application to Miscellaneous Revenue | D-3 | $ 2,353.75 |

## BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY OPERATING FUND

## SCHEDULE OF INTERFUNDS

| | REF. | TOTAL (MEMO ONLY) | UTILITY CAPITAL FUND |
|---|---|---|---|
| Balance December 31, 2024 - (Due From)/Due To | D | $ (50,040.12) | $ (50,040.12) |
| Increased by: | | | |
| Receipts | D-5 | 111,715.68 | 111,715.68 |
| | | 61,675.56 | 61,675.56 |
| Increased by: | | | |
| Disbursements | D-5 | 61,867.90 | 61,867.90 |
| Balance December 31, 2025 - (Due From)/Due To | D | $ (192.34) | $ (192.34) |

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY OPERATING FUND

## SCHEDULE OF APPROPRIATION RESERVES

| | REF. | BALANCE DECEMBER 31, 2024 | BALANCE AFTER TRANSFERS | PAID OR CHARGED | BALANCE LAPSED |
|---|---|---|---|---|---|
| Operations | | | | | |
| Salaries and Wages | | $ 19,844.79 | $ 19,844.79 | $ | $ 19,844.79 |
| Other Expenses | | 41,869.83 | 41,869.83 | 39,796.96 | 2,072.87 |
| Ocean County Utilities Authority | | 17,029.95 | 17,029.95 | | 17,029.95 |
| Statutory Expenditures | | | | | |
| Contribution to: | | | | | |
| Social Security System (O.A.S.I.) | | 3,878.47 | 3,878.47 | | 3,878.47 |
| Unemployment Compensation Insurance | | 843.27 | 843.27 | | 843.27 |
| | | $ 83,466.31 | $ 83,466.31 | $ 39,796.96 | $ 43,669.35 |
| | | | | | D-1 |
| Appropriation Reserves - 2024 | D | $ 45,007.62 | | | |
| Reserve for Encumbrances | D-13 | 38,458.69 | | | |
| | | $ 83,466.31 | | | |
| Accounts Payable | D | | | $ 109.50 | |
| Disbursements | D-5 | | | 39,687.46 | |
| | | | | $ 39,796.96 | |

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY OPERATING FUND

## SCHEDULE OF OVERPAYMENTS & PREPAYMENTS

| | REF. | TOTAL (MEMO ONLY) | WATER-SEWER OVERPAID | WATER-SEWER PREPAID |
|---|---|---|---|---|
| Balance December 31, 2024 | D | $ 4,327.15 | $ 3,868.74 | $ 458.41 |
| Increased by: | | | | |
| Receipts | D-5 | 6,867.84 | 6,114.38 | 753.46 |
| | | 11,194.99 | 9,983.12 | 1,211.87 |
| Decreased by: | | | | |
| Canceled | D-1 | 1,147.17 | 1,147.17 | |
| Disbursements | D-5 | 978.42 | 978.42 | |
| Applied | D-7 | 5,849.64 | 5,391.23 | 458.41 |
| | | 7,975.23 | 7,516.82 | 458.41 |
| Balance December 31, 2025 | D | $ 3,219.76 | $ 2,466.30 | $ 753.46 |

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY OPERATING FUND

## SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS

| | REF. | | |
|---|---|---|---|
| Balance, December 31, 2024 | D | $ | 20,165.11 |
| Increased by: | | | |
| Budget Appropriations for: | | | |
| Interest on Bonds, Notes and Loans | D-4 | | 108,434.76 |
| | | | 128,599.87 |
| Decreased by: | | | |
| Interest Paid | D-5 | | 111,239.28 |
| Balance, December 31, 2025 | D | $ | 17,360.59 |

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY FUND

## SCHEDULE OF RESERVE FOR ENCUMBRANCES

| | REF. | OPERATING | CAPITAL |
|---|---|---|---|
| Balance, December 31, 2024 | D | $ 38,458.69 | $ 952,996.53 |
| Increased by: | | | |
| Transfer from 2025 Budget Appropriations | D-4 | 30,112.35 | |
| Transfer from Improvement Authorizations | D-18 | | 382,293.92 |
| | | 30,112.35 | 382,293.92 |
| | | 68,571.04 | 1,335,290.45 |
| Decreased by: | | | |
| Transfer to Appropriation Reserves | D-10 | 38,458.69 | |
| Transfer to Improvement Authorizations | D-18 | | 952,996.53 |
| | | 38,458.69 | 952,996.53 |
| Balance, December 31, 2025 | D | $ 30,112.35 | $ 382,293.92 |

