

BOROUGH OF INTERLAKEN

COUNTY OF MONMOUTH

DECEMBER 31, 2023

ROBERT A. HULSART AND COMPANY
Certified Public Accountants

2807 Hurley Pond Road, Suite 100
P.O. Box 1409
Wall, New Jersey 07719

BOROUGH OF INTERLAKEN

COUNTY OF MONMOUTH

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BOROUGH OF INTERLAKEN

COUNTY OF MONMOUTH

PART I

AUDITOR'S REPORT ON THE BOROUGH'S

FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

1.

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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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Interlaken
County of Monmouth
Interlaken, New Jersey 07712

Report on the Audit of Financial Statements

Opinions

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

Unmodified Opinions on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

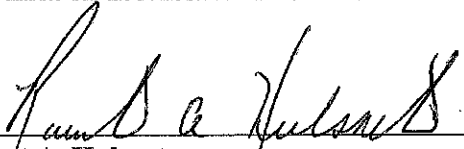
Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2024, on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the affection of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY



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

June 21, 2024

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH**STATEMENT OF ASSETS, LIABILITIES, RESERVES**Exhibit A
Sheet 1 of 2**AND FUND BALANCES - CURRENT FUND****REGULATORY BASIS****DECEMBER 31**

<u>Assets</u>	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
Cash	A-4	\$ 982,764.96	964,233.51
		<u>982,764.96</u>	<u>964,233.51</u>
Receivables with Full Reserves:			
Delinquent Taxes	A-5	3,359.07	3,848.42
Property Acquired for Taxes at Assessed Valuation	A-7	11,700.00	11,700.00
Accounts Receivable	A-9	621.32	1,029.55
		<u>15,680.39</u>	<u>16,577.97</u>
Total Current Fund		<u>998,445.35</u>	<u>980,811.48</u>
<u>State and Federal Grants</u>			
Interfund Current	Contra	46,710.39	109,633.66
Grants Receivable	A-15	52,400.00	52,400.00
Total State and Federal Grants		<u>99,110.39</u>	<u>162,033.66</u>
Total Assets		<u>\$ 1,097,555.74</u>	<u>1,142,845.14</u>

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

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH**STATEMENT OF ASSETS, LIABILITIES, RESERVES****AND FUND BALANCES - CURRENT FUND**Exhibit A
Sheet 2 of 2**REGULATORY BASIS****DECEMBER 31**

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Liabilities:			
Due State Veterans and Senior Citizens	A-6	\$ 3,425.72	3,425.72
Various Reserves	A-14	20,024.40	14,444.51
Local School Tax Payable		102,323.00	
Interfund Grants	Contra	46,710.39	109,633.66
Prepaid Taxes	A-8	28,067.48	33,931.96
Appropriation Reserves	A-3	127,990.00	145,431.69
Encumbrances Payable		19,255.55	17,461.59
Due County for Added Tax	A-10	3,992.55	5,542.54
Total Liabilities		<u>351,789.09</u>	<u>329,871.67</u>
Reserve for Receivables		15,680.39	16,577.97
Fund Balance	A-1	630,975.87	634,361.84
Total Current Fund		<u>998,445.35</u>	<u>980,811.48</u>
<u>State and Federal Grant Fund</u>			
Appropriated Reserves	A-16	99,110.39	105,741.91
Encumbrances Payable			15,000.00
Unappropriated Reserves	A-17		41,291.75
Total State and Federal Grants		<u>99,110.39</u>	<u>162,033.66</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 1,097,555.74</u>	<u>1,142,845.14</u>

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

STATEMENTS OF OPERATIONS AND CHANGEIN FUND BALANCE - CURRENT FUNDREGULATORY BASISDECEMBER 31

	Ref.	Year	
		2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance	A-2	\$ 294,000.00	284,000.00
Miscellaneous Revenue Anticipated	A-2	345,388.41	364,907.25
Receipts from Delinquent Taxes	A-2	3,848.42	9,416.00
Receipts from Current Taxes	A-2	4,179,101.14	3,722,597.44
Non-Budget Revenue	A-2	26,710.12	27,737.82
Other Credits to Income:			
Appropriation Reserves Lapsed	A-12	139,073.90	120,546.91
Current Year Appropriations Cancelled	A-3	102.14	30.55
		<u>4,988,224.13</u>	<u>4,529,235.97</u>
<u>Expenditures</u>			
Inside CAP:			
Salaries and Wages	A-3	594,525.00	556,306.00
Other Expenses	A-3	539,342.00	534,870.00
Deferred Charges and Statutory Expenditures	A-3	131,433.00	120,531.00
Excluded from CAP:			
Other Expenses	A-3	1,195,787.38	1,195,142.73
Capital Improvement Fund	A-3	10,000.00	10,000.00
Debt Service	A-3	237,393.00	219,055.00
Deferred Charges	A-3	20,749.92	
Other			257.30
County Taxes	A-10	1,050,755.80	877,149.64
Local District School Taxes	A-11	917,624.00	676,659.00
		<u>4,697,610.10</u>	<u>4,189,970.67</u>
Excess Revenue (Deficit)		290,614.03	339,265.30
Fund Balance January 1	A	634,361.84	579,096.54
		<u>924,975.87</u>	<u>918,361.84</u>
Decreased by:			
Utilized as Revenue	A-2	294,000.00	284,000.00
Fund Balance December 31	A	<u>\$ 630,975.87</u>	<u>634,361.84</u>

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

CURRENT FUNDSTATEMENT OF REVENUES - DECEMBER 31, 2023REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 294,000.00	294,000.00	
<u>Miscellaneous Revenues</u>				
Fines and Costs:				
Municipal Court	A-9	16,460.00	18,029.85	1,569.85
Interest and Costs on Taxes	A-9	3,000.00	3,289.28	289.28
Interest on Investments and Deposits	A-9	4,000.00	12,634.63	8,634.63
Cablevision Franchise Fee	A-9	7,309.00	7,309.00	-
General Capital Fund Balance	A-9	34,236.00	34,236.00	-
American Rescue Plan	A-9	41,291.75	41,291.75	-
Energy Receipts Tax (P.L. 1997 Ch. 162 & 167)	A-9	107,763.00	107,762.78	(0.22)
Municipal Relief Fund	A-13	5,582.74	5,582.74	-
Uniform Construction Code Fees	A-9	60,000.00	76,263.00	16,263.00
Certificate of Occupancy	A-9	2,060.00	9,420.00	7,360.00
Clean Communities Program	A-16	4,000.00	4,000.00	-
Stormwater Assistance	A-16	25,000.00	25,000.00	-
Alcohol Education & Rehabilitation	A-16	389.38	389.38	-
Total Miscellaneous Revenues	A-1	<u>311,091.87</u>	<u>345,208.41</u>	<u>34,116.54</u>
Receipts from Delinquent Taxes	A-1	3,600.00	3,848.42	248.42
Amount to be Raised by Taxes in Support of Municipal Budget	A-2	<u>2,198,538.43</u>	<u>2,288,721.34</u>	<u>90,182.91</u>
		<u>2,807,230.30</u>	<u>2,931,778.17</u>	<u>124,547.87</u>
Non-Budget Revenue	A-1		<u>26,710.12</u>	<u>26,710.12</u>
Total General Revenue		<u>\$ 2,807,230.30</u>	<u>2,958,488.29</u>	<u>151,257.99</u>
<u>Analysis of Realized Revenues</u>				
<u>Current Tax Collections</u>				
Collections	A-1		\$ 4,179,101.14	
Add: "Reserve for Uncollected Taxes"	A-3		<u>78,000.00</u>	
			4,257,101.14	
Less: Allocated to School and County Taxes	A-5		<u>1,968,379.80</u>	
Balance For Support of Municipal Budget	A-2		<u>\$ 2,288,721.34</u>	
<u>Non-Budget Revenue</u>				
Administration Fees			\$ 1,045.00	
Zoning			800.00	
Registrar			2,931.00	
Garage Sale Permits			610.00	
Insurance Dividend			471.00	
Void Prior Year Reconciling Items			7,646.29	
Franchise Fees			10,317.59	
Street Opening Permits			1,600.00	
Other			<u>1,289.24</u>	
	A-4			<u>\$ 26,710.12</u>

