

**BOROUGH OF LEONIA**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**



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

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

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 and 2021**



## Independent Auditors' Report

**The Honorable Mayor and Members  
of the Borough Council  
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 (the "Borough"), County of Bergen, New Jersey, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and changes in fund balance for the years then ended, the statements of changes in fund balance for the years then ended, the statements of revenues and statements of expenditures for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

#### ***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, 2022 and 2021, and the regulatory basis revenues, expenditures, and changes in fund balances for the years then ended, the statement of changes in fund balance for the years then ended, the statements of revenues and statements of expenditures for the year ended December 31, 2022 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 Services, 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, 2022 and 2021, or its revenues, expenditures and changes in fund balance thereof for the years then ended.

***Basis for Opinions***

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 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 opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey State Statutes. 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 opinions 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, New Jersey**  
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***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2023, 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  
September 21, 2023

*Gary W. Higgins*

Gary W. 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, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS AND DEFERRED CHARGES</b>			
Current Fund			
Cash	A-4	\$ 3,563,116	\$ 2,906,634
Change Funds	A-5	<u>300</u>	<u>300</u>
		<u>3,563,416</u>	<u>2,906,934</u>
Receivables and Other Assets with Full Reserves			
Delinquent Taxes Receivable	A-7	402,283	375,129
Tax Title Liens Receivable	A-8	3,230	2,714
Due from Other Trust Fund	A-22	313,194	316,194
Due from Animal Control Fund	A-28	7,493	7,493
Due from Library	A-30	12,678	
Revenue Accounts Receivable	A-9	<u>8,322</u>	<u>9,343</u>
		<u>747,200</u>	<u>710,873</u>
Deferred Charges			
Overexpenditure of Appropriation Reserves	A-26	723	7,231
Expenditures without Appropriation	A-29	6,540	48,480
Overexpenditure of Appropriation	A-3	<u>157,674</u>	<u>-</u>
		<u>164,937</u>	<u>55,711</u>
Total Current Fund		<u>4,475,553</u>	<u>3,673,518</u>
Federal and State Grant Fund			
Cash	A-4	646,027	407,307
Due from General Capital Fund	A-31	80,000	
Grants Receivable	A-24	<u>30,233</u>	<u>110,233</u>
Total Grant Fund		<u>756,260</u>	<u>517,540</u>
Total		<u>\$ 5,231,813</u>	<u>\$ 4,191,058</u>

**BOROUGH OF LEONIA**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT AND GRANT FUNDS**  
**AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Current Fund			
Appropriation Reserves	A-3,A-10	\$ 895,612	\$ 786,216
Encumbrances Payable	A-11	57,362	148,375
Prepaid Taxes	A-14	239,363	227,468
Tax Overpayments	A-20	29,578	63,486
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	4,908	2,280
Due to State - Senior Citizen and Veterans Deductions	A-6	500	750
Due to General Capital Fund	A-21	838,717	301,515
Reserve for FEMA Grant		-	48,711
Accounts Payable	A-27	29,264	29,264
Due to County	A-16	<u>49,517</u>	<u>4,175</u>
		2,171,631	1,639,050
Reserve for Receivables and Other Assets	A	747,200	710,873
Fund Balance	A-1	<u>1,556,722</u>	<u>1,323,595</u>
Total Regular Fund		<u>4,475,553</u>	<u>3,673,518</u>
Federal and State Grant Fund			
Reserve for Grants and Donations - Unappropriated	A-25	581,332	370,351
Encumbrances Payable	A-11	1,642	
Reserve for Grants and Donations - Appropriated	A-23	<u>173,286</u>	<u>147,189</u>
Total Grant Fund		<u>756,260</u>	<u>517,540</u>
Total		<u>\$ 5,231,813</u>	<u>\$ 4,191,058</u>

**BOROUGH OF LEONIA**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

REVENUES AND OTHER INCOME	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Fund Balance Utilized	A-2	\$ 436,760	\$ 700,000
Miscellaneous Revenue Anticipated	A-2	3,171,599	2,923,527
Receipts from Delinquent Taxes	A-2	355,995	281,496
Receipts from Current Taxes	A-2	39,204,846	39,411,036
Non-Budget Revenue	A-2	250,872	256,965
Other Credits to Income			
Interfund Advances Returned	A	3,000	18,200
Unexpended Balances of Appropriation Reserves	A-10	<u>610,077</u>	<u>968,995</u>
Total Revenues and Other Income		<u>44,033,149</u>	<u>44,560,219</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	6,092,275	6,080,697
Other Expenses	A-3	6,347,946	6,534,212
Capital Improvements	A-3	200,000	200,000
Municipal Debt Service	A-3	1,740,525	1,440,530
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,618,504	1,404,893
County Taxes	A-16	3,831,290	3,767,258
County Taxes - Added Taxes	A-16	10,529	4,175
County Taxes - Open Space Preservation	A-16	158,276	155,950
Local District School Taxes	A-17	23,496,777	23,960,761
Refund of Prior Year Revenue	A-4	12,136	46,459
Other Receivables Originating	A	12,678	
Interfund Advances Originating		<u>-</u>	<u>316,194</u>
Total Expenditures		<u>43,520,936</u>	<u>43,911,129</u>
Excess in Revenue / Statutory Excess		<u>512,213</u>	<u>649,090</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget			
of Succeeding Year - Overexpenditure			
	A-3	<u>157,674</u>	<u>-</u>
Statutory Excess in Revenue (Carried Forward)		<u>669,887</u>	<u>649,090</u>

