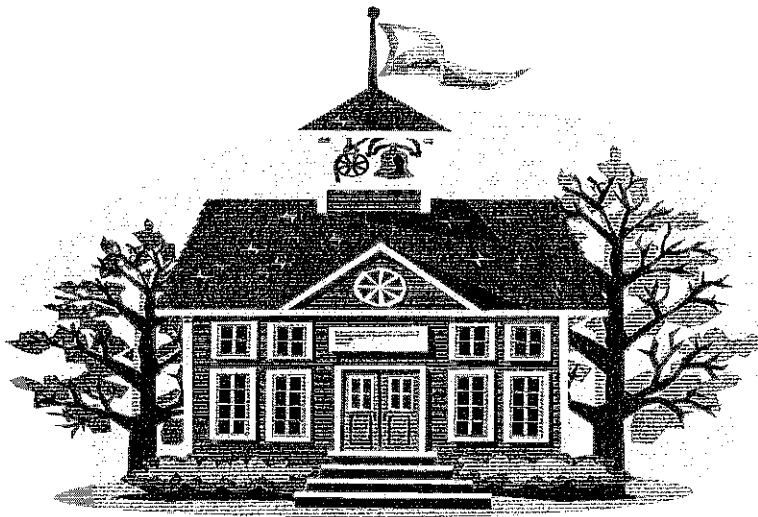


**SCHOOL DISTRICT**  
**OF**  
**ISLAND HEIGHTS**



**ISLAND HEIGHTS BOARD OF EDUCATION**  
**ISLAND HEIGHTS, NEW JERSEY**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**OF THE**

**ISLAND HEIGHTS BOARD OF EDUCATION**

**ISLAND HEIGHTS, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**PREPARED BY**

**ISLAND HEIGHTS BOARD OF EDUCATION  
FINANCE DEPARTMENT**

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## **INTRODUCTORY SECTION**



# ISLAND HEIGHTS BOARD OF EDUCATION

January 15, 2024

Honorable President and  
Members of the Board of Education  
Island Heights School District  
County of Ocean  
Island Heights, NJ 08732

Dear Board Members:

The annual comprehensive financial report of the Island Heights School District for the fiscal year ended June 30, 2023 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Island Heights Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present the financial position and results of operations of the various funds and account groups of the Island Heights school district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The annual comprehensive financial report is presented in four sections.  
These are:

Introductory  
Financial  
Statistical  
Single audit

The introductory section includes this transmittal letter, the district's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented in multi-year basis.

The district is required to undergo an annual single audit in conformity with the provisions of "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to the single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

## **1. Reporting Entity and Its Services:**

The Island Heights School District is an independent reporting entity within the criteria adopted by the GASB, as established by NCGA Statement No. 3. All funds and account groups of the district are included in this report. The Island Heights Board of Education and the Island Heights Grade School constitute the district's reporting entity.

The Island Heights School District provides a full range of educational services and programs, which are appropriate for grades Pre-Kindergarten through Grade Six. These services and programs include regular, as well as, special education for handicapped pupils. The district completed the 2022-23 fiscal year with an enrollment

of 134 pupils housed in the Island Heights Grade School, and 2 pupils enrolled in an out-of-district placement for special education pupils. The June 2023 enrollment increased due to adding our preschool program 144 and 2 pupils out of district placement. The following enrollment information shows the enrollments recorded on the ASSA reports for each October 15th for the past five years.

<u>Fiscal Year</u> <u>(as of 10/15)</u>	<u>Pupil</u> <u>Enrollment</u>	<u>% Change</u>
2022-23	134	+9.02%
2021-22	121	-9.30%
2020-21	130	+9.00%
2019-20	117	-5.98%
2018-19	124	-

## **2. Economic Conditions and Outlook:**

The Borough of Island Heights is limited in land for building purposes. The current land use in the 0.6 square mile borough is primarily for single-family residences. There are no subdivisions where new small businesses are being developed. Most of the remaining lots are suitable only for homes. Zoning in the borough of Island Heights prohibits multi-family dwellings. The population of the borough in 2010 was 1,673 and decreased to 1644 as of the 2023. There are limited businesses in Island Heights and the majority of tax ratables are collected from the homeowners. As a result of the lack of employment in the borough of Island Heights, most wage earners living in Island Heights are employed outside of Island Heights. Because of the lack of business tax ratables, and the slow growth of new homes, the present trend of collecting most of the tax ratables from homeowners is expected to continue in the future.

## **3. Major Initiatives:**

The Island Heights Grade School was able to successfully serve our students in person for the entire 2022-23 school year. We upgraded our playground in June 2023 as well as upgraded our blacktop area no slopes any longer.

The Island Heights Grade School serves students with a full range of educational services for students in Pre-Kindergarten through sixth grade. The school is a true community school, rich in parent involvement. The school strives to provide the foundation of skills upon which children can build. Our students are provided with learning experiences, which stimulate logical and critical thinking, creativity, problem solving, decision-making, and communication, mathematical skills, a love of the arts and a growing awareness of self and others. Island Heights Grade School is committed to continuous improvement, providing a learning environment, which promotes responsibility, self-reliance, confidence in oneself, good citizenship and a sense of community. Our programs enable students to reach their full potential, as they transition to middle school.

At our school we have 134 students, a staff of 17 full-time teachers and 3 part-time teachers and 5 paraprofessionals. We provide child study team services for students ages three through the sixth grade. Also, a full time counselor and a full time social worker provides individual, small group and classroom lessons addressing topics such as character education and bullying. All of our students walk or are transported to school in a small, quaint and caring community.

Various afterschool activities are offered to the students in Island Heights Grade School. These programs are taught by talented staff members and are conducted before or after school. Examples of these activities include academic assistance program, band, performing arts and visual arts clubs, running club and various seasonal sports activity clubs and weekly broadcast club.

Island Heights also offers a SAIL program which serves our Gifted and Talented population as well as a STARS program which serves our students in need of Basic Skills instruction. We also offer lessons in STEAM education to all grade levels in the areas of Science, Technology, Engineering, Arts and Mathematics. The staff at Island Heights is fully committed to offering an outstanding educational program to all of our students which instills a lifelong love of learning. Lastly, the Island Heights Grade School was named an exemplary high performing Nation Blue Ribbon School for 2020.

#### **4. Internal Accounting Controls:**

Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The Island Heights Board of Education Business Administrator, Frank Frazee, has become fully trained in the GAAP procedures and has been the key person in establishing GAAP for the Island Heights Grade School.

The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurances recognizes that:

- A. The cost of a control should not exceed the benefits likely to be derived; and,
- B. The valuation of the costs and benefits requires estimated and judgments by management.

As a recipient of federal and state financial assistance, the district also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the district management.

Each year before September 30th, the Island Heights Grade School submits data and information to the Bureau of Child Nutrition Program, N.J. Department of Agriculture, Trenton, NJ, in the form of a school nutrition program agreement. For the past five years, our agreements have been approved. We are currently waiting approval for the current school year.

The internal operation of the school lunch program was monitored during the 2021-22 school year. There were no recommendations. The district filed the application for the IDEA Grant and the grant was awarded to the district. Title I funds were issued to the district in the 2015-16 2016-17, 2017-18, 2018-19 and 2019-20 and 2022-23.

As a part of the district's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws and regulations.

#### **5. Budgetary Controls:**

In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the borough of Island Heights. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects funds. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance account system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance as of June 30th each year.

**6. Accounting System and Reports:**

The district's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

**7. Debt Administration**

On June 30, 2023, the district had an outstanding debt of \$2,430,000 which was issued in June 2016 and will be fully paid in June 2037.

The investment policy of the district is guided in large part by State of New Jersey statutes as detailed in "Notes to the Financial Statements", Note 2. The district has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the governmental unit deposit protection act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the act.

**8. Risk Management:**

The Board of Education carries various forms of insurance, including, but not limited to, general liability, hazard and theft insurance on property and contents, and fidelity bonds.


**9. Other Information:**

Independent Audit: The State of New Jersey statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Co., CPAs, was selected by the Island Heights Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also is designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements and New Jersey OMB Circular 15-08. The auditor's report on the general-purpose financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports relate specifically to the single audit and are included in the single audit section of this report.


**10. Acknowledgments:**

We would like to express our appreciation to the members of the Island Heights Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,



Timothy Rehm  
Superintendent



Frank J. Frazee, CPA  
Business Administrator

**Island Heights Board of Education****Island Heights, New Jersey****June 30, 2023**

<b>Members of Board of Education</b>	<b>Term Expires</b>
Sara Bornebusch	2023
Maureen DeSanto	2023
Bob MacNeal	2025
Bob King	2024
Kristofor Sabey	2024
Brooke Kelly-Smith	2024
Dana Weber	2025

**Other Officials:**

Tim Rehm - Superintendent

Frank J. Frazee, CPA – School Business Administrator

Lil Brendel -- Board Secretary

## Island Heights Board of Education

### Consultants & Advisors

#### Audit firm

Robert A. Hulsart & Son  
2807 Hurley Pond Road  
Wall, NJ

#### Attorney

Cleary, Giacobbe, Alfier, Jacobs, LLC  
5 Ravine Drive  
Matawan, NJ

#### Official Depository

Ocean First Bank  
Hooper Avenue  
Toms River, NJ

**Island Heights Board of Education  
Organizational Chart**

Board of Education

Superintendent

School Business Administrator/Board Secretary

Support Staff   Instructional Staff   Business Staff   Custodial Staff

## **FINANCIAL SECTION**



*Robert A. Hulsart and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

8.

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

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(732) 681-4990

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Island Heights School District  
County of Ocean  
Island Heights, New Jersey

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Island Heights Board of Education, as of and for the year ended June 30, 2023, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Island Heights Board of Education, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States require that the management's discussion and analysis, budgetary comparison information and pension and post-employment benefit trend information as noted in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Island Heights Board of Education's basic financial statements. The combining and individual non-major fund financial statements, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, 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 combining and individual non-major fund financial statements, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

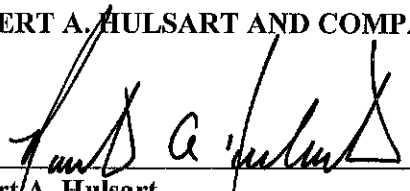
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists; we are required to describe it in our report.

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

In accordance with ***Government Auditing Standards***, we have also issued our report dated January 15, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** the District's internal control over financial reporting and compliance.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**



---

**Robert A. Hulsart**  
**Licensed Public School Accountant**  
**No. 322**  
**Robert A. Hulsart and Company**  
**Wall Township, New Jersey**

January 15, 2024

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

ISLAND HEIGHTS BOARD OF EDUCATION  
ISLAND HEIGHTS, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The discussion and analysis of the Island Heights Board of Education District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

### **Financial Highlights**

Key financial highlights for 2023 are as follows:

The overall condition of all funds, instructional activities and business-type activities remains strong for the School District. All goals related to financial activities have been met and if revenue and expenditure patterns can be maintained, the resources for next year will be available.

Total spending for all our programs was \$4,681,200 for the school year 2022-23. Most of the School District's taxes and state aid programs funds were used to support the cost of services for regular instructional programs. State and federal aid in the amount of \$1,370,415 supported educational programs and the school district's taxes, grants and contributions were sufficient to cover all unfounded costs incurred in the school year 2022-23.

The total cost for the school year 2022-23 for current expense was \$3,435,482 which was an increase of \$281,875.

### **Using this Annual Comprehensive Financial Report (ACFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Island Heights Board of Education as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The funds financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Island Heights Board of Education, the General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

### **State of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector business. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the school district has improved or diminished. The causes of this change may be the results of many factors, some financial and some not. Non-financial factors include the school district's property tax base, current laws in New Jersey restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two district kinds of activities:

- **Government activities** – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activity** – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Material for Resale enterprise funds are reported as business activities.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund and Capital Projects Fund.

### **Governmental Funds**

The District's activities are reported in governmental funds, which focus on how money flow into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual account, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### **Enterprise Fund**

The Enterprise Fund uses the same basis of account as business type activities; therefore these statements are essentially the same.

### The School District as a Whole

Recall that the state of Net Position provides the perspective of the School district as a whole.

Table 1 provides a summary of the School District's net position for 2023 and 2022.

**Table 1**  
**Net Position**

	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>Assets</b>		
Current and Other Assets	\$ 536,857	652,159
Capital Assets	<u>2,897,707</u>	<u>3,722,417</u>
Total Assets	<u>3,434,564</u>	<u>4,374,576</u>
<b>Deferred Outflow of Resources</b>		
Contribution of Pension Plan	<u>102,292</u>	<u>135,453</u>
<b>Deferred Inflow of Resources</b>		
Pension Deferrals	<u>95,527</u>	<u>214,150</u>
<b>Liabilities</b>		
Current Liabilities	122,832	49,660
Long-Term Liabilities	<u>2,930,593</u>	<u>3,069,622</u>
Total Liabilities	<u>3,053,425</u>	<u>3,119,282</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	467,707	1,119,417
Restricted	269,229	420,611
Unrestricted	<u>(349,032)</u>	<u>(363,431)</u>
<b>Total Net Position</b>	<b><u>\$ 387,904</u></b>	<b><u>1,176,597</u></b>



Table 2 shows changes in net position for fiscal year 2023 and 2022.

**Table 2**  
**Change in Net Position**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 6,655	10,353
Operating Grants and Contributions	359,036	149,416
General Revenue:		
Property Taxes	2,503,659	2,494,032
Grants and Entitlements	1,030,602	941,717
Other (net of transfers)	(7,445)	28,002
Total Revenues	<u>3,892,507</u>	<u>3,623,520</u>
<b>Program Expenses</b>		
Instruction	1,511,268	1,356,069
Support Services:		
Pupils and Instructional Staff	372,407	293,286
General Administration, School Admin	229,676	228,168
Business Operations & Maintenance of Facilities	554,305	394,728
Pupil Transportation	73,203	39,677
Business Type Activities	11,714	7,424
Other	1,928,627	1,201,072
Total Expenses	<u>4,681,200</u>	<u>3,520,424</u>
Increase/Decrease) in Net Position	<u>\$ (788,693)</u>	<u>103,096</u>

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the district.