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

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 1 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2023

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>General Government</u>					
Mayor And Council:					
Other Expenses	\$ 2,000.00	22,000.00	21,008.81	991.19	
Municipal Clerks Office:					
Salaries and Wages	151,100.00	151,100.00	150,622.62	477.38	
Other Expenses	22,700.00	22,700.00	19,761.17	2,938.83	
Financial Administration:					
Salaries and Wages	57,100.00	57,100.00	57,041.30	58.70	
American Rescue Plan	30,000.00	30,000.00	30,000.00	-	
Other Expenses	12,500.00	12,500.00	10,882.22	1,617.78	
Other Expenses-Audit	11,500.00	11,500.00	11,500.00	-	
Assessment of Taxes:					
Salaries and Wages	20,000.00	20,000.00	20,000.00	-	
Other Expenses	6,200.00	6,200.00	1,526.71	4,673.29	
Collection of Taxes:					
Salaries and Wages	35,900.00	35,900.00	35,780.69	119.31	
Other Expenses	5,700.00	5,700.00	5,291.47	408.53	
Legal Services and Costs:					
Other Expenses	25,000.00	25,000.00	22,262.76	2,737.24	
Engineering Services and Costs:					
Other Expenses	20,000.00	20,000.00	10,592.50	9,407.50	

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

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2023

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Land Use Administration</u>					
Planning Board -Municipal Land Use Law					
N.J.S.A. 40:5-50-1:					
Salaries and Wages	3,675.00	3,675.00	3,675.00	-	
Other Expenses	3,150.00	3,150.00	1,110.40	2,039.60	
Code Enforcement & Administration:					
Salaries and Wages	7,317.00	7,317.00	7,316.00	1.00	
<u>Public Safety</u>					
Fire-Other Expenses:					
Fire Hydrant Service	22,000.00	22,000.00	21,910.80	89.20	
Insurance:					
Health Benefit Waiver	5,000.00	5,000.00	5,000.00	-	
Liability	27,998.00	27,998.00	27,998.00	-	
Workmen's Compensation	23,794.00	23,794.00	23,794.00	-	
Employee Group Health	135,000.00	117,500.00	115,145.62	2,354.38	
<u>Public Works</u>					
Street and Roads Maintenance:					
Salaries and Wages	242,000.00	242,000.00	235,121.95	6,878.05	
Other Expenses	23,375.00	23,375.00	14,066.91	9,308.09	
Other Public Works Functions:					
Shade Tree Commission	5,000.00	5,000.00	4,286.96	713.04	

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

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 3 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2023

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Recycling:					
Salaries and Wages	4,600.00	4,600.00	4,569.69	30.31	
Other Expenses	23,000.00	20,000.00	13,255.00	6,745.00	
Public Buildings and Grounds:					
Other Expenses	21,100.00	21,100.00	16,288.95	4,811.05	
Vehicle Maintenance:					
Other Expenses	15,600.00	15,600.00	5,825.27	9,774.73	
<u>Health and Human Services</u>					
Service of Monmouth County Organization for Social Service - Contracts (R.S. 40:13):	-	-			
Board of Health					
Contractual P.L. 1975, Ch. 329	8,200.00	8,200.00	8,038.88	161.12	
Dog Regulation:					
Other Expenses	2,800.00	2,800.00	2,499.96	300.04	
<u>Parks and Recreation</u>					
Parks and Playgrounds:					
Other Expenses	15,550.00	15,550.00	3,178.20	12,371.80	
<u>Education</u>					
Expenses of Participation in Free County Library:					
Salaries and Wages	6,453.00	6,453.00	6,453.00	-	

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

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 4 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2023

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
State Uniform Construction Code					
Construction Official:					
Salaries and Wages	9,555.25	9,555.25	9,554.25	1.00	
Other Expenses	4,875.00	4,875.00	3,095.00	1,780.00	
American Rescue Plan	11,291.75	11,291.75	11,291.75	-	
Electrical Inspection:					
Salaries and Wages	6,754.00	6,754.00	6,754.00	-	
Plumbing Inspection:					
Salaries and Wages	5,854.00	6,354.00	6,049.98	304.02	
Fire Sub-Code Official:					
Salaries and Wages	2,425.00	2,425.00	2,422.68	2.32	
<u>Other Operating Functions</u>					
Deal Lake Commission (N.J.S. 40:48B-1):					
Other Expenses	10,000.00	10,000.00	10,000.00	-	
<u>Utilities</u>					
Electric	4,000.00	4,000.00	3,938.26	61.74	
Street Lighting	26,000.00	26,000.00	25,961.74	38.26	
Telephone	10,000.00	10,000.00	9,275.04	724.96	
Water	5,300.00	5,300.00	3,008.09	2,291.91	
Natural Gas	10,000.00	10,000.00	8,624.45	1,375.55	
Landfill Solid Waste Disposal:					
Dumping Fees	28,500.00	28,500.00	25,625.60	2,874.40	
Total Operations Within CAPS	1,129,867.00	1,129,867.00	1,041,405.68	88,461.32	-
Contingent	4,000.00	4,000.00	-	4,000.00	
Total Operations Including Contingent Within CAPS	1,133,867.00	1,133,867.00	1,041,405.68	92,461.32	-

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

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 5 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2023

REGULATORY BASIS

Deferred Charges and Statutory Expenditures Within CAPS

Statutory Expenditure-Contribution To:

- Public Employees Retirement System
- Social Security System (O.A.S.I.)
- Unemployment Insurance

Total Deferred Charges and Statutory Expenditures

Total General Approp. For Municipal Purposes Within CAPS

Operations - Excluded From "CAPS"

Recycling Tax

Sewer Fees-Ocean Township Sewer Authority

Total Other Operations Excluded from CAPS

Interlocal Municipal Service Agreement

Ocean Township - Purchase of Gasoline & Fuel Oil

Borough of Deal:

Police Services

Borough of Allenhurst:

