

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2021

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

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BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021



Independent Auditors' Report

**The Honorable Mayor and Members
of the Borough Council
Borough of Leonia
Borough of Leonia, New Jersey**

Report on the Audit of the Regulatory Basis Financial Statements

Opinions on Regulatory Basis Financial Statements

We have audited the regulatory basis financial statements of the various funds and the governmental fixed assets of the Borough of Leonia, New Jersey ("Borough"), which comprise the balance sheets as of December 31, 2021, and the related statements of operations and changes in fund balance for the year then ended, the statements of changes in fund balance, the statements of revenues and statements of expenditures for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents. The regulatory basis financial statements of the Borough as of and for the year ended December 31, 2020 were audited by other auditors whose report dated September 7, 2021 expressed a modified opinion on those regulatory basis financial statements. The modified opinion on the financial statements – regulatory basis report, reflected that the Length of Service Award Program (LOSAP) was not audited and was not subject to audit by the requirements prescribed by the Department of Community Affairs, Division of Local Government Services, State of New Jersey.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements present fairly, in all material respects, the regulatory basis balance sheets of the Borough as of December 31, 2021, and the regulatory basis revenues, expenditures, and changes in fund balances for the year then ended, the statements of revenues and statements of expenditures for the year ended December 31, 2021 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Department of Community Affairs, Division of Local Government, State of New Jersey ("Division") described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2021, or its revenues, expenditures and changes in fund balances thereof for the year then ended.

PKF O'CONNOR DAVIES, LLP
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Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”), 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 and requirements are further described in the Auditors’ 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 opinion.

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 of the Division (regulatory basis), 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. 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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors’ Responsibilities 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 auditors’ report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, requirements prescribed by the Division, 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 GAAS, requirements prescribed by the Division, and *Government Auditing Standards*, we:

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

Report on Supplementary Information Required by the Division in Accordance with the Regulatory Basis of Accounting

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Borough's basic financial statements. The information included in Part II – Supplementary Information Required by the Division, Part IV – Supplementary Data and Part V – General Comments and Recommendations, as listed in the table of contents, is presented for purposes of additional analysis as required by the Division and is not a required part of 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**The Honorable Mayor and Members
of the Borough Council
Borough of Leonia**
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
October 24, 2022

Gary Higgins

Gary Higgins, CPA
Registered Municipal Accountant, No. 405

FINANCIAL STATEMENTS – REGULATORY BASIS

BOROUGH OF LEONIA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT AND GRANT FUNDS
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS AND DEFERRED CHARGES			
Current Fund			
Cash		\$ 2,906,634	\$ 2,942,757
Cash Held by Third Party		<u>-</u>	<u>418,535</u>
Change Funds	A-4 A-5	2,906,634 <u>300</u>	3,361,292 <u>300</u>
		<u>2,906,934</u>	<u>3,361,592</u>
Receivables and Other Assets with Full Reserves			
Delinquent Taxes Receivable	A-7	375,129	293,584
Tax Title Liens Receivable	A-8	2,714	2,195
Due from Other Trust Fund	A-22	316,194	18,200
Due from General Capital Fund			468,311
Due from Animal Control Fund	A-28	7,493	7,493
Revenue Accounts Receivable	A-9	<u>9,343</u>	<u>6,643</u>
		<u>710,873</u>	<u>796,426</u>
Deferred Charges			
Overexpenditure of Appropriation Reserves	A-26	7,231	
Expenditures without Appropriation	A-29	<u>48,480</u>	<u>-</u>
		<u>55,711</u>	<u>-</u>
Total Current Fund		<u>3,673,518</u>	<u>4,158,018</u>
Grant Fund			
Cash	A-4	407,307	4,873
Grants Receivable	A-24	<u>110,233</u>	<u>110,233</u>
Total Grant Fund		<u>517,540</u>	<u>115,106</u>
Total		<u>\$ 4,191,058</u>	<u>\$ 4,273,124</u>

BOROUGH OF LEONIA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT AND GRANT FUNDS
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Current Fund			
Appropriation Reserves	A-3,A-10	\$ 786,216	\$ 1,128,303
Encumbrances Payable	A-11	148,375	179,682
Prepaid Taxes	A-14	227,468	309,489
Tax Overpayments	A-20	63,486	15,098
Reserve for Revaluation	A-12	9,700	9,700
Reserve for Reassessment	A-18	16,010	16,010
Reserve for Master Plan	A-19	1,100	1,100
State Fees Payable	A-13	2,280	2,721
Due to State - Senior Citizen and Veterans Deductions	A-6	750	750
Due to General Capital Fund	A-21	301,515	
School Taxes Payable			305,614
Reserve for FEMA Grant	A-15	48,711	
Accounts Payable	A-27	29,264	13,745
Due to County for Added and Omitted Taxes	A-16	<u>4,175</u>	<u>4,875</u>
		1,639,050	1,987,087
Reserve for Receivables and Other Assets	A	710,873	796,426
Fund Balance	A-1	<u>1,323,595</u>	<u>1,374,505</u>
Total Regular Fund		<u>3,673,518</u>	<u>4,158,018</u>
Grant Fund			
Reserve for Grants and Donations - Unappropriated	A-25	370,351	19,419
Reserve for Grants and Donations - Appropriated	A-23	<u>147,189</u>	<u>95,687</u>
Total Grant Fund		<u>517,540</u>	<u>115,106</u>
Total		<u>\$ 4,191,058</u>	<u>\$ 4,273,124</u>

BOROUGH OF LEONIA
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

REVENUES AND OTHER INCOME	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Fund Balance Utilized	A-2	\$ 700,000	\$ 1,071,000
Miscellaneous Revenue Anticipated	A-2	2,923,527	2,262,213
Receipts from Delinquent Taxes	A-2	281,496	304,629
Receipts from Current Taxes	A-2	39,411,036	38,081,409
Non-Budget Revenue	A-2	256,965	80,125
Other Credits to Income			
Interfund Advances Returned	A	18,200	234,665
Unexpended Balances of Appropriation Reserves	A-10	<u>968,995</u>	<u>703,868</u>
Total Revenues and Other Income		<u>44,560,219</u>	<u>42,737,909</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	6,080,697	5,778,840
Other Expenses	A-3	6,534,212	6,350,655
Capital Improvements	A-3	200,000	200,000
Municipal Debt Service	A-3	1,440,530	1,513,089
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,404,893	1,353,913
County Taxes	A-16	3,767,258	3,591,301
County Taxes - Added Taxes	A-16	4,175	4,875
County Taxes - Open Space Preservation	A-16	155,950	150,648
Local District School Taxes	A-17	23,960,761	22,862,654
Prior Year Senior Citizen Disallowed			250
Refund of Prior Year Revenue	A-4	46,459	18,544
Interfund Advances Originating	A	<u>316,194</u>	<u>250,797</u>
Total Expenditures		<u>43,911,129</u>	<u>42,075,566</u>
Excess in Revenue / Statutory Excess		<u>649,090</u>	<u>662,343</u>
FUND BALANCE, JANUARY 1	A	<u>1,374,505</u>	<u>1,783,162</u>
		2,023,595	2,445,505
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>700,000</u>	<u>1,071,000</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 1,323,595</u>	<u>\$ 1,374,505</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF LEONIA
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Reference</u>	2021 Anticipated <u>Budget</u>	Added by NJS <u>40A:4-87</u>	Realized in 2021	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	A-1	\$ 700,000	-	\$ 700,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-9	1,800		1,200	\$ (600)
Other	A-9	4,000		6,348	2,348
Fees and Permits					
Other	A-2, A-9	118,000		90,316	(27,684)
Fines and Costs - Municipal Court	A-9	174,734		89,891	(84,843)
Interest and Costs on Taxes	A-9	68,000		68,346	346
Interest on Investments and Deposits	A-2	51,000		36,635	(14,365)
Energy Receipts Tax	A-9	976,676		976,676	
Supplemental Energy Receipts Tax	A-9	52,713		52,713	
Uniform Construction Code Fees	A-9	190,000		225,630	35,630
Interlocal Agreement- Board of Education	A-9	60,000		33,039	(26,961)
Public and Private Revenues Offset					
With Appropriations					
American Rescue Plan	A-25		\$ 150,000	150,000	
Body Armor Replacement Grant	A-25	2,095		2,095	
Body Armor Replacement Grant - Federal	A-25	2,512		2,512	
Clean Communities Program	A-25	14,812		14,812	
Other Special Items:					
Cable Television Franchise Fee	A-9	37,155		36,243	(912)
Verizon FIOS Franchise Fee	A-9	56,158		51,887	(4,271)
Sewer - Surcharges	A-9	21,000		23,843	2,843
Towing Licenses and Administration	A-9	6,000		4,800	(1,200)
Sewer Billing - Commercial	A-9	131,000		146,599	15,599
Cellular Tower Rental	A-9	74,000		121,228	47,228
Payments in Lieu of Taxes	A-9	81,000		89,527	8,527
Capital Surplus	A-21	25,000		25,000	
Uniform Fire Safety Act	A-9	9,800		11,876	2,076
Due From Extra Duty Trust -Administration Fees	A-9	113,000			(113,000)
Contribution from Board of Education - Turf					
Field Debt Service	A-21	89,250		75,000	(14,250)
Reserve for Due From General Capital Fund	A-21	468,311		468,311	
Property Rental	A-9	24,000		24,000	
Property Rental	A-9	30,000		30,000	
Property Rental	A-9	75,000	-	65,000	(10,000)
	A-1	<u>2,957,016</u>	<u>150,000</u>	<u>2,923,527</u>	<u>(183,489)</u>
Receipts from Delinquent Taxes	A-7	<u>290,000</u>	-	<u>281,496</u>	<u>(8,504)</u>
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for:					
Municipal Purposes	A-2	11,371,798		11,330,412	(41,386)
Minimum Library Tax	A-2	517,480	-	517,480	-
		<u>11,889,278</u>	-	<u>11,847,892</u>	<u>(41,386)</u>
Budget Totals		<u>\$ 15,836,294</u>	<u>\$ 150,000</u>	15,752,915	\$ (233,379)
	<u>Reference</u>	A-3	A-3		
Non-Budget Revenue	A-4			<u>256,965</u>	
				<u>\$ 16,009,880</u>	

BOROUGH OF LEONIA
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-7	\$ 39,411,036
Allocated to School and County Taxes	A-16,A-17	<u>27,888,144</u>
		11,522,892
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>325,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 11,847,892</u>
Analysis of Interest on Investments		
Revenue Accounts Receivable	A-9	\$ 25,030
Due from General Capital Fund	A-21	<u>11,605</u>
	A-2	<u>\$ 36,635</u>

**BOROUGH OF LEONIA
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021 Appropriated</u>		<u>2021 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Office of the Administrator					
Salaries & Wages	\$ 381,720	\$ 369,720	\$ 369,717	\$ 3	
Other Expenses	141,100	124,100	101,160	22,940	
Clerk					
Salaries & Wages	150,200	131,200	130,606	594	
Other Expenses	60,400	71,400	70,951	449	
Financial Administration					
Salaries & Wages	96,000	96,000	94,077	1,923	
Other Expenses	114,800	110,800	92,156	18,644	
Annual Audit	45,000	45,000	42,488	2,512	
Computerized Data Processing					
Other Expenses	191,000	176,000	140,183	35,817	
Revenue Administration (Tax Collection)					
Salaries & Wages	81,830	82,330	81,829	501	
Other Expenses	6,100	7,900	7,683	217	
Assessment of Taxes					
Salaries & Wages	19,360	19,360	19,354	6	
Other Expenses	1,730	1,830	1,786	44	
Legal Services & Costs					
Other Expenses	199,000	177,000	148,907	28,093	
Engineering Services					
Other Expenses	126,500	134,500	131,979	2,521	
Historical Commission					
Other Expenses	1,500	1,500	-	1,500	
LAND USE ADMINISTRATION					
Municipal Land Use Law (NJS 40:55D-1)					
Planning, Zoning Board					
Salaries & Wages	5,000	20,000	19,202	798	
Other Expenses	6,000	30,000	28,250	1,750	
INSURANCE					
General Liability	571,449	571,449	571,449	-	
Employee Group Health	1,058,000	1,058,000	977,756	80,244	
Employee Group Health - Waiver	50,000	50,000	50,000	-	
PUBLIC SAFETY					
Police					
Salaries & Wages	3,019,020	3,139,020	2,998,579	140,441	
Other Expenses	360,750	360,750	345,092	15,658	
Emergency Management System					
Salaries & Wages	5,000	5,000	3,500	1,500	
Other Expenses	2,000	2,000	1,453	547	
Fire					
Other Expenses	134,500	124,500	107,693	16,807	
Fire Marshall					
Salaries & Wages	44,500	44,500	27,227	17,273	
Other Expenses	6,100	6,100	3,249	2,851	
Municipal Prosecutor					
Salaries & Wages	16,000	16,000	14,215	1,785	

BOROUGH OF LEONIA
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021 Appropriated</u>		<u>2021 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
PUBLIC SAFETY (Continued)					
Municipal Court					
Salaries & Wages	\$ 139,300	\$ 139,300	\$ 134,197	\$ 5,103	
Other Expenses	55,340	55,340	9,394	45,946	
Public Defender					
Salaries & Wages	9,200	9,200	8,227	973	
Other Expenses	200	200	-	200	
Environmental					
Other Expenses	7,650	7,650	-	7,650	
Right to Know - PEOSHA (Ch. 516 PL 1983)					
Other Expenses	3,500	3,500	-	3,500	
Uniform Fire Safety Act (PL 1983, Ch. 183)					
Fire Prevention					
Salaries & Wages	10,267	267	-	267	
PUBLIC WORKS FUNCTIONS					
STREETS AND ROADS					
Road Repairs and Maintenance					
Salaries & Wages	1,565,500	1,510,500	1,507,507	2,993	
Other Expenses	217,150	217,150	210,470	6,680	
Shade Tree					
Other Expenses	2,000	2,000	(1,282)	3,282	
Garbage and Trash Removal					
Other Expenses	344,000	344,000	310,811	33,189	
Buildings and Grounds					
Other Expenses	158,000	164,000	128,258	35,742	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries & Wages	69,000	69,000	68,665	335	
Other Expenses	57,132	57,132	42,926	14,206	
Board of Recreation Commission (R.S. 40:12)					
Salaries & Wages	203,200	178,800	156,606	22,194	
Other Expenses	25,100	30,100	28,434	1,666	
Senior Citizens Activities					
Salaries & Wages	19,000	34,000	33,491	509	
Other Expenses	10,100	10,100	8,808	1,292	
Senior Citizen Bus					
Salaries & Wages	27,100	19,100	18,994	106	
Other Expenses	2,300	2,300	130	2,170	