Operation and maintenance of facilities activities involve keeping the school grounds, building and equipment in an effective condition.

### **Analysis of Financial Position**

Depreciation expense GASB34 requires school districts for the first time to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation expense is a reduction in net position. For fiscal year ended June 30, 2023 the net increase in accumulated depreciation was \$181,458. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with generally accepted accounting principles (GAAP), depreciation expense is recorded based on the original cost of the asset less an estimated salvage value. One way to think of depreciation expense is that in order to maintain assets at the same level, acquisitions of capital outlay and capitalized major maintenance projects would have to equal the annual depreciation in assets during the year.

Student enrollment in the school district continues to increase which will continue to affect the district's future expenditures. Assessed valuations are continuing to grow, increasing the district's ability to maintain a stable tax rate.

The financial well being of the school district is tied in large measure to the state funding formula and the tax base. As long as the state fully funds state aid and the tax base continues to increase, the school district's tax rate should continue to be stable.

Original budget versus final budget. Over the course of the school year, the school board revised its budget as it attempts to deal with unexpected changes in revenue and expenditures. All transfers are approved by the Board of Education at their regular scheduled meetings.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

**ISLAND HEIGHTS SCHOOL DISTRICT****STATEMENT OF NET POSITION**

Exhibit A-1

**JUNE 30, 2023**

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 169,130	1,398	170,528
Receivables, Net	96,578	522	97,100
Restricted Assets:			
Cash and Cash Equivalents	269,229		269,229
Capital Assets Not Depreciated	14,330		14,330
Capital Assets, Net of Depreciation	2,883,178	199	2,883,377
Total Assets	<u>3,432,445</u>	<u>2,119</u>	<u>3,434,564</u>
<b><u>Deferred Outflow of Resources</u></b>			
Contribution to Pension Plan	<u>102,292</u>		<u>102,292</u>
<b><u>Deferred Inflow of Resources</u></b>			
Pension Deferrals	<u>95,527</u>		<u>95,527</u>
<b><u>Liabilities</u></b>			
Accrued Interest	29,821		29,821
Other Current Liabilities	40,394		40,394
Deferred Revenue	52,617		52,617
Noncurrent Liabilities:			
Due Within One Year	125,000		125,000
Due Beyond One Year	2,805,593		2,805,593
Total Liabilities	<u>3,053,425</u>	<u>-</u>	<u>3,053,425</u>
<b><u>Net Position</u></b>			
Invested in Capital Assets, Net of Related Debt	467,508	199	467,707
Restricted For:			
Other Purposes	269,229		269,229
Unrestricted	<u>(350,952)</u>	<u>1,920</u>	<u>(349,032)</u>
Total Net Position	<u>\$ 385,785</u>	<u>2,119</u>	<u>387,904</u>

The accompanying notes to financial statements are an integral part of this statement.

**ISLAND HEIGHTS SCHOOL DISTRICT**

Exhibit A-2  
Sheet 1 of 2

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2023**

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>Functions/Programs</u></b>						
Governmental Activities:						
Instruction:						
Regular	\$ 996,240			(996,240)		(996,240)
Special Education	504,656		148,950	(355,706)		(355,706)
Other Instruction	10,372			(10,372)		(10,372)
Support Services:						
Student & Instruction Related Services	372,407			(372,407)		(372,407)
School Administrative Services	229,676		168,807	(60,869)		(60,869)
Plant Operations and Maintenance	554,305			(554,305)		(554,305)
Pupil Transportation	73,203			(73,203)		(73,203)
Capital Outlay	682,030		34,974	(647,056)		(647,056)
Depreciation	181,458			(181,458)		(181,458)
Unallocated Benefits	999,225			(999,225)		(999,225)
Interest and Other Charges	65,914			(65,914)		(65,914)
Total Government Activities	<u>4,669,486</u>	<u>-</u>	<u>352,731</u>	<u>(4,316,755)</u>	<u>-</u>	<u>(4,316,755)</u>
Business-Type Activities:						
Food Service	11,714	6,655	6,305		1,246	1,246
Total Business-Type Activities	<u>11,714</u>	<u>6,655</u>	<u>6,305</u>	<u>-</u>	<u>1,246</u>	<u>1,246</u>
Total Primary Government	<u>4,681,200</u>	<u>6,655</u>	<u>359,036</u>	<u>(4,316,755)</u>	<u>1,246</u>	<u>(4,315,509)</u>

**ISLAND HEIGHTS SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2023**

Exhibit A-2

Sheet 2 of 2

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	2,327,000		2,327,000
Taxes Levied for Debt Service	176,659		176,659
Federal and State Aid Not Restricted	1,030,602		1,030,602
Miscellaneous Income	9,927		9,927
Transfers (Net)	(17,372)		(17,372)
Total General Revenues, Special Items, Extraordinary Items and Transfers	<u>3,526,816</u>	<u>-</u>	<u>3,526,816</u>
Change in Net Position	(789,939)	1,246	(788,693)
Net Position - Beginning	<u>1,175,724</u>	<u>873</u>	<u>1,176,597</u>
Net Position - Ending	<u>\$ 385,785</u>	<u>2,119</u>	<u>387,904</u>

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

**FUND FINANCIAL STATEMENTS – B**



ISLAND HEIGHTS SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 169,130	10,150	3	179,283
Cash and Cash Equivalents-Restricted	259,076			259,076
Interfund Receivable	64,332			64,332
Receivable - Net	10,681	85,897		96,578
Total Assets	<u>\$ 503,219</u>	<u>96,047</u>	<u>3</u>	<u>599,269</u>
<b><u>Liabilities and Fund Balance</u></b>				
<b>Liabilities:</b>				
Other Current Liabilities	\$ 7,466	16,110		23,576
Interfund Payable		64,332		64,332
Deferred Revenue		52,617		52,617
Payroll Deductions and Withholdings Payable	16,818			16,818
Total Liabilities	<u>24,284</u>	<u>133,059</u>	<u>-</u>	<u>157,343</u>
<b>Fund Balance:</b>				
<b>Assigned Fund Balance:</b>				
Other Purposes	14,689			14,689
Designated for Subsequent Years Expenditures by the BOE	70,000			70,000
<b>Restricted Fund Balance:</b>				
Maintenance Reserve	61,439			61,439
Excess Surplus - Current Year	26,669			26,669
Unemployment Compensation	52,779			52,779
Student Activities		10,150		10,150
Capital Reserve	33,500			33,500
Debt Service			3	3
Unrestricted Fund Balance	219,859	(47,162)		172,697
Total Fund Balance	<u>478,935</u>	<u>(37,012)</u>	<u>3</u>	<u>441,926</u>
Total Liabilities and Fund Balance	<u>\$ 503,219</u>	<u>96,047</u>	<u>3</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,801,482 and the accumulated depreciation is \$2,903,974.	2,897,508
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,930,593)
Deferred outflow of resources - contributions to the pension plan	102,292
Deferred inflow of resources - acquisition of assets applicable to future reporting periods	(95,527)
Accrued Interest	(29,821)
Net position of governmental activities	<u>\$ 385,785</u>

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

**ISLAND HEIGHTS SCHOOL DISTRICT**

Exhibit B-2

Sheet 1 of 2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>				
Local Sources:				
Local Tax Levy	\$ 2,327,000		176,659	2,503,659
Miscellaneous	9,924	19,223	3	29,150
Total Local Sources	<u>2,336,924</u>	<u>19,223</u>	<u>176,662</u>	<u>2,532,809</u>
Federal Sources		227,946		227,946
State Sources	967,273	105,562	63,329	1,136,164
Total Revenues	<u>3,304,197</u>	<u>352,731</u>	<u>239,991</u>	<u>3,896,919</u>
<b><u>Expenditures</u></b>				
Current:				
Regular Instruction	996,240			996,240
Special Education Instruction	313,566	191,090		504,656
Other Instruction	10,372			10,372
Support Services and Undistributed Costs:				
Students and Instruction Related Services	203,600	168,807		372,407
General Administrative Services	117,211			117,211
Central Services	112,465			112,465
Plant Operations and Maintenance	554,305			554,305
Pupil Transportation	73,203			73,203
Unallocated Benefits	1,050,716			1,050,716
Capital Outlay	3,804	34,974		38,778
Debt Service:				
Principal			173,000	173,000
Interest and Other Charges			67,389	67,389
Total Expenditures	<u>3,435,482</u>	<u>394,871</u>	<u>240,389</u>	<u>4,070,742</u>

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

ISLAND HEIGHTS SCHOOL DISTRICT

Exhibit B-2

Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(131,285)</u>	<u>(42,140)</u>	<u>(398)</u>	<u>(173,823)</u>
Other Financing Sources (Uses):				
Funding Expended in Fund 60 (Net)	<u>(17,372)</u>	<u>          </u>	<u>          </u>	<u>(17,372)</u>
Total Other Financing Sources (Uses)	<u>(17,372)</u>	<u>          </u>	<u>          </u>	<u>(17,372)</u>
Total Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(148,657)</u>	<u>(42,140)</u>	<u>(398)</u>	<u>(191,195)</u>
Net Change in Fund Balances	<u>(148,657)</u>	<u>(42,140)</u>	<u>(398)</u>	<u>(191,195)</u>
Fund Balance - July 1	<u>627,592</u>	<u>5,128</u>	<u>401</u>	<u>633,121</u>
Fund Balance - June 30	<u>\$ 478,935</u>	<u>(37,012)</u>	<u>3</u>	<u>441,926</u>

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

ISLAND HEIGHTS SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

Exhibit B-3

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDSTO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ (191,195)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	(181,458)
Capital Outlay	(643,252)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	173,000
In the statement of activities, certain operating expenses as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported when paid.	27,532
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	(33,161)
Pension related deferrals	118,623
Change in net pension liability	(61,503)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.	1,475
Change in Net Position of Governmental Activities	<u>\$ (789,939)</u>

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

**ISLAND HEIGHTS SCHOOL DISTRICT****STATEMENT OF NET POSITION**

Exhibit B-4

**PROPRIETARY FUNDS****JUNE 30, 2023**

	<b><u>Enterprise Fund</u></b>
<b><u>Assets</u></b>	
Cash	\$ 1,398
Accounts Receivable	
Federal	516
State	6
Total Current Assets	<u>1,920</u>
Noncurrent Assets:	
Furniture, Machinery & Equipment	17,863
Less: Accumulated Depreciation	<u>(17,664)</u>
Total Noncurrent Assets	<u>199</u>
Total Assets	<u><u>\$ 2,119</u></u>
<b><u>Net Position</u></b>	
Investment in Capital Assets	\$ 199
Unrestricted	<u>1,920</u>
Total Net Position	<u><u>\$ 2,119</u></u>

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

ISLAND HEIGHTS SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit B-5

IN FUND NET POSITIONPROPRIETARY FUNDSJUNE 30, 2023

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Miscellaneous	\$ 6,655
Total Operating Revenue	<u>6,655</u>
Operating Expenses:	
Cost of Operations - Reimbursable	11,714
Total Operating Expenses	<u>11,714</u>
Operating Income (Loss)	(5,059)
Non-Operating Revenues (Expenses):	
State Sources:	
State School Lunch Program	143
Federal Sources:	
National School Lunch Program	5,851
HHFKA	176
National School Breakfast Program	135
Total Non-Operating Revenues	<u>6,305</u>
Net Change in Net Position	1,246
Net Position, Beginning	<u>873</u>
Net Position, Ending	<u>\$ 2,119</u>

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

**ISLAND HEIGHTS SCHOOL DISTRICT****STATEMENT OF CASH FLOWS**

Exhibit B-6

**PROPRIETARY FUNDS****JUNE 30, 2023**

	<b>Enterprise Fund</b>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 6,641
Payments to Suppliers	<u>(11,714)</u>
Net Cash Used by Operating Activities	<u>(5,073)</u>
Cash Flows from Noncapital Financing Activities:	
Transfer to General	
State Sources	148
Federal Sources	<u>6,171</u>
Net Cash Provided (Used by) Noncapital Financing Activities	<u>6,319</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,246
Balances Beginning of Year	<u>873</u>
Balances End of Year	<u>\$ 2,119</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (5,059)
Change in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	<u>(14)</u>
Net Cash Used by Operating Activities	<u>\$ (5,073)</u>

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

## **NOTES TO FINANCIAL STATEMENTS**



**BOARD OF EDUCATION**  
**ISLAND HEIGHTS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1: Summary of Significant Accounting Policies**

The financial statements of the Board of Education (Board) of the Island Heights School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**A. Reporting Entity:**

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Island Heights Borough. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore the District is not includable in any other reporting entity on the basis of such criteria.