Share of Fire & First Aid Interest & Amort. Per Contract

Fire and First Aid Services

First Aid-Part Time Driver

Garbage and Trash Removal

LOSAP

Equipment Support

Total Interlocal Municipal Service Agreements

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
	85,123.00	85,123.00	85,123.00	-	
	46,300.00	46,300.00	44,474.85	1,825.15	
	10.00	10.00		10.00	
	<u>131,433.00</u>	<u>131,433.00</u>	<u>129,597.85</u>	<u>1,835.15</u>	<u>-</u>
	1,265,300.00	1,265,300.00	1,171,003.53	94,296.47	-
	725.00	725.00	725.00	-	
	193,944.00	193,944.00	163,420.09	30,523.91	
	<u>194,669.00</u>	<u>194,669.00</u>	<u>164,145.09</u>	<u>30,523.91</u>	<u>-</u>
	12,000.00	12,000.00	9,483.66	2,516.34	
	700,114.00	700,114.00	700,013.66	100.34	
	9,430.00	9,430.00	9,430.00	-	
	31,160.00	31,160.00	31,160.00	-	
	10.00	10.00		10.00	
	181,363.00	181,363.00	181,363.00	-	
	7,000.00	7,000.00	6,457.47	542.53	
	30,652.00	30,652.00	30,651.59	0.41	
	<u>971,729.00</u>	<u>971,729.00</u>	<u>968,559.38</u>	<u>3,169.62</u>	<u>-</u>

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

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 6 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2023

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Public and Private Programs Offset by Revenue</u>					
Alcohol Education & Rehabilitation:					
Other Expenses	389.38	389.38	389.38	-	
Stormwater Assistance					
Other Expenses	25,000.00	25,000.00	25,000.00	-	
Clean Communities:					
Other Expenses	4,000.00	4,000.00	4,000.00	-	
Total Public and Private Programs Offset by Revenue	<u>29,389.38</u>	<u>29,389.38</u>	<u>29,389.38</u>	<u>-</u>	<u>-</u>
<u>Capital Improvements - Excluded From "CAPS"</u>					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00	-	
Total Capital Improvements - Excluded from "CAPS"	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>	<u>-</u>	<u>-</u>
<u>Municipal Debt Service - Excluded From "CAPS"</u>					
Payment of Bond Anticipation Notes and Capital Notes	200,813.00	200,813.00	200,813.00	-	-
Interest on Notes	36,580.00	36,580.00	36,477.86	-	102.14
Total Municipal Debt Service Excluded From CAPS	<u>237,393.00</u>	<u>237,393.00</u>	<u>237,290.86</u>	<u>-</u>	<u>102.14</u>
<u>Deferred Charges</u>					
Deferred Charges to Future Taxation Unfunded	20,749.92	20,749.92	20,749.92		
Total Deferred Charges to Future Taxation Unfunded	<u>20,749.92</u>	<u>20,749.92</u>	<u>20,749.92</u>	<u>-</u>	<u>-</u>

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

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 7 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2023

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Total General Appropriations Excluded From CAPS	1,463,930.30	1,463,930.30	1,430,134.63	33,693.53	102.14
Subtotal General Appropriations	2,729,230.30	2,729,230.30	2,601,138.16	127,990.00	102.14
Reserve for Uncollected Taxes	78,000.00	78,000.00	78,000.00	-	
Total General Appropriations	<u>\$2,807,230.30</u>	<u>2,807,230.30</u>	<u>2,679,138.16</u>	<u>127,990.00</u>	<u>102.14</u>
<u>Analysis of Paid or Charged</u>				A	A-1
Disbursed			\$ 2,552,493.28		
Encumbrances			19,255.50		
Federal and State Grants			29,389.38		
Reserve for Uncollected Taxes			<u>78,000.00</u>		
			<u>\$ 2,679,138.16</u>		

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

STATEMENT OF ASSETS, LIABILITIES AND RESERVES - TRUST FUND

REGULATORY BASIS

DECEMBER 31

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
<u>Dog License Fund</u>			
Cash	B-1	\$ 1,886.00	1,620.20
		<u>1,886.00</u>	<u>1,620.20</u>
<u>Other Trust Funds</u>			
Cash	B-1	163,082.68	155,741.06
Accounts Receivable-Assessments	B-10	36.88	36.88
		<u>163,119.56</u>	<u>155,777.94</u>
Total Assets		<u>\$ 165,005.56</u>	<u>157,398.14</u>
<u>Liabilities and Reserves</u>			
<u>Dog License Fund</u>			
Reserve for Expenditures	B-2	\$ 1,884.80	1,620.20
Due State of New Jersey	B-3	1.20	-
Total Dog License Fund		<u>1,886.00</u>	<u>1,620.20</u>
<u>Other Trust Funds</u>			
Reserve for Unemployment Account	B-4	67,983.79	66,956.92
Assessments-Sidewalks		41,250.00	41,250.00
Reserve for Developers Deposits	B-5	29,845.78	23,402.03
Reserve for Park Restoration	B-6	3,249.23	3,249.23
Reserve for Recreation	B-8	3,972.53	3,901.53
Reserve for Public Defender	B-9	2,678.70	2,928.70
Various Reserves	B-7	14,139.53	14,089.53
Total Other Trust Funds		<u>163,119.56</u>	<u>155,777.94</u>
Total Liabilities and Reserves		<u>\$ 165,005.56</u>	<u>157,398.14</u>

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

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH**STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCES -****Exhibit C****GENERAL CAPITAL FUND****REGULATORY BASIS****DECEMBER 31**

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
Cash	C-2	\$ 1,061,214.59	348,733.62
Receivables:			
Grants Receivable	C-9	554,958.20	482,047.60
Deferred Charges to Future Taxation:			
Unfunded	C-4	<u>1,330,030.00</u>	<u>1,515,592.92</u>
Total Assets		<u>\$ 2,946,202.79</u>	<u>2,346,374.14</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Bond Anticipation Notes	C-7	\$ 1,195,515.00	1,219,316.00
Loans Payable	C-10	1,105,000.00	
Capital Improvement Fund	C-6	47,248.80	39,728.80
Improvement Authorizations:			
Funded	C-5	193,715.75	235,802.75
Unfunded	C-5	251,716.58	559,113.35
Encumbrances Payable	C-5		209,002.00
Reserve to Pay Debt		90,515.00	
Fund Balance	C-1	<u>62,491.66</u>	<u>83,411.24</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,946,202.79</u>	<u>2,346,374.14</u>

There were Bonds and Notes Authorized but Not Issued of \$134,515.00 as of December 31, 2023 and \$296,276.92 at December 31, 2022 (Exhibit C-8).

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

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE

REGULATORY BASIS

Balance December 31, 2022	<u>Ref.</u> C		\$ 83,411.24
Increased by:			
Premium on Sale of Note	C-2	\$ 2,270.00	
Premium on MCIA Loan	C-2	<u>11,046.42</u>	
			<u>13,316.42</u>
			96,727.66
Decreased by:			
Appropriated to 2023 Budget Revenue	A-2		<u>34,236.00</u>
Balance December 31, 2023	C		<u><u>\$ 62,491.66</u></u>

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

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH**FIXED ASSETS ACCOUNT GROUP OF ACCOUNTS**

Exhibit F

STATEMENT OF CHANGES IN GENERAL FIXED ASSET GROUP OF ACCOUNTS -**REGULATORY BASIS****DECEMBER 31**

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Land	\$ 483,500.00	483,500.00
Building and Site Improvements	417,527.00	417,527.00
Machinery and Equipment	<u>993,703.33</u>	<u>993,703.33</u>
Total General Fixed Assets	<u>\$ 1,894,730.33</u>	<u>1,894,730.33</u>
Total Investment in General Fixed Assets	<u>\$ 1,894,730.33</u>	<u>1,894,730.33</u>

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

BOROUGH OF INTERLAKEN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Interlaken, County of Monmouth, include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Interlaken as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Board of Education, First Aid organization or volunteer fire company, which are subject to separate audits.