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## SCHEDULE OF FIXED CAPITAL

| ACCOUNT | | BALANCE DECEMBER 31, 2024 | ADDITIONS ORDINANCE | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|
| Wells | | $ 910,460.73 | $ | $ 910,460.73 |
| Sewer Mains | | 243,700.00 | | 243,700.00 |
| Treatment Plant | | 3,063,936.03 | | 3,063,936.03 |
| Pumping Station Structures and Improvements | | 288,878.35 | | 288,878.35 |
| Sewer Flusher, Pumps and Equipment | | 44,000.00 | | 44,000.00 |
| Electric Power Pumping Equipment | | 5,023.85 | | 5,023.85 |
| Other Power and Pumping Equipment | | 2,200.00 | | 2,200.00 |
| Transmission Main and Accessories | | 7,922.63 | | 7,922.63 |
| Tank and Standpipes | | 1,706,792.72 | | 1,706,792.72 |
| Distribution Main, Accessories, Distribution System and Rehabilitation of System | | 516,037.43 | | 516,037.43 |
| Fire Hydrants | | 2,700.00 | | 2,700.00 |
| Truck Equipment, Utility Truck and Backhoe | | 75,700.00 | | 75,700.00 |
| Engineering | | 1,838.29 | | 1,838.29 |
| Legal | | 1,033.94 | | 1,033.94 |
| Interest During Construction | | 172.72 | | 172.72 |
| Sewer Plant | | 409,065.08 | | 409,065.08 |
| Water - Sewer System Improvements | | 553,353.98 | (141,580.00) | 411,773.98 |
| Water Meters | | 58,000.00 | | 58,000.00 |
| Rehabilitation of Sewer Lines and Water Mains | | 44,964.99 | | 44,964.99 |
| Office and Computer Equipment | | 15,000.00 | | 15,000.00 |
| Renovations to Water Tower | | 136,669.82 | | 136,669.82 |
| Drainage Improvements | | 10,426.00 | | 10,426.00 |
| Purchase of Pick-Up Truck | | 53,196.25 | | 53,196.25 |
| Filter Media and Plant Upgrades | | 69,841.88 | | 69,841.88 |
| Filter Media and Plant Upgrades System | Ord. # 07-14 | | 158.12 | 158.12 |
| Rehab. & Repair of the Sanitary Sewer System | Ord. # 09-04 | | 19,843.39 | 19,843.39 |
| Replacement of Pump Stations | Ord. # 09-08 | | 70,000.00 | 70,000.00 |
| Replacement of Pump Stations (Amending 09-08) | Ord. # 10-04 | | 17,250.00 | 17,250.00 |
| Repair and Replacement of Fire Hydrants | Ord. # 10-06 | | 252,402.73 | 252,402.73 |
| Various Water and Sewer Improvements | Ord. # 16-09 | | 929,189.25 | 929,189.25 |
| Various Water and Sewer Improvements | Ord. # 18-12 | | 728,441.00 | 728,441.00 |
| Various Water and Sewer Improvements | Ord. # 19-01 | | 408,000.00 | 408,000.00 |
| Various Water and Sewer Improvements | Ord. # 19-10 | | 269,545.67 | 269,545.67 |
| Various Water and Sewer Improvements | Ord. # 22-06 | | 150,000.00 | 150,000.00 |
| Water Meter Replacement Project | Ord. # 23-14 | | 899,635.85 | 899,635.85 |
| Various Water and Sewer Improvements | Ord. # 24-02 | | 467,851.81 | 467,851.81 |
| Various Water and Sewer Improvements | Ord. # 25-09 | | 53,800.00 | 53,800.00 |
| | | $ 8,220,914.69 | $ 4,124,537.82 | $ 12,345,452.51 |
| | REF. | D | | D |
| | D-15 | | $ 4,266,117.82 | |
| | D-17 | | (141,580.00) | |
| | | | $ 4,124,537.82 | |