BOROUGH OF LEONIA
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021 Appropriated</u>		<u>2021 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
Uniform Construction Code					
Appropriations Offset by Dedicated					
Revenues (N.J.A.C. 5:23-4-17)					
State Uniform Construction Code					
Salaries & Wages	\$ 170,400	\$ 170,400	\$ 170,029	\$ 371	
Other Expenses	11,400	11,400	6,467	4,933	
Fire Sub-Code Official					
Salaries & Wages	13,800	13,800	13,800	-	
Electric Sub-Code Official					
Salaries & Wages	13,200	13,200	13,200	-	
UTILITY EXPENSE AND BULK PURCHASES					
Electricity and Gas	135,000	110,000	86,054	23,946	
Street Lighting	100,000	100,000	84,540	15,460	
Gasoline	50,000	56,000	41,971	14,029	
Fire Hydrant	93,273	93,273	69,955	23,318	
Telephone and Telegraph	115,000	120,000	110,575	9,425	
Water	10,000	14,000	12,256	1,744	
Diesel Fuel	60,000	60,000	40,329	19,671	-
	<u>10,591,671</u>	<u>10,591,671</u>	<u>9,895,353</u>	<u>696,318</u>	<u>-</u>
Total Operations Within "CAPS"					
Detail:					
Salaries & Wages	6,058,597	6,080,697	5,883,022	197,675	-
Other Expenses	4,533,074	4,510,974	4,012,331	498,643	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
Deferred Charges					
Deficit in Trust Fund Reserves - Recreation	12,297	12,297	12,297	-	
Statutory Charges:					
Public Employees' Retirement System	295,250	295,250	295,250	-	
Social Security System (O.A.S.I.)	310,000	310,000	299,083	10,917	
Police and Firemen's Retirement System of NJ	772,346	772,346	772,346	-	
State Unemployment Insurance	15,000	15,000	-	15,000	-
	<u>1,404,893</u>	<u>1,404,893</u>	<u>1,378,976</u>	<u>25,917</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"					
Total General Appropriations for Municipal Purposes Within "CAPS"					
	<u>11,996,564</u>	<u>11,996,564</u>	<u>11,274,329</u>	<u>722,235</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
INSURANCE (N.J.S.A. 40A:4-45.3(OO))					
Maintenance of Free Public Library (Ch. 82, P.L. 1985)					
Minimum Funding Free Public Library	250,221	250,221	224,432	25,789	
Length of Service Award Program (LOSAP)	517,480	517,480	517,480	-	
BCUA - Share of Operating Costs	38,000	38,000	-	38,000	
BCUA - Debt Service	738,292	738,292	738,292	-	-
	<u>279,826</u>	<u>279,826</u>	<u>279,826</u>	<u>-</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"					
	<u>1,823,819</u>	<u>1,823,819</u>	<u>1,760,030</u>	<u>63,789</u>	<u>-</u>

BOROUGH OF LEONIA
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021 Appropriated</u>		<u>2021 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)					
Interlocal Municipal Service Agreements					
Board of Education - Gas/Diesel Agreement	\$ 30,000	\$ 30,000	\$ 29,808	\$ 192	-
Total Interlocal Municipal Service Agreements	<u>30,000</u>	<u>30,000</u>	<u>29,808</u>	<u>192</u>	<u>-</u>
Public and Private Programs Offset by Revenues					
Body Armor Fund	2,095	2,095	2,095		
Body Armor Fund - Federal	2,512	2,512	2,512		
American Rescue Plan		150,000	150,000		
Clean Communities Program	14,812	14,812	14,812	-	-
Total Public and Private Programs Offset by Revenues	<u>19,419</u>	<u>169,419</u>	<u>169,419</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>1,873,238</u>	<u>2,023,238</u>	<u>1,959,257</u>	<u>63,981</u>	<u>-</u>
Detail:					
Other Expenses	<u>1,873,238</u>	<u>2,023,238</u>	<u>1,959,257</u>	<u>63,981</u>	<u>-</u>
CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements Excluded from "CAPS"	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,100,000	1,100,000	1,100,000		
Interest on Bonds	235,700	235,700	235,700		
Interest on Notes	53,120	53,120	52,165		\$ 955
Wastewater Loan - Spring Street Sewer					
Principal	25,563	25,563	25,563		
Interest	5,290	5,290	5,290		
Wastewater Loan - Salt Dome					
Principal	17,649	17,649	17,649		
Interest	4,170	4,170	4,163	-	7
Total Municipal Debt Service Excluded from "CAPS"	<u>1,441,492</u>	<u>1,441,492</u>	<u>1,440,530</u>	<u>-</u>	<u>962</u>

BOROUGH OF LEONIA
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021 Appropriated</u>		<u>2021 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 3,514,730	\$ 3,664,730	\$ 3,599,787	\$ 63,981	\$ 962
Subtotal General Appropriations	15,511,294	15,661,294	14,874,116	786,216	962
Reserve for Uncollected Taxes	<u>325,000</u>	<u>325,000</u>	<u>325,000</u>	-	-
Total General Appropriations	<u>\$ 15,836,294</u>	<u>\$ 15,986,294</u>	<u>\$ 15,199,116</u>	<u>\$ 786,216</u>	<u>\$ 962</u>
	<u>Reference</u>			A	
Adopted Budget	A-2	\$ 15,836,294			
Added by N.J.S.A. 40A:4-87	A-2	<u>150,000</u>			
		<u>\$ 15,986,294</u>			
Cash Disbursed	A-4		\$ 14,992,201		
Less Refunds	A-4		<u>500,341</u>		
			14,491,860		
Transfer to Federal and State Grant Fund	A-23		169,419		
Encumbrances Payable	A-11		148,375		
Due from General Capital	A-21		52,165		
Due to Other Trust	A-22		12,297		
Reserve for Uncollected Taxes	A-2		<u>325,000</u>		
			<u>\$ 15,199,116</u>		

BOROUGH OF LEONIA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
ANIMAL CONTROL TRUST FUND			
Cash	B-1	\$ 19,263	\$ 15,705
Change Fund	B-2	<u>25</u>	<u>25</u>
		<u>19,288</u>	<u>15,730</u>
OTHER TRUST FUND			
Cash	B-1	1,264,324	737,868
Due from Swimming Pool Capital Fund	D-14	<u>1,367</u>	<u>1,367</u>
		<u>1,265,691</u>	<u>739,235</u>
Total Assets		<u>\$ 1,284,979</u>	<u>\$ 754,965</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL TRUST FUND			
Due to State of New Jersey	B-4	\$ 6	\$ 18
Due to Current Fund	B-7	7,493	7,493
Reserve for Animal Control Expenditures	B-3	<u>11,789</u>	<u>8,219</u>
		<u>19,288</u>	<u>15,730</u>
OTHER TRUST FUND			
Due to the State of New Jersey			15,860
Due to Current Fund	A-22	316,194	18,200
Miscellaneous Reserves	B-6	<u>949,497</u>	<u>705,175</u>
		<u>1,265,691</u>	<u>739,235</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,284,979</u>	<u>\$ 754,965</u>

**BOROUGH OF LEONIA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Cash	C-2,C-3	\$ 2,091,966	\$ 4,870,153
Deferred Charges to Future Taxation			
Funded	C-4	9,495,040	10,638,252
Unfunded	C-7	9,049,444	7,528,444
Grants Receivable	C-5	1,140,701	811,082
Due from Current Fund	C-6	<u>301,515</u>	<u>-</u>
 Total Assets		 <u>\$ 22,078,666</u>	 <u>\$ 23,847,931</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-9	\$ 9,240,000	\$ 10,340,000
Loans Payable	C-13	255,040	298,252
Bond Anticipation Notes	C-15	7,394,000	5,231,000
Improvement Authorizations			
Funded	C-8	451,779	990,876
Unfunded	C-8	2,568,578	2,405,662
Capital Improvement Fund	C-10	656,881	533,881
Encumbrances Payable	C-11	780,993	2,879,378
Reserve for Grants Receivable	C-14	483,627	483,627
Reserve for Debt Service	C-12	11,051	11,051
Due to Current Fund			468,311
Fund Balance	C-1	<u>236,717</u>	<u>205,893</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 22,078,666</u>	 <u>\$ 23,847,931</u>

There were bonds and notes authorized but not issued on December 31, 2021 and 2020 of \$1,655,444 and \$2,297,444 respectively (See Exhibit C-16).

BOROUGH OF LEONIA
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Balance, January 1	C	\$ 205,893	\$ 154,340
Increased By:			
Improvement Authorizations Cancelled			47,625
Premium on Sale of Notes	C-2	<u>55,824</u>	<u>28,928</u>
		261,717	230,893
Decreased by:			
Utilized as Current Fund Revenue	C-7	<u>25,000</u>	<u>25,000</u>
Balance, December 31	C	<u>\$ 236,717</u>	<u>\$ 205,893</u>

BOROUGH OF LEONIA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SWIMMING POOL UTILITY FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
OPERATING FUND			
Cash	D-5	\$ 321,904	\$ 306,488
Due from Swimming Pool Capital Fund	D-13	<u>1</u>	<u>1</u>
		<u>321,905</u>	<u>306,489</u>
Deferred Charge:			
Operating Deficit			<u>22,674</u>
Total Operating Fund		<u>321,905</u>	<u>329,163</u>
CAPITAL FUND			
Cash	D-5, D-6	2,384	2,384
Fixed Capital	D-9	<u>1,406,570</u>	<u>1,406,570</u>
Total Capital Fund		<u>1,408,954</u>	<u>1,408,954</u>
Total Assets		<u>\$ 1,730,859</u>	<u>\$ 1,738,117</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Appropriation Reserves	D-3, D-8	\$ 37,958	\$ 138,878
Encumbrance Payable	D-7	<u>4,961</u>	<u>6,418</u>
		42,919	145,296
Fund Balance	D-1	<u>278,986</u>	<u>183,867</u>
Total Operating Fund		<u>321,905</u>	<u>329,163</u>
CAPITAL FUND			
Capital Improvement Fund	D-12	1,000	1,000
Reserve for Amortization	D-10	1,406,570	1,406,570
Due to Swimming Pool Operating Fund	D-13	1	1
Due to Other Trust Fund	D-14	1,367	1,367
Fund Balance	D-4	<u>16</u>	<u>16</u>
Total Capital Fund		<u>1,408,954</u>	<u>1,408,954</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,730,859</u>	<u>\$ 1,738,117</u>

BOROUGH OF LEONIA
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS - SWIMMING POOL UTILITY FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
REVENUES AND OTHER INCOME			
Fund Balance Utilized	D-2	\$ 96,674	\$ 74,000
Swimming Pool Fees	D-2	251,793	148,955
Miscellaneous	D-2	12,512	15,944
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-8	<u>138,878</u>	<u>49,807</u>
 Total Revenues and Other Income		 <u>499,857</u>	 <u>288,706</u>
 EXPENDITURES			
Budget Appropriations:			
Operating	D-3	247,190	277,380
Capital	D-3	25,000	20,000
Deferred Charges	D-3	22,674	
Statutory Expenditures	D-3	<u>13,200</u>	<u>14,000</u>
 Total Expenditures		 <u>308,064</u>	 <u>311,380</u>
 Operating Deficit	D-11		 <u>\$ (22,674)</u>
 Excess in Revenue / Statutory Excess		 191,793	
 BALANCE, JANUARY 1	D	 <u>183,867</u>	 <u>257,867</u>
		375,660	257,867
Decreased by:			
Utilized as Anticipated Revenue	D-1,D-2	<u>96,674</u>	<u>74,000</u>
 BALANCE, DECEMBER 31	D	 <u>\$ 278,986</u>	 <u>\$ 183,867</u>

BOROUGH OF LEONIA
STATEMENT OF REVENUES - REGULATORY BASIS - SWIMMING POOL UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	D-1	\$ 96,674	\$ 96,674	
Swimming Pool Fees	D-1,D-5	<u>211,390</u>	<u>251,793</u>	\$ 40,403
Total		<u>\$ 308,064</u>	348,467	<u>\$ 40,403</u>
Nonbudget Revenue	D-1,D-2		<u>12,512</u>	
			<u>\$ 360,979</u>	
<u>Analysis of Nonbudget Revenues</u>				
Swimming Pool Lessons			\$ 8,155	
Swimming Pool Rental			300	
Swimming Pool Photo Retakes			220	
Water Fitness			635	
Prior Year Voided Checks			1,675	
Swimming Pool Miscellaneous			159	
Interest on Investments			<u>1,368</u>	
	D-2,D-5		<u>\$ 12,512</u>	
Cash Receipts	D-5		\$ 12,503	
Interest Due from Swimming Pool Capital	D-13		<u>9</u>	
			<u>\$ 12,512</u>	

EXHIBIT D-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS
SWIMMING POOL UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Salaries & Wages	\$ 149,360	\$ 149,360	\$ 140,263	\$ 9,097
Other Expenses	97,830	97,830	96,364	1,466
CAPITAL				
Capital Outlay	25,000	25,000	-	25,000
DEFERRED CHARGES				
Deficit in Operations	22,674	22,674	22,674	
STATUTORY EXPENDITURES				
Social Security System	<u>13,200</u>	<u>13,200</u>	<u>10,805</u>	<u>2,395</u>
Total	<u>\$ 308,064</u>	<u>\$ 308,064</u>	<u>\$ 270,106</u>	<u>\$ 37,958</u>
	<u>Reference</u>	D-2		D
Cash Disbursements	D-5		\$ 242,471	
Deferred Charge	D-11		22,674	
Encumbrances Payable	D-7		<u>4,961</u>	
			<u>\$ 270,106</u>	

BOROUGH OF LEONIA
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SWIMMING POOL UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Balance, January 1	D	\$ <u>16</u>	\$ <u>16</u>
Balance, December 31	D	\$ <u>16</u>	\$ <u>16</u>

BOROUGH OF LEONIA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Land	\$ 29,204,000	\$ 26,322,615
Buildings and Building Improvements	15,633,900	6,455,731
Machinery and Equipment	<u>6,229,459</u>	<u>10,210,252</u>
Total Assets	<u>\$ 51,067,359</u>	<u>\$ 42,988,598</u>
RESERVES		
Investment in General Fixed Assets	<u>\$ 51,067,359</u>	<u>\$ 42,988,598</u>
Total Reserves	<u>\$ 51,067,359</u>	<u>\$ 42,988,598</u>

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Leonia (the "Borough") was incorporated in 1894 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law.