The Governmental Accounting Standards Board (“GASB”) Statement 14, as amended by GASB Statements No. 39, No. 61 and No. 80, established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2023.

B. Description of Funds

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

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

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

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

General Fixed Assets Group of Accounts – account for the fixed assets of the Borough.

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

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

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

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

Expenditures – are recorded on the “budgetary” basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough’s statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

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

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

General Fixed Assets – In accordance with N.J.A.C. 5:30-5.6, which differs in certain respects from generally accepted accounting principles, the Borough has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value.

No depreciation has been provided for in the financial statements.

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

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

D. Financial Statements

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

E. Budgets and Budgetary Accounting

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

NOTE 2: Cash and Cash Equivalents**A. Deposits**

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

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

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

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

NOTE 2: Cash and Cash Equivalents (Continued)**A. Deposits (Continued)**

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000.00.

The carrying amount of the Borough's deposits at year-end was \$2,300,595.02. Of this amount \$500,000.00 was covered by Federal depository insurance, the remaining \$1,800,595.02 was covered by a collateral pool maintained by the banks required by New Jersey statutes.

The investments recorded in the general-purpose financial statements have been recorded at the carrying amount. The difference between the carrying amount and market value is not material to the general-purpose financial statements.

B. Investments

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

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part of within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date or purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.

NOTE 2: Cash and Cash Equivalents (Continued)

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

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

C. Cash Management Plan

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

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

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

D. Credit Risk Categories

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Insured:		
FDIC	\$ 500,000.00	500,000.00
GUDPA	<u>1,800,595.02</u>	<u>1,075,195.72</u>
	<u>\$ 2,300,595.02</u>	<u>1,575,195.72</u>

NOTE 3: Bonds and Notes Authorized but not Issued

At December 31, 2023 the Borough of Interlaken had authorized but not issued bonds and notes as follows:

General Capital - \$134,515.00

NOTE 7: Deferred Charges to Future Taxation Funded and Unfunded

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

NOTE 8: Deferred Charges to be Raised in Succeeding Budgets

As noted in Note 2, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2023, there were no deferred charges.

NOTE 9: Taxes Collected in Advance

Taxes collected in advance set forth as cash liabilities in the financial statements, are as follows:

	Balance December 31	
	2023	2022
Prepaid Taxes	\$ 28,067.48	33,931.96

NOTE 10: Assessment and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1st in each year and filed with the County Board of Taxation ("Board") by January 10th of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District, regional School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3rd, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector ("Collector") on or before May 13th. Tax bills are prepared, then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers.

Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent as of the eleventh day of the eleventh month of the fiscal year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property, allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 11: Fund Balances Appropriated

Fund balances at December 31, 2023 which were appropriated and included as anticipated revenue in the 2024 municipal budget for the year ending December 31, 2024 were as follows:

Current Fund:	
Fund Balance	\$ 291,000.00

NOTE 12: Pension Obligations**A. Public Employee's Retirement System (PERS)**

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

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

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

The following represents the membership tiers for PERS:

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

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

NOTE 12: Pension Obligations (Continued)

Contributions – The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State’s pension contribution is based on an actuarially determined amount which includes the employer’s portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2023, the State’s pension contribution was less than the actuarial determined amount. The local employer’s contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$85,123.00 for 2023.

Special Funding Situation

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

Components of Net Pension Liability – At December 31, 2023, the Borough reported a liability of \$877,454 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The Borough’s proportion of the net pension liability was based on the Borough’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2023. The Borough’s proportion measured as of June 30, 2023, was .00605%, which was .00070% less as its proportion measured as of June 30, 2022.

	<u>Dec. 31, 2023</u> July 1, 2022	<u>Dec. 31, 2022</u> July 1, 2021
Actuarial Valuation Date		
Net Pension Liability	\$ 877,454	1,018,695
Borough’s Portion of the Plan’s Total Net Pension Liability	0.00605%	0.00675%

For the year ended December 31, 2023, the Borough had an allocated pension expense of \$7,431.00.

NOTE 12: Pension Obligations (Continued)

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

	<u>PERS</u>
Measurement Date	June 30, 2023
Actuarial Valuation Date	July 1, 2022
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 - 6.55%
Inflation Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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

NOTE 12: Pension Obligations (Continued)

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

Discount Rate

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

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

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

	<u>Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>Increase (8.0%)</u>
Borough's Proportionate Share Of Net Pension Liability	<u>\$ 1,150,380</u>	<u>877,454</u>	<u>656,707</u>

NOTE 13. Other Post Employment Benefits (OPEB)

Special Funding Situation

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

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

The Borough, as of June 30, 2022, has 3 members under the Special Funding Situation. The State proportionate share of the net OPEB liability attributed to the Borough is \$615,653.00 based on available information.

NOTE 14: Interfund Balances

The following interfund balances existed as of December 31, 2023:

	<u>Due To</u>	<u>Due From</u>
Current	\$	46,710.39
Grant Fund	<u>46,710.39</u>	_____
	<u>\$ 46,710.39</u>	<u>46,710.39</u>

Interfund Explanations

The interfund between the Current Fund and Grants is for grant monies appropriated in the budget not yet received in the Grant Fund.

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

NOTE 15: Risk Management

The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Borough was a member of the Monmouth County Municipal Joint Insurance Fund in 2023. The joint insurance pool is both an insured and self-administered group of twenty-four municipalities, one authority and four boards of education, established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal excess Liability Program which has a contract for excess liability insurance for property.

As a member of the Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective share of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and insurance. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

NOTE 16: Contingent Liabilities**A. Litigation**

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

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

B. Federal and State Grants

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

NOTE 17: Disbandment of the Borough Police Department

An agreement effective January 1, 2011 was entered into with the Borough of Deal for a ten year period ending December 31, 2021, which has been renewed for another 10 year period ending December 31, 2031. The cost for 2023 is \$700,013.66 and the cost for the ensuing years is based on the average of the last three years police budgets for the Borough of Deal. 26.1% of this amount will establish the annual cost for the following year.

NOTE 18: Shared Services Agreement the Borough of Allenhurst for Purchase of a Fire Truck

On April 21, 2010 a joint service agreement was entered into with the Borough of Allenhurst to share in the cost of purchasing a fire truck with the Borough of Allenhurst and the Borough of Loch Arbour. Interlaken's share of the cost to be 41% or \$31,330.46 per year for ten years based on an agreement with Allenhurst for fire protection of which section 4.1.1 provides that upon approval of same, Interlaken is obligated to pay this amount which was approved by Interlaken. The total cost of the truck including interest is \$864,167.50.