**B. Government-Wide Financial Statements**

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transaction related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**NOTE 1: Summary of Significant Accounting Policies (Continued)****D. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental Fund Types**

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Proprietary Fund Type**

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

**Fiduciary Fund Types**

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued):**

**Fiduciary Fund Types (Continued)**

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

**E. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2023 were insignificant.

The Public School Education Act of 1975 limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**NOTE 1: Summary of Significant Accounting Policies (Continued)****F. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**G. Short-Term Interfund Receivables/Payables:**

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

**H. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

**I. Capital Assets and Depreciation**

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company during the 2022 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2021-2022 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2022, fiscal year 2022 depreciation expense, total accumulated depreciation and book values were also provided. The reports were updated for 2022-2023. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

**NOTE 1: Summary of Significant Accounting Policies (Continued)****I. Capital Assets and Depreciation (Continued)**

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance June 30, 2023</u>
Governmental Activities:				
Capital Assets That are				
Not Being Depreciated:				
Construction in Progress	\$ 906,538		(906,538)	
Land	<u>14,330</u>	<u>      </u>	<u>      </u>	<u>14,330</u>
	<u>920,868</u>	<u>      </u>	<u>(906,538)</u>	<u>14,330</u>
Depreciable Assets:				
Site Improvements	69,723	194,000		263,723
Buildings & Sites	5,087,218			5,087,218
Equipment	<u>362,074</u>	<u>74,137</u>	<u>      </u>	<u>436,211</u>
Total	<u>5,519,015</u>	<u>268,137</u>	<u>      </u>	<u>5,787,152</u>
Less: Accumulated				
Depreciation:				
Site Improvements	(63,460)	(5,756)	(4,851)	(74,067)
Buildings	(2,322,138)	(156,908)		(2,479,046)
Equipment	<u>(332,067)</u>	<u>(18,794)</u>	<u>      </u>	<u>(350,861)</u>
Total Accumulated	<u>(2,717,665)</u>	<u>(181,458)</u>	<u>(4,851)</u>	<u>(2,903,974)</u>
Net Depreciable				
Assets	<u>2,801,350</u>	<u>86,679</u>	<u>(911,389)</u>	<u>2,883,178</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 3,722,218</u>	<u>86,679</u>	<u>(911,389)</u>	<u>2,897,508</u>
Business-Type Activities:				
Equipment	\$ 17,863			17,863
Less: Accumulated				
Depreciation				
Equipment	<u>(16,970)</u>	<u>      </u>	<u>      </u>	<u>(16,970)</u>
Business-Type Activities				
Capital Assets (Net)	<u>\$ 893</u>	<u>      </u>	<u>      </u>	<u>893</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated

\$ 181,458

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**J. Compensated Absences**

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

**K. Deferred Revenue**

Deferred revenue in the general and special revenue funds represent cash which has been received but not yet earned. Deferred revenue in the general fund represents monies received for fiscal year 2023. See Note 1(F) regarding the special revenue fund.

**L. Fund Equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 12).

**M. Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

*Net Investment in Capital Assets* – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

*Restricted* – Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

*Unrestricted* – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Fund Balance**

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**M. Net Position (Continued)**

***Nonspendable*** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

***Restricted*** – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

***Committed*** – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) if employed to previously commit those amounts.

***Assigned*** – The assigned fund balance classification includes amounts that are constrained by the School District’s *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

***Unassigned*** – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order; committed, assigned, then unassigned.



**NOTE 2: Cash and Cash Equivalents and Investments**

Cash and cash equivalents for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

**Investments**

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

**NOTE 2: Cash and Cash Equivalents and Investments (Continued)****Investments (Continued)**

As of June 30, 2023, cash and cash equivalents and investments of the District consisted of the following:

	<b>Cash and Cash Equivalents</b>
Checking, Money Market Accounts and Certificate of Deposit	<u>\$ 439,757</u>

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2023 was \$439,757 and the bank balance was \$603,829. Of the bank balance, \$250,000 was covered by federal depository insurance.

**Credit Risk Categories**

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

FDIC	\$ 250,000
GUPDA	<u>353,829</u>
	<u>\$ 603,829</u>

As of June 30, 2023, the District did not hold any long-term investments.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>	<u>Long-Term Portion</u>	<u>2023-2024 Payment</u>
Pension Liability	\$ 338,649	61,503		400,152	400,152	
Compensated Absences Payable	127,973		(27,532)	100,441	100,441	
Bonds Payable	<u>2,603,000</u>	_____	<u>(173,000)</u>	<u>2,430,000</u>	<u>2,305,000</u>	<u>125,000</u>
	<u>\$ 3,069,622</u>	<u>61,503</u>	<u>(200,532)</u>	<u>2,930,593</u>	<u>2,805,593</u>	<u>125,000</u>

**NOTE 3: General Long-Term Debt (Continued)****A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds, and the interest rates vary from 3.875% to 4.260%.

Principal and interest due on serial bonds outstanding is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 125,000	63,813	188,813
2025	130,000	61,263	191,263
2026	130,000	58,662	188,662
2027	135,000	55,844	190,844
2028	140,000	52,750	192,750
2029-2033	800,000	204,463	1,004,463
2034-2038	<u>970,000</u>	<u>75,000</u>	<u>1,045,000</u>
	<u>\$ 2,430,000</u>	<u>571,795</u>	<u>3,001,795</u>

**NOTE 4: Pension Plans**

**Description of Plans** – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**NOTE 4: 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 Public Employees Retirement System 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 or local jurisdiction.

**Vesting and Benefit Provisions** – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**NOTE 4: Pension Plans (Continued)**

**Funding Policy** – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2023, the State of New Jersey contributed \$558,539 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$82,703 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 34.

**Three-Year Trend Information for PERS**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/23	\$ 33,437	100%	0
6/30/22	37,056	100%	0
6/30/21	31,506	100%	0

**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/23	\$ 558,539	100%	0
6/30/22	499,602	100%	0
6/30/21	372,637	100%	0

**NOTE 4: Pension Plans (Continued)****Public Employees' Retirement System (PERS)****Plan Description**

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:15A, PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

**Basis of Presentation**

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**NOTE 4: Pension Plans (Continued)****Allocation Methodology and Reconciliation to Financial Statements**

GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2021 through June 30, 2022. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amount by employer. The allocation percentages for each group of June 30, 2022 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2022.

A special funding situation exists for certain Local employers of the Public Employees' Retirement System. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The Chapter 366, P.L. 2001 legislation established the Prosecutors Part of the PERS which provides enhanced retirement benefits for prosecutors enrolled in the PERS. The State is liable for the increased pension costs to a County that resulted from the enrollment of prosecutors in the Prosecutors Part. The June 30, 2022 State special funding situation net pension liability amount of \$127.8 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2001 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, 2022, there is no net pension liability associated with this special funding situation 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 State special funding situation pension expense of \$50.2 million, for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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 insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

**NOTE 4: Pension Plans (Continued)**

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

For the year ended June 30, 2023, the District recognized pension expense of \$33,437. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 2,888	2,547
Changes of Assumptions	1,240	59,919
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	16,562	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	48,165	33,061
District Contributions Subsequent to the Measurement Date	<u>33,437</u>	<u>      </u>
Total	<u>\$ 102,292</u>	<u>95,527</u>

\$33,437 reported as deferred outflows of resources related to pensions resulting from school district, project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ending June 30,</u></b>	
2023	\$ (34,036)
2024	(17,340)
2025	(8,457)
2026	18,449
2027	<u>(41)</u>
	<u>\$ (41,425)</u>



**NOTE 4: Pension Plans (Continued)**

**Additional Information**

Collective balances at December 31, 2022 and 2021 are as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Collective Deferred Outflows of Resources	\$ 102,292	135,453
Collective Deferred Inflows of Resources	95,527	214,150
Collective Net Pension Liability	400,152	338,649
 District's Proportion	 0.00263%	 0.00283%

**Components of Net Pension Liability**

The components of the collective net pension liability of the participating employers as of June 30, 2022 were as follows:

	<u>2022</u>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 29,144,869,310	41,029,268,965	70,174,138,275
Plan Fiduciary Net Position	<u>6,758,038,264</u>	<u>25,810,084,045</u>	<u>32,568,122,309</u>
Net Pension Liability	<u>\$ 22,386,831,046</u>	<u>15,219,184,920</u>	<u>37,606,015,966</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	   23.19%	   62.91%	   46.41%

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
 Salary Increases	 2.75% - 6.55%
	Based on years of service
 Investment Rate of Return	 7.00%

**NOTE 4: Pension Plans (Continued)**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Medial Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

**NOTE 4: Pension Plans (Continued)****Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what 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:

	<u>2022</u>		
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
School District's Proportionate Share Of the Net Pension Liability	<u>\$ 514,078</u>	<u>400,152</u>	<u>303,196</u>

**Teachers Pensions and Annuity Fund (TPAF)****Plan Description**

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contribution, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to the Division's annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, member's beneficiaries are entitled to full interest credited to the members' accounts.

**NOTE 4: Pension Plans (Continued)**

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation**

The Schedule of employers and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Allocation Methodology**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocation and applied to, presented in the schedule of pension amount by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation had 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 insurance benefits is based on actual claims paid. For fiscal year 2022, State's pension contribution was less than the actuarial determined amount.

**NOTE 4: Pension Plans (Continued)****Special Funding Situation**

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

**Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Total Pension Liability	\$ 76,317,117,835	74,699,133,697
Plan Fiduciary Net Position	<u>24,640,530,532</u>	<u>26,533,142,515</u>
Net Pension Liability	<u>\$ 51,676,587,303</u>	<u>48,165,991,182</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 32.29%	 35.52%

**State Proportionate Share of Net Pension Liability Attributable to District**

	<u>2022</u>	<u>2021</u>
District's Liability	<u>\$ 5,003,041</u>	<u>4,601,782</u>
District's Proportion	.00968%	.00955%

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense (benefit) as follows:

Year Ending June 30:	
2023	\$ (257,413)
2024	(370,195)
2025	(324,435)
2026	(146,129)
2027	(159,524)
Thereafter	<u>(163,396)</u>
Total	<u>\$ (1,421,092)</u>

**NOTE 4: Pension Plans (Continued)**

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75% - 5.65%
	Based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

**NOTE 4: Pension Plans (Continued)****Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the State as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the State's 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:

	<b>2022</b>		
	<b><u>At 1%</u></b>	<b><u>At Current</u></b>	<b><u>At 1%</u></b>
	<b><u>Decrease (6.00%)</u></b>	<b><u>Discount</u></b>	<b><u>Increase (8.00%)</u></b>
		<b><u>Rate (7.00%)</u></b>	
School District's Proportionate Share Of the Net Pension Liability	\$ 0	0	0
State of New Jersey's Proportionate Share Of the District's Net Pension Liability	<u>5,866,172</u>	<u>5,003,041</u>	<u>4,275,962</u>
	<u>\$ 5,866,172</u>	<u>5,003,041</u>	<u>4,275,962</u>

**NOTE 5: Post-Retirement Benefits****General Information about the OPEB Plan****Plan description and benefits provided**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pension*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

**NOTE 5: Post-Retirement Benefits (Continued)**

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). 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.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Additional information on Pensions and OPEB can be accessed at [state.nj.us/treasury/pensions/financial-reports.shtml](http://state.nj.us/treasury/pensions/financial-reports.shtml).

**Total OPEB Liability**

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 20, 2021, with was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Total OPEB Liability     \$50,646,462,966

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases	2.75% – 4.25%	2.75% - 6.55%	3.25% - 16.25%
	based on years of service	based on years of service	based on years of service



**NOTE 5: Post-Retirement Benefits (Continued)**

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

***(a) Health Care Trend Assumptions***

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

***(b) Discount Rate***

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. 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.

Changes in the total OPEB Liability reported by the State of New Jersey:

	<b>Total OPEB Liability</b>
Balances at June 30, 2021	\$ 60,007,650,970
Changes for the Year:	
Service Cost	2,770,618,025
Interest	1,342,187,139
Change of Benefit Terms	
Difference Between Expected and Actual Experience	1,399,200,736
Changes in Assumptions or Other Inputs	(13,586,368,097)
Member Contributions	42,650,252
Benefit Payments	<u>(1,329,476,059)</u>
Balance at June 30, 2022	<u>\$ 50,646,462,966</u>

**NOTE 5: Post-Retirement Benefits (Continued)**

There were no changes in benefit terms between the June 30, 2021 measurement date and the June 30, 2022 measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% percent in 2021 to 3.54% percent in 2022.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>1% Decrease</b> <b><u>(2.54%)</u></b>	<b>Discount Rate</b> <b><u>(3.54%)</u></b>	<b>1% Increase</b> <b><u>(4.54%)</u></b>
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 59,529,589,697</u>	<u>50,646,462,966</u>	<u>43,527,080,995</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 41,862,397,291</u>	<u>50,646,462,966</u>	<u>62,184,866,635</u>

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2022, the Board of Education recognized OPEB expense of \$160,476 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

**NOTE 5: Post-Retirement Benefits (Continued)**

In accordance with GASBS No. 75, the Board of Education's proportionate share of school retirees OPEB is zero; there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows or resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 9,042,402,619	(15,462,950,679)
Changes in Proportion	<u>8,765,620,577</u>	<u>(17,237,289,230)</u>
Total	<u>\$ 17,808,023,196</u>	<u>(32,700,239,909)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2023	\$ (2,517,151,602)
2024	(2,517,151,602)
2025	(2,517,151,602)
2026	(2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
	<u>\$ (14,892,216,713)</u>

**NOTE 6: Compensated Absences**

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, no liability existed for compensated absences in the Food Service Fund.

**NOTE 7: Capital Reserve Account**

A capital Reserve account was established by the Borough of Island Heights Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Fund placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 33,489
Interest Earned	<u>11</u>
Ending Balance, June 30, 2023	<u>\$ 33,500</u>

**NOTE 8: Risk Management**

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

**Property and Liability Insurance** – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>District Contributions</u>	<u>Disbursed</u>	<u>Balance</u>
2022-2023	\$ 27			52,779
2021-2022	25	2,451		52,752
2020-2021	25	6,000	328	50,276

**NOTE 9: Tuition Adjustments**

Regulations specify that tuition adjustments for any given school year shall be remitted/ received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2023 financial statements.