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | ORDINANCE DATE | ORDINANCE AMOUNT | BALANCE DECEMBER 31, 2024 | DEFERRED RESERVE FOR AMORTIZATION | COSTS TO FIXED CAPITAL | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|---|---|
| 07-14 | Filter Media and Plant Upgrades System | 08/21/07 | $ 76,000.00 | $ 158.12 | $ | $ 158.12 | $ |
| 09-04 | Rehab. & Repair of the Sanitary Sewer System | 07/28/09 | 20,000.00 | 20,000.00 | | 19,843.39 | 156.61 |
| 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) | 04/17/10 | 17,250.00 | 17,250.00 | | 17,250.00 | |
| 10-06 | Repair and Replacement of Fire Hydrants | 04/27/10 | 275,860.00 | 275,860.00 | | 252,402.73 | 23,457.27 |
| 16-09 | Various Water and Sewer Improvements | 08/09/16 | 937,500.00 | 937,500.00 | | 929,189.25 | 8,310.75 |
| 18-12 | Various Water and Sewer Improvements | 07/10/18 | 728,441.00 | 728,441.00 | | 728,441.00 | |
| 19-01 | Various Water and Sewer Improvements | 03/12/19 | 408,000.00 | 408,000.00 | | 408,000.00 | |
| 19-10 | Various Water and Sewer Improvements | 10/22/19 | 300,000.00 | 300,000.00 | | 269,545.67 | 30,454.33 |
| 22-06 | Various Water and Sewer Improvements | 05/24/22 | 150,000.00 | 150,000.00 | | 150,000.00 | |
| 23-14 | Water Meter Replacement Project | 12/12/23 | 1,200,000.00 | 1,200,000.00 | | 899,635.85 | 300,364.15 |
| 24-02 | Various Water and Sewer Improvements | 03/04/24 | 500,000.00 | 500,000.00 | | 467,851.81 | 32,148.19 |
| 25-09 | Various Water and Sewer Improvements | 07/08/25 | 200,000.00 | | 200,000.00 | 53,800.00 | 146,200.00 |
| | | | | $ 4,607,209.12 | $ 200,000.00 | $ 4,266,117.82 | $ 541,091.30 |
| | | | REF. | D | D-24 | D-14 | D |

## BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## SCHEDULE OF INTERFUNDS

| | REF. | TOTAL (MEMO ONLY) | GENERAL CAPITAL | WATER - SEWER OPERATING |
|---|---|---|---|---|
| Balance, December 31, 2024 - (Due From)/Due To | D | $ 50,040.12 | $ | $ 50,040.12 |
| Increased/Decreased by: | | | | |
| Receipts | D-5 | 61,867.90 | | 61,867.90 |
| | | 111,908.02 | | 111,908.02 |
| Decreased/Increased by: | | | | |
| Disbursements | D-5 | 311,715.68 | 200,000.00 | 111,715.68 |
| Balance December 31, 2025 - (Due From)/Due To | D | $ (199,807.66) | $ (200,000.00) | $ 192.34 |

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## SCHEDULE OF DEFERRED CHARGE - COST OF IMPROVEMENTS AUTHORIZED

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | | INCREASED | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|
| 22-06 | Various Water and Sewer Improvements * | | $ 141,580.00 | $ 141,580.00 |
| | | | $ 141,580.00 | $ 141,580.00 |
| | | REF. | D-14 | D |

* In the prior year, an unfunded improvement authorization was canceled to fund balance in error when it should have been an adjustment to fixed capital. Fund balance was then used in the current year to fund a new ordinance.

BOROUGH OF ISLAND HEIGHTS

WATER - SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | ORDINANCE DATE | ORDINANCE AMOUNT | BALANCE DECEMBER 31, 2024 FUNDED | BALANCE DECEMBER 31, 2024 UNFUNDED | INCREASED | DECREASED | BALANCE DECEMBER 31, 2025 FUNDED | BALANCE DECEMBER 31, 2025 UNFUNDED |
|---|---|---|---|---|---|---|---|---|---|
| 09-04 | Rehab. & Repair of the Sanitary Sewer System | 07/28/09 | $ 20,000.00 | $ 378.61 | $ | $ | $ 222.00 | $ 156.61 | $ |
| 10-06 | Repair and Replacement of Fire Hydrants | 04/27/10 | 275,860.00 | 23,235.27 | | | (222.00) | 23,457.27 | |
| 16-09 | Various Water and Sewer Improvements | 08/09/16 | 937,500.00 | | | | (8,310.75) | 8,310.75 | |
| 19-10 | Various Water and Sewer Improvements | 10/22/19 | 300,000.00 | | | | (30,454.33) | 30,454.33 | |
| 23-14 | Water Meter Replacement Project | 12/12/23 | 1,200,000.00 | | 399,545.44 | | 99,181.29 | | 300,364.15 |
| 24-02 | Various Water and Sewer Improvements | 03/04/24 | 500,000.00 | | 74,549.65 | | 42,401.46 | | 32,148.19 |
| 25-09 | Various Water and Sewer Improvements | 07/08/25 | 200,000.00 | | | 200,000.00 | 53,800.00 | 146,200.00 | |
| | | | | $ 23,613.88 | $ 474,095.09 | $ 200,000.00 | $ 156,617.67 | $ 208,578.96 | $ 332,512.34 |
| | | | REF. | D | D | | | D | D |
| | Fund Balance | | D-2 | | | $ 190,000.00 | | | |
| | Capital Improvement Fund | | D-19 | | | 10,000.00 | | | |
| | | | | | | $ 200,000.00 | | | |
| | Disbursements | | D-5 | | | | $ 727,320.28 | | |
| | Reserve for Encumbrances | | D-13 | | | | 382,293.92 | | |
| | Reserve for Encumbrances | | D-13 | | | | (952,996.53) | | |
| | | | | | | | $ 156,617.67 | | |