NOTE 19: Subsequent Events

Subsequent events have been evaluated through June 21, 2024, which is the date the financial statements were available to be issued. No additional subsequent event disclosures are required.

BOROUGH OF INTERLAKEN

COUNTY OF MONMOUTH

PART II

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2023

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Current Fund</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
2023	\$ 630,975.87	291,000.00
2022	634,361.84	294,000.00
2021	579,096.54	284,000.00

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Tax Rate	\$ 0.903	0.961	1.145
<u>Apportionment of Tax Rate</u>			
Municipal	\$ 0.477	0.559	0.668
County	0.227	0.226	0.274
Local School	0.199	0.176	0.203
<u>Assessed Valuation</u>			
2023	\$ 461,832,660.00		
2022		385,348,060.00	
2021			315,351,446.00

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2023 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2023	\$ 11,700.00
2022	11,700.00
2021	11,700.00

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>% of Collection</u>
2023	\$ 4,182,460.21	4,179,101.14	99.91%
2022	3,726,445.86	3,722,597.44	99.89%
2021	3,627,397.40	3,618,397.40	99.74%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2023	None	\$ 3,359.07	3,359.07	0.09%
2022	None	3,848.42	3,848.42	0.11%
2021	None	9,416.00	9,416.00	0.25%

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Michael Nohilly	Mayor	12/31/2027
Michael Delia	Councilman	12/31/2024
Michael DeSarno	Councilman	12/31/2024
John Butler	Councilman	12/31/2025
Leonard Blasucci	Councilman	12/31/2025
Mindy Horowitz	Councilwoman	12/31/2026
Mervin Franks	Councilman	12/31/2026
Lori Reibrich	Borough Clerk/Administrator	
Tina McDermott	Tax Collector	
Joseph Zanga	Chief Financial Officer	
Richard Shaklee	Attorney	
Peter Avakian	Engineer	
Alex Worth	Assessor	
Ryan Backes	Plumbing Sub-Code Official	
Ron Vigliotti	Building Sub-Code Official	
Thomas Haege	Construction Official and Fire Sub-Code Official	
Eric Sudia	Electrical Inspector	
Frank DiRoma	Zoning and Code Enforcement Officer	

* There was a \$250,000.00 blanket bond with the Joint Insurance Fund for all employees. The Tax Collector is covered under a \$1,000,000.00 bond thru the Joint Insurance Fund.

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

Exhibit A-4

CURRENT FUND

SCHEDULE OF CASH

	<u>Ref.</u>	<u>Current</u>	<u>Grants</u>
Balance December 31, 2022	A	\$ 964,233.51	-
Increased by:			
Property Taxes	A-5	4,141,767.60	
State of New Jersey Veterans and Senior Citizens	A-6	7,250.00	
Revenue Accounts Receivable	A-9	309,801.06	
Interfund - Grants	A		6,631.52
Grants	A-14		29,389.38
Various Reserves	A-13	11,162.63	
Miscellaneous Revenue Not Anticipated	A-2	26,710.12	
Prepaid Taxes	A-8	28,067.48	
		<u>4,524,758.89</u>	<u>36,020.90</u>
		5,488,992.40	36,020.90
Decreased by:			
Budget Appropriations	A-3	2,552,493.28	
Interfund - Grants	A	62,923.27	
Encumbrances Payable	A	16,846.31	
Appropriated Grants	A-15	-	36,020.90
Local District School Taxes	A-11	815,301.00	
Appropriation Reserves	A-12	6,357.79	
County Taxes Payable	A-10	1,052,305.79	
		<u>4,506,227.44</u>	<u>36,020.90</u>
Balance December 31, 2023	A	\$ <u>982,764.96</u>	<u>-</u>

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

Exhibit A-5

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF TAX LEVY

Year	Balance	2023 Levy	Receipts		Veterans and Senior Citizens	Balance Dec. 31, 2023
	Dec. 31, 2022		2022	2023		
2022	\$ 3,848.42	-	-	3,848.42	-	
2023	-	4,182,460.21	33,931.96	4,137,919.18	7,250.00	3,359.07
	\$ 3,848.42	4,182,460.21	33,931.96	4,141,767.60	7,250.00	3,359.07
Ref.	A		A-8	A-4	A-6	A

Analysis of 2023 Property Tax Levy

General Purpose Tax	\$ 4,166,576.77
Added and Omitted Taxes	15,883.44
	<u>\$ 4,182,460.21</u>

Ref. \$ 4,182,460.21

Tax Levy

Local District School Tax	A-11	\$ 917,624.00
County Taxes (Abstract):		
General		862,230.39
Library		62,376.20
Open Space Preservation		122,156.66
Added Taxes		3,992.55
	A-10	<u>1,050,755.80</u>

Local Taxes for Municipal Purposes

Additional Taxes Levied	A-2	2,198,538.43
		<u>15,541.98</u>
		<u>2,214,080.41</u>
		<u>\$ 4,182,460.21</u>

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

40.

41.

CURRENT FUND

Exhibit A-6

-7

SCHEDULE OF DUE FROM STATE OF NEW JERSEY

FOR VETERANS AND SENIOR CITIZENS DEDUCTIONS

	<u>Ref.</u>		<u>0</u>
Balance December 31, 2022 - Due To	A	\$ 3,425.72	
Increased by:			
Billing Per Duplicate:			
Veteran	A-5	<u>7,250.00</u>	
		10,675.72	
Decreased by:			
Receipts	A-4	<u>7,250.00</u>	
Balance December 31, 2023 - Due To	A	<u>\$ 3,425.72</u>	

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 33,931.96
Increased by:		
Receipts	A-4	<u>28,067.48</u>
		61,999.44
Decreased by:		
Transferred to 2023 Taxes Receivable	A-5	<u>33,931.96</u>
Balance December 31, 2023	A	<u>\$ 28,067.48</u>

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

Exhibit A-9

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Balance Dec. 31, 2022</u>	<u>Received in 2023</u>	<u>2023 Revenue</u>	<u>Balance Dec. 31, 2023</u>
<u>Miscellaneous Revenues</u>					
Certificate of Occupancy	A-2	\$ -	9,420.00	9,420.00	
Fines and Costs:					
Municipal Court	A-2	1,029.55	17,621.62	18,029.85	621.32
Interest and Costs on Taxes	A-2		3,289.28	3,289.28	
Interest on Investments and Deposits	A-2		12,634.63	12,634.63	
Cable Franchise Fee	A-2		7,309.00	7,309.00	
General Capital Fund Balance	A-2		34,236.00	34,236.00	
American Rescue Plan	A-2		41,291.75	41,295.75	
Energy Receipts Tax	A-2		107,762.78	107,762.78	
Uniform Construction Code	A-2		76,236.00	76,263.00	
Total Miscellaneous Revenue		<u>\$ 1,029.55</u>	<u>309,801.06</u>	<u>310,240.29</u>	<u>621.32</u>

<u>Ref.</u>	A	A-4	A
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BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH**CURRENT FUND**