**NOTE 10: Economic Dependency**

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

**NOTE 11: Contingent Liabilities**

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

**NOTE 12: 2% Calculation of Excess Surplus**

2022-23 Total General Fund Expenditures Per the ACFR	\$ 3,435,482
Decreased by:	
On Behalf TPAF Pension and Social Security	____(641,602)
Adjusted 2022-23 General Fund Expenditures	<u>\$ 2,793,880</u>
2% of Adjusted 2022-23 General Fund Expenditures	<u>\$ 55,878</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	____2,030
Maximum Unassigned Fund Balance	<u>\$ 252,030</u>
<b><u>Section 2</u></b>	
Total General Fund Fund Balance @ June 30, 2023	\$ 511,106
Decreased by:	
Designated for Subsequent Years Expenditures – BOE	(70,000)
Reserved for Encumbrances	(14,689)
Other Reserves	____(147,718)
Total Unassigned Fund Balance	<u>\$ 278,699</u>
<b><u>Section 3</u></b>	
Reserved Fund Balance -- Excess Surplus Designated for Subsequent Year's Expenditures	\$ 0
Excess Surplus	<u>26,669</u>
	<u>\$ 26,669</u>

**NOTE 12: 2% Calculation of Excess Surplus (Continued)****Detail of Allowable Adjustments**

Extraordinary Aid	\$ 0
Non-Public Transportation	<u>2,030</u>
	<u>\$ 2,030</u>

**Detail of Other Restricted Fund Balance**

Unemployment Fund	\$ 52,779
Maintenance Reserve	61,439
Capital Reserve	<u>33,500</u>
	<u>\$ 147,718</u>

**NOTE 13: Fund Balance Appropriated**

**General Fund** – Of the \$511,106 General Fund fund balance at June 30, 2023 \$14,689 is reserved for encumbrances; \$33,500 has been reserved in the Capital Reserve Account; \$61,439 is maintenance reserve; \$70,000 is Designated for Subsequent Years Expenditures by the Board of Education; \$26,669 is excess surplus – current year; \$52,779 is unemployment compensation; and \$252,030 is unreserved and undesignated.

**NOTE 14: Calculation of Excess Surplus**

In accordance with *N.J.S.A. 18A:7F-7*, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget.

**NOTE 15: Subsequent Events**

Subsequent events have been evaluated through January 15, 2024, which is the date the financial statements were available to be issued. No additional subsequent event disclosures are required.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES – C**



**ISLAND HEIGHTS SCHOOL DISTRICT**

Exhibit C-1  
Sheet 1 of 9

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,327,000		2,327,000	2,327,000	-
Restricted Miscellaneous Revenue				26	26
Unrestricted Miscellaneous Revenues			-	9,898	9,898
Total Local Sources	<u>2,327,000</u>	<u>-</u>	<u>2,327,000</u>	<u>2,336,924</u>	<u>9,924</u>
State Sources:					
Transportation Aid	11,068		11,068	11,068	-
School Choice	186,536		186,536	186,536	-
Special Education Aid	86,612		86,612	86,612	-
Security Aid	9,976		9,976	9,976	-
Adjustment Aid	31,349		31,349	31,349	-
Additional Non-Public Transportation Aid	2,030		2,030	2,030	-
On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (Non-Budgeted)			-	116,115	116,115
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (Non-Budgeted)			-	442,009	442,009
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability			-	235	235
TPAF Social Security (Reimbursed - Non-Budgeted)			-	82,703	82,703
Total State Sources	<u>327,571</u>	<u>-</u>	<u>327,571</u>	<u>968,633</u>	<u>641,062</u>
Total Revenues	<u>2,654,571</u>	<u>-</u>	<u>2,654,571</u>	<u>3,305,557</u>	<u>650,986</u>

**ISLAND HEIGHTS SCHOOL DISTRICT**

Exhibit C-1  
Sheet 2 of 9

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b><u>Expenditures:</u></b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Kindergarten - Salaries of Teachers	128,337	(16,618)	111,719	111,719	-
Grades 1-5 - Salaries of Teachers	454,333	8,618	462,951	462,951	-
Grades 6-8 - Salaries of Teachers	90,451	(2,818)	87,633	87,633	-
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	130,000	18,408	148,408	148,407	1
Tuition Reimbursement	2,200	(2,200)	-	-	-
Purchased Professional Educational Services	22,000	1,323	23,323	23,323	-
Other Purchased Services (400-500 Series)	4,500	(105)	4,395	4,395	-
General Supplies	48,000	15,869	63,869	57,656	6,213
Textbooks	15,000	(5,648)	9,352	9,279	73
Other Objects	15,000	(4,399)	10,601	10,601	-
<b>Total Regular Programs - Instruction</b>	<u>909,821</u>	<u>12,430</u>	<u>922,251</u>	<u>915,964</u>	<u>6,287</u>
<b>Regular Programs - Home Instruction:</b>					
Salaries - Teachers	57,024	(7,673)	49,351	49,351	-
Other Salaries For Instruction	39,181	(1,529)	37,652	30,925	6,727
<b>Total Regular Programs - Home Instruction</b>	<u>96,205</u>	<u>(9,202)</u>	<u>87,003</u>	<u>80,276</u>	<u>6,727</u>
<b>Total Regular Programs - Instruction</b>	<u>1,006,026</u>	<u>3,228</u>	<u>1,009,254</u>	<u>996,240</u>	<u>13,014</u>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	214,306	30,528	244,834	244,834	-
Other Salaries For Instruction	57,392	11,340	68,732	68,732	-
<b>Total Resource Room/Resource Center</b>	<u>271,698</u>	<u>40</u>	<u>313,566</u>	<u>313,566</u>	<u>-</u>

**ISLAND HEIGHTS SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**Exhibit C-1  
Sheet 3 of 9**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Total Special Education-Instruction	<u>271,698</u>	<u>40</u>	<u>313,566</u>	<u>313,566</u>	<u>-</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	6,692		6,692	6,690	2
Other Objects	<u>3,600</u>	<u>82</u>	<u>3,682</u>	<u>3,682</u>	<u>-</u>
Total School Sponsored Co-Curricular Activities - Instruction	<u>10,292</u>	<u>82</u>	<u>10,374</u>	<u>10,372</u>	<u>2</u>
Total Instruction	<u>1,288,016</u>	<u>3,350</u>	<u>1,333,194</u>	<u>1,320,178</u>	<u>13,016</u>
Undistributed Expenditures-Tuition:					
Tuition-Other LEA Within State Special	100,000	(55,131)	44,869	29,617	15,252
Total Undistributed Expenditures - Tuition	<u>100,000</u>	<u>(55,131)</u>	<u>44,869</u>	<u>29,617</u>	<u>15,252</u>
Undistributed Expenditures - Attendance & Social Work:					
Salaries	24,718		24,718	23,643	1,075
Total Undistributed Expenditures - Attendance and Social Work	<u>24,718</u>	<u>-</u>	<u>24,718</u>	<u>23,643</u>	<u>1,075</u>
Undistributed Expenditures - Health Services:					
Salaries	18,319	253	18,572	16,254	2,318
Purchased Professional Services	1,000		1,000	1,000	-
Supplies and Materials	<u>1,500</u>		<u>1,500</u>	<u>871</u>	<u>629</u>
Total Undistributed Expenditures - Health Services	<u>20,819</u>	<u>253</u>	<u>21,072</u>	<u>18,125</u>	<u>2,947</u>

**ISLAND HEIGHTS SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**Exhibit C-1  
Sheet 4 of 9**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures-Other Support Srvs.-Students-Related Srvs.:					
Purchased Professional/Educational Services	<u>90,000</u>	<u>15,744</u>	<u>105,744</u>	<u>105,744</u>	<u>-</u>
Total Undistributed Expenditures - Other Support Services - Students - Related Services	<u>90,000</u>	<u>15,744</u>	<u>105,744</u>	<u>105,744</u>	<u>-</u>
Undistributed Expenditures-Students Extra Services:					
General Supplies	<u>12,000</u>		<u>12,000</u>	<u>10,044</u>	<u>1,956</u>
Total Undistributed Expenditures-Students Extra Services	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>10,044</u>	<u>1,956</u>
Undistributed Expenditures - Other Support Services - Child Study Team:					
Secretarial Salaries	<u>3,700</u>	<u>154</u>	<u>3,854</u>	<u>3,854</u>	<u>-</u>
Purchased Professional/Educational Services	<u>13,000</u>	<u>(154)</u>	<u>12,846</u>	<u>9,000</u>	<u>3,846</u>
Total Undistributed Expenditures - Other Support Services - Child Study Team	<u>16,700</u>	<u>-</u>	<u>16,700</u>	<u>12,854</u>	<u>3,846</u>
Undistributed Expenditures - Educational Media Services/ School Library:					
Other Purchased Services	<u>4,500</u>	<u>(782)</u>	<u>3,718</u>	<u>3,573</u>	<u>145</u>
Total Undistributed Expenditures - Educational Media Services/ School Library	<u>4,500</u>	<u>(782)</u>	<u>3,718</u>	<u>3,573</u>	<u>145</u>

**ISLAND HEIGHTS SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**Exhibit C-1  
Sheet 5 of 9**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional/Educational Services	1,000		1,000		1,000
Undistributed Expenditures - Support Services - General Administration:					
Salaries	80,000	(10,116)	69,884	69,884	-
Legal Services	5,000	10,644	15,644	15,644	-
Audit Fee	7,000		7,000	7,000	-
BOE Other Purchased Services	1,494	4,070	5,564	5,564	-
Communications/Telephone	1,500	(1,170)	330	328	2
Travel	500	225	725	725	-
Miscellaneous Expenditures	1,200	108	1,308	1,308	-
Board of Education - Dues & Administration	3,800	(42)	3,758	3,758	-
Total Undistributed Expenditures - Support Services - General Administration	100,494	3,719	104,213	104,211	2
Undistributed Expenditures - Support Services - School Administration:					
Salaries	13,000		13,000	13,000	-
Total Undistributed Expenditures - Support Services - School Administration	13,000	-	13,000	13,000	-
Undistributed Expenditures - Central Services:					
Salaries	112,119	346	112,465	112,465	-
Total Undistributed Expenditures - Central Services	112,119	346	112,465	112,465	-

**ISLAND HEIGHTS SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	65,000	213,164	278,164	271,033	7,131
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>65,000</u>	<u>213,164</u>	<u>278,164</u>	<u>271,033</u>	<u>7,131</u>
Undistributed Expenditures - Other Operations and Maintenance of Plant:					
Salaries	32,723	3,900	36,623	36,623	-
Cleaning, Repair and Maintenance Services	87,480	29,497	116,977	115,632	1,345
Other Purchased Property Services	1,700	(287)	1,413	1,413	-
Insurance	45,000	(4,981)	40,019	40,019	-
General Supplies	11,000	1,478	12,478	12,478	-
Energy-Electricity	42,000	(10,351)	31,649	31,649	-
Energy-Natural Gas	24,000	1,466	25,466	25,466	-
Total Undistributed Expenditures - Other Operations and Maintenance of Plant	<u>243,903</u>	<u>20,722</u>	<u>264,625</u>	<u>263,280</u>	<u>1,345</u>

**ISLAND HEIGHTS SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**Exhibit C-1  
Sheet 7 of 9**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Security:					
Salaries	24,623	(3,859)	20,764	19,992	772
Total Undistributed Expenditures - Security	<u>24,623</u>	<u>(3,859)</u>	<u>20,764</u>	<u>19,992</u>	<u>772</u>
Total Undistributed Expenditures Other Operations and Maintenance of Plant	<u>333,526</u>	<u>230,027</u>	<u>563,553</u>	<u>554,305</u>	<u>9,248</u>
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) Special Education	8,604		8,604	8,604	-
Contracted Services (Other than Between Home and School) Vendors	3,000	(232)	2,768	2,768	-
Contracted Services (Other Than Between Home and School) Jointures	12,500	(4,940)	7,560	7,560	-
Contracted Services - (Special Education Students)-ESCs & CTSAs	27,000	27,271	54,271	54,271	-
Total Undistributed Expenditures - Student Transportation Services	<u>51,104</u>	<u>22,099</u>	<u>73,203</u>	<u>73,203</u>	<u>-</u>

**ISLAND HEIGHTS SCHOOL DISTRICT**

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
Sheet 8 of 9

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	43,000		43,000	41,429	1,571
Other Retirement Contributions-PERS	50,000	(16,563)	33,437	33,437	-
Health Benefits	450,000	(37,638)	412,362	332,588	79,774
Tuition Reimbursement		2,200	2,200	2,200	-
Other Employee Benefits			-		-
Total Unallocated Benefits - Employee Benefits	<u>543,000</u>	<u>(52,001)</u>	<u>490,999</u>	<u>409,654</u>	<u>81,345</u>
 Total Personal Services-Employee Benefits	 <u>543,000</u>	 <u>(52,001)</u>	 <u>490,999</u>	 <u>409,654</u>	 <u>81,345</u>
 On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (Non-Budgeted)			-	116,115	(116,115)
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (Non-Budgeted)			-	442,009	(442,009)
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability			-	235	(235)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	82,703	(82,703)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>641,062</u>	<u>(641,062)</u>
 Total Undistributed Expenditures	 <u>1,422,980</u>	 <u>164,274</u>	 <u>1,587,254</u>	 <u>2,111,500</u>	 <u>(524,246)</u>
 Total Current Expense	 <u>2,710,996</u>	 <u>167,624</u>	 <u>2,920,448</u>	 <u>3,431,678</u>	 <u>(511,230)</u>
 Capital Outlay:					
Debt Service Assessment	3,804		3,804	3,804	-
Total Capital Outlay	<u>3,804</u>	<u>-</u>	<u>3,804</u>	<u>3,804</u>	<u>-</u>
 Total Expenditures	 <u>2,714,800</u>	 <u>167,624</u>	 <u>2,924,252</u>	 <u>3,435,482</u>	 <u>(511,230)</u>