**BOROUGH OF LEONIA**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Excess in Revenue (Brought Forward)		\$ 669,887	\$ 649,090
FUND BALANCE, JANUARY 1	A	<u>1,323,595</u>	<u>1,374,505</u>
		1,993,482	2,023,595
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>436,760</u>	<u>700,000</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 1,556,722</u>	<u>\$ 1,323,595</u>

**BOROUGH OF LEONIA**  
**STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Reference	2022 Anticipated Budget	Realized in 2022	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 436,760	\$ 436,760	-
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	A-9	1,200	1,800	\$ 600
Other	A-9	6,300	5,057	(1,243)
Fees and Permits				
Other	A-2, A-9	90,000	145,316	55,316
Fines and Costs - Municipal Court	A-9	129,000	118,481	(10,519)
Interest and Costs on Taxes	A-9	68,000	78,857	10,857
Interest on Investments and Deposits	A-2	36,000	169,763	133,763
Energy Receipts Tax	A-9	1,029,389	1,029,389	-
Uniform Construction Code Fees	A-9	225,000	209,793	(15,207)
Interlocal Agreement- Board of Education	A-9	30,000	115,611	85,611
Public and Private Revenues Offset				
With Appropriations				
American Rescue Plan	A-25	322,840	322,840	
Alcohol Education and Rehabilitation Fund	A-25	5,820	5,820	-
Recycling Tonnage Grant	A-25	11,422	11,422	-
Recreation for the Handicapped	A-24	5,035	5,035	-
Drive Sober or Get Pulled Over	A-25	3,900	3,900	-
Drive Sober or Get Pulled Over - Labor Day	A-25	3,900	3,900	-
Body Armor Replacement Grant	A-25	1,666	1,666	
Clean Communities Program	A-25	15,768	15,768	
Other Special Items:				
Cable Television Franchise Fee	A-9	36,243	31,935	(4,308)
Verizon FIOS Franchise Fee	A-9	51,887	51,887	-
Sewer - Surcharges	A-9	23,800	-	(23,800)
Towing Licenses and Administration	A-9	4,800	3,600	(1,200)
Sewer Billing - Commercial	A-9	146,000	95,523	(50,477)
Cellular Tower Rental	A-9	121,000	84,758	(36,242)
Payments in Lieu of Taxes	A-9	89,000	2,375	(86,625)
General Capital Fund Surplus	A-21	25,000	25,000	-
Uniform Fire Safety Act	A-9	11,800	11,721	(79)
Due From Extra Duty Trust - Administration Fees	A-9	166,511	166,511	-
Property Rental - J. DeBenedetto	A-9	24,000	24,000	-
Property Rental - Downes Tree Service	A-9	65,000	67,500	2,500
Contribution from Board of Education - Turf				
Field Debt Service	A-21	171,000	152,292	(18,708)
Vacant Property Fee	A-9	50,800	150,317	99,517
Property Rental - PSE&G	A-9	30,000		(30,000)
Reserve for Due from Other Trust Fund	A-22	287,125	-	(287,125)
Reserve for Payment of Debt	A-21	11,051	11,051	-
Reserve for FEMA	A-15	48,711	48,711	-
	A-1	<u>3,348,968</u>	<u>3,171,599</u>	<u>(177,369)</u>
Receipts from Delinquent Taxes	A-7	<u>359,000</u>	<u>355,995</u>	<u>(3,005)</u>
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for:				
Municipal Purposes	A-2	11,521,010	11,531,931	10,921
Minimum Library Tax	A-2	551,043	551,043	-
		<u>12,072,053</u>	<u>12,082,974</u>	<u>10,921</u>
Budget Totals		<u>\$ 16,216,781</u>	16,047,328	<u>\$ (169,453)</u>
	Reference	A-3		
Non-Budget Revenue	A-2,4		<u>250,872</u>	
			<u>\$ 16,298,200</u>	

**BOROUGH OF LEONIA**  
**STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Reference</u>	
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collections		
Revenue from Collections	A-7	\$ 39,204,846
Allocated to School and County Taxes	A-16,A-17	<u>27,496,872</u>
		11,707,974
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>375,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 12,082,974</u>
<b>Analysis of Interest on Investments</b>		
Revenue Accounts Receivable	A-9	\$ 169,759
Due from General Capital Fund	A-21	<u>4</u>
	A-2	<u>\$ 169,763</u>
<u>Reference</u>		
<b>Analysis of Non-Budget Revenue</b>		
Miscellaneous		\$ 31,670
Prior Year Voided Checks		110,722
Prior Year Refunds		17,937
State of New Jersey - FEMA Public Assistance		7,197
JIF Safety Incentive		1,000
Close Payroll Account		7,838
County of Bergen - PMD Payment		3,190
200 Foot Notification		919
Police Copies		802
Administrative Fee- Seniors and Veterans		570
Administrative Fee- Homestead Rebate		213
Leonia High School Turf Field Rental		2,900
American Youth Soccer Association Field Permits		20,000
Bergen Regional Vaccine Support		2,145
Sale of Assets		14,187
FEMA Reimbursement		25,197
Board of Health Copies		740
Passport Fees		3,550
Police Motor Vehicle Inspections		<u>95</u>
	A-2	<u>\$ 250,872</u>
Cash Receipts	A-4	\$ 250,535
Due from General Capital Fund	A-21	<u>337</u>
		<u>\$ 250,872</u>