Exhibit A-10

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2022	<u>Ref.</u> A		\$ 5,542.54
Increased by:			
2023 Levy:			
General County Taxes		862,230.39	
County Library Tax		62,376.20	
County Open Space Fund		122,156.66	
Added Taxes Due County		<u>3,992.55</u>	
	A-5		<u>1,050,755.80</u>
			1,056,298.34
Decreased by:			
Payments	A-4		<u>1,052,305.79</u>
Balance December 31, 2023	A		<u>\$ 3,992.55</u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES

Exhibit A-11

Local School Levy Calendar Year	A-5		\$ 917,624.00
Decreased by:			
School Tax Paid	A-4		<u>815,301.00</u>
Balance December 31, 2023	A		<u>\$ 102,323.00</u>

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-12

SCHEDULE OF APPROPRIATION RESERVES

Balance December 31, 2022	<u>Ref.</u> A		\$ 145,431.69
Decreased by:			
Disbursed	A-4	6,357.79	
Lapsed to Operations	A-1	<u>139,073.90</u>	
			<u>\$ 145,431.69</u>

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-13

SCHEDULE OF VARIOUS RESERVES

	<u>Ref.</u>	<u>Total</u>	<u>Codification of Ordinances</u>	<u>Reserve For Revaluation</u>	<u>Municipal Relief Aid</u>	<u>Recreation Donation</u>
Balance December 31, 2022	A	\$ 14,444.51	94.18	7,077.59	5,582.74	1,690.00
Increased by:						
Receipts	A-4	11,162.63			11,162.63	
		<u>25,607.14</u>	<u>94.18</u>	<u>7,077.59</u>	<u>16,745.37</u>	<u>1,690.00</u>
Decreased by:						
Disbursed	A-2	<u>5,582.74</u>			<u>5,582.74</u>	
Balance December 31, 2023	A	<u>\$ 20,024.40</u>	<u>94.18</u>	<u>7,077.59</u>	<u>11,162.63</u>	<u>1,690.00</u>

CURRENT FUND

Exhibit A-14

SCHEDULE OF GRANTS RECEIVABLE FOR

FEDERAL AND STATE GRANT FUND

	Balance Dec. 31, 2022	2023 Budget Revenue	Received	Balance Dec 31, 2023
Green Communities	\$ 6,000.00			6,000.00
Clean Communities	4,000.00	4,000.00	4,000.00	4,000.00
Alcohol Education & Rehabilitation		389.38	389.38	-
Stormwater Management Grant		25,000.00	25,000.00	-
NJUCF Stewardship Grant	42,150.00			42,150.00
CSIP Resiliency	250.00			250.00
Total Receivables	<u>\$ 52,400.00</u>	<u>29,389.38</u>	<u>29,389.38</u>	<u>52,400.00</u>
Ref.	A	A-3	A-4	A

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-15

SCHEDULE OF APPROPRIATION RESERVES FOR

FEDERAL AND STATE GRANT FUND

	<u>Balance</u>	<u>Transfer from</u>	<u>Balance</u>
	<u>Dec. 31, 2022</u>	<u>2023 Budget</u>	<u>Dec. 31, 2023</u>
		<u>Appropriations</u>	<u>Expended</u>
Alcohol Rehabilitation	\$ 8,028.90	389.38	600.00
Clean Communities	37,126.02	4,000.00	1,209.90
Body Armor	2,711.32		2,711.32
Recycling Tonnage	186.08		186.08
Stormwater Management	2,625.00	25,000.00	27,625.00
Drunk Driving Enforcement	4,615.87		4,615.87
Federal Emergency Management Agency	1,017.22		1,017.22
Cool Cities	2,430.00		2,430.00
CSP Resiliency	250.00		250.00
Green Communities	3,733.00		3,733.00
Green Communities-Match	867.00		867.00
NJUCF Stewardship Grant	42,150.00		7,939.00
HAVA Section 261 Grant	1.50		1.50
	<u>\$ 105,741.91</u>	<u>29,389.38</u>	<u>36,020.90</u>

Ref.	A	A-3	A-4	A
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BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-16

SCHEDULE OF UNAPPROPRIATED RESERVES FOR

FEDERAL AND STATE GRANTS

	Balance Dec. 31, 2022	Transfer to 2023 Budget Revenue
American Rescue Plan	<u>\$ 41,291.75</u>	<u>41,291.75</u>
Ref.	A	A-3

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-1

SCHEDULE OF CASH - CHECKING

	<u>Ref.</u>	<u>Dog License</u>	<u>Other</u>
Balance December 31, 2022	B	\$ 1,620.20	155,741.06
Increased by:			
Dog Receipts	B-2	875.40	
State Fees	B-3	129.60	
Unemployment Insurance	B-4		1,049.37
Developer's Account	B-5		27,594.75
Various Trusts	B-7		50.00
Recreation	B-8		71.00
		<u>1,005.00</u>	<u>28,765.12</u>
		2,625.20	184,506.18
Decreased by:			
Dog	B-2	610.80	
State Fees	B-3	128.40	
Unemployment Insurance	B-4		22.50
Developer's Account	B-5		21,151.00
Public Defender	B-9		250.00
		<u>739.20</u>	<u>21,423.50</u>
Balance December 31, 2023	B	<u>\$ 1,886.00</u>	<u>163,082.68</u>

TRUST FUND

SCHEDULE OF RESERVE FOR DOG EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 1,620.20
Increased by:		
Fees Collected	B-1	<u>875.40</u>
		2,495.60
Decreased by:		
Disbursements	B-1	<u>610.80</u>
Balance December 31, 2023	B	<u>\$ 1,884.80</u>

SCHEDULE OF DOG FEES DUE STATE

Exhibit B-3

	<u>Ref.</u>	
Increased by:		
Fees Collected	B-1	\$ 129.60
Decreased by:		
Payments to State	B-1	<u>128.40</u>
Balance December 31, 2023	B	<u>1.20</u>

SCHEDULE OF RESERVE - UNEMPLOYMENT INSURANCE

Exhibit B-4

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 66,956.92
Increased by:		
Deposits	B-1	<u>1,049.37</u>
		68,006.29
Decreased by:		
Disbursements	B-1	<u>22.50</u>
Balance December 31, 2023	B	<u>\$ 67,983.79</u>

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTHTRUST FUND

Exhibit B-5

SCHEDULE OF RESERVE FOR DEVELOPERS ACCOUNT

Balance December 31, 2022	<u>Ref.</u> B	\$ 23,402.03
Increased by:		
Builders Deposits	B-1	<u>27,594.75</u>
		50,996.78
Decreased by:		
Disbursements	B-1	<u>21,151.00</u>
Balance December 31, 2023	B	<u>\$ 29,845.78</u>

SCHEDULE OF RESERVE FOR PARK RESTORATION

Exhibit B-6

Balance December 31, 2022 and 2023	<u>Ref.</u> B	<u>\$ 3,249.23</u>
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BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

Exhibit B-7

TRUST FUND

SCHEDULE OF RESERVE - VARIOUS TRUST FUNDS

	<u>Ref.</u>	<u>Total</u>	<u>Tax Sale Premiums</u>	<u>P.O.A.A.</u>	<u>Accumulated Sick Leave</u>	<u>Tree Donations</u>	<u>Third Party Pay</u>
Balance December 31, 2022	B	\$ 14,089.53	12,700.00	461.00	100.00	500.00	328.53
Increased by:							
Receipts	B-1	50.00		50.00			
Balance December 31, 2023	B	\$ 14,139.53	12,700.00	511.00	100.00	500.00	328.53