**ISLAND HEIGHTS SCHOOL DISTRICT**

Exhibit C-1

Sheet 9 of 9

**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(60,229)</u>	<u>(167,624)</u>	<u>(269,681)</u>	<u>(129,925)</u>	<u>139,756</u>
Other Financing Sources (Uses):					
Funding Expended in Fund 50 (Net)				<u>(17,372)</u>	<u>(17,372)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>(60,229)</u>	<u>(167,624)</u>	<u>(269,681)</u>	<u>(147,297)</u>	<u>122,384</u>
Fund Balance July 1	<u>658,403</u>		<u>658,403</u>	<u>658,403</u>	
Fund Balance, June 30	<u>\$ 598,174</u>	<u>(167,624)</u>	<u>388,722</u>	<u>511,106</u>	<u>122,384</u>
Recapitulation:					
Restricted Fund Balance:					
Maintenance Reserve				\$ 61,439	
Capital Reserve				33,500	
Unemployment Compensation				52,779	
Excess Surplus - Current Year				26,669	
Assigned Fund Balance:					
Year-End Encumbrances				14,689	
Designated for Subsequent Years Expenditures by the BOE				70,000	
Unassigned Fund Balance				<u>252,030</u>	
				511,106	
Final State Aid Payments not Recognized on GAAP Basis				<u>(32,171)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 478,935</u>	

**ISLAND HEIGHTS SCHOOL DISTRICT**

**Exhibit C-2**

**Sheet 1 of 2**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE FUND**

**JUNE 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ 19,223		19,223	19,223	-
Federal Sources:					
Title I, Part A	19,923		19,923	19,923	-
Title IIA, Part A	3,395		3,395	3,395	-
IDEA Part B, Basic	35,217		35,217	35,217	-
IDEA Part B, Preschool	797		797	797	-
ARP IDEA	6,189		6,189	6,189	-
ARP Summer Learning	18,327		18,327	18,327	-
ARP Accelerated Learning	28,924		28,924	28,924	-
ARP Mental Health	29,157		29,157	29,157	-
ARP Mental Health			-		-
ARP Evidence Based Learning	20,654		20,654	20,654	-
ARP Non-Title I	72,688		72,688	72,688	-
Total Federal Sources	<u>235,271</u>	<u>-</u>	<u>235,271</u>	<u>235,271</u>	<u>-</u>
State Sources	<u>154,066</u>		<u>154,066</u>	<u>154,066</u>	<u>-</u>
Total Revenues	<u>408,560</u>	<u>-</u>	<u>408,560</u>	<u>408,560</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	118,223		118,223	118,223	-
Other Salaries for Instruction	22,402		22,402	22,402	-
Tuition	41,406		41,406	41,406	-
General Supplies	17,726		17,726	17,726	-
Total Instruction	<u>199,757</u>	<u>-</u>	<u>199,757</u>	<u>199,757</u>	<u>-</u>

**ISLAND HEIGHTS SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**

**Exhibit C-2**  
**Sheet 2 of 2**

**SPECIAL REVENUE FUND**

**JUNE 30, 2023**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Support Services:					
Salaries	16,145		16,145	16,145	-
Employee Benefits	45,110		45,110	45,110	-
Purchased Technical Services	81,579		81,579	81,579	-
General Supplies	11,772		11,772	11,772	-
Student Activities	14,201		14,201	14,201	-
Total Support Services	168,807	-	168,807	168,807	-
Facilities Acquisition and Construction Services:					
Non-Instructional Services	34,974		34,974	34,974	-
Total Facilities Acquisition and Construction Services	34,974	-	34,974	34,974	-
Total Expenditures	403,538	-	403,538	403,538	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,022	-	5,022	5,022	-
Fund Balance, July 1				5,128	
Fund Balance, June 30				\$ 10,150	
Recapitulation:					
Restricted:					
Student Activities				10,150	
Total Fund Balance				\$ 10,150	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

ISLAND HEIGHTS SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET-TO-GAAP RECONCILIATIONNOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 3,305,557	408,560
Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in the encumbrances are recognized as expenditures and the related revenue is recognized.		(8,667)
State aid payment prior year	30,811	
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33)	<u>(32,171)</u>	<u>(47,162)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 3,304,197</u>	<u>352,731</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 3,435,482	403,538
Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not yet received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(8,667)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,435,482</u>	<u>394,871</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING  
FOR PENSIONS (GASB 68) – L**

**ISLAND HEIGHTS SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE**

**NET PENSION LIABILITY - PERS**

**LAST TEN FISCAL YEARS**

Exhibit L-1

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.00263%	0.00283%	0.00285%	0.00280%	0.00210%	0.00187%	0.00185%	0.00205%	0.00182%	0.00175%
District's Proportionate Share of the Net Pension Liability	<u>\$ 400,152</u>	<u>338,649</u>	<u>467,987</u>	<u>508,801</u>	<u>414,089</u>	<u>434,966</u>	<u>547,412</u>	<u>459,179</u>	<u>340,008</u>	<u>333,702</u>
District's Covered-Employee Payroll	\$ 195,102	194,054	200,784	197,020	157,821	127,016	121,366	115,047	121,547	110,812
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	48.76%	57.30%	42.90%	38.72%	38.11%	29.20%	22.17%	25.05%	35.75%	33.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.41%	42.90%	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%	40.71%



**ISLAND HEIGHTS SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS**

**Exhibit L-2**

**LAST TEN FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 37,056	31,506	27,467	20,919	17,310	16,420	16,420	14,971	13,156	16,577
Contributions in Relation to the Contractually Required Contribution	<u>37,056</u>	<u>31,506</u>	<u>27,467</u>	<u>20,919</u>	<u>17,310</u>	<u>16,420</u>	<u>16,420</u>	<u>14,971</u>	<u>13,156</u>	<u>16,577</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 195,102	194,054	200,784	197,020	157,821	127,016	121,366	115,047	121,547	110,812
Contributions as a Percentage of Covered-Employee Payroll	18.99%	16.24%	13.68%	10.62%	10.97%	12.93%	13.53%	13.01%	10.82%	14.96%

**ISLAND HEIGHTS SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE**

**NET PENSION LIABILITY - TPAF**

**LAST TEN FISCAL YEARS**

Exhibit L-3

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's Proportionate Share of the Net Pension Liability	\$ -	-	-	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>5,003,041</u>	<u>4,601,782</u>	<u>6,144,443</u>	<u>5,325,835</u>	<u>5,332,015</u>	<u>6,638,229</u>	<u>6,631,223</u>	<u>5,379,662</u>	<u>4,769,570</u>	<u>4,788,808</u>
Total	<u>\$ 5,003,041</u>	<u>4,601,782</u>	<u>6,144,443</u>	<u>5,325,835</u>	<u>5,332,015</u>	<u>6,638,229</u>	<u>6,631,223</u>	<u>5,379,662</u>	<u>4,769,570</u>	<u>4,788,808</u>
District's Covered-Employee Payroll	\$ 1,084,230	1,175,995	1,084,978	1,053,251	968,820	905,011	803,249	981,217	870,937	822,456
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	21.67%	25.56%	17.66%	19.78%	18.17%	13.63%	12.11%	18.24%	18.26%	17.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	32.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

**ISLAND HEIGHTS SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS**  
**TEACHER'S PENSION AND ANNUITY FUND (TPAF)**  
**LAST TEN FISCAL YEARS**

L-4

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

**ISLAND HEIGHTS SCHOOL DISTRICT****NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III**

L-5

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023****Public Employee's Retirement System (PERS)**

*Changes in Benefit Terms* – None

*Changes in Assumptions* – The discount rate remained at 7.00% as of June 30, 2021, and as of June 30, 2022, in accordance with Paragraph 44 of GASB Statement No. 67.

**Teachers' Pension and Annuity Fund (TPAF)**

*Changes in Benefit Terms* – None

*Changes in Assumption* – The discount rate remained at 7.00% as of June 30, 2021, and as of June 30, 2022, in accordance with Paragraph 44 of GASB Statement No. 67.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING  
FOR OPEB (GASB 75) - M**

**ISLAND HEIGHTS SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

**LAST SEVEN FISCAL YEARS**

Exhibit M-1

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's Proportionate Share of OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's Proportionate of the Net OPEB Liability	\$ -	-	-	-	-	-	-
<b><u>State's OPEB Liability Attributable to the District</u></b>							
Service Cost	\$ 281,041	332,958	167,265	137,335	156,467	187,753	*
Interest	131,503	152,603	139,579	177,629	193,922	166,581	*
Change of Benefit Terms		(6,261)					*
Benefit Payments	(130,258)	(120,209)	(113,971)	(118,966)	(120,589)	(123,177)	*
Member Contributions	4,179	3,901	3,454	3,526	4,168	4,536	*
Difference between Expected and Actual Experience	124,167	(1,032,705)	1,278,934	(891,543)	(524,764)		
Change of Assumptions	(1,331,149)	5,804	1,195,839	57,784	(517,515)	(633,753)	*
Net Change in Total OPEB Liability	(920,517)	(663,909)	2,671,100	(634,235)	(808,311)	(398,060)	*
Total Attributable OPEB Liability - Beginning	<u>5,882,694</u>	<u>6,546,603</u>	<u>3,875,503</u>	<u>4,509,738</u>	<u>5,318,049</u>	<u>5,716,109</u>	*
Total Attributable OPEB Liability - Ending	<u>\$ 4,962,177</u>	<u>5,882,694</u>	<u>6,546,603</u>	<u>3,875,503</u>	<u>4,509,738</u>	<u>5,318,049</u>	<u>5,716,109</u>
District's Covered Payroll	\$ 1,279,332	1,370,049	1,285,762	1,250,271	1,126,641	1,032,027	924,615
District's Contribution	None	None	None	None	None	None	None
District's Proportionate Share of OPEB Liability as a Percentage of its Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of OPEB Liability as a Percentage of its Covered-Employee Payroll	387.87%	429.38%	509.16%	309.97%	400.28%	515.30%	618.22%

\* - Information not available

Source: GASB 75 report on State of New Jersey Health Benefits Program; District Records.

Note: This schedule is required by GASB 75 to show information for a 10 year period. However, information is only currently available for seven years. Additional years will be presented as they become available.

**ISLAND HEIGHTS SCHOOL DISTRICT****NOTES TO REQUIRED SUPPLEMENTARY INFORMATION****FOR THE FISCAL YEAR ENDED JUNE 30, 2023****Exhibit M-2****Change of Benefit Terms**

Refer to Note 5 - Notes to Financial Statements

**Difference Between Expected and Actual Experience**

The change in the liability from June 30, 2021 to June 30, 2022 is due to changes in the census, claims and premiums experience.

**Changes of Assumptions**

The Discount Rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

**OTHER SUPPLEMENTARY INFORMATION**



**SCHOOL LEVEL SCHEDULES – D**

**N/A**

**SPECIAL REVENUE FUND – E**

**ISLAND HEIGHTS SCHOOL DISTRICT**

**SPECIAL REVENUE FUND**

**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES**

Exhibit E-1  
Sheet 1 of 2

**BUDGETARY BASIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Title I</u>	<u>Title IIA</u>	<u>I.D.E.A. Basic</u>	<u>I.D.E.A. Preschool</u>	<u>ARP Summer</u>	<u>ARP Accelerated Learning</u>	<u>ARP Evidence Based</u>
Revenues:							
Federal Sources	\$ 19,923	3,395	35,217	797	18,327	28,924	20,654
State Sources							
Local Sources							
Total Revenues	<u>19,923</u>	<u>3,395</u>	<u>35,217</u>	<u>797</u>	<u>18,327</u>	<u>28,924</u>	<u>20,654</u>
Expenditures:							
Instruction:							
Teachers Salaries	12,939	-			10,000	15,873	
Other Salaries for Instruction							
Tuition			35,217				
General Supplies					5,794	3,925	
Total Instruction	<u>12,939</u>	<u>-</u>	<u>35,217</u>	<u>-</u>	<u>15,794</u>	<u>19,798</u>	<u>-</u>
Support Services:							
Salaries		3,395					
Benefits	6,984					9,126	
Purchased Professional & Technical Services				797	2,533		
General Supplies							10,000
Student Activities							
Total Support Services	<u>6,984</u>	<u>3,395</u>	<u>-</u>	<u>797</u>	<u>2,533</u>	<u>9,126</u>	<u>10,000</u>
Facilities Acquisition and Constriction Services:							
Non-Instructional Services							10,654
Total Facilities Acquisition and Constriction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,654</u>
Total Expenditures	<u>19,923</u>	<u>3,395</u>	<u>35,217</u>	<u>797</u>	<u>18,327</u>	<u>28,924</u>	<u>20,654</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1							
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ISLAND HEIGHTS SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

Exhibit E-1  
Sheet 2 of 2

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>ARP IDEA</u>	<u>ARP Non-Title I</u>	<u>ARP Mental Health</u>	<u>SDA Emergent</u>	<u>Preschool Expansion</u>	<u>Student Fund</u>	<u>Totals</u>
Revenues:							
Federal Sources	6,189	72,688	29,157				235,271
State Sources				5,561	148,505		154,066
Local Sources						19,223	19,223
Total Revenues	<u>6,189</u>	<u>72,688</u>	<u>29,157</u>	<u>5,561</u>	<u>148,505</u>	<u>19,223</u>	<u>408,560</u>
Expenditures:							
Instruction:							
Teachers Salaries			29,157		50,254		118,223
Other Salaries for Instruction					22,402		22,402
Tuition	6,189						41,406
General Supplies					8,007		17,726
Total Instruction	<u>6,189</u>	<u>-</u>	<u>29,157</u>	<u>-</u>	<u>80,663</u>	<u>-</u>	<u>199,757</u>
Support Services:							
Salaries					12,750		16,145
Benefits					29,000		45,110
Purchased Professional & Technical Services		72,688		5,561			81,579
General Supplies					1,772		11,772
Student Activities						14,201	14,201
Total Support Services	<u>-</u>	<u>72,688</u>	<u>-</u>	<u>5,561</u>	<u>43,522</u>	<u>14,201</u>	<u>168,807</u>
Facilities Acquisition and Constriction Services:							
Non-Instructional Services					24,320		34,974
Total Facilities Acquisition and Constriction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,320</u>	<u>-</u>	<u>34,974</u>
Total Expenditures	<u>6,189</u>	<u>72,688</u>	<u>29,157</u>	<u>5,561</u>	<u>148,505</u>	<u>14,201</u>	<u>403,538</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,022</u>	<u>5,022</u>
Fund Balance, July 1						5,128	5,128
Fund Balance, June 30	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,150</u>	<u>10,150</u>