A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

The Governmental Accounting Standards Board, (GASB), requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad, which are considered component units under accounting principles generally accepted in the United States of America, (GAAP). Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Leonia have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

B. Description of Regulatory Basis of Accounting (*continued*)

Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

C. Basis of Presentation – Financial Statements

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Swim Pool Utility Fund - This fund is used to account for the revenues and expenditures for operation of the Borough's swimming and recreational facilities and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the swim pool utility is accounted for in the capital section of the fund.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation – Financial Statements (continued)

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough, other than those accounted for in the swimming pool utility fund. The Borough's infrastructure is not reported in the account group.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications - Certain reclassifications may have been made to the December 31, 2020 balances to conform to the December 31, 2021 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense – The requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* - an amendment of GASB Statement No. 68 require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. The audited financial information related to pensions is released annually by the State's Division of Pension and Benefits and is required to be included as note disclosures in the financial statements. Due to delays in the availability of the information needed for disclosure, the Division issued Local Finance Notice 2022-12 on June 16, 2022. To ensure timely filing of county and municipal audits, Local Finance Board regulations allow the Division discretion to permit the most recent available audited GASB 68 financial information to be incorporated into the audited financial statements and only requires one year to be disclosed. Refer to Note 11 for these disclosures.

Other Post-Employment Benefits Other Than Pensions – The requirements of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflows of resources, deferred inflows of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of the amounts. Since the Borough does not follow generally accepted accounting principles, the GASB did not result in a change in the Borough's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASB.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation – Financial Statements (continued)

As it relates to the State of New Jersey multiple employer plan, the audited financial information related to OPEBs is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Due to delays in the availability of the information needed for disclosure, the Division issued Local Finance Notice 2022-12 on June 16, 2022. To ensure the timely filing of county and municipal audits, Local Finance Board regulations allow the Division discretion to permit the most recent available audited GASB 75 financial information related to the State Plan to be incorporated into the audited financial statements and only requires one year to be disclosed. Refer to Note 12 for these disclosures.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Borough of Leonia follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. GAAP requires that all investments be reported at fair value.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Membership Fees – Swimming pool membership fees are billed annually based on membership classification. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's swimming pool utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

D. Measurement Focus and Basis of Accounting (*continued*)

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

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

Deferred Charges – Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

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

Expenditures – 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 an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

D. Measurement Focus and Basis of Accounting (*continued*)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Leonia has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial individual cost of \$5,000.00 and an estimated useful life in excess of two years.

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 sewerage and drainage systems are not capitalized.

General Fixed Assets inclusive of machinery and equipment purchased after December 31, 1985 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 1985 are stated as follows:

Land and Buildings and Building Improvements	Assessed Value
Machinery and Equipment	Estimated Historical Cost

All Land and Improvements and Buildings and Building Improvements are stated at the 2021 assessed value.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the swimming pool utility fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

General Fixed Assets (continued)

The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets. GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. 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 State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

Other Trust Funds
General Capital Fund
Swimming Pool Utility Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2021, the Borough Council increased the original Current Fund budget by \$150,000. The increase was attributable to a resolution appropriating American Rescue Plan funds. No increases were made to the 2020 original budget. In addition, the governing body approved several budget transfers during 2021 and 2020.

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. Excess Expenditures Over Appropriations

The following is a summary of appropriation reserve expenditures in excess of available appropriations. The overexpended appropriation reserves resulted in unfavorable variances.

<u>2021</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<u>Other Expenses:</u>			
Office of the Administrator	\$21,526	\$23,990	\$2,464
Planning Board	1,927	6,147	4,220
Board of Health	7,700	8,247	547

In accordance with the regulatory basis of accounting, the above variances or overexpenditure were recorded as deferred charges on the balance sheet of the Current Fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC or NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2021 and 2020, the book value of the Borough's deposits were \$7,014,187 and \$9,266,088 and bank and brokerage firm balances of the Borough's deposits amounted to \$7,176,333 and \$9,295,766, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2021</u>	<u>2020</u>
Insured	\$ 7,133,915	\$ 8,877,231
Uninsured and Uncollateralized	42,418	418,535
	<u>\$ 7,176,333</u>	<u>\$ 9,295,766</u>

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (continued)

A. Cash Deposits (continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2021 and 2020, the Borough’s bank balances of \$42,418 and \$418,535 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>2021</u>	<u>2020</u>
Uninsured and uncollateralized	\$ 42,418	\$ 418,535

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer.

The fair value of the above-listed investments were based on quoted market prices.

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

Interest earned in the General Capital Fund, Animal Control Trust Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Pool Utility Capital Fund is assigned to the Pool Utility Operating Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Property Taxes	\$ 375,129	\$ 293,584
Tax Title Liens	<u>2,714</u>	<u>2,195</u>
	<u>\$ 377,843</u>	<u>\$ 295,779</u>

In 2021 and 2020, the Borough collected \$281,496 and \$304,629 from delinquent taxes, which represented 95.2% and 99.4%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2021</u>		<u>2020</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 323,687	\$ 301,515	\$ 494,004	
Trust Funds				
Animal Control Fund		7,493		\$ 7,493
Other Trust Fund	1,367	316,194	1,367	18,200
General Capital Fund	301,515	-	-	468,311
Utility Funds				
Swimming Pool Operating Fund	1		1	
Swimming Pool Capital Fund	<u>-</u>	<u>1,368</u>	<u>-</u>	<u>1,368</u>
Total	<u>\$ 626,570</u>	<u>\$ 626,570</u>	<u>\$ 495,372</u>	<u>\$ 495,372</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

The Borough expects all interfund balances to be liquidated within one year.

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance, December 31,</u>	<u>Funded by Subsequent Year Budget Appropriation/ Capital Ordinance</u>	<u>Balance to Succeeding Budgets</u>
<u>2021</u>			
Current Fund			
Overexpenditure of Appropriation Reserves	\$7,231	\$7,231	
Expenditure without Appropriation	<u>48,430</u>	<u>48,430</u>	<u>-</u>
	<u>\$55,711</u>	<u>\$55,711</u>	<u>\$ -</u>
<u>2020</u>			
Swimming Pool Utility Fund			
Operating Deficit	<u>\$22,674</u>	<u>\$22,674</u>	<u>\$ -</u>

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Swimming Pool Utility Operating Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2021</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2020</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,267,884	\$ 436,760	\$ 1,374,505	\$ 700,000
Non-Cash Surplus	<u>55,711</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,323,595</u>	<u>\$ 436,760</u>	<u>\$ 1,374,505</u>	<u>\$ 700,000</u>
Swimming Pool Utility Fund				
Cash Surplus	\$ 278,985	\$ 48,027	\$ 161,193	\$ 96,674
Non-Cash Surplus	<u>1</u>	<u>-</u>	<u>22,674</u>	<u>-</u>
	<u>\$ 278,986</u>	<u>\$ 48,027</u>	<u>\$ 183,867</u>	<u>\$ 96,674</u>

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2021 and 2020:

	Balance January 1, <u>2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments (A)</u>	Balance, December 31, <u>2021</u>
<u>2021</u>					
Land and Improvements	\$ 26,322,615	\$ -	\$ -	\$ 2,881,385	\$ 29,204,000
Buildings and Building Improvements	6,455,731	-	-	9,178,169	15,633,900
Machinery and Equipment	<u>10,210,252</u>	<u>-</u>	<u>-</u>	<u>(3,980,793)</u>	<u>6,229,459</u>
	<u>\$ 42,988,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,078,761</u>	<u>\$ 51,067,359</u>
	Balance January 1, <u>2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance, December 31, <u>2020</u>
<u>2020</u>					
Land and Improvements	\$ 26,322,615		\$ -	\$ -	\$ 26,322,615
Buildings and Building Improvements	6,277,548	\$ 178,183	-	-	6,455,731
Machinery and Equipment	<u>9,694,434</u>	<u>515,818</u>	<u>-</u>	<u>-</u>	<u>10,210,252</u>
	<u>\$ 42,294,597</u>	<u>\$ 694,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,988,598</u>

(A)The Borough engaged a third party firm with an established threshold of \$5,000 to undertake a complete physical inventory of its machinery and equipment as of December 31, 2021. The above adjustment reflects the amount to adjust the prior balance to the updated physical inventory and the revised threshold of \$5,000 per item. Land and Improvements and Building and Building Improvements were adjusted to the 2021 assessed value per the tax duplicate.

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 FIXED ASSETS (continued)

B. Swimming Pool Utility Fund Fixed Assets

The following is a summary of changes in the Swimming Pool Utility Capital Fund fixed assets for the years ended December 31, 2021 and 2020.

<u>Swimming Pool Utility Capital Fund</u>	Balance January 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
<u>2021</u>				
Fixed Capital				
Facility Equipment and Improvements	\$ 1,406,570	\$ -	\$ -	\$ 1,406,570
	Balance January 1, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2020</u>
<u>2020</u>				
Fixed Capital				
Facility Equipment and Improvements	\$ 1,406,570	\$ -	\$ -	\$ 1,406,570

NOTE 9 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for the general capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects and acquisitions or other purposes permitted by the Local Bond Law, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2021</u>	<u>2020</u>
Issued		
General		
Bonds, Notes and Loans	\$ 16,889,040	\$ 15,869,252
Less Funds Temporarily Held to Pay Bonds and Notes	<u>11,051</u>	<u>11,051</u>
Net Debt Issued	16,877,989	15,858,201
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,655,444</u>	<u>2,297,444</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 18,533,433</u>	<u>\$ 18,155,645</u>

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 9 MUNICIPAL DEBT (continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 1.183% and 1.217% at December 31, 2021 and 2020, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2021</u>			
General Debt	\$ 18,544,484	\$ 11,051	\$ 18,533,433
School Debt	<u>11,530,000</u>	<u>11,530,000</u>	<u>-</u>
Total	<u>\$ 30,074,484</u>	<u>\$ 11,541,051</u>	<u>\$ 18,533,433</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2020</u>			
General Debt	\$ 18,166,696	\$ 11,051	\$ 18,155,645
School Debt	<u>15,170,000</u>	<u>15,170,000</u>	<u>-</u>
Total	<u>\$ 33,336,696</u>	<u>\$ 15,181,051</u>	<u>\$ 18,155,645</u>

Statutory Borrowing Power

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2021</u>	<u>2020</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 54,847,392	\$ 52,226,786
Less: Net Debt	<u>18,533,433</u>	<u>18,155,645</u>
Remaining Borrowing Power	<u>\$ 36,313,959</u>	<u>\$ 34,071,141</u>

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 9 MUNICIPAL DEBT (continued)

A. Long-Term Debt

The Borough's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2021</u>	<u>2020</u>
\$11,540,000, 2019 General Bonds, due in annual installment of \$740,000 to \$1,000,000 through February 15, 2031, interest at 2.00% to 3.00%	\$ 9,240,000	\$ 10,340,000
	<u>\$ 9,240,000</u>	<u>\$ 10,340,000</u>

General Intergovernmental Loans Payable

The Borough has entered into two loan agreements with the New Jersey Environmental Infrastructure Trust for the financing relating to various improvements. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2021</u>	<u>2020</u>
\$453,107, 2007 Loan, due in annual installments of \$23,350 to \$25,562 through August 1, 2027, interest at 4.00% to 5.00%	\$ 145,143	\$ 170,706
\$317,500, 2008 Loan, due in annual installments of \$17,318 to \$23,459 through August 1, 2028, interest at 4.00% to 5.00%	<u>109,897</u>	<u>127,546</u>
Total	<u>\$ 255,040</u>	<u>\$ 298,252</u>

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 9 MUNICIPAL DEBT (continued)

A. Long-Term Debt (continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2021 is as follows:

Calendar Year	General-Bonds		General - Loans		Total
	Principal	Interest	Principal	Interest	
2022	\$ 1,000,000	\$ 214,700	\$ 42,405	\$ 7,190	\$ 1,264,295
2023	1,000,000	194,700	41,599	6,090	1,242,389
2024	1,000,000	174,700	40,864	4,990	1,220,554
2025	1,000,000	154,075	40,135	3,890	1,198,100
2026	1,000,000	132,825	39,407	2,790	1,175,022
2027-2031	4,240,000	292,400	50,630	2,365	4,585,395
Total	<u>\$ 9,240,000</u>	<u>\$ 1,163,400</u>	<u>\$ 255,040</u>	<u>\$ 27,315</u>	<u>\$ 10,685,755</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2021 and 2020 were as follows:

	Balance, January 1, <u>2021</u>	Additions	Reductions	Balance, December 31, <u>2021</u>	Due Within One Year
<u>2021</u>					
General Capital Fund					
Bonds Payable	\$ 10,340,000		\$ 1,100,000	\$ 9,240,000	\$ 1,000,000
Intergovernmental Loans Payable	298,252	-	43,212	255,040	42,405
General Capital Fund Long-Term Liabilities	<u>\$ 10,638,252</u>	<u>\$ -</u>	<u>\$ 1,143,212</u>	<u>\$ 9,495,040</u>	<u>\$ 1,042,405</u>
	Balance, January 1, <u>2020</u>	Additions	Reductions	Balance, December 31, <u>2020</u>	Due Within One Year
<u>2020</u>					
General Capital Fund					
Bonds Payable	\$ 11,540,000		\$ 1,200,000	\$ 10,340,000	\$ 1,100,000
Intergovernmental Loans Payable	342,081	-	43,829	298,252	43,212
General Capital Fund Long-Term Liabilities	<u>\$ 11,882,081</u>	<u>\$ -</u>	<u>\$ 1,243,829</u>	<u>\$ 10,638,252</u>	<u>\$ 1,143,212</u>

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 9 MUNICIPAL DEBT (continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2021 and 2020 was as follows:

Bond Anticipation Notes

**BOROUGH OF LEONIA
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Improvement Description</u>	Amount of Original Note	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance January 1, 2021	Increased	Dec
Various Public Improvements	\$ 1,249,000	8/21/2020	8/21/2020	8/20/2021	1.00%	\$ 1,249,000		\$ 1,
			8/20/2021	8/19/2022	1.00%		\$ 1,249,000	
Improvement of Broad Avenue (Phases 7 & 8)	575,000	8/21/2020	8/21/2020	8/20/2021	1.00%	575,000		
			8/20/2021	8/19/2022	1.00%		575,000	
Installation of a Synthetic Turf Field at Leonia High School	2,850,000	8/21/2020	8/21/2020	8/20/2021	1.00%	2,850,000		2,
			8/20/2021	8/19/2022	1.00%		2,850,000	
Various Public Improvements	557,000	8/21/2020	8/21/2020	8/20/2021	1.00%	557,000		
			8/20/2021	8/19/2022	1.00%		557,000	
Acquisition of Radio Equipment for the Use of the Fire Department	40,000	8/20/2021	8/20/2021	8/19/2022	1.00%		40,000	
Acquisition of Real Property for the Future Site of the Municipal Complex	1,476,000	8/20/2021	8/20/2021	8/19/2022	1.00%		1,476,000	

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 9 MUNICIPAL DEBT (continued)

B. Short-Term Debt

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, January 1, <u>2020</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	Balance, December 31, <u>2020</u>
<u>2020</u>						
<u>General Capital Fund</u>						
Various Public Improvements	1.00%	8/20/2021		\$ 1,249,000		\$ 1,249,000
Improvement of Broad Avenue (Phases 7 & 8)	1.00%	8/20/2021		575,000		575,000
Installation of a Synthetic Turf Field at Leonia High School	1.00%	8/20/2021		2,850,000		2,850,000
Various Public Improvements	1.00%	8/20/2021	-	557,000	-	557,000
			<u>-</u>	<u>557,000</u>	<u>-</u>	<u>557,000</u>
Total General Capital Fund			<u>\$ -</u>	<u>\$ 5,231,000</u>	<u>\$ -</u>	<u>\$ 5,231,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by the Local Bond Law NJSA 40A:2 et. seq. The amounts issued for general governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 10 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal time, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$494,044 and \$532,418 at December 31, 2021 and 2020, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

NOTE 11 PENSION PLAN

Description of Plans

The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees Retirement System (PERS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 PENSION PLANS (continued)

Public Employees' Retirement System

The Public Employees' Retirement System ("PERS") is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund.

Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2021:

	2021
Inactive plan members or beneficiaries currently receiving benefits	184,775
Inactive plan members entitled to but not yet receiving benefits	877
Active plan members	246,776
Total	432,428

Contributing Employers – 1,691 (as of June 30, 2021)

Significant Legislation – Chapter 19, P.L. 2009, effective March 17, 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 an employer 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 PERS, 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.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2020, the Borough's total payroll for all employees was \$5,289,479. Total PERS covered payroll was \$2,771,444. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Borough to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.00% for 2021. Employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 PENSION PLANS (continued)

The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Borough contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

The Borough's contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. The Borough's payments to PERS during the year ending December 31, 2021 consisted of the following:

	<u>2021</u>
Total Regular Billing	<u>\$328,400</u>

The Borough recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

<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 8, 2008.
3	Members who were eligible 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

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 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 tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members 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 retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 PENSION PLANS (continued)

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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is the basis for the preparation of the Borough’s basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2021, the PERS reported a net pension liability of \$11,972,982,878 for its Non-State Employer Member Group. The Borough’s proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Borough was \$3,906,590 or 0.0329767440% which was an increase of 0.0029570785% from its proportion measured as of June 30, 2020.

The following presents a summary of the proportionate share of the State of New Jersey’s changes in the collective deferred outflows of resources and deferred inflows of resources attributable to the Borough for the year ended June 30, 2021 if GASB 68 were recognized:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,612	\$ 27,967
Changes in assumptions	20,345	1,390,771
Net difference between projected and actual earnings on pension plan investments		1,029,098
Changes in proportion and differences between Borough contributions and proportionate share of contributions	524,680	489,193
Borough contributions subsequent to the measurement date	386,196	
	\$ 992,833	\$ 2,937,029

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 PENSION PLANS (continued)

The \$386,196 of deferred outflows of resources resulting from the Borough's contribution subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows if GASB 68 were recognized:

<u>Year ended</u> <u>December 31,</u>	<u>Amount</u>
2022	\$ (1,029,483)
2023	(713,952)
2024	(359,307)
2025	(240,024)
2026	12,374
Total	<u>\$ (2,330,392)</u>

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 PENSION PLANS (continued)

Actuarial Assumptions- The total collective pension liability at the June 30, 2021 measurement date was determined by an actuary valuation date as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

June 30, 2021	
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00%
	Based on years of service
Through all future years	3.00% - 7.00%
	Based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value 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 a 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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experiences will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 PENSION PLANS (continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 is summarized in the following table:

2021		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	27.00%	8.09%
Non - US Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	100.00%	

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2021 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 PENSION PLANS (continued)

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

<u>2021</u>	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
PERS	\$ 5,319,983	\$ 3,906,590	\$ 2,707,125

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey at June 30, 2021 was \$35,707,804,636. The portion of the Plan Fiduciary Net Position was allocable to the Local (Non-State) Groups at June 30, 2021 was \$28,386,785,177.

Additional Information

Collective Local Group balances at June 30, 2021 are as follows:

Collective deferred outflows of resources	\$ 1,164,738,169
Collective deferred inflows of resources	8,339,123,762
Collective net pension liability - Local group	11,972,782,878
 Borough's Proportion	 0.0329767440%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2021 was \$1,599,674,464. The average of the expected remaining service lives of all plan members is 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 years for 2021, 2020, 2019, 2018, 2017, and 2016, respectively.

State Contribution Payable Dates

Prior to July 1, 2019 valuation, it is assumed the State will make pension contributions the June 30th following the valuation date. Effective with the July 1, 2019 valuation, Chapter 83 P.L. 2017 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the year ended June 30, 2021 is \$1,207,896,120.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 PENSION PLANS (continued)

Police and Firemen’s Retirement System

The Police and Firemen’s Retirement System (PFRS) is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2021:

	2021
Inactive plan members or beneficiaries currently receiving benefits	46,571
Inactive plan members entitled to but not yet receiving benefits	67
Active plan members	42,432
Total	89,070

Contributing Employers – 582 (As of June 30, 2021)

Significant Legislation – Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

The State legislation adopted L. 2018, c. 55 in July 2018, which transferred management of PFRS from the New Jersey Department of Treasury, Division of Pensions and Benefits to a newly constituted twelve-member PFRS Board of Trustees. The new PFRS Board, which was established in February 2019 per the legislation, has more power and authority as compared to the former PFRS Board of Trustees. In addition to overseeing the management of PFRS, the new PFRS Board will also have the authority to direct investment decisions, to adjust current benefit levels and to change member and employer contribution rates. With regard to changes in current benefit provisions, such changes can only be made with the approval of a supermajority of eight (8) of the twelve (12) members of the new PFRS Board. Also, benefit enhancement can only be made if an independent actuary certifies that the benefit enhancements will not jeopardize the long-term viability of PFRS. Under prior law, benefit enhancements, including the reinstatement of COLA for retirees, could only be considered when the funded level of the pension fund reaches 80%. An actuarial certification was also required that the funded levels would remain at or above 80% over a 30-year period following the benefit enhancement.

In accordance with L. 2018, c. 55, the new PFRS Board will also have the authority to formulate investment policies and direct the investment activities of the PFRS. The PFRS Board has proposed regulations for adoption governing the methods, practices, and procedures for investment or reinvestment of money of PFRS.

For the year ended December 31, 2021, the Borough’s total payroll for all employees was \$5,289,479. Total PFRS covered payroll was \$2,518,035. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Borough to active employees covered by the Plan.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 PENSION PLANS (continued)

Police and Firemen’s Retirement System (continued)

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. City contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. Borough payments to PFRS made in the year ending December 31, 2021 consisted of the following:

	2021
Total Regular Billing	\$ 772,346

The Borough recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PFRS:

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

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Borough’s basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2021, the PFRS reported a net pension liability of \$9,364,849,587 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough’s proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$5,278,034 or 0.0722113058%, which was an increase of 0.0030772072% from its proportion measured as of June 30, 2020.

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 PENSION PLANS (continued)

Police and Firemen's Retirement System (continued)

At December 31, 2021, the Borough would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources, if GASB No.68 were recognized:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,216	\$ 632,254
Changes in assumptions	28,085	1,581,803
Net difference between projected and actual earnings on pension plan investments		2,249,142
Changes in proportion and differences between Borough contributions and proportionate share of contributions	423,722	403,411
Borough contributions subsequent to the measurement date	841,597	
	\$ 1,353,620	\$ 4,866,610

\$841,597 is reflected above as deferred outflows of resources related to pensions resulting from Borough contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows if GASB 68 were recognized:

Year ended December 31,	Amount
2022	\$ (1,486,666)
2023	(1,179,757)
2024	(984,990)
2025	(643,894)
2026	(50,666)
2027	(8,614)
Total	\$ (4,354,587)

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 PENSION PLANS (continued)

Police and Firemen’s Retirement System (continued)

Actuarial Assumptions- The total collective pension liability in the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

	2021
Inflation rate:	
Price	2.75%
Salary increases:	
Through all future years	3.25% - 15.25%
	Based on Years of Service
Investment rate of return	7.00%

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 PENSION PLANS (continued)

Police and Firemen’s Retirement System (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2021 is summarized in the following table:

2021		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non - US Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	100.00%	

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2021 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	At 1% Decrease	At Current Discount Rate	At 1% Increase
2021	(6.00%)	(7.00%)	(8.00%)
PFRS	\$ 8,014,530	\$ 5,278,034	\$ 3,000,197

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 PENSION PLANS (continued)

Police and Firemen's Retirement System (continued)

Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2021 was \$33,543,253,487.

Additional Information

Collective Local Group balances at June 30, 2021 are as follows:

Collective deferred outflows of resources	\$ 817,271,932
Collective deferred inflows of resources	6,875,738,520
Collective net pension liability - Local group	9,364,849,587
Borough's Proportion	0.0722113058%

State Contribution Payable Dates

Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

Receivable Contributions

The Fiduciary Net Position (FNP) includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits.

Local contributions expected to be paid the April 1st, following the valuation are discounted by the interest rate used at the valuation date.

Special Funding Situation

The Borough is responsible for the actuarially determined annual contributions to the PFRS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PFRS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define this relationship as a "special funding situation", and the State of New Jersey is defined as a non-employer contributing entity.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 PENSION PLANS (continued)

Police and Firemen's Retirement System (continued)

Unaudited data provided by the PFRS indicates that the total Non-employer contributions made to the PFRS by the State for the year ended June 30, 2021 was \$178,577,000. The portion of that contribution allocated to the Borough in 2021 was \$128,953, or 0.0722114270%. The June 30, 2021 State special funding situation pension expense of \$228,944,734 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$2,055,697,552 at June 30, 2021 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The Borough's allocated shares of the special funding situation pension expense for the year ended June 30, 2021 and its share of the special funding situation NPL at that date were \$165,434 and \$1,484,446, respectively.

Defined Contribution Retirement Plan

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The Division has selected Prudential Financial to manage the DCRP on its behalf. The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2020, the membership in the DCRP, based on the information within the Division's database, was 60,336.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary. Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 7.50% for PERS, 10.00% for PFRS and 5.50% for DCRP of employees' base wages.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 POST RETIREMENT HEALTH COVERAGE

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

Contributions

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

	<u>June 30, 2020</u>
Inactive plan members or beneficiaries currently receiving benefits	24,294
Active plan members	72,485
 Total	 96,779
 Contributing employers	 590
Contributing nonemployers	1

Nonspecial Funding Situation - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$12,484,309,814 at June 30, 2020.

Components of Net OPEB Liability - The components of the collective net OPEB liability for Local Government Retired Employees Plan, including the State of New Jersey, is as follows:

	<u>June 30, 2020</u>
Total OPEB Liability	\$ 18,111,475,228
Plan Fiduciary Net Position	164,862,282
Net OPEB Liability	\$ 17,946,612,946
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 0.91%

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 POST RETIREMENT HEALTH COVERAGE (continued)

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Through 2026	2.00% to 6.00%
Thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%
Mortality:	
PERS Pub-2010 general classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020	
PFRS Pub-2010 general classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019	

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

Healthcare Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to a 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% decreasing to a 4.5% long-term trend rate after seven years.

Discount Rate - The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the State's Net OPEB Liability to Changes in the Discount Rate - The following presents the collective net OPEB liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease	At Discount Rate	1% Increase
Total Net OPEB Liability - 2020	\$ 21,216,688,254	\$ 17,946,612,946	\$ 15,358,051,000

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 POST RETIREMENT HEALTH COVERAGE (continued)

Sensitivity of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Net OPEB Liability - 2020	\$ 14,850,840,718	\$ 17,946,612,946	\$ 22,000,569,109

Special Funding Situation - The State of New Jersey's Total OPEB Liability for special funding situation was \$5,462,303,132 at June 30, 2020.