**BOROUGH OF LEONIA  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022 Appropriated</u>		<u>2022 Expended</u>		<u>Cancelled</u>	<u>Over Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
OPERATIONS - WITHIN "CAPS"						
GENERAL GOVERNMENT						
Office of the Administrator						
Salaries & Wages	\$ 311,100	\$ 311,100	\$ 288,881	\$ 22,219		
Other Expenses	95,550	79,548	73,889	5,659		
Clerk						
Salaries & Wages	117,400	117,400	111,943	5,457		
Other Expenses	96,400	96,400	78,385	18,015		
Stigma-Free Committee						
Other Expenses	10,500	10,500	755	9,745		
Financial Administration						
Salaries & Wages	126,100	126,100	94,925	31,175		
Other Expenses	70,800	107,941	113,710	-		\$ 5,769
Annual Audit	45,000	77,120	77,120	-		
Computerized Data Processing						
Other Expenses	150,000	137,813	121,887	15,926		
Revenue Administration (Tax Collection)						
Salaries & Wages	84,160	84,160	84,134	26		
Other Expenses	6,650	12,180	12,180	-		
Assessment of Taxes						
Salaries & Wages	19,950	19,950	19,936	14		
Other Expenses	1,830	1,830	130	1,700		
Legal Services & Costs						
Other Expenses	197,000	127,739	122,421	5,318		
Engineering Services						
Other Expenses	121,250	121,250	120,630	620		
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	5,150	5,535	-		385
Other Expenses	7,000	7,000	2,621	4,379		
Master Plan	30,000	40,322	44,583	-		4,261
INSURANCE						
General Liability	530,000	530,000	531,147	-		1,147
Employee Group Health	1,160,000	1,091,291	1,036,377	54,914		
Employee Group Health - Waiver	50,000	50,000	34,388	15,612		
PUBLIC SAFETY						
Police						
Salaries & Wages	2,800,060	2,800,060	2,582,444	217,616		
Salaries & Wages - American Rescue Plan	322,840	322,840	322,840			
Other Expenses	342,330	342,330	318,446	23,884		
Emergency Management System						
Salaries & Wages	6,000	6,000	4,000	2,000		
Other Expenses	2,000	2,000	981	1,019		
Fire						
Salaries and Wages	60,000	60,000	29,180	30,820		
Other Expenses	93,400	93,400	72,678	20,722		
Fire Marshall						
Salaries & Wages	27,970	27,970	27,960	10		
Other Expenses	15,250	15,250	3,493	11,757		
Municipal Prosecutor						
Salaries & Wages	16,000	16,000	14,566	1,434		

**BOROUGH OF LEONIA  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022 Appropriated</u>		<u>2022 Expended</u>		<u>Cancelled</u>	<u>Over Expended</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	\$ 129,410	\$ 133,392	\$ 144,892	-		\$ 11,500
Other Expenses	13,500	14,505	17,867	-		3,362
Public Defender						
Salaries & Wages	9,200	9,230	9,615	-		385
Other Expenses	200	200	-	\$ 200		
Environmental						
Other Expenses	5,000	5,000	-	5,000		
Right to Know - PEOSHA (Ch. 516 PL 1983)						
Other Expenses	2,000	2,000	-	2,000		
PUBLIC WORKS FUNCTIONS						
STREETS AND ROADS						
Road Repairs and Maintenance						
Salaries & Wages	1,468,100	1,468,100	1,537,636	-		69,536
Other Expenses	215,040	225,319	225,154	165		
Shade Tree						
Other Expenses	3,850	5,758	3,208	2,550		
Garbage and Trash Removal						
Other Expenses	334,000	334,000	283,294	50,706		
Buildings and Grounds						
Other Expenses	171,300	136,901	109,083	27,818		
HEALTH AND HUMAN SERVICES						
Board of Health						
Salaries & Wages	30,000	30,000	8,094	21,906		
Other Expenses	54,815	54,815	46,091	8,724		
Board of Recreation Commission (R.S. 40:12)						
Salaries & Wages	192,362	192,362	153,329	39,033		
Other Expenses	28,000	28,000	25,238	2,762		
Senior Citizens Activities						
Salaries & Wages	32,500	32,500	32,336	164		
Other Expenses	12,600	12,600	12,327	273		
Senior Citizen Bus						
Salaries & Wages	29,642	29,642	32,690	-		3,048
Other Expenses	2,300	2,300	461	1,839		