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | REF. | | |
|---|---|---|---|
| Balance, December 31, 2024 | D | $ | 138,460.00 |
| Increased by: | | | |
| 2025 Budget Appropriation | D-5 | | 25,000.00 |
| | | | 163,460.00 |
| Decreased by: | | | |
| Appropriation to Finance Improvement Authorizations | D-18 | | 10,000.00 |
| Balance, December 31, 2025 | D | $ | 153,460.00 |

# BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## SCHEDULE OF SERIAL BONDS PAYABLE

| PURPOSE | DATE OF ISSUE | ORIGINAL ISSUE | MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2025 DATE | AMOUNT | INTEREST RATE | BALANCE DECEMBER 31, 2024 | DECREASED | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|---|---|---|
| Water - Sewer Improvement Bonds | 11/30/11 | $ 754,000.00 | 2026 | 40,000.00 | 3.750% | $ 91,000.00 | $ 51,000.00 | $ 40,000.00 |
| Utility General Obligation Bonds | 12/05/19 | 2,420,000.00 | 2026 | 60,000.00 | 4.000% | | | |
| | | | 2027 | 80,000.00 | 4.000% | | | |
| | | | 2028 | 115,000.00 | 4.000% | | | |
| | | | 2029-30 | 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% | 2,120,000.00 | 60,000.00 | 2,060,000.00 |
| | | | | | | $ 2,211,000.00 | $ 111,000.00 | $ 2,100,000.00 |
| | | | | | REF. | D | D-23 | D |

## BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## SUMMARY SCHEDULE OF N.J. I-BANK LOANS PAYABLE

| PURPOSE | DATE OF ISSUE | MATURITIES OF LOANS OUTSTANDING DECEMBER 31, 2025 DATE | AMOUNT | INTEREST RATE | BALANCE DECEMBER 31, 2024 | DECREASED | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|---|---|
| Utility System Trust Loan | 2006 | See D-21 - Sheet 2 | | 4.25% | $ 27,641.91 | $ 14,208.95 | $ 13,432.96 |
| Utility System Fund Loan | 2006 | See D-21 - Sheet 3 | | 0.00% | 20,195.41 | 10,299.31 | 9,896.10 |
| Utility System Trust Loan | 2010 | See D-21 - Sheet 4 | | 5.00% | 718,000.00 | 106,000.00 | 612,000.00 |
| Utility System Fund Loan | 2010 | See D-21 - Sheet 5 | | 0.00% | 454,042.83 | 124,627.11 | 329,415.72 |
| | | | | | $ 1,219,880.15 | $ 255,135.37 | $ 964,744.78 |
| | | | | REF. | D | D-23 | D |

## BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## SCHEDULE OF N.J. I-BANK TRUST LOAN PAYABLE

| PURPOSE | DATE OF ISSUE | MATURITIES OF LOAN OUTSTANDING DECEMBDER 31, 2025 | | INTEREST RATE | BALANCE DECEMBER 31, 2024 | DECREASED | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|---|---|
| | | DATE | AMOUNT | | | | |
| Utility System | 2006 | 2026 | $ 13,432.96 | 4.25% | $ 27,641.91 | $ 14,208.95 | $ 13,432.96 |
| | | | | | $ 27,641.91 | $ 14,208.95 | $ 13,432.96 |

## BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## SCHEDULE OF N.J. I-BANK FUND LOAN PAYABLE

| PURPOSE | DATE OF ISSUE | MATURITIES OF LOAN OUTSTANDING DECEMBER 31, 2025 DATE | MATURITIES OF LOAN OUTSTANDING DECEMBER 31, 2025 AMOUNT | INTEREST RATE | BALANCE DECEMBER 31, 2024 | DECREASED | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|---|---|
| Utility System | 2006 | 2026 | $ 9,896.10 | 0.00% | $ 20,195.41 | $ 10,299.31 | $ 9,896.10 |
| | | | | | $ 20,195.41 | $ 10,299.31 | $ 9,896.10 |

## BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## SCHEDULE OF N.J. I-BANK TRUST LOAN PAYABLE

| PURPOSE | DATE OF ISSUE | MATURITIES OF LOAN OUTSTANDING DECEMBER 31, 2025 DATE | AMOUNT | INTEREST RATE | BALANCE DECEMBER 31, 2024 | DECREASED | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|---|---|
| Utility System | 2010 | 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% | 718,000.00 | 106,000.00 | 612,000.00 |
| | | | | | $ 718,000.00 | $ 106,000.00 | $ 612,000.00 |

## BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## SCHEDULE OF N.J. I-BANK FUND LOAN PAYABLE

| PURPOSE | DATE OF ISSUE | MATURITIES OF LOAN OUTSTANDING DECEMBER 31, 2025 | | INTEREST RATE | BALANCE DECEMBER 31, 2024 | DECREASED | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|---|---|
| | | DATE | AMOUNT | | | | |
| Utility System | 2010 | 2026 | $ 124,627.11 | 0.00% | $ | $ | $ |
| | | 2027 | 124,627.11 | 0.00% | | | |
| | | 2028 | 80,161.50 | 0.00% | 454,042.83 | 124,627.11 | 329,415.72 |
| | | | | | $ 454,042.83 | $ 124,627.11 | $ 329,415.72 |

BOROUGH OF ISLAND HEIGHTS

WATER - SEWER UTILITY CAPITAL FUND

SCHEDULE OF N.J. I-BANK INTERIM CONSTRUCTION LOAN PAYABLE

| | REF. | |
|---|---|---|
| Increased by: | | |
| Receipts | D-5 | $ 622,352.00 |
| Balance December 31, 2025 | D | $ 622,352.00 |

## BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## SCHEDULE OF RESERVE FOR AMORTIZATION

| | REF. | | |
|---|---|---|---|
| Balance December 31, 2024 | D | | $ 6,163,414.95 |
| Increased by: | | | |
| Transfer from Deferred Reserve for Amortization | D-24 | $ 1,375,249.75 | |
| N.J. I-Bank Loans Paid by Operating Budget | D-21 | 255,135.37 | |
| Serial Bonds Paid by Operating Budget | D-20 | 111,000.00 | |
| Receipts (ARP Funding) | D-5 | 346,404.10 | |
| | | | 2,087,789.22 |
| Balance December 31, 2025 | D | | $ 8,251,204.17 |

"D-24"

## BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | DATE OF ORDINANCE | BALANCE DECEMBER 31, 2024 | FIXED CAPITAL AUTHORIZED | TO RESERVE FOR AMORTIZATION FIXED CAPITAL | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|---|---|---|
| | Unidentified | | $ 1,321,449.75 | $ | $ (1,321,449.75) | $ |
| 09-04 | Rehab and Repair of the Sanitary Sewer System | 07/28/09 | 156.61 | | | 156.61 |
| 10-06 | Repair and Replacement of Fire Hydrants | 04/27/10 | 23,457.27 | | | 23,457.27 |
| 16-09 | Various Water and Sewer Improvements | 08/09/16 | 8,310.75 | | | 8,310.75 |
| 19-10 | Various Water and Sewer Improvements | 10/22/19 | 30,454.33 | | | 30,454.33 |
| 25-09 | Various Water and Sewer Improvements | 07/08/25 | | 200,000.00 | (53,800.00) | 146,200.00 |
| | | | $ 1,383,828.71 | $ 200,000.00 | $ (1,375,249.75) | $ 208,578.96 |
| | | REF. | D | D-15 | D-23 | D |

## BOROUGH OF ISLAND HEIGHTS

## WATER - SEWER UTILITY CAPITAL FUND

## SCHEDULE OF BONDS AND NOTES AUTHORIZED

## BUT NOT ISSUED

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | | BALANCE DECEMBER 31, 2025 |
|---|---|---|---|
| 22-06 | Various Water and Sewer Improvements | | $ 8,420.00 |
| 23-14 | Water Meter Replacement Project | | 577,648.00 |
| 24-02 | Various Water and Sewer Improvements | | 153,595.90 |
| | | | $ 739,663.90 |
| | | REF. | D |

BOROUGH OF ISLAND HEIGHTS

PART II

STATISTICAL DATA

OFFICIALS IN OFFICE AND SURETY BONDS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2025