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 amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the Borough of Leonia was \$14,467,682 at June 30, 2020. These allocated liabilities represent 0.080615% of the State's Total Non-employer OPEB Liability for June 30, 2020. The OPEB expense (Benefit) attributed to the Borough was \$(178,649) at June 30, 2020.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 13 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Leonia is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough/</u> <u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2021	\$ 9,338	\$ 225	\$ 3,886
2020	8,354	19,323	(5,227)
2019	7,397	14,691	5,742

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 14 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2021 and 2020. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2021 and 2020, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

Other – The Borough consistently makes four quarterly payments each year to the Bergen County Municipal Joint Insurance Fund based upon the due date of the assessments. As of December 31, 2021 and 2020 the fourth quarter assessments in the amounts of \$127,992 and \$128,976, respectively due in January of the subsequent year are not recorded as an expenditure or liability on the Borough's financial statements. These assessments are funded from the respective years' budget in the year its paid.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2021 and 2020, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Leonia Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on July 10, 2000 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Leonia approved the adoption of the Plan at the general election held on November 7, 2000.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body. The Borough no longer maintains a First Aid organization.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Leonia has contributed \$1,381 and \$1,307 for 2021 and 2020, respectively, for each eligible volunteer fire department member into the Plan. The total Borough contributions were \$30,373 and \$31,377 for 2021 and 2020, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED *(continued)*

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services.

NOTE 17 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the Borough) (the "COVID-19 Pandemic"). On March 13, 2020, the President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, has also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies and significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact. Recently, the United States Congress has passed relief and stimulus legislation. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and financial markets. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor's executive orders, the Borough has instituted necessary precautions and procedures, so as to allow the Borough to continue to provide services during this time. The Borough is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Borough will continue to collect property taxes and other municipal revenues. At this time, it is not possible to predict any other financial impacts as a result of this pandemic on the Borough's operations; however, such amounts, if any, could be material.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 18 SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after December 31, 2021 through October 31, 2022, which is the date the financial statements were available to be issued. Based on this evaluation, management has determined that the following subsequent events have occurred which require disclosure in the financial statements.

General Improvement Bonds

The Borough issued General Improvement Bonds in the amount of \$12,110,000 to permanently fund certain bond ordinances previously adopted. The Borough has awarded the sale of said bonds to Roosevelt & Cross, Inc. and Associates, at interest rates of 4.0% to 5.0%. The bonds are dated June 1, 2022 and mature in installments through June 1, 2042.

Debt Authorized and Issued

Through October 24, 2022, the Borough adopted certain bond ordinance authorizing the issuance \$15,949,000 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has issued \$10,939,000 of general improvement bonds to fund a portion of the authorizations. The bonds are dated June 1, 2022 and mature in installments through June 1, 2042 at interest rates of 4.0% to 5.0%.

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

PART II
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2021

Current Fund

BOROUGH OF LEONIA
STATEMENT OF CURRENT CASH - TREASURER

	<u>Current Fund</u>	<u>State and Federal Grant Fund</u>
Balance, January 1, 2021	\$ 3,361,292	\$ 4,873
Increased by Receipts:		
Taxes Receivable	\$ 39,351,543	
Non-Budget Revenues	256,965	
State of NJ - Senior Citizens' and Vet. Deductions	31,500	
Revenue Accounts Receivable	2,174,192	
State Fees Payable	12,519	
Prepaid Taxes	227,468	
Receipts from General Capital Fund	482,469	
Receipts Due to General Capital Fund	272,381	
Receipts Due to General Capital Fund	75,920	
Budget Refunds	500,341	
Reserve for FEMA	48,711	-
Receipts Due to Animal Control Trust Fund	35	
Receipts From Other Trust Fund	10,000	
Tax Overpayments	66,333	
Unappropriated Grant Reserves	-	520,351
	43,510,377	520,351
	46,871,669	525,224
Decreased by Disbursements:		
2021 Budget Appropriations	14,992,201	
2020 Appropriation Reserves	330,609	
Tax Overpayments	17,945	
Reserve for Grants Appropriated		117,917
State Fees Payable	12,960	
County Taxes Payable	3,928,083	
Local District School Taxes Payable	24,266,375	
Expenditures Without Appropriations	48,480	
Payments to Animal Control Fund	35	
Payments Made for Other Trust Fund	320,291	
Payments Made for General Capital Fund	1,504	
Refund of Prior Year Revenue	46,459	-
Accounts Payable	93	-
	43,965,035	117,917
Balance, December 31, 2021	\$ 2,906,634	\$ 407,307

**BOROUGH OF LEONIA
STATEMENT OF CASH - CHANGE FUNDS**

	Balance, January 1, <u>2021</u>	Balance, December 31, <u>2021</u>
Police	\$ 50	\$ 50
Finance	150	150
Municipal Court	<u>100</u>	<u>100</u>
	<u>\$ 300</u>	<u>\$ 300</u>

**STATEMENT OF DUE TO THE STATE OF NEW JERSEY
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, January 1, 2021		\$ 750
Increased by:		
Cash Received	\$ 31,500	
Senior Citizen Deductions Disallowed Per Tax Collector-2021	<u>750</u>	
		<u>32,250</u>
		33,000
Decreased by:		
Veterans Deductions Per Tax Billings - 2021	27,250	
Senior Citizen Deductions Per Tax Billings - 2021	3,250	
Veterans Deductions Allowed Per Tax Collector-2021	<u>1,750</u>	
		<u>32,250</u>
Balance, December 31, 2021		<u>\$ 750</u>

**BOROUGH OF LEONIA
STATEMENT OF TAXES RECEIVABLE**

Year	Balance, January 1, 2021	2021 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collections		Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2021
					2020	2021				
2020	\$ 293,584	-	-	\$ -	-	\$ 281,496	-	\$ -	-	\$ 12,088
	293,584	-	-	-	-	281,496	-	-	-	12,088
2021	-	\$ 39,820,503	\$ -	750	\$ 309,489	39,070,047	\$ 32,250	45,907	\$ 519	363,041
	\$ 293,584	\$ 39,820,503	\$ -	\$ 750	\$ 309,489	\$ 39,351,543	\$ 32,250	\$ 45,907	\$ 519	\$ 375,129

Analysis of 2021 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 39,778,343
Added Taxes	42,160
	<u>\$ 39,820,503</u>
Tax Levy	
County Taxes (Abstract)	\$ 3,767,258
Due County for Added and Omitted Taxes	155,950
County Open Space Preservation	4,175
	\$ 3,927,383
Local District School Tax (Abstract)	23,960,761
Local Tax for Municipal Purposes	11,371,798
Minimum Library Tax	517,480
Add Additional Tax Levied	43,081
	<u>11,932,359</u>
	<u>\$ 39,820,503</u>

BOROUGH OF LEONIA
STATEMENT OF TAX TITLE LIENS RECEIVABLE

Balance, January 1, 2021	\$ 2,195
Increased by:	
Transfers from Taxes Receivable	519
Balance, December 31, 2021	\$ 2,714

BOROUGH OF LEONIA
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2021</u>	Accrued in <u>2021</u>	<u>Collected</u>	Balance, December 31, <u>2021</u>
Licenses				
Alcoholic Beverages		\$ 1,200	\$ 1,200	
Other Licenses		6,348	6,348	
Fees and Permits -Other		90,316	90,316	
Municipal Court				
Fines and Costs	\$ 6,643	92,591	89,891	\$ 9,343
Interest and Costs on Taxes		68,346	68,346	
Interest on Investments and Deposits		25,030	25,030	
Cable Television Franchise Fee		36,243	36,243	
Verizon FIOS Franchise Fee		51,887	51,887	
Sewer Surcharges		23,843	23,843	
Energy Receipts Taxes		976,676	976,676	
Supplemental Energy Receipts Taxes		52,713	52,713	
Uniform Construction Code Fees		225,630	225,630	
Interlocal Agreement - Board of Education		33,039	33,039	
Towing License and Administration		4,800	4,800	
Sewer Billing - Commercial		146,599	146,599	
Cellular Tower Rental		121,228	121,228	
Payments in Lieu of Taxes		89,527	89,527	
Uniform Fire Safety Act		11,876	11,876	
Property Rental		24,000	24,000	
Property Rental		30,000	30,000	
Property Rental	-	65,000	65,000	-
	\$ 6,643	\$ 2,176,892	\$ 2,174,192	\$ 9,343

BOROUGH OF LEONIA
STATEMENT OF 2020 APPROPRIATION RESERVES

	Balance, January 1, <u>2021</u>	Prior Year Encumbrances <u>Cancelled</u>	<u>Transfers</u>	Balance After <u>Modification</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>	<u>Overexpended</u>
SALARIES AND WAGES							
General Government							
Office of the Administrator	\$ 10,662			\$ 10,662		\$ 10,662	
Clerk	2,331			2,331		2,331	
Revenue Administration	4,802			4,802		4,802	
Assessment of Taxes	715			715		715	
Municipal Prosecutor	1,713			1,713		1,713	
Planning/Zoning Board	446		\$ (200)	246		246	
Public Safety							
Police	122,592			122,592		122,592	
Fire Marshall	2,788			2,788		2,788	
Fire Prevention	7,000			7,000		7,000	
Streets and Roads							
Road Repairs and Maintenance	173,153			173,153	\$ 19,696	153,457	
Health and Human Services							
Board of Health	2,519			2,519		2,519	
Senior Citizens Activities	1,398			1,398		1,398	
Senior Citizens Bus	12,327			12,327		12,327	
Recreation Commission	9,201			9,201		9,201	
Uniform Construction Code	7,129			7,129		7,129	
Fire Sub-Code Official	118			118		118	
Electric Sub-Code Official	1,074			1,074		1,074	
Public Defender	297			297		297	
Municipal Court	4,913			4,913		4,913	
OTHER EXPENSES							
Office of the Administrator	2,955	\$ 18,571		21,526	23,990		\$ 2,464
Clerk	9,624	1,708	(4,500)	6,832	6,832		
Postage	4,445			4,445	4,445		
Copier Operations	758			758	758		
Elections	2,426			2,426	2,077	349	
Annual Audit	534			534		534	
Computerized Data Processing	5,959	16,144	4,500	26,603	26,602	1	
Assessment of Taxes	365	120		485	120	365	
Revenue Administration	26,753	2,094	(20,000)	8,847	2,582	6,265	
Legal Services & Costs	13,370	15,304		28,674	19,038	9,636	
Engineering Services	9,059	250	29,000	38,309	27,579	10,730	
Historic Commission	3,950			3,950		3,950	
Planning/Zoning Board	1,727		200	1,927	6,147		4,220
Uniform Construction Code	8,211	220		8,431	2,133	6,298	
General Liability Insurance	22,876			22,876		22,876	
Employee Group Health	116,710	3,446		120,156	9,478	110,678	
Employee Group Health - Waiver	13,847			13,847		13,847	
Unemployment	10,000			10,000		10,000	
Public Safety							
Police	37,648	67,382	(9,000)	96,030	19,398	76,632	
Emergency Management System	6,099	1,686	3,000	10,785	4,806	5,979	
Fire	35,617	6,882	(3,000)	39,499	11,026	28,473	
Fire Marshall	3,373	2,208		5,581	2,208	3,373	
Streets and Roads							
Road Repairs and Maintenance	48,754	15,551	(100)	64,205	23,445	40,760	

**BOROUGH OF LEONIA
STATEMENT OF 2020 APPROPRIATION RESERVES**

	Balance, January 1, <u>2021</u>	Prior Year Encumbrances Cancelled	Transfers	Balance After Modification	Paid or Charged	Balance Lapsed	Overexpended
OTHER EXPENSES (Continued)							
Shade Tree	\$ 1,987	\$ 280		\$ 2,267	\$ 125	\$ 2,142	
Garbage and Trash Removal	26,286		\$ 100	26,386	26,366	20	
Buildings and Grounds	37,339	10,790		48,129	19,487	28,642	
Recreation Commission	1,517	6,862		8,379	7,187	1,192	
Health and Human Services							
Board of Health	6,811	889		7,700	8,247		\$ 547
Senior Citizens Activities	3,080			3,080	2,243	837	
Senior Citizens Bus	9,363	25		9,388	335	9,053	
Environmental	5,799			5,799		5,799	
Right to Know - PEOSHA	760			760		760	
Utilities				-			
Gasoline	19,175	2,211		21,386	6,038	15,348	
Diesel Fuel	21,170	6,766		27,936	12,230	15,706	
Electricity and Gas	4,695		700	5,395	5,304	91	
Telephone and Telegraph	21,831	113		21,944	4,829	17,115	
Street Lighting	32,395		(700)	31,695	9,612	22,083	
Fire Hydrant	3,173			3,173	17	3,156	
Water	7,199			7,199		7,199	
Municipal Court	50,227	180		50,407	464	49,943	
Public Defender	200			200		200	
Statutory Charges							
Social Security System	29,229			29,229		29,229	
Public Employees Retirement System	20			20		20	
Board of Education - Gas/Diesel Agreement	30,000			30,000		30,000	
Maintenance of Free Public Library	27,809			27,809		27,809	
LOSAP	38,000	-	-	38,000	31,377	6,623	-
	<u>\$ 1,128,303</u>	<u>\$ 179,682</u>	<u>\$ -</u>	<u>\$ 1,307,985</u>	<u>\$ 346,221</u>	<u>\$ 968,995</u>	<u>\$ 7,231</u>
				Appropriation Reserves			
				Encumbrances Payable			
				<u>\$ 1,307,985</u>			
					Cash Disbursements	\$ 330,609	
					Transferred to Accounts Payable	<u>15,612</u>	
					<u>\$ 346,221</u>		

**BOROUGH OF LEONIA
STATEMENT OF ENCUMBRANCES PAYABLE
CURRENT FUND**

Balance, January 1, 2021	\$	179,682
Increased by:		
Charges to 2021 Appropriations		148,375
		328,057
Decreased by:		
Transferred to Appropriation Reserves		179,682
Balance, December 31, 2021	\$	148,375