**CAPITAL PROJECTS FUND – F**

**N/A**

**PROPRIETARY FUNDS – G**

N/A

**FIDUCIARY FUND – H**

**N/A**

**LONG-TERM DEBT – I**



**ISLAND HEIGHTS SCHOOL DISTRICT**

**GENERAL LONG-TERM DEBT ACCOUNT GROUP**

Exhibit I-1

**SCHEDULE OF SERIAL BONDS**

**JUNE 30, 2023**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2022</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
			<u>Date</u>	<u>Amount</u>				
School Addition	5/1/2003	\$ 1,093,000			4.260%	\$ 53,000	(53,000)	-
School Improvements & Renovations	7/16/2016	2,992,000	7/15/23	\$ 125,000	2.000%	2,550,000	(120,000)	2,430,000
			7/15/24-25	130,000				
			7/15/26	135,000				
			7/15/27	140,000	2.250%			
			7/15/28	150,000				
			7/15/29	155,000	2.500%			
			7/15/30	160,000				
			7/15/31	165,000	2.750%			
			7/15/32	170,000	3.000%			
			7/15/33	180,000				
			7/15/34	185,000				
			7/15/35	195,000				
			7/15/36	200,000				
			7/15/37	220,000				
						<u>\$ 2,603,000</u>	<u>(173,000)</u>	<u>2,430,000</u>

**ISLAND HEIGHTS SCHOOL DISTRICT**

**Exhibit I-3**

**BUDGETARY COMPARISON SCHEDULE**

**DEBT SERVICE FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 176,659		176,659	176,659	-
State Aid Type II	63,329		63,329	63,329	
Total Revenues	<u>239,988</u>	<u>-</u>	<u>239,988</u>	<u>239,988</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	67,389		67,389	67,389	-
Redemption of Principal	173,000		173,000	173,000	-
Total Expenditures	<u>240,389</u>	<u>-</u>	<u>240,389</u>	<u>240,389</u>	<u>-</u>
Other Sources/(Uses):					
Interest			-	3	3
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Sources/(Uses)	(401)	-	(401)	(398)	3
Fund Balance July 1	<u>401</u>		<u>401</u>	<u>401</u>	<u>-</u>
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>

**STATISTICAL SECTION**

**(Unaudited)**

**ISLAND HEIGHTS SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	FISCAL YEAR ENDING JUNE 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 467,508	1,119,218	1,135,595	1,086,502	1,092,335	1,103,925	1,219,327	1,316,588	1,816,181	1,856,595
Restricted	269,229	420,611	343,435	316,609	405,085	422,255	872,877	342,984	55,882	194,828
Unrestricted	(350,952)	(364,105)	(406,567)	(253,570)	(326,378)	10,445	(325,733)	141,703	(178,511)	75,145
<b>Total Governmental Activities Net Position</b>	<b>\$ 385,785</b>	<b>1,175,724</b>	<b>1,072,463</b>	<b>1,149,541</b>	<b>1,171,042</b>	<b>1,536,625</b>	<b>1,766,471</b>	<b>1,801,275</b>	<b>1,693,552</b>	<b>2,126,568</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 199	199	199	893	830	1,395	2,591	1,591	2,561	2,561
Restricted										
Unrestricted	1,920	674	839	286	212	761	863	4,106	5,197	4,410
<b>Total Business-Type Activities Net Position</b>	<b>\$ 2,119</b>	<b>873</b>	<b>1,038</b>	<b>1,179</b>	<b>1,042</b>	<b>2,156</b>	<b>3,454</b>	<b>5,697</b>	<b>7,758</b>	<b>6,971</b>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 467,707	1,119,417	1,135,794	1,087,395	1,093,165	1,105,320	1,221,918	1,318,179	1,818,742	1,859,156
Restricted	269,229	420,611	343,435	316,609	405,085	422,255	872,877	342,984	55,882	194,828
Unrestricted	(349,032)	(363,431)	(405,728)	(253,284)	(326,166)	11,206	(324,870)	145,809	(173,314)	79,555
<b>Total District Net Position</b>	<b>\$ 387,904</b>	<b>1,176,597</b>	<b>1,073,501</b>	<b>1,150,720</b>	<b>1,172,084</b>	<b>1,538,781</b>	<b>1,769,925</b>	<b>1,806,972</b>	<b>1,701,310</b>	<b>2,133,539</b>

**ISLAND HEIGHTS SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS  
FISCAL YEAR ENDING JUNE 30,**

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction:										
Regular	\$ 996,240	965,481	1,035,899	904,749	789,966	832,102	821,679	785,137	846,395	701,967
Special Education	504,656	378,735	374,049	356,507	325,748	294,190	260,261	263,614	254,475	266,051
Other Instruction	10,372	11,853	8,889	9,823	10,240	9,884	8,905	7,631	38,446	39,163
Support Services:										
Tuition										
Student & Instruction Related Services	372,407	293,286	271,114	273,409	363,780	175,962	154,090	161,949	130,220	136,468
School Administrative Services	229,676	228,168	209,811	203,653	204,271	211,133	198,734	125,254	207,330	204,046
Plant Operations & Maintenance	554,305	394,728	302,337	273,757	299,222	355,050	400,737	273,870	379,206	271,323
Pupil Transportation	73,203	39,677	71,482	48,455	61,881	58,715	40,506	35,048	27,175	17,045
Capital Outlay	682,030	20,227		4,526	155,636	144,690		91,251	3,804	3,804
Interest on Long-Term Debt	65,914	70,641	75,417	80,056	84,655	92,214	84,365	17,574	18,658	25,819
Unallocated Benefits	999,225	935,250	936,450	782,501	755,581	696,288	584,747	533,365	505,271	437,269
Unallocated Depreciation	181,458	174,954	176,394	175,111	178,590	145,393	108,247	100,414	100,414	105,048
Total Governmental Activities Expenses	<u>4,669,486</u>	<u>3,513,000</u>	<u>3,461,842</u>	<u>3,112,547</u>	<u>3,229,570</u>	<u>3,015,641</u>	<u>2,662,271</u>	<u>2,395,107</u>	<u>2,511,394</u>	<u>2,208,003</u>
<b>Business-Type Activities:</b>										
Food Service	11,714	7,424	5,487	7,699	6,603	7,762	13,007	14,636	8,235	8,361
<b>Total Business-Type Activities Expense</b>				<u>7,699</u>	<u>6,603</u>	<u>7,762</u>	<u>13,007</u>	<u>14,636</u>	<u>8,235</u>	<u>8,361</u>
<b>Total District Expenses</b>	<u>\$ 4,681,200</u>	<u>3,520,424</u>	<u>3,467,329</u>	<u>3,120,246</u>	<u>3,236,173</u>	<u>3,023,403</u>	<u>2,675,278</u>	<u>2,409,743</u>	<u>2,519,629</u>	<u>2,216,364</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Operating Grants & Contributions	\$ -	149,416	68,133	69,312	69,515	69,655	61,596	63,831	38,351	37,901
Charge for Services	352,731									
<b>Total Governmental Activities Program Revenues</b>	<u>352,731</u>	<u>149,416</u>	<u>68,133</u>	<u>69,312</u>	<u>69,515</u>	<u>69,655</u>	<u>61,596</u>	<u>63,831</u>	<u>38,351</u>	<u>37,901</u>
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	6,655	4,104		2,634	4,600	4,892	6,361	9,103	6,022	6,643
Operating Grants & Contributions	6,305	6,249	6,016	4,302	2,085	1,572	2,270	3,957	3,000	5,328
<b>Total Business Type Activities Program Revenues</b>	<u>12,960</u>	<u>10,353</u>	<u>6,016</u>	<u>6,936</u>	<u>6,685</u>	<u>6,464</u>	<u>8,631</u>	<u>13,060</u>	<u>9,022</u>	<u>11,971</u>
<b>Total District Program Revenues</b>	<u>\$ 365,691</u>	<u>159,769</u>	<u>74,149</u>	<u>76,248</u>	<u>76,200</u>	<u>76,119</u>	<u>70,227</u>	<u>76,891</u>	<u>47,373</u>	<u>49,872</u>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	\$ (4,316,755)	(3,363,584)	(3,393,709)	(3,043,235)	(3,160,055)	(2,945,986)	(2,600,675)	(2,331,276)	(2,473,043)	(2,170,102)
<b>Business-Type Activities</b>	1,246	2,929	529	(763)	82	(1,300)	(4,376)	(1,576)	787	3,610
<b>Total District-Wide Net Expense</b>	<u>\$ (4,315,509)</u>	<u>(3,360,655)</u>	<u>(3,393,180)</u>	<u>(3,043,998)</u>	<u>(3,159,973)</u>	<u>(2,947,286)</u>	<u>(2,605,051)</u>	<u>(2,332,852)</u>	<u>(2,472,256)</u>	<u>(2,166,492)</u>
<b>General Revenues &amp; Other Changes in Net Assets</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied for General Purposes, Net	\$ 2,327,000	2,327,020	2,327,020	2,194,628	1,951,482	1,913,218	1,875,704	1,838,925	1,776,100	1,741,275
Taxes Levied for Debt Service	176,659	167,012	75,728	79,223	84,075	148,184	75,603	77,957	80,290	82,578
Federal and State Aid Not Restricted	1,030,602	941,717	841,258	735,858	743,720	619,079	575,204	506,525	465,577	280,036
Miscellaneous Income	9,927	31,096	19,612	12,725	15,195	35,659	39,360	17,171	58,068	73,759
Transfers	(17,372)			(700)						
<b>Total Governmental Activities</b>	<u>\$ 3,526,816</u>	<u>3,466,845</u>	<u>3,263,618</u>	<u>3,021,734</u>	<u>2,794,472</u>	<u>2,716,140</u>	<u>2,565,871</u>	<u>2,440,578</u>	<u>2,380,035</u>	<u>2,177,648</u>
<b>Business-type Activities:</b>										
Transfers/Other	\$ -	(3,094)	24	900	(1,196)	2	2	-	-	-
<b>Total Business-Type Activities</b>		<u>(3,094)</u>	<u>24</u>	<u>900</u>	<u>(1,196)</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total District-Wide</b>	<u>\$ 3,526,816</u>	<u>3,463,751</u>	<u>3,263,642</u>	<u>3,022,634</u>	<u>2,793,276</u>	<u>2,716,142</u>	<u>2,565,873</u>	<u>2,440,578</u>	<u>2,380,035</u>	<u>2,177,648</u>
<b>Change in Net Position</b>										
<b>Governmental Activities</b>	\$ (789,939)	103,261	(130,091)	(21,501)	(365,583)	(229,846)	(34,804)	109,302	(93,008)	7,546
<b>Business-Type Activities</b>	1,246	(165)	553	137	(1,114)	(1,298)	(4,374)	(1,576)	787	3,610
<b>Total District</b>	<u>\$ (788,693)</u>	<u>103,096</u>	<u>(129,538)</u>	<u>(21,364)</u>	<u>(366,697)</u>	<u>(231,144)</u>	<u>(39,178)</u>	<u>107,726</u>	<u>(92,221)</u>	<u>11,156</u>

**ISLAND HEIGHTS SCHOOL DISTRICT  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	<b>FISCAL YEAR ENDING JUNE 30,</b>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>General Fund</b>										
Reserved	\$ 259,076	415,082	325,364	323,244	167,415	274,391	265,509	219,293	62,142	194,828
Unreserved	219,859	212,510	218,430	220,869	219,765	198,457	220,423	221,061	199,784	154,619
<b>Total General Fund</b>	<b>\$ 478,935</b>	<b>627,592</b>	<b>543,794</b>	<b>544,113</b>	<b>387,180</b>	<b>472,848</b>	<b>485,932</b>	<b>440,354</b>	<b>261,926</b>	<b>349,447</b>
<b>All Other Governmental Funds</b>										
Reserved				-	-	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Fund	(37,012)	5,128	5,424							
Capital Projects Fund		-	17,658	127,658	237,658	496,490	607,367			
Debt Service Fund	3	401	413	23	12	2	1		1	1
<b>Total All Other Governmental Funds</b>	<b>\$ (37,009)</b>	<b>5,529</b>	<b>23,495</b>	<b>127,681</b>	<b>237,670</b>	<b>496,492</b>	<b>607,368</b>	<b>-</b>	<b>1</b>	<b>1</b>