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTHTRUST FUND

Exhibit B-8

SCHEDULE OF RESERVE FOR RECREATION

Balance December 31, 2022	<u>Ref.</u> B	\$ 3,901.53
Increased by:		
Receipts	B-1	<u>71.00</u>
Balance December 31, 2023	B	<u><u>\$ 3,972.53</u></u>

SCHEDULE OF RESERVE FOR PUBLIC DEFENDER

Exhibit B-9

Balance December 31, 2022	<u>Ref.</u> B	\$ 2,928.70
Decreased by:		
Disbursements	B-1	<u>250.00</u>
Balance December 31, 2023	B	<u><u>\$ 2,678.70</u></u>

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

Exhibit B-10

TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>Number</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Balance Dec. 31, 2022</u>	<u>Received</u>	<u>Balance Dec. 31, 2023</u>
2006-2	Sidewalks - Westra Street	5/3/2015	\$ 36.88	-	36.88
		Ref.	B		B

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH**GENERAL CAPITAL FUND**

Exhibit C-2

SCHEDULE OF CASH - CHECKING

Balance December 31, 2022	<u>Ref.</u> C		\$ 348,733.62
Increased by:			
Capital Improvement Fund	C-6	\$ 10,000.00	
Premium on Sale of Note/Miscellaneous	C-1	13,316.42	
Grants Receivable	C-9	88,609.40	
Loan Payable	C-10	1,105,000.00	
Reserve to Pay Debt	C	90,515.00	
Deferred Charges - Funded	A-3	20,749.92	
Bond Anticipation Notes Issued	C-7	<u>177,012.00</u>	
			<u>1,505,202.74</u>
			<u>1,853,936.36</u>
Decreased by:			
Capital Surplus Appropriated to Budget Revenue	C-1	34,236.00	
Encumbrances	C	209,002.00	
Improvement Authorizations	C-5	<u>549,483.77</u>	
			<u>792,721.77</u>
Balance December 31, 2023	C		<u><u>\$1,061,214.59</u></u>

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF CASH AND INVESTMENTS

Description	Balance Dec. 31, 2022	Receipts		Disbursements		From	To	Balance Dec. 31, 2023
		BAN's Issued	Other	Improvement	Other			
Fund Balance	\$ 83,411.24		13,316.42		34,236.00			62,491.66
Capital Improvement Fund	39,728.80		10,000.00			2,480.00		47,248.80
Grants Receivable	(482,047.60)		88,609.40			161,520.00		(554,958.20)
MCI/A Loan Payable			1,105,000.00					1,105,000.00
Reserve to Pay Debt			90,515.00					90,515.00
Improvement Authorizations								
349 Bridlemere Avenue	(1.36)		1.36					-
357 Fernmere Avenue	(5,757.38)		5,757.38					-
375 Sewer System	(8,500.00)		8,500.00					-
383 Windermere Avenue	(4,222.88)		4,222.88					-
2005-1 Borough Equipment	(2,268.30)		2,268.30					-
2014-3 Sewer Improvements	67,000.00							67,000.00
2012-6 Grasmere Ave. Assessments	(39,613.75)							(39,613.75)
2019-06 Various Improvements	73,935.11			23,390.17				50,544.94
2020-3 Various Improvements	83,062.99			47,101.10				35,961.89
2021-4 Various Improvements	231,488.00	63,512.00		272,360.00				22,640.00
2021-6 Sanitation Truck	5,998.00							5,998.00
2022-5 Various Improvements	97,518.75	113,500.00		177,001.25			164,000.00	34,017.50
2023-3 Various Improvements				29,631.25				134,368.75
Reserve for Encumbrances	209,002.00				209,002.00			-
	\$ 348,733.62	177,012.00	1,328,190.74	549,483.77	243,238.00	164,000.00	164,000.00	1,061,214.59

Ref.

C

C-2

C-2

C-2

C-2

C

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Description	Balance Dec. 31, 2022	2023 Authorizations	Decreased by Budget Appropriations	Balance Dec. 31, 2023	Bond Anticipation Notes	Authorized but Not Issued
02-5	349 Bridlemere Avenue	\$ 1.36		1.36	-		
03-13	357 Fermere Avenue	5,757.38		5,757.38	-		
06-08	375 Sewer System	8,500.00		8,500.00	-		
06-12	383 Sidewalks & Curbs	4,222.88		4,222.88	-		
2005-1	Borough Equipment	2,268.30		2,268.30	-		
2012-5	Various Improvements	32,805.00		32,805.00	-		
2012-6	Grasmere Ave Sidewalks	98,515.00			98,515.00		98,515.00
2013-2 &							
2014-5	Various Improvements	101,681.00		50,842.00	50,839.00	50,839.00	
2014-3	Sewer Improvements	10,204.00		2,551.00	7,653.00	7,653.00	
2015-4	Various Improvements	85,671.00		21,420.00	64,251.00	64,251.00	
2016-2	Various Improvements	87,875.00		17,575.00	70,300.00	70,300.00	
2017-2	Various Improvements	165,300.00		27,550.00	137,750.00	137,750.00	
2018-7	Various Improvements	123,025.00		17,575.00	105,450.00	105,450.00	
2019-6	Various Improvements	121,600.00		15,200.00	106,400.00	106,400.00	
2020-3	Various Improvements	137,655.00		15,295.00	122,360.00	122,360.00	
2021-4	Various Improvements	213,512.00			213,512.00	213,512.00	
2021-6	Sanitation Truck	203,500.00			203,500.00	203,500.00	
2022-05	Various Improvements	113,500.00			113,500.00	113,500.00	
2023-03	Various Improvements	-	36,000.00		36,000.00		36,000.00
		\$ 1,515,592.92	36,000.00	221,562.92	1,330,030.00	1,195,515.00	134,515.00

Ref.

C

C-5

C-7, C-8

C

C-7

C-8

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 39,728.00
Increased by:		
Budget Appropriation	C-2	<u>10,000.00</u>
		49,728.00
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-5	<u>2,480.00</u>
Balance December 31, 2023	C	<u><u>\$ 47,248.00</u></u>

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

Exhibit C-7

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2022</u>	<u>Issued</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2023</u>
2013-2/2014-5	4/24/14	4/14/23	01/11/24	4.50%	\$ 101,681.00		50,842.00	50,839.00
2014-3	4/22/16	4/14/23	01/11/24	4.50%	10,204.00		2,551.00	7,653.00
2017-2	4/21/17	4/14/23	01/11/24	4.50%	165,300.00		27,550.00	137,750.00
2016-2 Various	4,21/17	4/14/23	01/11/24	4.50%	87,875.00		17,575.00	70,300.00
2012-5 Various	4/27/12	4/14/23	01/11/24	4.50%	32,805.00		32,805.00	-
2015-4 Buttermere Ave.	4/23/15	4/14/23	01/11/24	4.50%	85,671.00		21,420.00	64,251.00
2018-3 Various	4/18/19	4/14/23	01/11/24	4.50%	123,025.00		17,575.00	105,450.00
2019-6 Various	4/17/20	4/14/23	01/11/24	4.50%	121,600.00		15,200.00	106,400.00
2020-3 Various	4/16/21	4/14/23	01/11/24	4.50%	137,655.00		15,295.00	122,360.00
2021-04	4/15/22	4/14/23	01/11/24	4.50%	150,000.00	63,512.00		213,512.00
2021-06	4/15/22	4/14/23	01/11/24	4.50%	203,500.00			203,500.00
2022-5	4/12/23	4/12/23	01/11/24	4.50%	-	113,500.00		113,500.00
					<u>\$ 1,219,316.00</u>	<u>177,012.00</u>	<u>200,813.00</u>	<u>1,195,515.00</u>