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - CURRENT FUND

| | YEAR 2025 AMOUNT | % | YEAR 2024 AMOUNT | % |
|---|---|---|---|---|
| REVENUE AND OTHER INCOME REALIZED | | | | |
| Fund Balance Utilized | $ 803,500.00 | 7.86% | $ 803,500.00 | 7.80% |
| Miscellaneous-From Other Than Local Property Tax Levies | 779,845.20 | 7.63% | 1,359,210.21 | 13.19% |
| Collection of Delinquent Taxes and Tax Title Liens | 129,446.64 | 1.27% | 97,767.28 | 0.95% |
| Collection of Current Tax Levy | 8,512,285.22 | 83.25% | 8,042,870.64 | 78.06% |
| TOTAL INCOME | 10,225,077.06 | 100.00% | 10,303,348.13 | 100.00% |
| EXPENDITURES | | | | |
| Budget Expenditures: | | | | |
| Municipal Purposes | 3,464,378.24 | 34.11% | 3,424,855.26 | 36.41% |
| County Taxes | 1,991,205.36 | 19.60% | 1,783,746.69 | 18.96% |
| Local District School Taxes | 2,768,298.00 | 27.26% | 2,718,175.00 | 28.90% |
| Regional School District Taxes | 1,674,969.00 | 16.49% | 1,478,304.00 | 15.72% |
| Other Expenditures | 258,028.85 | 2.54% | 577.50 | 0.01% |
| TOTAL EXPENDITURES | 10,156,879.45 | 100.00% | 9,405,658.45 | 100.00% |
| Excess/Deficit in Revenue | 68,197.61 | | 897,689.68 | |
| Fund Balance, January 1 | 1,094,535.34 | | 1,000,345.66 | |
| | 1,162,732.95 | | 1,898,035.34 | |
| Less: Utilization as Anticipated Revenue | 803,500.00 | | 803,500.00 | |
| Fund Balance, December 31 | $ 359,232.95 | | $ 1,094,535.34 | |

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - WATER - SEWER UTILITY FUND

| | YEAR 2025 AMOUNT | YEAR 2025 % | YEAR 2024 AMOUNT | YEAR 2024 % |
|---|---|---|---|---|
| REVENUE AND OTHER INCOME REALIZED | | | | |
| Fund Balance Utilized | $ 175,000.00 | 14.37% | $ 200,000.00 | 15.09% |
| Collection of Water - Sewer Rents | 883,842.88 | 72.60% | 966,882.20 | 72.94% |
| Miscellaneous - Other Than Water - Sewer Rents | 158,617.66 | 13.03% | 158,746.85 | 11.98% |
| TOTAL INCOME | 1,217,460.54 | 100.00% | 1,325,629.05 | 100.00% |
| EXPENDITURES | | | | |
| Budget Expenditures: | | | | |
| Operating | 694,296.00 | 57.09% | 715,821.00 | 57.55% |
| Capital Improvements | 25,000.00 | 2.06% | 25,000.00 | 2.00% |
| Debt Service | 474,570.13 | 39.02% | 480,595.66 | 38.65% |
| Deferred Charges and Statutory Expenditures | 22,300.00 | 1.83% | 22,300.00 | 1.79% |
| TOTAL EXPENDITURES | 1,216,166.13 | 100.00% | 1,243,716.66 | 100.00% |
| Excess in Revenue | 1,294.41 | | 81,912.39 | |
| Fund Balance, January 1 | 234,331.55 | | 352,419.16 | |
| | 235,625.96 | | 434,331.55 | |
| Less: Utilization as Anticipated Revenue | 175,000.00 | | 200,000.00 | |
| Fund Balance, December 31 | $ 60,625.96 | | $ 234,331.55 | |

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| Tax Rate | $ 2.234 | $ 2.129 | $ 2.070 |
| Appointment of Tax Rate: | | | |
| Municipal* | 0.569 | 0.565 | 0.559 |
| County* | 0.513 | 0.465 | 0.465 |
| Local School | 0.718 | 0.712 | 0.673 |
| Regional School | 0.434 | 0.387 | 0.373 |

* Includes Open Space

Assessed Valuation:

| | | | |
|---|---|---|---|
| Year 2025 | $ 385,720,200.00 | | |
| Year 2024 | | $ 381,684,600.00 | |
| Year 2023 | | | $ 376,353,600.00 |

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

| | | CURRENTLY | |
|---|---|---|---|
| YEAR | TAX LEVY | CASH COLLECTIONS | PERCENTAGE OF COLLECTION |
| 2025 | $8,680,373.91 | $8,512,285.22 | 98.06% |
| 2024 | 8,178,316.17 | 8,042,870.64 | 98.34% |
| 2023 | 7,879,108.69 | 7,770,268.57 | 99.61% |