**ISLAND HEIGHTS SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Revenues</b>										
Tax Levy	\$ 2,503,659	2,494,032	2,402,748	2,273,851	2,035,557	2,061,402	1,951,307	1,916,882	1,856,390	1,741,275
Miscellaneous	29,150	31,096	19,612	12,725	13,995	35,659	3,031,360	17,171	58,068	73,759
State Sources	1,136,164	135,606	841,258	735,858	743,720	619,088	575,204	506,525	465,577	280,036
Federal Sources	227,946	955,527	68,133	69,312	69,515	69,655	61,596	63,831	38,351	37,901
<b>Total Revenue</b>	<b>3,896,919</b>	<b>3,616,261</b>	<b>3,331,751</b>	<b>3,091,746</b>	<b>2,862,787</b>	<b>2,785,804</b>	<b>5,619,467</b>	<b>2,504,409</b>	<b>2,418,386</b>	<b>2,132,971</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	996,240	965,481	1,087,582	874,605	789,966	832,102	821,679	775,586	846,395	696,415
Special Education Instruction	504,656	378,735	374,049	356,507	325,748	294,190	260,261	263,614	254,475	266,051
Other Special Instruction	-	-	8,889	-	-	-	8,905	7,631	29,507	28,813
Other Instruction	10,372	11,853	-	9,823	10,240	9,884	-	-	8,939	10,350
<b>Support Services:</b>										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & Instruction Related Services	372,407	293,286	271,114	273,409	363,780	175,962	154,090	161,949	130,220	136,468
School Administrative Services	229,676	228,168	209,811	203,653	204,271	211,153	198,734	125,254	207,330	204,046
Plant Operations & Maintenance	554,305	394,728	302,337	273,757	299,222	355,050	400,737	273,870	379,206	271,323
Pupil Transportation	73,203	39,677	71,482	48,455	61,881	58,715	40,506	35,048	27,175	17,045
Other Support Services	-	-	913,366	-	-	-	-	87,447	-	3,804
Unallocated Benefits	1,050,716	987,587	-	748,624	744,698	671,209	627,470	513,821	538,566	437,269
Capital Outlay	38,778	3,804	3,804	3,804	155,636	114,681	2,378,537	3,804	3,804	-
<b>Debt Service:</b>										
Principal	173,000	175,000	170,000	170,000	167,000	60,000	60,000	60,000	60,000	60,000
Interest & Other Charges	67,389	72,110	76,835	81,465	86,035	126,809	15,602	17,958	20,290	-
<b>Total Expenditures</b>	<b>4,070,742</b>	<b>3,550,429</b>	<b>3,489,269</b>	<b>3,044,102</b>	<b>3,208,477</b>	<b>2,909,755</b>	<b>4,966,521</b>	<b>2,325,982</b>	<b>2,505,907</b>	<b>2,071,584</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(173,823)</b>	<b>65,832</b>	<b>(157,518)</b>	<b>47,644</b>	<b>(345,690)</b>	<b>(123,951)</b>	<b>652,946</b>	<b>178,427</b>	<b>(87,521)</b>	<b>61,387</b>
<b>Other Financing Sources/(Uses):</b>										
Transfers In	-	17,658	110,000	-	1,200	-	-	-	-	-
Transfers Out	(17,372)	(17,658)	(110,000)	(700)	-	-	-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	<b>(17,372)</b>	<b>-</b>	<b>-</b>	<b>(700)</b>	<b>1,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(191,195)</b>	<b>65,832</b>	<b>(157,518)</b>	<b>46,944</b>	<b>(344,490)</b>	<b>(123,951)</b>	<b>652,946</b>	<b>178,427</b>	<b>(87,521)</b>	<b>61,387</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>5.9</b>	<b>6.9</b>	<b>6.4</b>	<b>8.2</b>	<b>7.8%</b>	<b>5.0%</b>	<b>1.5%</b>	<b>2.6%</b>	<b>4.3%</b>	<b>4.2%</b>

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

**ISLAND HEIGHTS SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	Tuition	DONATIONS	RENTALS	PRIOR YEAR REFUNDS	SALE & LEASEBACK OF TEXTBOOKS	MISCELLANEOUS	TOTAL
2014	\$ -	42,450					31,309	73,759
2015							67,787	67,787
2016							45,452	45,452
2017							48,658	48,658
2018							35,659	35,659
2019							15,195	15,195
2020							12,713	12,713
2021							19,612	19,612
2022							31,096	31,096
2023							29,150	29,150
<b>Total</b>	<b>\$ -</b>	<b>42,450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>336,631</b>	<b>379,081</b>

Source: District records



**ISLAND HEIGHTS SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	LESS: TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2023	9,043,600	342,160,300			24,650,300		499,400	376,353,600	34,533,600		410,887,200	0.673	
2022	9,569,700	338,102,400			23,795,100		499,400	372,151,261	35,403,000		407,554,261	0.673	
2021	9,974,000	336,769,800			23,479,600		499,400	370,923,890	34,849,200		405,773,090	0.672	
2020	11,267,300	334,113,000			23,761,300		499,400	369,843,430	32,925,300		402,768,730	0.650	
2019	11,224,600	333,025,700			24,591,600		499,400	369,544,341	32,555,600		402,099,941	0.615	
2018	13,014,400	313,614,800			20,576,200		489,300	346,430,885	23,018,800		370,912,575	0.585	
2017	16,671,000	310,496,700			20,576,200		489,300	346,430,885	23,018,800		369,449,685	0.595	
2016	16,740,400	307,677,800			20,523,400		489,300	345,631,813	22,736,500		368,368,313	0.565	
2015	16,158,700	307,697,700			20,588,200		489,300	345,132,255	22,736,500		367,868,755	0.556	
2014	15,221,700	309,324,600			20,588,200		489,300	345,623,800	22,736,500		368,360,300	0.537	

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b. Tax rates are per \$100

**ISLAND HEIGHTS SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES					TOTAL DIRECT AND OVERLAPPING TAX RATE
	ISLAND HEIGHTS SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	ISLAND HEIGHTS BOROUGH	OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	COUNTY HEALTH RATE	
2023	0.673	0.373	1.046	0.559	0.39	0.037	0.016	0.022	2.070
2022	0.673	0.391	1.064	0.548	0.349	0.034	0.013	0.018	2.026
2021	0.672	0.384	1.056	0.55	0.339	0.037	0.012	0.017	2.011
2020	0.650	0.402	1.052	0.545	0.342	0.038	0.012	0.017	2.006
2019	0.615	0.337	0.952	0.537	0.336	0.037	0.012	0.017	1.891
2018	0.585	0.354	0.939	0.556	0.347	0.038	0.012	0.014	1.906
2017	0.595	0.309	0.904	0.546	0.334	0.036	0.012	0.013	1.845
2016	0.565	0.347	0.912	0.502	0.357	0.039	0.012	0.014	1.836
2015	0.556	0.332	0.888	0.502	0.35	0.038	0.012	0.014	1.804
2014	0.537	0.339	0.876	0.493	0.342	0.038	0.012	0.014	1.775

Source: Abstract of Ratables, Breakdown of General Tax Rate

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**ISLAND HEIGHTS SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
Last Years Information**

	2023	
Taxpayer	TAXABLE ASSESSED VALUE	RANK (Optional)
Jersey Yachting Center LLC	\$4,972,300	1
Nelson Properties Partnershi	\$2,147,300	2
Linda Tavares	2,146,100	3
K&K AT SB ::C	2,132,900	4
Peter & Elisa Rapaport	1,900,700	5
George & Harriet Prepis	1,847,300	6
Henry Kelly Jr.	1,760,300	7
Ocean Bend LLC	1,737,700	8
Steven Brick	1,706,400	9
Sal T & Gina M Laforgia	1,614,900	10
Total	\$21,965,900	

EXHIBIT J-9

**ISLAND HEIGHTS SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2023	7,879,109	7,770,269	98.61%	
2022	7,593,491	7,444,625	98.03%	
2021	7,485,618	7,363,243	98.37%	
2020	7,458,026	7,305,167	97.95%	
2019	7,005,746	6,854,382	97.84%	
2018	6,650,279	6,507,251	97.85%	
2017	6,458,810	6,329,634	98.38%	
2016	6,459,026	6,305,932	97.63%	
2015	6,250,504	6,078,827	97.25%	
2014	6,121,419	6,019,877	98.34%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

**ISLAND HEIGHTS SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Dollars in Thousands, Except per Capita)**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES				BUSINESS- TYPE	TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF PARTICIPATION	CAPITAL LEASES	BOND ANTICIPATION NOTES (BANs)	ACTIVITIES CAPITAL LEASES			
2023	\$ 2,430,000					2,430,000	n/a	n/a
2022	\$ 2,603,000					2,603,000	n/a	n/a
2021	\$ 2,778,000					2,778,000	n/a	60,823
2020	\$ 2,948,000					2,948,000	n/a	57,344
2019	\$ 3,118,000					3,118,000	1.7%	53,139
2018	\$ 3,285,000					3,285,000	1.6%	51,353
2017	\$ 3,345,000					3,345,000	1.5%	49,813
2016	\$ 3,405,000					3,405,000	1.4%	48,116
2015	\$ 473,000					473,000	9.9%	46,849
2014	\$ 533,000					533,000	8.4%	44,808
2013	\$ 593,000					593,000	7.3%	43,171

EXHIBIT J-11

**ISLAND HEIGHTS SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
*(Dollars in Thousands, Except per Capita)*

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2023	2,430,000		2,430,000		n/a
2022	2,603,000		2,603,000		n/a
2021	2,778,000		2,778,000		60,823
2020	2,948,000		2,948,000		57,344
2019	3,118,000		3,118,000		53,517
2018	3,285,000		3,285,000		52,088
2017	3,345,000		3,345,000		50,184
2016	3,405,000		3,405,000		47,413
2015	470,000		470,000		46,109
2014	530,000		530,000	N/A	44,381

EXHIBIT J-12

**ISLAND HEIGHTS SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2023**

GOVERNMENTAL UNIT	SHARE OF OVERLAPPING DEBT
Overlapping Debt	
County of Ocean*	\$ 1,493,762.28
Borough of Island Heights*	2,772,866.20
Central Regional School District	<u>-</u>
Subtotal, Overlapping Debt	4,266,628.48
Island Heights District Overlapping Debt	<u>2,603,000.00</u>
Total Direct & Overlapping Debt	<u><u>\$ 6,869,628.48</u></u>

\*Overlapping debt as of December 31, 2022 Annual Debt Statements.

**ISLAND HEIGHTS SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Dollars in Thousands)**

J-13

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limit	9,396,392	9,375,659	9,294,854	9,024,792	9,135,224	8,662,982	8,650,000	8,640,445	8,642,777	9,043,463
Total Net Debt Applicable to Limit	2,603,000	2,603,000	2,778,000	2,948,000	3,118,000	3,285,000	3,345,000	3,405,000	473,000	533,000
Legal Debt Margin	6,793,392	6,772,659	6,516,854	6,076,792	6,017,224	5,377,982	5,305,000	5,235,445	8,169,777	8,510,463
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit		27.76%	29.89%	32.67%	34.13%	37.92%	38.67%	39.41%	5.47%	5.89%

**Legal Debt Margin Calculation for Fiscal Year**

Average Equalized Valuation of Taxable Property

Debt Limit (2.5 % of Average Equalization Value)  
Net Bonded School Debt

Legal Debt Margin

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,  
Department of Treasury, Division of Taxation



EXHIBIT J-14

**ISLAND HEIGHTS SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME	PER CAPITA	UNEMPLOYMENT RATE (d)
		(Thousands of Dollars) (b)	PERSONAL INCOME (c)	
2022	1695	n/a		3.40%
2021	1678	60,823		4.90%
2020	1692	57,344		9.20%
2019	1677	53,199		3.30%
2018	1671	52,088		3.70%
2017	1656	50,184		4.40%
2016	1649	47,413		4.60%
2015	1642	46,109		5.40%
2014	1648	44,381		6.90%
2013	1660	43,214		10.3%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

EXHIBIT J-15

**ISLAND HEIGHTS SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS**

<b>Name</b>	<b>Tot. As'mt</b>
N/A	
_____	_____
_____	_____
=====	=====

**ISLAND HEIGHTS SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

J-16

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Instruction:</b>										
Regular	14	14	14	14	14	14	14	14	14	14
Special Education	5	4	5	5	4	4	4	4	4	4
Other Special Education	5	3	3	2	2	2	2	2	2	2
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
<b>Support Services:</b>										
Student & Instruction Related Services										
School Administrative Services	2	2	2	2	2	2	2	2	2	2
General & Business Administrative Services	2	2	2	2	2	2	2	2	2	2
Plant Operations & Maintenance	1	1	2	2	2	2	2	2	2	2
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Business & Other Support Services										
Special Schools										
Food Service	2	2	2	2	2	2	2	2	2	2
Child Care										
<b>Total</b>	<b>32</b>	<b>29</b>	<b>31</b>	<b>30</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>

Source: District Personnel Records

**ISLAND HEIGHTS SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

J-17

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)
						ELEMENTARY		
2023	134							
2022	121						131.62	129.55
2021	130						114.44	121.06
2020	112						112.58	108.79
2019	124						123.22	118.01
2018	125						123.62	118.36
2017	126						124.74	119.06
2016	120						118.02	112.37
2015	125						121.04	114.41
2014	106						105.88	100.81

Sources: District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**ISLAND HEIGHTS SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Elementary Schools:										
Island Heights Grade School										
Square Feet	24483	24483	24483	24483	24,483	24,483	24,483	24,483	24,483	24,483
Capacity (Students)	160	160	160	160	160	160	160	160	160	160
Enrollment		125	130	117	124	125	110	115	111	123
Number of Schools at June 30, 2023:										
Elementary =	1									

Source: District Facilities Office

**ISLAND HEIGHTS SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS**

**J-19**

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES  
I-000-261-xxx

*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	271,032	144,456	62,119	55,191	49,647	98,219	145,988	70,682	60,382	52,915

Total School  
Facilities

\* School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

ISLAND HEIGHTS SCHOOL DISTRICT  
INSURANCE SCHEDULE (J-20) AS OF 6/30/2023

UNAUDITED

	Coverage	Deductible
School Package Policy - NJSIG		
Property - Blanket Building and Contents	\$ 500,000,000.00	\$ 1,000.00
Electronic Data Processing	\$ 500,000.00	\$ 1,000.00
Comprehensive General Liability	\$ 6,000,000.00	
Personal and Advertising Injury	\$ 6,000,000.00	
Sexual Abuse	\$ 15,000,000.00	per member annual aggregate
Sexual Abuse	\$ 27,000,000.00	annual NJSIG aggregate
Premises Medical Payments	\$ 5,000.00	
Automotive Liability	\$ 6,000,000.00	
School District Legal Liability - NJSIG		
Coverage A	\$ 6,000,000.00	\$ 5,000.00
Coverage B (each claim)	\$ 100,000.00	\$ 5,000.00
Coverage B (each policy period)	\$ 300,000.00	
Surety Bonds		
Business Administrator - CNA Insurance	\$ 125,000.00	
Board Secretary -	\$ 125,000.00	
Worker's Compensation - NJSIG		
Bodily Injury by Accident- Each Accident	\$ 3,000,000.00	
Bodily Injury by Disease- Each Employee	\$ 3,000,000.00	
Bodily Injury by Disease- Aggregate	\$ 3,000,000.00	
Cyber Liability - Hiscox		
Aggregate First Party Limit of Insurance	\$ 1,000,000.00	\$ 2,500.00
Cyber Extortion	\$ 1,000,000.00	\$ 2,500.00

**SINGLE AUDIT SECTION**



*Robert A. Hulsart and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

100.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER**  
**FINANCIAL REPORTING AND REPORTING ON COMPLIANCE AND OTHER MATTERS**  
**BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED**  
**IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

K-1

Honorable President and Members  
of the Board of Education  
Island Heights School District  
County of Ocean  
Island Heights, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Island Heights Board of Education, County of Ocean, State of New Jersey as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Island Heights Board of Education, County of Ocean, State of New Jersey's basic financial statements, and have issued our report thereon dated January 15, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Island Heights Board of Education, County of Ocean, State of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Island Heights Board of Education, County of Ocean, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Island Heights Board of Education, County of Ocean, and State of New Jersey's internal control.