STATEMENT RESERVE FOR REVALUATION

Balance, December 31, 2021 and 2020	\$	9,700
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STATEMENT OF STATE FEES PAYABLE

Balance, January 1, 2021	\$	2,721
Increased by:		
Cash Received		12,519
		15,240
Decreased by:		
Cash Disbursed		12,960
Balance, December 31, 2021	\$	2,280
<u>Analysis</u>		
Building Fees	\$	2,080
Marriage License Fees		200
	\$	2,280

**BOROUGH OF LEONIA
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2021	\$	309,489
Increased by:		
Collection of 2022 Taxes		<u>227,468</u>
		536,957
Decreased by:		
Application to 2021 Taxes Receivable		<u>309,489</u>
Balance, December 31, 2021	\$	<u><u>227,468</u></u>

STATEMENT OF RESERVE FOR FEMA GRANT

Increased By:		
Cash Receipts	\$	<u>48,711</u>
Balance, December 31, 2021	\$	<u>48,711</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, January 1, 2021	\$	4,875
Increased by:		
2021 Tax Levy	\$	3,767,258
2021 Open Space Preservation		155,950
2021 Added and Omitted Taxes (54:4-63.1 et seq.)		<u>4,175</u>
		<u>3,927,383</u>
		3,932,258
Decreased by:		
Cash Disbursed		<u>3,928,083</u>
Balance, December 31, 2021	\$	<u><u>4,175</u></u>

**BOROUGH OF LEONIA
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Balance, December 31, 2020	\$	305,614
Increased by:		
Levy - Calendar Year 2021		<u>23,960,761</u>
		24,266,375
Decreased by:		
Cash Disbursed		<u>24,266,375</u>
Balance, December 31, 2021	\$	<u><u>-</u></u>

STATEMENT OF RESERVE FOR REASSESSMENT

Balance, December 31, 2021 and 2020	\$	<u>16,010</u>
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STATEMENT OF RESERVE FOR MASTER PLAN

Balance, December 31, 2021 and 2020	\$	<u>1,100</u>
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STATEMENT OF TAX OVERPAYMENTS

Balance, January 1, 2021	\$	15,098
Increased By:		
Overpayments Received		<u>66,333</u>
		81,431
Decreased By:		
Cash Disbursements		<u>17,945</u>
Balance, December 31, 2021	\$	<u><u>63,486</u></u>

BOROUGH OF LEONIA
STATEMENT OF DUE FROM/(DUE TO) GENERAL CAPITAL FUND

Balance, January 1, 2021 (Due From)	\$	468,311
Increased By:		
Bills Paid by Current Fund	\$	1,504
Capital Surplus Anticipated as Current Fund Revenue		25,000
Cash Receipts Due from General Capital Fund		75,000
Interest Earned in General Capital Fund		<u>11,605</u>
		<u>113,109</u>
		581,420
Decreased By:		
Cash Receipts		754,850
Cash Receipts Due to General Capital Fund		75,920
Bills Paid by General Capital Fund		<u>52,165</u>
		<u>882,935</u>
Balance, December 31, 2021 (Due to)	\$	<u>(301,515)</u>

STATEMENT OF DUE FROM OTHER TRUST FUND

Balance, January 1, 2021	\$	18,200
Increased By:		
Cash Disbursements - Unemployment	\$	225
Cash Disbursements - Recreation Commission		4,180
Cash Disbursements - Due from Other Trust - Police Outside Duty		287,125
Cash Disbursements - Other		<u>28,761</u>
		<u>320,291</u>
		338,491
Decreased By:		
Raised in 2021 Budget		12,297
Cash Receipts - Other		<u>10,000</u>
		<u>22,297</u>
Balance, December 31, 2021	\$	<u>316,194</u>

BOROUGH OF LEONIA
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS AND DONATIONS
FEDERAL AND STATE GRANT FUND

	Balance, January 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
ANJEC Open Space Stewardship Grant	\$ 700			\$ 700
Clean Communities	22,006	\$ 14,812	\$ 2,172	34,646
Drunk Driving Enforcement Fund	9,835		256	9,579
Body Armor Replacement Grant - Federal	539	2,512		3,051
Body Armor Replacement Grant - State	-	2,095	1,095	1,000
American Rescue Plan		150,000	114,394	35,606
Alcohol Education and Rehabilitation Fund	2,443			2,443
Sustainable Jersey	15,000			15,000
Distracted Driving	5,500			5,500
Click it or Ticket	5,500			5,500
Recycling Tonnage Grant	<u>34,164</u>	<u>-</u>	<u>-</u>	<u>34,164</u>
	<u>\$ 95,687</u>	<u>\$ 169,419</u>	<u>\$ 117,917</u>	<u>\$ 147,189</u>

EXHIBIT A-24

STATEMENT OF GRANTS RECEIVABLE
FEDERAL AND STATE GRANT FUND

	Balance, January 1, <u>2021</u>	Balance, December 31, <u>2021</u>
ANJEC Open Space Stewardship Grant	\$ 233	\$ 233
Sustainable Jersey	30,000	30,000
CDBG Grant	<u>80,000</u>	<u>80,000</u>
	<u>\$ 110,233</u>	<u>\$ 110,233</u>

EXHIBIT A-25

STATEMENT OF UNAPPROPRIATED GRANTS
FEDERAL AND STATE GRANT FUND

	Balance, January 1, <u>2021</u>	Cash <u>Receipts</u>	Revenue <u>Realized</u>	Balance, December 31, <u>2021</u>
Clean Communities Program	\$ 14,812	\$ 15,768	\$ 14,812	\$ 15,768
Drive Sober or Get Pulled Over	-	3,900	-	3,900
Drive Sober or Get Pulled Over - Labor Day	-	3,900	-	3,900
Recreation for the Handicapped	-	5,035	-	5,035
Body Armor Replacement Grant - Federal	2,512		2,512	-
Body Armor Replacement Grant - State	2,095	1,666	2,095	1,666
American Rescue Plan	-	472,840	150,000	322,840
Alcohol Education and Rehabilitation Fund		5,820		5,820
Recycling Tonnage Grant	<u>-</u>	<u>11,422</u>	<u>-</u>	<u>11,422</u>
	<u>\$ 19,419</u>	<u>\$ 520,351</u>	<u>\$ 169,419</u>	<u>\$ 370,351</u>

BOROUGH OF LEONIA
STATEMENT OF DEFERRED CHARGE - OVEREXPENDITURE OF APPROPRIATION RESERVES

Increased By:	
Overexpenditure of Appropriation Reserves	\$ <u>7,231</u>
Balance, December 31, 2021	\$ <u>7,231</u>

EXHIBIT A-27

STATEMENT OF ACCOUNTS PAYABLE

Balance, January 1, 2021	\$ 13,745
Increased By:	
Charges to Appropriation Reserves	<u>15,612</u>
	29,357
Decreased By:	
Cash Disbursements	<u>93</u>
Balance, December 31, 2021	\$ <u><u>29,264</u></u>

EXHIBIT A-28

BOROUGH OF LEONIA
STATEMENT OF AMOUNT DUE TO ANIMAL CONTROL FUND

Balance January 1, 2021	\$ 7,493
Increased By:	
Cash Receipts	<u>35</u>
	7,528
Decreased By:	
Cash Disbursements	<u>35</u>
Balance, December 31, 2021	\$ <u><u>7,493</u></u>

EXHIBIT A-29

STATEMENT OF EXPENDITURES WITHOUT APPROPRIATION

Increased By:	
Cash Disbursements	\$ <u>48,480</u>
Balance, December 31, 2021	\$ <u><u>48,480</u></u>

Trust Fund

BOROUGH OF LEONIA
STATEMENT OF TRUST CASH - TREASURER

	<u>Animal Control</u> <u>Trust Fund</u>	<u>Other</u> <u>Trust Fund</u>
Balance, January 1, 2021	\$ 15,705	\$ 737,868
Increased by Receipts:		
State of New Jersey Dog		
License Fees Collected	\$ 369	
Miscellaneous Reserves	762	\$ 8,063,662
Animal Control Fees	2,808	
Received from Current Fund	<u>35</u>	<u>-</u>
	<u>3,974</u>	<u>8,063,662</u>
	19,679	8,801,530
Decreased by Disbursements:		
Due to State of New Jersey	381	15,860
Payments to Current Fund	35	-
Miscellaneous Reserves	<u>-</u>	<u>7,521,346</u>
	<u>416</u>	<u>7,537,206</u>
Balance, December 31, 2021	<u>\$ 19,263</u>	<u>\$ 1,264,324</u>

**BOROUGH OF LEONIA
ANIMAL CONTROL TRUST FUND
STATEMENT OF CHANGE FUND**

Balance, December 31, 2021 and 2020	\$ <u>25</u>
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**ANIMAL CONTROL TRUST FUND
STATEMENT OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES**

Balance, January 1, 2021	\$ 8,219
Increased by:	
Animal Control Fees	
Dog License Fees	\$ 2,808
Miscellaneous	<u>762</u>
	<u>3,570</u>
Balance, December 31, 2021	\$ <u>11,789</u>

**ANIMAL CONTROL TRUST FUND
STATEMENT OF DUE TO STATE OF NEW JERSEY - ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2021	\$ 18
Increased by:	
Dog License Fees Collected	<u>369</u>
	387
Decreased by:	
Payments Made to State of New Jersey	<u>381</u>
Balance, December 31, 2021	\$ <u>6</u>

**OTHER TRUST FUND
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance (Deficit) January 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, (Deficit) December 31, <u>2021</u>
Unemployment Compensation	\$ (5,227)	\$ 9,338	\$ 225	\$ 3,886
Net Payroll/Payroll Deductions	14,485	7,137,480	7,139,352	12,613
Flexible Spending Account	-	9,024	10,510	(1,486)
Developers and Escrow Deposits	139,259	86,381	52,729	172,911
Performance and Maintenance Bonds	88,895	48,661	3,961	133,595
Federal Forfeiture	519	4	2	521
Outside Employment of Off-Duty Police Officers	64,615	389,050	287,154	166,511
Recycling Program	15,942	11,736	21,896	5,782
COAH	19,099	287	80	19,306
Recreation Commission	(12,297)	313,005	239,876	60,832
Developer's Donation Parking	157,853	16,112	40,044	133,921
World Trade Center Memorial Donations	8,076	35	33	8,078
POAA	12,358	99	51	12,406
Shade Tree	14,644	38,938	22,462	31,120
Health Fair Trust Fund	204			204
Parking	-	1,467		1,467
Historic Preservation Commission	4,361			4,361
Fire Safety	134,192	24,304	23,226	135,270
Public Defender	3,952			3,952
Public Assistance	8,690	38	36	8,692
Storm Recovery	800			800
Community Policing	34,755	-	-	34,755
	<u>\$ 705,175</u>	<u>\$ 8,085,959</u>	<u>\$ 7,841,637</u>	<u>\$ 949,497</u>
Cash Receipts		\$ 8,063,662		
Due from Current Fund		<u>22,297</u>		
		<u>\$ 8,085,959</u>		
Cash Disbursements			\$ 7,521,346	
Due to Current Fund			<u>320,291</u>	
			<u>\$ 7,841,637</u>	

**BOROUGH OF LEONIA
OTHER TRUST FUND
STATEMENT OF DUE TO STATE OF NEW JERSEY - UNEMPLOYMENT COMPENSATION**

Balance, January 1, 2021	\$ 15,860
Decreased By:	
Cash Disbursements	<u>15,860</u>
Balance, December 31, 2021	<u>\$ -</u>

**ANIMAL CONTROL TRUST FUND
STATEMENT OF DUE TO CURRENT FUND**

Balance, December 31, 2021 and 2020	<u>\$ 7,493</u>
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General Capital Fund

**BOROUGH OF LEONIA
STATEMENT OF GENERAL CAPITAL CASH**

Balance, January 1, 2021		\$ 4,870,153
Increased by Receipts:		
Interest on Investments	\$ 11,605	
Premium on Sale of Notes	55,824	
Receipts Due to Current Fund	75,000	
Budget Appropriation - Capital Improvement Fund	200,000	
Bond Anticipation Notes	<u>2,163,000</u>	
		<u>2,505,429</u>
		7,375,582
Decreased by Disbursements:		
Improvement Authorizations	4,673,062	
Payments to Current Fund	75,920	
Payments Due from Current Fund	52,165	
Payments to Current Fund	<u>482,469</u>	
		<u>5,283,616</u>
Balance, December 31, 2021		<u>\$ 2,091,966</u>

**BOROUGH OF LEONIA
ANALYSIS OF GENERAL CAPITAL CASH**

		Balance, December 31, <u>2021</u>
Capital Improvement Fund		\$ 656,881
Encumbrances Payable		780,993
Reserve for Debt Service		11,051
Due from Current Fund		(301,515)
Fund Balance		236,717
Reserve for Grants Receivable		483,627
Grants Receivable		(1,140,701)
Ord.		
<u>No.</u>		
	<u>Improvement Authorizations</u>	
2013-02	Various Public Improvements	(6,847)
2015-04	Various Public Improvements	(25,775)
2016-06	Various Public Improvements	4,206
2017-12	Various Public Improvements	61,007
2018-08	Various Public Improvements	175,566
2019-11	Various Public Improvements	282,970
2019-17	Improvement of Broad Avenue (Phases 7 & 8)	49,146
2020-13	Installation of a Synthetic Turf Field at Leonia High School	440,259
2020-15	Various Public Improvements	238,398
2020-22	Acquisition of Radio Equipment for the Use of the Fire Department	(500)
2020-24	Reconstruction of the Retaining Wall Between Golf Course Drive and Pine Hill Road	100,368
2021-08	Various Public Improvements	(164,885)
2021-18	Various Public Improvements	211,000
		<u>211,000</u>
		<u>\$ 2,091,966</u>