## DELINQUENT TAXES AND TAX TITLE LIENS

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

| DECEMBER 31, YEAR | AMOUNT OF TAX TITLE LIENS | AMOUNT OF DELINQUENT TAXES | TOTAL DELINQUENT | PERCENTAGE OF TAX LEVY |
|---|---|---|---|---|
| 2025 | 865.51 | $ 157,538.05 | $ 158,403.56 | 1.82% |
| 2024 | 31,765.68 | 129,773.64 | 161,539.32 | 1.97% |
| 2023 | 55,216.83 | 100,514.29 | 155,731.12 | 1.97% |

## PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31st based on the last assessed valuation of such properties was as follows:

| YEAR | AMOUNT |
|---|---|
| 2025 | $212,400.00 |
| 2024 | NONE |
| 2023 | NONE |

## COMPARISON OF WATER-SEWER UTILITY LEVIES

| YEAR | LEVY | CASH COLLECTION |
|---|---|---|
| 2025 | $ 879,712.33 | $ 883,842.88* |
| 2024 | 968,140.96 | 966,890.74* |
| 2023 | 1,032,823.07 | 1,039,758.55* |

*Includes collection of prior year's levies

COMPARATIVE SCHEDULE OF FUND BALANCES

| | YEAR | | BALANCE DECEMBER 31 | | UTILIZED IN BUDGET OF SUCCEEDING YEAR |
|---|---|---|---|---|---|
| Current Fund | 2025 | $ | 359,232.95 | $ | 345,000.00 |
| | 2024 | | 1,094,535.34 | | 803,500.00 |
| | 2023 | | 1,000,345.66 | | 803,500.00 |
| | 2022 | | 1,121,523.23 | | 760,000.00 |
| | 2021 | | 979,000.01 | | 722,557.00 |
| Water-Sewer Utility Operating Fund | 2025 | $ | 60,625.96 | $ | 59,000.00 |
| | 2024 | | 234,331.55 | | 175,000.00 |
| | 2023 | | 352,419.16 | | 200,000.00 |
| | 2022 | | 349,096.48 | | 200,000.00 |
| | 2021 | | 386,096.40 | | 115,000.00 |

EQUALIZED VALUATIONS – REAL PROPERTY

| | | |
|---|---|---|
| 2025 | $ | 631,706,846.00 |
| 2024 | | 580,155,951.00 |
| 2023 | | 515,341,093.00 |

## OFFICIALS IN OFFICE AND SURETY BONDS

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

| NAME | TITLE | AMOUNT OF BOND | NAME OF SURETY |
|---|---|---|---|
| E. Steven Doyle | Mayor | * | |
| Rolf Weber | Council President | * | |
| Robert Baxter | Council Member | * | |
| Alan Fumo | Council Member | * | |
| Brian Gabriel | Council Member | * | |
| Lynn Pendelton | Council Member | * | |
| Susan Healy | Council Member | * | |
| Louis Palazzo | Chief Financial Officer | 2,000,000.00 | MEL/JIF |
| Jeanette Larrison | Tax Collector/Utility Collector | 2,000,000.00 | MEL/JIF |
| Sean Asay | Municipal Clerk | 2,000,000.00 | MEL/JIF |
| Benjamin H. Mabie III, Esq. | Municipal Court Judge | 2,000,000.00 | MEL/JIF |
| Elizabeth Boettger | Court Administrator (01/01/2025-11/30/2025) | 2,000,000.00 | MEL/JIF |
| Keturah Coronato | Court Administrator (12/01/2025-12/31/2025) | 2,000,000.00 | MEL/JIF |
| Steven A. Zabarsky | Attorney | | |
| Van Cleef Engineering | Engineer | | |

*Borough employees, other than the Chief Financial Officer, Tax/Utility Collectors, Judge and Court Administrator, were covered by a blanket bond in the amount of $2,000,000.00 of which $50,000.00 is provided by the Ocean County Joint Insurance Fund and $1,950,000.00 through the Municipal Excess Liability Joint Insurance Fund.

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## COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-4

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired, or furnished for a sum exceeding in the aggregate, the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 Ch. 198 (40A:11-3), except by contract or agreement.