**BOROUGH OF LEONIA**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022 Appropriated</u>		<u>2022 Expended</u>		<u>Cancelled</u>	<u>Over Expended</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	\$ 189,985	\$ 189,985	\$ 165,631	\$ 24,354		
Other Expenses	10,000	10,000	5,560	4,440		
Fire Sub-Code Official						
Salaries & Wages	14,150	14,150	14,146	4		
Electric Sub-Code Official						
Salaries & Wages	11,300	11,300	11,330	-		\$ 30
UTILITY EXPENSE AND BULK PURCHASES						
Electricity and Gas	135,000	135,000	96,649	38,351		
Street Lighting	100,000	100,000	90,023	9,977		
Gasoline	85,000	85,000	61,897	23,103		
Fire Hydrant	95,000	101,050	101,050	-		
Telephone and Telegraph	120,000	120,000	114,144	5,856		
Water	10,000	10,000	5,038	4,962		
Diesel Fuel	75,000	138,692	138,692	-	-	-
<b>Total Operations Within "CAPS"</b>	<b>10,502,294</b>	<b>10,473,945</b>	<b>9,797,640</b>	<b>775,728</b>	<b>-</b>	<b>99,423</b>
Detail:						
Salaries & Wages	6,003,229	6,007,391	5,696,043	396,232	-	84,884
Other Expenses	4,499,065	4,466,554	4,101,597	379,496	-	14,539
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"						
Deferred Charges						
Overexpenditure of Appropriation Reserves	7,231	7,231	7,231	-		
Expenditures Without Appropriation	48,480	48,480	48,480	-		
Statutory Charges:						
Public Employees' Retirement System	357,847	386,196	357,084	29,112		
Social Security System (O.A.S.I.)	320,000	320,000	282,228	37,772		
Police and Firemen's Retirement System of NJ	841,597	841,597	841,597	-		
State Unemployment Insurance	15,000	15,000	-	15,000	-	-
<b>Total Deferred Charges &amp; Statutory Expenditures - Municipal Within "CAPS"</b>	<b>1,590,155</b>	<b>1,618,504</b>	<b>1,536,620</b>	<b>81,884</b>	<b>-</b>	<b>-</b>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>12,092,449</b>	<b>12,092,449</b>	<b>11,334,260</b>	<b>857,612</b>	<b>-</b>	<b>99,423</b>
OPERATIONS - EXCLUDED FROM "CAPS"						
INSURANCE (N.J.S.A. 40A:4-45.3(OO))						
Maintenance of Free Public Library (Ch. 82, P.L. 1985)	783,000	783,000	783,000	-		
Length of Service Award Program (LOSAP)	38,000	38,000	-	38,000		
BCUA - Share of Operating Costs	792,176	792,176	792,176	-	-	
BCUA - Debt Service	176,166	176,166	176,166	-	-	-
<b>Total Other Operations Excluded from "CAPS"</b>	<b>1,789,342</b>	<b>1,789,342</b>	<b>1,751,342</b>	<b>38,000</b>	<b>-</b>	<b>-</b>

**BOROUGH OF LEONIA  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022 Appropriated</u>		<u>2022 Expended</u>		<u>Cancelled</u>	<u>Over Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)						
Interlocal Municipal Service Agreements						
Board of Education - Gas/Diesel Agreement	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	-	-
Total Interlocal Municipal Service Agreements	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public and Private Programs Offset by Revenues						
Body Armor Fund	1,666	1,666	1,666	-		
Clean Communities Program	15,768	15,768	15,768	-		
Alcohol Ed. And Rehab Fund	5,820	5,820	5,820	-		
Recycling Tonnage Grant	11,422	11,422	11,422	-		
Drive Sober or Get Pulled Over	3,900	3,900	3,900	-		
Drive Sober or Get Pulled Over - Labor Day	3,900	3,900	3,900	-		
Recreation for the Handicapped	5,035	5,035	5,035	-	-	-
Total Public and Private Programs Offset by Revenues	<u>47,511</u>	<u>47,511</u>	<u>47,511</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>1,866,853</u>	<u>1,866,853</u>	<u>1,828,853</u>	<u>38,000</u>	<u>-</u>	<u>-</u>
Detail:						
Other Expenses	1,866,853	1,866,853	1,828,853	38,000	-	-
CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS"						
Capital Improvement Fund	200,000	200,000	200,000	-	-	-
Total Capital Improvements Excluded from "CAPS"	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	1,000,000	1,000,000	1,000,000	-		-
Payment of Bond Anticipation Notes and Capital Notes	142,500	142,500	142,500	-		
Interest on Bonds	416,444	416,444	473,525	-		57,081
Interest on Notes	73,940	73,940	73,735	-	\$ 205	-
Wastewater Loan - Spring Street Sewer						
Principal	25,087	25,087	25,087	-		-
Interest	3,950	3,950	4,535	-		585
Wastewater Loan - Salt Dome						
Principal	17,318	17,318	17,318	-		
Interest	3,240	3,240	3,825	-	-	585
Total Municipal Debt Service Excluded from "CAPS"	<u>1,682,479</u>	<u>1,682,479</u>	<u>1,740,525</u>	<u>-</u>	<u>205</u>	<u>58,251</u>