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

Our consideration of internal control was for the limited purposes 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 Island Heights Board of Education, County of Ocean, State of New Jersey's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

***Robert A. Hulsart***

**Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company  
Wall Township, New Jersey**

January 15, 2024

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;**  
**REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**REQUIRED BY UNIFORM ADMINISTRATIVE AWARDS (UNIFORM GUIDANCE), AND**  
**NEW JERSEY OMB'S CIRCULAR 15-08**

K-2

Honorable President and Members  
of the Board of Education  
Island Heights School District  
County of Ocean  
Island Heights, New Jersey

**Report on Compliance for Each Major State Program**

**Opinion on Each Major State Program**

We have audited the Island Heights Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Island Heights Board of Education's major state programs for the year ended June 30, 2023. The Island Heights Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Island Heights Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

**Basis for Opinion on Each Major State Program**

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and NJ OMB 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Island Heights Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Island Heights Board of Education's compliance with the requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to its State programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above have occurred, whether due to fraud or error, and express an opinion on the Island Heights Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and NJ OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Island Heights Board of Education's compliance with the requirements of each major state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Island Heights Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Island Heights Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Island Heights Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purposes described in the Auditor's Responsibilities for the Audit of Compliance paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

*Robert A. Hulsart*

**Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company  
Wall Township, New Jersey**

January 15, 2024

**ISLAND HEIGHTS SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Schedule A

K-3

<u>U.S. Department of Education Passed-Through State Department of Education</u>	Federal C.F.D.A. Number	Federal Fain Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	Balance at June 30, 2023				
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor		
Special Revenue Fund: No Child Left Behind:																	
Title I	84.367A	S367A220029	ESEA-22	19,923	07/01/2022	06/30/2023	\$ -		19,923	(19,923)							
Title IIA	84.367A	S367A220029	ESEA-22	3,395	07/01/2022	06/30/2023			3,395	(3,395)							
I.D.E.A.:																	
Basic	84.027	H027A220100	FT-22	35,217	07/01/2022	06/30/2023			35,217	(35,217)							
Preschool	84.173	H173A220114	FT-22	797	07/01/2022	06/30/2023			797	(797)							
ARP IDEA Basic	84.027X	H027X220100	NA	6,189	07/01/2022	06/30/2023			6,189	(6,189)							
American Rescue Plan:																	
CRRSA ESSER II	84.425D	S425D200027	NA	36,474	03/13/2020	09/30/2023	(9,254)		9,254								
ARP ESSER II	84.425U	S425U200027	NA	72,974	03/13/2021	09/30/2024			25,947	(72,688)				(46,741)			
ARP Mental Health	84.425U	S425U200027	NA	45,000	03/13/2021	09/30/2024			11,000	(29,157)				(18,157)			
ARP Evidence Based Learning	84.425U	S425U200027	NA	40,000	03/13/2021	09/30/2024				(20,654)				(20,654)			
ARP Accelerated Learning	84.425U	S425U200027	NA	50,000	03/13/2021	09/30/2024			28,924	(28,924)							
ARP Summer	84.425U	S425U200027	NA	40,000	03/13/2021	09/30/2024			17,982	(18,327)				(345)			
<b>Total Special Revenue Fund</b>							<b>(9,254)</b>	<b>-</b>	<b>158,628</b>	<b>(235,271)</b>	<b>-</b>	<b>-</b>	<b>(85,897)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>U.S. Department of Agriculture Passed-Through State Department of Education</u>																	
Enterprise Fund:																	
National School Lunch Program	10.555	221NJ304N1099	N/A	5,851	09/01/2022	08/31/2023			5,593	(5,851)				(258)			
National School Breakfast Program	10.555	201NJ304N1099	N/A	604	09/01/2019	08/31/2020	(250)							(250)			
National School Breakfast Program	10.555	221NJ304N1099	N/A	135	09/01/2022	08/31/2023			135	(135)							
National School Lunch Program	10.555	211NJ304N1099	N/A	4,486	09/01/2021	08/31/2022	(276)		276								
HHFKA Lunch Program	10.555	221NJ304N1099	N/A	175	09/01/2022	08/31/2023			167	(175)				(8)			
<b>Total Enterprise Fund</b>							<b>(526)</b>	<b>-</b>	<b>6,171</b>	<b>(6,161)</b>	<b>-</b>	<b>-</b>	<b>(516)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Federal Financial Awards</b>							<b>\$ (9,780)</b>	<b>-</b>	<b>164,799</b>	<b>(241,432)</b>	<b>-</b>	<b>-</b>	<b>(86,413)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

See accompanying Notes to Schedules of Financial Assistance.

ISLAND HEIGHTS SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022			Balance at June 30, 2023			MEMO				
					Deferred Revenue Balance	Due To Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Total Cumulative Expenditures
<b>State Department of Education</b>															
<b>General Fund:</b>															
Transportation Aid	23-495-034-5120-014	\$ 11,068	07/01/2022	06/30/2023	\$			9,954	(11,068)					(1,114)	11,068
Special Education Aid	23-495-034-5120-089	36,612	07/01/2022	06/30/2023				77,958	(86,612)					(8,654)	86,612
Security Aid	23-495-034-5120-084	9,976	07/01/2022	06/30/2023				8,982	(9,976)					(994)	9,976
School Choice Aid	23-495-034-5120-068	186,536	07/01/2022	06/30/2023				167,886	(186,536)					(18,650)	186,536
Adjustment Aid	23-495-034-5120-085	31,349	07/01/2022	06/30/2023				28,590	(31,349)					(2,759)	31,349
Non-Public Transportation Aid	23-495-034-5120-014	2,030	07/01/2022	06/30/2023								(2,030)			2,030
Non-Public Transportation Aid	22-495-034-5120-014	1,740	07/01/2021	06/30/2022		(1,740)		1,740							
On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (non-budgeted)	23-495-034-5094-001	116,115	07/01/2022	06/30/2023				116,115	(116,115)						116,115
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	23-495-034-5094-002	442,009	07/01/2022	06/30/2023				442,009	(442,009)						442,009
On-Behalf T.P.A.F. Pension Contributions - Long Term Disability	23-495-034-5094-004	235	07/01/2022	06/30/2023				235	(235)						235
Reimbursed TPAF Social Security	23-100-034-5095-003	82,703	07/01/2022	06/30/2023				78,771	(82,703)		(3,932)				82,703
<b>Total General Fund</b>						<u>(1,740)</u>	<u>-</u>	<u>932,240</u>	<u>(968,633)</u>	<u>-</u>	<u>(5,962)</u>	<u>-</u>	<u>-</u>	<u>(32,171)</u>	<u>968,633</u>
<b>Special Revenue Fund:</b>															
SDA Emergent	NA	5,561	07/01/2022	06/30/2023				5,561	(5,561)						5,561
Preschool Expansion Aid	23-495-034-5120-086	188,636	07/01/2022	06/30/2023				101,343	(148,505)					(47,162)	148,505
<b>Total Special Revenue Fund</b>						<u>-</u>	<u>-</u>	<u>106,904</u>	<u>(154,066)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,162)</u>	<u>154,066</u>
Debt Service Aid Type II	23-495-034-5120-017	63,329	07/01/2022	06/30/2023				63,329	(63,329)						63,329
<b>State Department of Agriculture</b>															
<b>Enterprise Fund:</b>															
National School Lunch Program	22-100-010-3350-023	216	07/01/2021	06/30/2022		(11)		11							
National School Lunch Program	23-100-010-3350-023	143	07/01/2022	06/30/2023				137	(143)		(6)				143
						<u>(11)</u>	<u>-</u>	<u>148</u>	<u>(143)</u>	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143</u>
<b>Total State Financial Assistance</b>						<u>\$ (1,751)</u>	<u>-</u>	<u>1,102,621</u>	<u>(1,186,171)</u>	<u>-</u>	<u>(5,968)</u>	<u>-</u>	<u>-</u>	<u>(79,333)</u>	<u>1,186,171</u>
<b>Less: State Financial Assistance Not Subject to Major Program Determination:</b>															
On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (non-budgeted)									\$ 116,115						
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)									442,009						
On-Behalf T.P.A.F. Pension Contributions - Long Term Disability									235						
<b>Total State Financial Assistance Subject to Major Program Determination</b>									<u>\$ (627,812)</u>						

See accompanying Notes to Schedules of Federal Awards and State Financial Assistance

**ISLAND HEIGHTS SCHOOL DISTRICT**

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**NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2023****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Island Heights School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

**NOTE 2: Basis of Accounting**

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting. This basis of accounting is described in Note 1(C) to the Board's general-purpose financial statements.

**NOTE 3: Relationship to General Purpose Financial Statements**

The general-purpose financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented below:



**NOTE 3: Relationship to General Purpose Financial Statements**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Total</u>
<b><u>State Assistance</u></b>					
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 968,633	154,066	143	63,329	1,186,171
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized		(1,342)			(1,342)
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	(1,360)	(47,162)	—	—	(48,522)
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 967,273</u>	<u>105,562</u>	<u>143</u>	<u>63,329</u>	<u>1,136,307</u>

**NOTE 3: Relationship to General Purpose Financial Statements (Continued)**

	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<b><u>Federal Assistance</u></b>			
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 235,271	6,161	241,432
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized	<u>(7,325)</u>	—	<u>(7,325)</u>
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 227,946</u>	<u>6,161</u>	<u>234,107</u>

**NOTE 4: Relationship to Federal and State Financial Reports**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5: Other**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state of behalf of the District for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2023.

**ISLAND HEIGHTS SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**K-6**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

*Part 1 - Summary of Auditor's Results*

**Financial Statement Section**

**Unqualified**

Type of auditor's report issued:

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ Yes   x   No

2) Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   x   None Reported

Noncompliance material to general purpose financial statements noted? \_\_\_\_\_ Yes   x   No

**Federal Awards**

Internal control over compliance:

1) Material weakness(es) identified? N/A \_\_\_\_\_ Yes \_\_\_\_\_ No

2) Reportable condition(s) identified that are not considered to be material weaknesses? N/A \_\_\_\_\_ Yes \_\_\_\_\_ None Reported

Type of auditor's report issued on compliance for major programs: \_\_\_\_\_   N/A  

Any audit findings disclosed that are required to be reported in accordance with Circular 15-08 OMB? N/A \_\_\_\_\_ Yes \_\_\_\_\_ No

Identification of major programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

  N/A    
\_\_\_\_\_  
\_\_\_\_\_

  N/A    
\_\_\_\_\_  
\_\_\_\_\_

Dollar threshold used to distinguish between type A and type B programs: \_\_\_\_\_   N/A  

Auditee qualified as low-risk auditee? N/A \_\_\_\_\_ Yes \_\_\_\_\_ No

ISLAND HEIGHTS SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2023*Part I - Summary of Auditor's Results (Continued)*State AwardsDollar threshold used to distinguish between type A and type B programs: \$750,000Auditee qualified as low-risk auditee?  x  Yes   NoType of auditor's report issued on compliance for major programs: Unmodified

Internal Control over major programs:

(1) Material Weakness(es) identified?   Yes  x  No(2) Reportable condition(s) identified that are not considered to material weaknesses?   Yes  x  None ReportedAny audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 15-08?   Yes  x  No

Identification of major programs:

GMIS Number(s)23-495-034-5120-08923-495-034-5120-08423-495-034-5120-06823-100-034-5095-003Name of State ProgramSpecial Education Aid (State Aid - Public Cluster)Security Aid (State Aid - Public Cluster)School Choice Aid (State Aid - Public Cluster)Reimbursed TPAF Social Security

**ISLAND HEIGHTS SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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*Part 2 - Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

**ISLAND HEIGHTS SCHOOL DISTRICT****SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023***Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs*

This section identifies audit findings required to be reported by Title 2 U.S. Code of Federal Regulations Part 200 and NJOMB Circular Letter 15-08

**FEDERAL AWARDS**

Finding: NONE

Information on the Federal Program (1): N/A

Criteria or specific requirement: N/A

Condition (2): N/A

Questioned Costs(3): N/A

Context (4): N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response (5): N/A

**STATE AWARDS**

Finding: NONE

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition (2): N/A

Questioned Costs (3): N/A

Context (4): N/A

Effect: N/A

Cause: N/A

ISLAND HEIGHTS SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

*Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs (Continued)*

STATE AWARDS (Continued)

Recommendation: N/A

Management's response: N/A

**ISLAND HEIGHTS SCHOOL DISTRICT****SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08.

**Prior Audit Findings:**

None