Ref. C C-8 A-3 C

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Exhibit C-8

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance Dec. 31, 2022</u>	<u>2023 Authorization</u>	<u>Notes Issued</u>	<u>Funded in Budget</u>	<u>Balance Dec. 31, 2023</u>
349	Bridlemere Avenue	\$ 1.36			1.36	-
357	Ferrimere Avenue	5,757.38			5,757.38	-
375	Sewer System	8,500.00			8,500.00	-
383	Windermere Avenue	4,222.88			4,222.88	-
2005-1	Borough Equipment	2,268.30			2,268.30	-
2012-6	Grassmere Ave Sidewalks	98,515.00				98,515.00
2021-4	Various Improvements	63,512.00		63,512.00		-
2022-05	Various Improvements	113,500.00		113,500.00		-
2023-3	Bridlemere Avenue	-	36,000.00			36,000.00
		\$ 296,276.92	36,000.00	177,012.00	20,749.92	134,515.00

Ref.

C

C-5

C-7

A-3

C

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

Exhibit C-9

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance Dec. 31, 2022</u>	<u>Awarded</u>	<u>Received</u>	<u>Balance Dec. 31, 2023</u>
	County of Monmouth:				
2021-4	Open Space - Various Improvements	\$ 175,000.00			175,000.00
	Total Monmouth County	175,000.00	-	-	175,000.00
	State of New Jersey - Department of Transportation:				
2019-6	Iona and Woodmere Avenue - Phase I	50,000.00			50,000.00
2020-3	Iona Avenue	68,197.60			68,197.60
2021-4	Bridlemere Avenue	53,750.00			53,750.00
2022-5	Bridlemere Avenue	135,100.00		88,609.40	46,490.60
2023-3	Bridlemere Avenue	-	161,520.00	-	161,520.00
	Total State of New Jersey	307,047.60	161,520.00	88,609.40	379,958.20
	Total	\$ 482,047.60	161,520.00	88,609.40	554,958.20

Ref. C C-2 C

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF LOANS PAYABLE

<u>Description</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities</u>		<u>Interest Rate</u>	<u>Issued</u>	<u>Balance Dec. 31, 2023</u>
			<u>Date</u>	<u>Amount</u>			
2023 Various Improvements	12/1/2023	\$ 1,105,000.00	12/1/2024	\$ 95,000.00	5.0%	\$ 1,105,000.00	1,105,000.00
			12/1/2025	105,000.00			
			12/1/2026	110,000.00			
			12/1/2027	115,000.00			
			12/1/2028	125,000.00			
			12/1/2029	130,000.00			
			12/1/2030	135,000.00			
			12/1/2031	140,000.00			
			12/1/2032	150,000.00			
						<u>\$ 1,105,000.00</u>	<u>1,105,000.00</u>

BOROUGH OF INTERLAKEN

COUNTY OF MONMOUTH

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2023

Robert A. Hulsart and Company
 CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and Members
 of the Borough Council
 Borough of Interlaken
 County of Monmouth
 Interlaken, New Jersey 07712

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 and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 21, 2024, that report indicated that the Borough's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting pronouncement.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

Internal Control Over Financial Reporting (Continued)

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division.

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* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robert A. Hulsart and Company
Independent Auditors

June 21, 2024

BOROUGH OF INTERLAKEN

COUNTY OF MONMOUTH

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

GENERAL COMMENTS

Scope of Audit

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

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

Cash balances were reconciled with independent certifications obtained directly from the depositories.

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

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

N.J.S. 40A:113(C) states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any material or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate amount set forth in, or the amount calculated by the governor pursuant to, Section 3 of P.L. 1971, c. 198 (c.40A:11-2), except by contract or agreement". Effective July 1, 2015, the public contracts law was amended to change the bid threshold to \$29,000.00 and \$40,000.00 if there is a certified purchasing agent. Effective July 1, 2015, if there is no Qualified Purchasing Agent the bid threshold was adjusted to \$17,500.00 and \$2,625.00 for quotes and \$6,000 with a qualified purchasing agent. Effective July 1, 2020, the maximum bid threshold was increased to \$44,000.00 with a Qualified Purchasing Agent and the quotation threshold was increased to \$4,800.00 and \$6,600.00 with a Qualified Purchasing Agent, respectively.

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

Where expenditures of \$2,625.00 or more are made on applicable items, the governing body has the responsibility of securing quotations as defined under the statute, or higher if the municipality has a qualified purchasing agent (\$6,000.00 with a qualified purchasing agent).

The minutes indicate that bids were requested by public advertising where applicable on the items examined.

Contracts for professional services, which were on file, were examined and appointments were advertised according to statute.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 4, 2023 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“BE IT RESOLVED that upon the recommendations of the Borough Tax Collector”:

1. Taxes shall be collected quarterly on February 1, May 1, August 1 and November 1, 2023.
2. There shall be a ten (10) day grace period on the quarterly taxes, after which unpaid taxes will be charged interest back to the due date.
3. Interest shall be charged and calculated at the rate of eight (8)% per annum on the first \$1,500.00 of the delinquency, and eighteen (18)% per annum on any amount in excess of \$1,500.00 to be calculated from the date the tax as payable until the date the actual payment is received.
4. There shall be a six (6)% penalty for a delinquency over \$10,000.00 if not paid prior to the end of the calendar year. Delinquency is defined to mean the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters.

It appears from an examination of the collector’s record that interest was collected in accordance with the foregoing resolutions.

Delinquent Taxes and Tax Title Liens

The Borough last had a tax sale on October 25, 2017.

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

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

<u>Year</u>	<u>Number of Liens</u>
2023	None
2022	None
2021	None

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Delinquent Taxes	4

For those confirmation notices which were not returned by taxpayers, we examined subsequent cash collections as an alternative procedure when possible.

Fixed Assets

The Borough's fixed assets remained the same during the year. The amounts shown on Exhibit F appear to accurately reflect the proper inventory balances for the Borough.

Unemployment Insurance

The Borough elected to adopt the reimbursement plan for unemployment insurance as provided by statute. These funds were deposited in a trust savings account to be held specifically until needed for any claims presented. The Borough has contributed an additional 1% of all eligible salaries paid to this trust account. This account had a balance of \$67,983.79 at December 31, 2023. Unemployment withholdings are turned over to the State. Excess claims paid are billed by the State to the Borough and paid from the trust account.

Prior Year Recommendations

None

Current Year Recommendations

None

Appreciation

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

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