**BOROUGH OF LEONIA  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022 Appropriated</u>		<u>2022 Expended</u>		<u>Over 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"	\$ 3,749,332	\$ 3,749,332	\$ 3,769,378	\$ 38,000	\$ 205	\$ 58,251
Subtotal General Appropriations	15,841,781	15,841,781	15,103,638	895,612	205	157,674
Reserve for Uncollected Taxes	<u>375,000</u>	<u>375,000</u>	<u>375,000</u>	-	-	-
Total General Appropriations	<u>\$ 16,216,781</u>	<u>\$ 16,216,781</u>	<u>\$ 15,478,638</u>	<u>\$ 895,612</u>	<u>\$ 205</u>	<u>\$ 157,674</u>

Reference	A-2	A-2	A	A
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Reference

Cash Disbursed	A-4	\$ 15,474,832
Less Refunds	A-4	<u>948,013</u>
		14,526,819
Transfer to Federal and State Grant Fund	A-23	47,511
Encumbrances Payable	A-11	57,362
Due to General Capital	A-21	200,000
Due from General Capital	A-21	216,235
Deferred Charge - Overexpenditure of Appropriation Reserve	A-26	7,231
Deferred Charge - Expenditures Without Appropriation	A-29	48,480
Reserve for Uncollected Taxes	A-2	<u>375,000</u>
		<u>\$ 15,478,638</u>

**BOROUGH OF LEONIA**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL TRUST FUND</b>			
Cash	B-1	\$ 22,524	\$ 19,263
Change Fund	B-2	<u>25</u>	<u>25</u>
		<u>22,549</u>	<u>19,288</u>
<b>OTHER TRUST FUND</b>			
Cash	B-1	1,330,310	1,264,324
Due from Swimming Pool Utility Capital Fund	D-14	<u>1,367</u>	<u>1,367</u>
		<u>1,331,677</u>	<u>1,265,691</u>
Total Assets		<u>\$ 1,354,226</u>	<u>\$ 1,284,979</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL TRUST FUND</b>			
Due to State of New Jersey	B-4	\$ 46	\$ 6
Due to Current Fund	B-6	7,493	7,493
Reserve for Animal Control Expenditures	B-3	<u>15,010</u>	<u>11,789</u>
		<u>22,549</u>	<u>19,288</u>
<b>OTHER TRUST FUND</b>			
Due to the State of New Jersey			
Due to Current Fund	A-22	313,194	316,194
Due to General Capital Fund	C-16	22,000	
Miscellaneous Reserves	B-5	<u>996,483</u>	<u>949,497</u>
		<u>1,331,677</u>	<u>1,265,691</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,354,226</u>	<u>\$ 1,284,979</u>

**BOROUGH OF LEONIA**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 11,494,528	\$ 2,091,966
Deferred Charges to Future Taxation			
Funded	C-4	20,562,635	9,495,040
Unfunded	C-7	12,418,744	9,049,444
Grants Receivable	C-5	1,194,201	1,140,701
Due from Other Trust Fund	C-16	22,000	
Due from Current Fund	C-6	<u>838,717</u>	<u>301,515</u>
Total Assets		<u>\$ 46,530,825</u>	<u>\$ 22,078,666</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-9	\$ 20,350,000	\$ 9,240,000
Loans Payable	C-13	212,635	255,040
Bond Anticipation Notes	C-15	7,297,000	7,394,000
Improvement Authorizations			
Funded	C-8	4,522,776	451,779
Unfunded	C-8	6,183,918	2,568,578
Capital Improvement Fund	C-10	85,681	656,881
Encumbrances Payable	C-11	6,793,707	780,993
Reserve for Grants Receivable	C-14	694,627	483,627
Reserve for Debt Service		-	11,051
Due to Federal and State Grant Fund	C-17	80,000	
Fund Balance	C-1	<u>310,481</u>	<u>236,717</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 46,530,825</u>	<u>\$ 22,078,666</u>

There were bonds and notes authorized but not issued on December 31, 2022 and 2021 of \$5,121,744 and \$1,655,444 respectively (See Exhibit C-18).

**BOROUGH OF LEONIA**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, January 1	C	\$ 236,717	\$ 205,893
Increased By:			
Excess Bond Proceeds	C-6	4,651	
Premium on Sale of Notes	C-2	<u>94,113</u>	<u>55,824</u>
		335,481	261,717
Decreased by:			
Utilized as Current Fund Revenue	C-6	<u>25,000</u>	<u>25,000</u>
Balance, December 31	C	<u>\$ 310,481</u>	<u>\$ 236,717</u>