BOROUGH OF LEONIA
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, January 1, 2021		\$ 10,638,252
Decreased by:		
2021 Budget Appropriation		
Payment of Bond Principal	\$ 1,100,000	
Payment of Loan Principal	<u>43,212</u>	
		<u>1,143,212</u>
Balance, December 31, 2021		<u>\$ 9,495,040</u>

**BOROUGH OF LEONIA
STATEMENT OF GRANTS RECEIVABLE**

Balance, January 1, 2021	\$ 811,082
Increased by:	
Grant Awards - Ordinance Funding	602,000
	1,413,082
Decreased by:	
Cash Receipts Due from Current Fund	272,381
Balance, December 31, 2021	<u>\$ 1,140,701</u>

Analysis of Balance

New Jersey Department of Transportation	
Ord. 2019-17 - Improvement of Broad Avenue (Phases 7 & 8)	\$ 383,627
Ord. 2021-08 - Improvement of Broad Avenue (Phase 9)	207,000
Ord. 2021-08 - Improvement of Broad Avenue (Phase 10)	215,000
Bergen County Open Space	
Ord. 2017-12 - Various Public Improvements - Bleachers	12,500
Ord. 2019-11 - Various Public Improvements	37,500
Ord. 2020-13 - Installation of a Synthetic Turf Field at Leonia High School	100,000
Bergen County Community Development:	
Ord. 2016-06 - Woodbridge Place	5,074
Ord. 2021-08 - Harrison Street	90,000
New Jersey Library Construction Bond Act	
Ord. 2021-08 - Various Public Improvements	90,000
	<u>\$ 1,140,701</u>

STATEMENT OF DUE TO/(FROM) CURRENT FUND

Balance, January 1, 2021 (Due To)	\$ 468,311
Increased by:	
Receipts Due to Current Fund	\$ 75,000
Bills Paid By Current Fund	1,504
Anticipated as Revenue in Current Fund - Fund Balance	25,000
Interest on Investments	11,605
	113,109
	581,420
Decreased by:	
Payments to Current Fund Prior Year Interfund Anticipated as Revenue	468,311
Payments to Current Fund Interest on Investments	14,158
Receipts Due from Current Fund	272,381
Payments to Current Fund	75,920
Payments Made for Current Fund - Note Interest	52,165
	882,935
Balance, December 31, 2021 (Due From)	<u>\$ (301,515)</u>

**BOROUGH OF LEONIA
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	Improvement Description	Balance, January 1, 2021	2021 Authori- zations	Balance, December 31, 2021	Analysis of Balance, December 31, 2021		Unexpended Improvement Authori- zations
					Bond Anticipation Notes	Expenditures	
13-02	Various Public Improvements	\$ 6,847		\$ 6,847		\$ 6,847	
2015-04	Various Public Improvements	27,375		27,375		25,775	\$ 1,600
2018-08	Various Public Improvements	99,722		99,722			99,722
2019-11	Various Public Improvements	1,249,000		1,249,000	\$ 1,249,000		
2019-17	Improvement of Broad Avenue (Phases 7 & 8)	575,000		575,000	575,000		
2020-13	Installation of a Synthetic Turf Field at Leonia High School	2,850,000		2,850,000	2,850,000		
2020-15	Various Public Improvements	557,000		557,000	557,000		
2020-22	Acquisition of Radio Equipment for the Use of the Fire Department	40,500		40,500	40,000	500	
2020-23	Acquisition of Real Property for the Future Site of the Municipal Complex	- 1,476,000		- 1,476,000	- 1,476,000		
2020-24	Reconstruction of the Retaining Wall Between Golf Course Drive and Pine Hill Road	- 647,000		- 647,000	- 647,000		
2021-08	Various Public Improvements	-	\$ 1,521,000	1,521,000	-	164,885	1,356,115
		<u>\$ 7,528,444</u>	<u>\$ 1,521,000</u>	<u>\$ 9,049,444</u>	<u>\$ 7,394,000</u>	<u>\$ 198,007</u>	<u>\$ 1,457,437</u>
							Improvement Authorization - Unfunded \$ 2,568,578
							Less: Unexpended proceeds of BAN's
						Ord. 2019-11	282,970
						Ord. 2019-17	49,146
						Ord. 2020-13	440,259
						Ord. 2020-15	238,398
						Ord. 2020-24	<u>100,368</u>
							<u>1,111,141</u>
							<u>\$ 1,457,437</u>

**BOROUGH OF LEONIA
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2021</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2021</u>	<u>Decreased</u>	<u>Balance, December 31, 2021</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	02/15/19	\$ 11,540,000	2/15/2022-2/15/2024	\$ 1,000,000	2.00%	\$ 10,340,000	1,100,000	\$ 9,240,000
			2/15/2025-2/15/2026	1,000,000	2.125%			
			2/15/2027	1,000,000	2.50%			
			2/15/2028	1,000,000	3.00%			
			2/15/2029-2/15/2030	750,000	3.00%			
			2/15/2031	740,000	3.00%			
					-	-	-	
					<u>\$ 10,340,000</u>	<u>\$ 1,100,000</u>	<u>\$ 9,240,000</u>	
								Paid by Budget Appropriation <u>\$ 1,100,000</u>

**BOROUGH OF LEONIA
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, January 1, 2021	\$ 533,881
Increased by:	
2021 Budget Appropriations	<u>200,000</u>
	733,881
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>77,000</u>
Balance, December 31, 2021	<u><u>\$ 656,881</u></u>

EXHIBIT C-11

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2021	\$ 2,879,378
Increased by:	
Charges to Improvement Authorizations	<u>780,993</u>
	3,660,371
Decreased by:	
Restored to Improvement Authorizations	<u>2,879,378</u>
Balance, December 31, 2021	<u><u>\$ 780,993</u></u>

EXHIBIT C-12

STATEMENT OF RESERVE FOR DEBT SERVICE

Balance, December 31, 2021 and 2020	\$ <u>11,051</u>
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**BOROUGH OF LEONIA
STATEMENT OF LOANS PAYABLE**

Balance, January 1, 2021	\$ 298,252
Decreased by:	
Paid by Budget Appropriation	<u>43,212</u>
Balance, December 31, 2021	<u>\$ 255,040</u>

STATEMENT OF RESERVE FOR GRANTS RECEIVABLE

Balance, December 31, 2021 and 2020	<u>\$ 483,627</u>
<u>Analysis of Balance</u>	
New Jersey Department of Transportation	
Ord. 2019-17	\$ 383,627
Bergen County Open Space	
Ord. 2020-13	<u>100,000</u>
	<u>\$ 483,627</u>

BOROUGH OF LEONIA
STATEMENT OF BOND ANTICIPATION NOTES

<u>Ordinance #</u>	<u>Improvement Description</u>	<u>Amount of Original Note</u>	<u>Date of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance January 1, 2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31 2021</u>
2019-11	Various Public Improvements	\$ 1,249,000	8/21/2020	8/21/2020 8/20/2021	8/20/2021 8/19/2022	1.00% 1.00%	\$ 1,249,000	\$ 1,249,000	\$ 1,249,000	\$ 1,249,000
2019-17	Improvement of Broad Avenue (Phases 7 & 8)	575,000	8/21/2020	8/21/2020 8/20/2021	8/20/2021 8/19/2022	1.00% 1.00%	575,000	575,000	575,000	- 575,000
2020-13	Installation of a Synthetic Turf Field at Leonia High School	2,850,000	8/21/2020	8/21/2020 8/20/2021	8/20/2021 8/19/2022	1.00% 1.00%	2,850,000	2,850,000	2,850,000	- 2,850,000
2020-15	Various Public Improvements	557,000	8/21/2020	8/21/2020 8/20/2021	8/20/2021 8/19/2022	1.00% 1.00%	557,000	557,000	557,000	- 557,000
2020-22	Acquisition of Radio Equipment for the Use of the Fire Department	40,000	8/20/2021	8/20/2021	8/19/2022	1.00%		40,000		40,000
2020-23	Acquisition of Real Property for the Future Site of the Municipal Complex	1,476,000	8/20/2021	8/20/2021	8/19/2022	1.00%		1,476,000		1,476,000
2020-24	Reconstruction of the Retaining Wall Between Golf Course Drive and Pine Hill Road	647,000	8/20/2021	8/20/2021	8/19/2022	1.00%	-	647,000	-	647,000
							<u>\$ 5,231,000</u>	<u>\$ 7,394,000</u>	<u>\$ 5,231,000</u>	<u>\$ 7,394,000</u>
						Notes Issued	\$ 2,163,000			
						Note Rollover	<u>5,231,000</u>	<u>\$ 5,231,000</u>		
							<u>\$ 7,394,000</u>	<u>\$ 5,231,000</u>		

BOROUGH OF LEONIA
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	<u>Improvement Description</u>	Balance, January 1, <u>2021</u>	2021 <u>Authorizations</u>	Notes <u>Issued</u>	Balance, December 31, <u>2021</u>
<u>General Improvements</u>					
2013-02	Various Public Improvements	\$ 6,847			\$ 6,847
2015-04	Various Public Improvements	27,375			27,375
2018-08	Various Public Improvements	99,722			99,722
2020-22	Acquisition of Radio Equipment for the Use of the Fire Department	40,500		40,000	500
2020-23	Acquisition of Real Property for the Future Site of the Municipal Complex	-			-
		1,476,000		1,476,000	-
2020-24	Reconstruction of the Retaining Wall Between Golf Course Drive and Pine Hill Road	-			-
		647,000		647,000	-
2021-08	Various Public Improvements	-	\$ 1,521,000	-	1,521,000
		<u>\$ 2,297,444</u>	<u>\$ 1,521,000</u>	<u>\$ 2,163,000</u>	<u>\$ 1,655,444</u>

Swimming Pool Utility Fund

**BOROUGH OF LEONIA
STATEMENT OF CASH
SWIMMING POOL UTILITY FUND**

	Operating Fund	Capital Fund
Balance, January 1, 2021	\$ 306,488	\$ 2,384
Increased by:		
Budget Revenue - Swimming Pool Fees	\$ 251,793	
Budget Revenue - Miscellaneous	12,503	
Receipts from Swimming Pool Capital Fund	9	
Interest on Investments	<u>-</u>	<u>\$ 9</u>
	<u>264,305</u>	<u>9</u>
	570,793	2,393
Decreased by Disbursements:		
2020 Appropriation Reserves	6,418	
2021 Appropriation Expenditures	242,471	
Payments to Swimming Pool Operating Fund	<u>-</u>	<u>9</u>
	<u>248,889</u>	<u>9</u>
Balance, December 31, 2021	<u>\$ 321,904</u>	<u>\$ 2,384</u>

**BOROUGH OF LEONIA
ANALYSIS OF SWIMMING POOL CAPITAL CASH**

Capital Improvement Fund	\$ 1,000
Due to Other Trust Fund	1,367
Due to Swimming Pool Operating Fund	1
Fund Balance	<u>16</u>
	<u>\$ 2,384</u>

**BOROUGH OF LEONIA
STATEMENT OF ENCUMBRANCES PAYABLE
SWIMMING POOL UTILITY OPERATING FUND**

Balance, January 1, 2021	\$ 6,418
Increased by:	
Charges to 2021 Budget Appropriations	<u>4,961</u>
	11,379
Decreased by:	
Transfer to Appropriation Reserves	<u>6,418</u>
Balance, December 31, 2021	<u>\$ 4,961</u>

**BOROUGH OF LEONIA
STATEMENT OF 2020 APPROPRIATION RESERVES
SWIMMING POOL UTILITY OPERATING FUND**

	Balance January 1, <u>2021</u>	Transfer From Encumbrances <u>Payable</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating:					
Salaries and Wages	\$ 98,370		\$ 98,370		\$ 98,370
Other Expenses	17,260	\$ 6,418	23,678	\$ 6,418	17,260
Capital Improvements					
Capital Outlay	20,000		20,000		20,000
Statutory Expenditures:					
Social Security System	<u>3,248</u>	<u>-</u>	<u>3,248</u>	<u>-</u>	<u>3,248</u>
	<u>\$ 138,878</u>	<u>\$ 6,418</u>	<u>\$ 145,296</u>	<u>\$ 6,418</u>	<u>\$ 138,878</u>

**STATEMENT OF FIXED CAPITAL
SWIMMING POOL UTILITY CAPITAL FUND**

Balance, December 31, 2021 and 2020 \$ 1,406,570

**STATEMENT OF RESERVE FOR AMORTIZATION
SWIMMING POOL UTILITY CAPITAL FUND**

Balance, December 31, 2021 and 2020 \$ 1,406,570

EXHIBIT D-11

BOROUGH OF LEONIA
STATEMENT OF DEFERRED CHARGE - OPERATING DEFICIT
SWIMMING POOL UTILITY OPERATING FUND

Balance, January 1, 2021	\$ 22,674
Decreased by:	
Raised in 2021 Budget	<u>22,674</u>
Balance, December 31, 2021	<u>\$ -</u>

EXHIBIT D-12

STATEMENT OF CAPITAL IMPROVEMENT FUND
SWIMMING POOL UTILITY CAPITAL FUND

Balance, December 31, 2021 and 2020	<u>\$ 1,000</u>
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BOROUGH OF LEONIA
STATEMENT OF DUE TO SWIMMING POOL UTILITY OPERATING FUND
SWIMMING POOL UTILITY CAPITAL FUND

Balance, January 1, 2021	\$	1
Increased by:		
Interest on Investments		9
10		
Decreased by:		
Cash Disbursements		9
Balance, December 31, 2021	\$	1

BOROUGH OF LEONIA
STATEMENT OF DUE TO OTHER TRUST FUND
SWIMMING POOL UTILITY CAPITAL FUND

Balance, December 31, 2021 and 2020	\$	1,367
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BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

PART III
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2021



**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**

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Leonia
Leonia, New Jersey

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), the financial statements – regulatory basis of the Borough of Leonia, as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2022. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the Division as described in Note 1.

Internal Control over Financial Reporting

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

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

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did identify a deficiency in internal control that we consider to be a material weakness which is described in the accompanying schedule of findings and responses as item 2021-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Leonia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division and which is described in the accompanying schedule of findings and responses as item 2021-001.