Effective July 1, 2017, the bid threshold in accordance with N.J.S.A. 40A:11-3 is $17,500.00 or up to $44,000.00 through June 30th of 2025 and $53,000.00 from July 1st of 2025 if the entity has a Qualified Purchasing Agent. The Borough has a Qualified Purchasing Agent and has set its bid threshold at $44,000.00 for the year under audit. Subsequent to year-end, the bid threshold was increased to the higher amount.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the $44,000.00 within the fiscal year. Where questions arise 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 bids were requested by public advertising for the following items:

Reconstruction of Simpson Avenue Groin
Lake Ave Water Main Extension Project

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

Our examination of expenditures did not reveal any individual payments or contracts or agreements in excess of $44,000.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" as required by N.J.S.A. 40A:11-5:

Attorney's
Auditor
Bond Counsel
Engineer
Disclosure Agent and Registered Municipal Advisor
Municipal Prosecutor
Municipal Public Defender

GENERAL COMMENTS (CONTINUED)

## CONTRACTS OR AGREEMENTS NOT REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-6.1

N.J.S.A. 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, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c.198 (C.40A11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor."

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 WATER-SEWER RENTS

The Statutes provide the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes, assessments, or water-sewer rents on or before the date when they would become delinquent.

The governing body on January 2, 2025, adopted the following resolution authorizing interest to be charged on delinquent taxes, assessments, and water-sewer rents:

> "BE IT RESOLVED that the governing body of the Borough of Barnegat Light set the rate of interest to be charged on delinquent water and sewer accounts and delinquent taxes at 8% per annum on the first $ 1,500 of the delinquency and 18% per annum on any amount in excess of $ 1,500 and 6% to be collected against a delinquency in excess of $10,000 on properties that fail to pay the delinquency prior to the end of the calendar year. A 10-day grace period shall be permitted as provided by N.J.S.A. 54:4-67."

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

GENERAL COMMENTS (CONTINUED)

DELINQUENT TAXES AND TAX TITLE LIENS

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

| YEAR | NUMBER OF LIENS |
|---|---|
| 2025 | 1 |
| 2024 | 4 |
| 2023 | 6 |

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

MISCELLANEOUS

All sums of outstanding checks, reflected in cash reconciliations herein, agree with the records of the Chief Financial Officer, as well as with independent lists made part of this audit.

A report summarizing collections of Dog License Fees and remittance 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 Municipal Clerk.

Individual payments of the Local and Regional School District Taxes by the municipality were confirmed as received by the Secretaries of the Boards of Education for year 2025.

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, our procedures included a review of all prior year findings.

The 2024 Audit contained no findings.

CURRENT YEAR FINDINGS

**25-01** **Finding** - There were deferred charges to future taxation unfunded balances as of December 31, over five years old.

**Criteria** - Upon authorization of capital projects, the Borough establishes deferred charges for the cost of the capital projects to be raised by future taxation and/or water/sewer rates. 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 N.J.S. 40A:2-4, the Borough may levy taxes on all taxable property within its jurisdiction or raise water/sewer rates to repay its debt. The Borough raises the debt requirements for its debt in its current and/or utility budgets as funds are raised thereby reducing the deferred charges.

**25-02** **Finding** - The Analyses of General Capital and Utility Capital Fund Cash includes cash deficits for ordinances over 5 years old.

**Criteria** - Upon authorization of general and utility capital projects, the Borough establishes deferred charges for the cost of the general and utility capital projects to be raised by future taxation and/or established water/sewer rates. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of water/sewer capital projects. According to N.J.S. 40A:2-4, the Borough may levy taxes on all taxable property within its jurisdiction, or set water/sewer rates accordingly, to repay its debt. The Borough raises the debt requirements for its debt in its current budget and/or utility budget as funds are raised thereby reducing the deferred charges.

**25-03** **Finding** - Interfund receivables and payables appear on the balance sheets of the various funds as of December 31.

**Criteria** - Interfunds have an effect on cash flow and with respect to the current fund, interfund receivables impact upon the amount of fund balance that can be utilized in a budget cycle.

**25-04** **Finding** - The fixed asset listing required to be maintained in accordance with N.J.A.C. 5:30-5.6 did not include all assets that were required to be included.

**Criteria** - For fixed asset accounting and reporting purposes, all capital assets are grouped into the following fixed asset categories: Land, Buildings, Improvements Other than Buildings, Equipment, Construction Work-in-Progress and Lease Purchase Agreements. The fixed asset inventory maintained on the Edmunds system did not include land & buildings and several items of equipment and vehicles. The figures used in the audit were obtained from other sources. All fixed asset information should be incorporated within the fixed asset inventory maintained on the Edmunds system.

## RECOMMENDATIONS

That deferred charges reflected in both the general capital fund and utility capital fund be funded by raising the funds in the next succeeding or future budget cycles.

That cash deficits identified in the analyses of general and utility capital cash be funded.

That Interfunds be liquidated.

That the General Fixed Assets Inventory records be updated.