**BOROUGH OF LEONIA  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
SWIMMING POOL UTILITY FUND  
AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>			
<b>OPERATING FUND</b>			
Cash	D-5	\$ 390,460	\$ 321,904
Due from Swimming Pool Utility Capital Fund	D-13	<u>1</u>	<u>1</u>
		<u>390,461</u>	<u>321,905</u>
Deferred Charge:			
Overexpenditure of Appropriation	D-3	<u>5,512</u>	<u>-</u>
Total Operating Fund		<u>395,973</u>	<u>321,905</u>
<b>CAPITAL FUND</b>			
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>\$ 1,804,927</u>	<u>\$ 1,730,859</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>OPERATING FUND</b>			
Appropriation Reserves	D-3, D-8	\$ 28,889	\$ 37,958
Encumbrance Payable	D-7	<u>966</u>	<u>4,961</u>
		29,855	42,919
Fund Balance	D-1	<u>366,118</u>	<u>278,986</u>
Total Operating Fund		<u>395,973</u>	<u>321,905</u>
<b>CAPITAL FUND</b>			
Capital Improvement Fund	D-12	1,000	1,000
Reserve for Amortization	D-10	1,406,570	1,406,570
Due to Swimming Pool Utility 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>\$ 1,804,927</u>	<u>\$ 1,730,859</u>

There were no bonds and notes authorized but not issued as of December 31, 2022 and 2021.

**BOROUGH OF LEONIA**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE -**  
**REGULATORY BASIS - SWIMMING POOL UTILITY FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
<b>REVENUES AND OTHER INCOME</b>			
Fund Balance Utilized	D-2	\$ 48,027	\$ 96,674
Swimming Pool Fees	D-2	330,678	251,793
Miscellaneous	D-2	11,596	12,512
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-8	<u>42,885</u>	<u>138,878</u>
 Total Revenues and Other Income		 <u>433,186</u>	 <u>499,857</u>
 <b>EXPENDITURES</b>			
Budget Appropriations:			
Operating	D-3	266,296	247,190
Capital	D-3	25,000	25,000
Deferred Charges	D-3	-	22,674
Statutory Expenditures	D-3	<u>12,243</u>	<u>13,200</u>
 Total Expenditures		 <u>303,539</u>	 <u>308,064</u>
 Excess in Revenues		 129,647	 191,793
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget	D-11	<u>5,512</u>	<u>-</u>
of Succeeding Year			
 Excess in Revenue / Statutory Excess		 135,159	 191,793
 BALANCE, JANUARY 1	D	 <u>278,986</u>	 <u>183,867</u>
 Decreased by:		 414,145	 375,660
Utilized as Anticipated Revenue	D-1,D-2	<u>48,027</u>	<u>96,674</u>
 BALANCE, DECEMBER 31	D	 <u>\$ 366,118</u>	 <u>\$ 278,986</u>

**BOROUGH OF LEONIA**  
**STATEMENT OF REVENUES - REGULATORY BASIS - SWIMMING POOL UTILITY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	D-1	\$ 48,027	\$ 48,027	
Swimming Pool Fees	D-1,D-5	<u>250,000</u>	<u>330,678</u>	\$ 80,678
Total		<u>\$ 298,027</u>	378,705	<u>\$ 80,678</u>
Nonbudget Revenue	D-1,D-2		<u>11,596</u>	
			<u>\$ 390,301</u>	
<u>Analysis of Nonbudget Revenues</u>				
Swimming Pool Lessons			\$ 5,555	
Swimming Pool Rental			800	
Swimming Pool Photo Retakes			170	
Water Fitness			180	
Interest on Investments			<u>4,891</u>	
	D-2,D-5		<u>\$ 11,596</u>	

EXHIBIT D-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**SWIMMING POOL UTILITY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Overexpended</u>
<b>OPERATING</b>					
Salaries & Wages	\$ 158,304	\$ 158,304	\$ 163,816	\$ -	\$ 5,512
Other Expenses	102,480	102,480	99,337	3,143	
<b>CAPITAL</b>					
Capital Outlay	25,000	25,000		25,000	
<b>STATUTORY EXPENDITURES</b>					
Social Security System	<u>12,243</u>	<u>12,243</u>	<u>11,497</u>	<u>746</u>	<u>-</u>
Total	<u>\$ 298,027</u>	<u>\$ 298,027</u>	<u>\$ 274,650</u>	<u>\$ 28,889</u>	<u>\$ 5,512</u>
	<u>Reference</u>	D-2	D-2	D	D
Cash Disbursements	D-5			\$ 273,684	
Encumbrances Payable	D-7			<u>966</u>	
				<u>\$ 274,650</u>	

**BOROUGH OF LEONIA  
 COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS  
 SWIMMING POOL UTILITY CAPITAL FUND  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Land	\$ 29,204,000	\$ 29,204,000
Buildings and Building Improvements	15,633,900	15,633,900
Machinery and Equipment	<u>6,274,661</u>	<u>6,229,459</u>
Total Assets	<u>\$ 51,112,561</u>	<u>\$ 51,067,359</u>
<b>RESERVES</b>		
Investment in General Fixed Assets	<u>\$ 51,112,561</u>	<u>\$ 51,067,359</u>
Total Reserves	<u>\$ 51,112,561</u>	<u>\$ 51,067,359</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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 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 GAAP.

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

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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 GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with 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, 2022 AND 2021**

**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, 2021 balances to conform to the December 31, 2022 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. 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. Refer to Note 12 for these disclosures.