We also noted certain matters that are not required to be reported under *Government Auditing Standards* that we reported to management of the Borough of Leonia in Part V of this report of audit entitled General Comments and Recommendations.

Borough of Leonia's Response to Findings

The Borough of Leonia's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Borough of Leonia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Woodcliff Lake, New Jersey
October 24, 2022

Gary W. Higgins

Gary W. Higgins
Registered Municipal Accountant No. CR00405

**BOROUGH OF LEONIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Part I – Summary of Auditor's Results

Financial Statements

- A) Type of auditors' report issued on financial statements Unmodified - Regulatory Basis, Adverse - US GAAP
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified X yes no
- 2) Significant deficiency(ies) that are not
 considered to be material weakness(es)? yes X none reported
- C) Noncompliance material to the financial
 statements noted? X yes no

**BOROUGH OF LEONIA
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2021-001: MATERIAL WEAKNESS IN INTERNAL CONTROL AND COMPLIANCE FINDING

Our audit indicated the Chief Financial Officer did not properly maintain the books of original entry and general ledgers for the calendar year 2021.

Criteria or specific requirement:

- Financial reporting requirements promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Condition:

See Finding 2021-001.

Questioned Costs:

None.

Context:

During our audit procedures, we identified significant adjustments and account balances that were not always reconciled to the subsidiary ledgers and underlying records and schedules. We also identified other balances that could not be supported with corroborating evidence.

The following are specific items that warrant consideration related to the financial records maintenance process:

- The Borough did not provide a complete and reconciled set of financial records for the audit.
- General ledger balances were materially misstated and not in agreement with subsidiary records and bank reconciliations.
- Interfunds were not reconciled and cleared of record as of December 31, 2021.
- A subsidiary trust escrow ledger was not currently maintained.
- Borough bank accounts were not reconciled on a monthly basis to the respective book balance.
- Prior year audit balances were not properly reflected in the general ledgers.

Cause:

The Borough changed financial reporting software providers during 2021. The transition from the previous system to the new system was not properly implemented.

**BOROUGH OF LEONIA
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Part II – Schedule of Financial Statement Findings

Effect:

The records provided for the audit did not properly represent the financial transactions of the Borough for the calendar year 2021. Numerous reconciliations and significant adjusting journal entries were required to adjust the financial records to properly state the 2021 financial operations and the December 31, 2021 balances.

Recommendation:

The Chief Financial Officer properly maintain the books of original entry and general ledgers, reconcile all general ledger balances to subsidiary records and bank reconciliations and issue monthly reports to the governing body.

Management's Response:

The Borough has hired a new Chief Financial Officer (CFO). The CFO is currently preparing and reconciling subsidiary records to the bank statements as well as the books of original entry to the general ledger. Monthly reports are provided to the governing body including bank reconciliations.

**BOROUGH OF LEONIA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**

This section identifies the status of prior-year findings related to the financial statements which are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

Finding 2020-001:

Our audit revealed the following:

- Certain bills that related to 2021 were not recorded as liabilities at December 31, 2021.
- Numerous instances were noted where a purchase order was not generated prior to the receipt of goods/services.

Current Status

Corrective action was taken, except for certain instances where a purchase order was not generated prior to the receipt of goods/services. This issue is reported in the Part V of this report entitled "General Comments and Recommendations".

BOROUGH OF LEONIA

BERGEN COUNTY

PART IV

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2021

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

	<u>Year 2021</u>		<u>Year 2020</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 700,000	1.57 %	\$ 1,071,000	2.51 %
Miscellaneous - From Other Than Local				
Property Tax Levies	3,180,492	7.14	2,342,338	5.48
Collection of Delinquent Taxes and Tax Title Liens	281,496	0.63	304,629	0.71
Collection of Current Tax Levy	39,411,036	88.44	38,081,409	89.10
Other Credits to Income	<u>987,195</u>	<u>2.22</u>	<u>938,533</u>	<u>2.20</u>
 Total Income	 <u>44,560,219</u>	 <u>100.00</u> %	 <u>42,737,909</u>	 <u>99.99</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	15,660,332	35.66 %	15,196,497	36.12 %
County Taxes	3,927,383	8.94	3,746,824	8.90
Local School Taxes	23,960,761	54.57	22,862,654	54.34
Other Expenditures	<u>362,653</u>	<u>0.83</u>	<u>269,591</u>	<u>0.64</u>
 Total Expenditures	 <u>43,911,129</u>	 <u>100.00</u> %	 <u>42,075,566</u>	 <u>100.00</u> %
 Statutory Excess in Revenue	 649,090		 662,343	
 Fund Balance, January 1	 <u>1,374,505</u>		 <u>1,783,162</u>	
	2,023,595	-	2,445,505	-
 Less Utilization as Anticipated Revenue	 <u>700,000</u>		 <u>1,071,000</u>	
 Fund Balance, December 31	 <u>\$ 1,323,595</u>		 <u>\$ 1,374,505</u>	

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
SWIMMING POOL UTILITY OPERATING FUND**

	<u>Year 2021</u>		<u>Year 2020</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 96,674	19.34 %	\$ 74,000	25.63 %
Collection of Membership Fees	251,793	50.37	148,955	51.59
Miscellaneous - From Other Than Membership Fees	<u>151,390</u>	<u>30.29</u>	<u>65,751</u>	<u>22.78</u>
Total Income	<u>499,857</u>	<u>100.00</u> %	<u>288,706</u>	<u>100.00</u> %
EXPENDITURES				
Budget Expenditures				
Operating	247,190	80.24 %	277,380	89.08 %
Capital	25,000	8.12	20,000	6.42
Deferred Charges and Statutory Expenditures	<u>35,874</u>	<u>11.64</u>	<u>14,000</u>	<u>4.50</u>
Total Expenditures	<u>308,064</u>	<u>100.00</u> %	<u>311,380</u>	<u>100.00</u> %
Operating Deficit			<u>\$ (22,674)</u>	
Statutory Excess in Revenue	191,793			
Fund Balance, January 1	<u>183,867</u>		<u>257,867</u>	
	375,660		257,867	
Less Utilization as Anticipated Revenue	<u>96,674</u>		<u>74,000</u>	
Fund Balance, December 31	<u>\$ 278,986</u>		<u>\$ 183,867</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Tax Rate</u>	<u>\$3.201</u>	<u>\$3.090</u>	<u>\$2.982</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.915	.905	.890
County (including Open Space Tax)	.317	.302	.285
Local School	1.928	1.843	1.768
Library	.041	.040	.039

Assessed Valuation

2021	<u>\$1,242,694,824</u>
2020	<u>\$1,240,711,213</u>
2019	<u>\$1,237,461,403</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2021	\$ 39,820,503	\$ 39,411,036	98.97%
2020	38,401,585	38,081,409	99.16%
2019	36,998,124	36,691,325	99.17%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2021	\$ 375,129	\$ 2,714	\$ 377,843	0.94%
2020	293,584	2,195	295,779	0.77%
2019	304,872	1,694	306,566	0.83%

PROPERTY ACQUIRED FOR TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2021 by foreclosure or deed, as a result of liquidation of tax title liens.

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2021	\$1,323,595	\$436,760
	2020	1,374,505	700,000
	2019	1,783,162	1,071,000
	2018	2,170,426	1,321,000
Swimming Pool Utility Operating Fund	2021	\$278,986	\$48,021
	2020	183,867	96,674
	2019	257,867	74,000
	2018	256,010	74,000

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Judah Zeigler	Mayor	12/31/23
Joanne Choi Terrell	Council President	12/31/23
Pasquale Fusco	Councilman	12/31/23
Maureen Davis	Councilwoman	12/31/20
Louis Grandelis	Councilman	12/31/21
William Ziegler	Councilman	12/31/22
Bernadette Flaim	Councilwoman	12/31/22
Andrea Wardrop	Administrator	
Anne Dodd	Municipal Clerk (Through 11/18/21)	
Melina Tineo	Acting Municipal Clerk (From 11/19/21)	
Sheri Luna	Chief Financial Officer	
Lynn Hemmer	Treasurer	
Michael Apicella	Tax Collector	
Joann Orłowski	Tax/Accounts Receivable Clerk	
Lynn Hemmer	Accounts Payable/Payroll/Purchasing Clerk	
Aleta Zygiel	Registrar of Vital Statistics	
Aleta Zygiel	Public Health Nurse	
Sam Yanovich	Health Officer (Through 9/30/21)	
James Fedorko	Health Officer (From 10/1/21)	
Michelle Netusil	Registered Environmental Health Inspector	
John Villareal	Public Works Superintendent	
Cleary Giacobbe Alfieri Jacobs	Borough Attorney	
PKF O'Connor Davies, LLP	Borough Auditor	
Rogut McCarthy LLC	Bond Counsel	
Timothy Henderson	Tax Assessor	
Timothy Henderson	Assessment Search Officer	
Drew DiSessa	Borough Engineer/Pennoni Associates	
Scott Tamagny	Acting Police Chief (Through 1/19/21)	
Scott Tamagny	Chief of Police (From 1/20/21)	
John Desheplo	Municipal Court Judge (Through 3/1/21)	
Benjamin Choi	Municipal Court Judge (From 2/17/21)	
Cherron Gil	Municipal Court Administrator	
Kelly O'Toole-Monroe	Deputy Court Administrator	
Mark Fierro, Esq.	Prosecutor	
Robert Metzdorf, Esq.	Public Defender	
Mark Moeller	Building Inspector, Construction Code Official, Building Sub-Code Official	
Adam Myska	Zoning Official	
Steve Oxnard	Property Maintenance Officer	
Michael Quercia	Plumbing Sub-Code Official	
James Hoffmann	Electrical Sub-Code Official (Through 2/21/21)	
Mauro Finamora	Electrical Sub-Code Official (From 2/22/21)	
Dave Haenelt	Fire Sub-Code Official	
Dave Haenelt	Fire Marshall	
Robert Chace	Fire Inspector	
Thomas Caruolo	Fire Chief	
Sean Krakower	Recreation Superintendent	
Nelson-Patterson & Conklin & Kraft Agency	Risk Management Consultants	
John Villareal	Recycling Coordinator	

BOROUGH OF LEONIA
BERGEN COUNTY, NEW JERSEY

PART V

GENERAL COMMENTS AND RECOMMENDATIONS

YEARS ENDED DECEMBER 31, 2021 and 2020

BOROUGH OF LEONIA
COUNTY OF BERGEN, NEW JERSEY
YEAR ENDED DECEMBER 31, 2021

GENERAL COMMENTS

Current Year

The audit indicated three 2020 appropriation reserve balances were overexpended and there was an expenditure without appropriation. It is recommended that sufficient appropriation balances exist before an expenditure is incurred.

The audit of the Other Trust Fund disclosed the flexible spending account was in a deficit position as of December 31, 2021. No recommendation is warranted since the amount is immaterial and the deficit was funded in 2022.

Prior Year Unresolved

Our audit indicated there exists certain old outstanding grant receivables in the Current and General Capital Funds and certain old outstanding grant reserves in the Current Fund at year end. It is recommended that the old outstanding grant receivables and grant reserves be reviewed and cleared of record.

The audit of the Current and Other Trust Funds indicated there exists certain inactive reserves as of December 31, 2021. It is recommended the inactive reserves in the Current and Other Trust Funds be reviewed and cleared of record.

The audit indicated that the Other Trust escrow ledger included old escrow deposits. It is recommended that old escrow deposits continue to be reviewed and cleared of record, where applicable.

The audit indicated that there exists various interfunds balances as of December 31, 2021. It is recommended that all interfunds be cleared of record on a periodic basis and as of December 31.

The audit indicated that certain Borough employees are permitted to make Borough purchases on account with local vendors. It is recommended that a written policy regarding the procedures for allowing purchases on account be prepared and formally adopted by the governing body.

GENERAL COMMENTS

Contracts And Contracts Required To Be Advertised For NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, 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 \$44,000 (effective July 1, 2020), except by contract or agreement.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid within the fiscal year. Where a question arises as to whether any contract agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "professional services" per N.J.S. 40A:11-5.

Our examination of expenditures revealed no instances where individual payments exceeded the bid threshold "for the performance of any work, or the furnishing or hiring of any materials or supplies," where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

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

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 non-payment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 4, 2021 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, that interest will be charged at the rate of eight (8%) percent per annum on the first \$1,500.00 of all delinquent taxes, assessments, and Borough charges, and eighteen (18%) percent of any amounts over \$1,500.00 delinquency, except that no interest will be charged on taxes for the current quarter if the said taxes are paid within the tenth (10th) calendar day following the date upon which the same became payable; and

BE IT FURTHER RESOLVED, that the interest rates shall revert to the percentages as foresaid from the first day of any current quarter unless taxes for the same quarter are paid during the first ten (10) days of such quarter.

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

GENERAL COMMENTS

Delinquent Taxes And Tax Title Liens

A tax sale was not required in 2021.

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>
2021	1
2020	1
2019	1

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

Suggestions to Management

The old outstanding checks on the Current Fund bank reconciliation be reviewed and cleared of record.

RECOMMENDATIONS

It is recommended that:

- *1. Old escrow deposits continue to be reviewed and cleared of record, where applicable.
- *2. All interfunds be cleared of record on a periodic basis and as of December 31.
- *3. A written policy regarding the procedures for allowing purchases on account be prepared and formally adopted by the governing body.
- *4. The inactive reserves in the Current and Other Trust Funds be reviewed and cleared of record.
- *5. Old outstanding grant receivables and grant reserves be reviewed and cleared of record.
- 6. Sufficient appropriation balances exist before an expenditure is incurred.
- 7. The Chief Financial Officer properly maintain the books of originally entry and general ledger, reconcile all general ledger balances to subsidiary records and bank reconciliations and issue monthly reports to the governing body.

Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all except those denoted above with an asterisk.

* * * * *

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements as a whole.

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

Very truly yours,

PKF O'Connor Davies, LLP
October 24, 2022
Woodcliff Lake, New Jersey



Gary W. Higgins, CPA, RMA
Registered Municipal Accountant, No. 405