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

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

**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 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, 2022 AND 2021**

**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 11<sup>th</sup> 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, 2022 AND 2021**

**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, 2022 AND 2021**

**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, 2022 AND 2021**

**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 Swimming Pool 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. No increases were made to the 2022 original budget. 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. In addition, the governing body approved several budget transfers during 2022 and 2021.

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

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**B. Excess Expenditures Over Appropriations**

The following is a summary of the current year budget and prior year appropriation reserve expenditures in excess of available appropriations. The overexpended amounts resulted in unfavorable variances.

<u>2022</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	
Current Fund:				
2022 Budget:				
Financial Administration- Other Expenses	\$ 107,941	\$ 113,710	\$ 5,769	
Planning/Zoning Board - Salaries and Wages	5,150	5,535	385	
Planning/Zoning Board - Master Plan	40,322	44,583	4,261	
Insurance - General Liability	530,000	531,147	1,147	
Municipal Court - Salaries and Wages	133,392	144,892	11,500	
Municipal Court - Other Expenses	14,505	17,867	3,362	
Public Defender - Salaries and Wages	9,230	9,615	385	
Road Repairs and Maintenance - Salaries and Wages	1,468,100	1,537,636	69,536	
Senior Citizen Bus- Salaries and Wages	29,642	32,690	3,048	
Electric Sub-Code Official - Salaries and Wages	11,300	11,330	30	
Interest on Bonds	416,444	473,525	57,081	
Wastewater Loan - Spring Street Sewer - Interest	3,950	4,535	585	
Wastewater Loan - Salt Dome - Interest	3,240	3,825	585	
2021 Appropriation Reserves:				
Clerk - Other Expenses	787	1,510	723	
Swimming Pool Operating Fund:				
2022 Budget:				
Salaries and Wages	158,304	163,816	5,512	
	<u>2021</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Current Fund				
2020 Appropriation Reserves				
Office of the Administrator - Other Expenses	\$ 21,526	\$ 23,990	\$ 2,464	
Planning/Zoning Board - Other Expenses	1,927	6,147	4,220	
Board of Health - Other Expenses	7,700	8,247	547	

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheets of the Current Fund and Swimming Pool Utility Operating 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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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, 2022 and 2021, the book value of the Borough's deposits were \$17,449,674 and \$7,014,187 and bank and brokerage firm balances of the Borough's deposits amounted to \$17,721,724 and \$7,176,333, 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>2022</u>	<u>2021</u>
Insured	\$ 17,721,724	\$ 7,176,333

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, 2022 and 2021, none of the Borough's bank balances were exposed to custodial credit risk.

**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

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

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (continued)**

**B. Investments (continued)**

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.

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 Swimming Pool Utility Capital Fund is assigned to the Swimming Pool Utility Operating Fund in accordance with the regulatory basis of accounting.

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2022 and 2021 consisted of the following:

	<b><u>2022</u></b>	<b><u>2021</u></b>
<u>Current</u>		
Property Taxes	\$ 402,283	\$ 375,129
Tax Title Liens	<u>3,230</u>	<u>2,714</u>
	<b><u>\$ 405,513</u></b>	<b><u>\$ 377,843</u></b>

In 2022 and 2021, the Borough collected \$355,995 and \$281,496 from delinquent taxes, which represented 99.2% and 95.2%, respectively of the prior year delinquent taxes receivable balance.



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

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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>2022</u>		<u>2021</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	\$ 320,687	\$ 838,717	\$ 323,687	\$ 301,515
Grants Fund	80,000			
Trust Funds				
Animal Control Fund		7,493		7,493
Other Trust Fund	1,367	335,194	1,367	316,194
General Capital Fund	860,717	80,000	301,515	-
Utility Funds				
Swimming Pool Utility Operating Fund	1		1	
Swimming Pool Utility Capital Fund	-	1,368	-	1,368
Total	<u>\$ 1,262,772</u>	<u>\$ 1,262,772</u>	<u>\$ 626,570</u>	<u>\$ 626,570</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.

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**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</u> <u>December 31,</u>	Funded by Subsequent Year Budget Appropriation/ Capital Ordinance	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
<b><u>2022</u></b>			
Current Fund			
Overexpenditure of Appropriation	\$ 157,674	\$ 157,674	
Overexpenditure of Appropriation Reserves	723	723	
Expenditures without Appropriation	<u>6,540</u>	<u>6,540</u>	<u>-</u>
	<u>\$ 164,937</u>	<u>\$ 164,937</u>	<u>\$ -</u>
 Swimming Pool Utility Operating Fund			
Overexpenditure of Appropriation	<u>\$ 5,512</u>	<u>\$ 5,512</u>	<u>\$ -</u>
 <b><u>2021</u></b>			
Current Fund			
Overexpenditure of Appropriation Reserves	\$ 7,231	\$ 7,231	
Expenditures without Appropriation	<u>48,480</u>	<u>48,480</u>	<u>-</u>
	<u>\$ 55,711</u>	<u>\$ 55,711</u>	<u>\$ -</u>

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**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>2022</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2021</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 1,391,785	\$ 500,000	\$ 1,267,884	\$ 436,760
Non-Cash Surplus	<u>164,937</u>	<u>-</u>	<u>55,711</u>	<u>-</u>
	<u>\$ 1,556,722</u>	<u>\$ 500,000</u>	<u>\$ 1,323,595</u>	<u>\$ 436,760</u>
Swimming Pool Utility Fund				
Cash Surplus	\$ 360,606	\$ 123,150	\$ 278,985	\$ 48,027
Non-Cash Surplus	<u>5,512</u>	<u>-</u>	<u>1</u>	<u>-</u>
	<u>\$ 366,118</u>	<u>\$ 123,150</u>	<u>\$ 278,986</u>	<u>\$ 48,027</u>

**BOROUGH OF LEONIA**  
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**NOTES TO FINANCIAL STATEMENTS**  
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**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, 2022 and 2021:

	Balance January 1, <u>2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance, December 31, <u>2022</u>
<b><u>2022</u></b>					
Land and Improvements	\$ 29,204,000	-	-	-	\$ 29,204,000
Buildings and Building Improvements	15,633,900	-	-	-	15,633,900
Machinery and Equipment	<u>6,229,459</u>	<u>\$ 89,565</u>	<u>\$ 44,363</u>	<u>-</u>	<u>6,274,661</u>
	<u>\$ 51,067,359</u>	<u>\$ 89,565</u>	<u>\$ 44,363</u>	<u>\$ -</u>	<u>\$ 51,112,561</u>
	Balance January 1, <u>2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments (A)</u>	Balance, December 31, <u>2021</u>
<b><u>2021</u></b>					
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>

(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.

**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, 2022 and 2021.

	Balance January 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
<b><u>Swimming Pool Utility Capital Fund</u></b>				
<b><u>2022</u></b>				
Fixed Capital				
Facility Equipment and Improvements	<u>\$ 1,406,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,406,570</u>
	Balance January 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
<b><u>2021</u></b>				
Fixed Capital				
Facility Equipment and Improvements	<u>\$ 1,406,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,406,570</u>

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**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>2022</u>	<u>2021</u>
Issued		
General		
Bonds, Notes and Loans	\$ 27,859,635	\$ 16,889,040
Less Funds Temporarily Held to Pay Bonds and Notes	<u>                  -</u>	<u>          11,051</u>
Net Debt Issued	27,859,635	16,877,989
Authorized But Not Issued		
General		
Bonds and Notes	<u>          5,121,744</u>	<u>          1,655,444</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 32,981,379</u>	<u>\$ 18,533,433</u>

**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 1.999% and 1.183% at December 31, 2022 and 2021, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2022</u></b>			
General Debt	\$ 32,981,379		\$ 32,981,379
School Debt	<u>          9,465,000</u>	<u>\$ 9,465,000</u>	<u>                  -</u>
Total	<u>\$ 42,446,379</u>	<u>\$ 9,465,000</u>	<u>\$ 32,981,379</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2021</u></b>			
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>

**BOROUGH OF LEONIA**  
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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 MUNICIPAL DEBT (continued)**

**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>2022</u>	<u>2021</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 57,740,861	\$ 54,847,392
Less: Net Debt	<u>32,981,379</u>	<u>18,533,433</u>
Remaining Borrowing Power	<u>\$ 24,759,482</u>	<u>\$ 36,313,959</u>

**Self-Liquidating Swimming Pool for Statutory Net Debt (N.J.S.A. 40A:2-45)**

The calculation of "Self-Liquidating Purpose" for the Swimming Pool Utility, per N.J.S.A. 40A:2-45 is as follows:

	<u>2022</u>	<u>2021</u>
Cash Receipts from Fees, Rents or Other Charges and Fund Balance Anticipated for the Year	\$ 390,031	\$ 360,979
Deductions: Operating and Maintenance Costs	<u>278,539</u>	<u>260,390</u>
Excess in Revenues	<u>\$ 111,492</u>	<u>\$ 100,589</u>

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**NOTES TO FINANCIAL STATEMENTS  
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**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>2022</u>	<u>2021</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%	\$ 8,240,000	\$ 9,240,000
\$12,110,000, 2022 General Bonds, due in annual installment of \$390,000 to \$780,000 through June 1, 2042, interest at 4.00% to 5.00%	<u>12,110,000</u>	<u>-</u>
	<u>\$ 20,350,000</u>	<u>\$ 9,240,000</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>2022</u>	<u>2021</u>
\$453,107, 2007 Loan, due in annual installments of \$23,350 to \$24,611 through August 1, 2027, interest at 4.00% to 5.00%	\$ 120,056	\$ 145,143
\$317,500, 2008 Loan, due in annual installments of \$12,616 to \$16,988 through August 1, 2028, interest at 4.00% to 5.00%	<u>92,579</u>	<u>109,897</u>
Total	<u>\$ 212,635</u>	<u>\$ 255,040</u>

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**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, 2022 is as follows:

Calendar Year	General-Bonds		General - Loans		Total
	Principal	Interest	Principal	Interest	
2023	\$ 1,390,000	\$ 702,600	\$ 41,599	\$ 6,090	\$ 2,140,289
2024	1,415,000	662,475	40,864	4,996	2,123,335
2025	1,465,000	619,850	40,135	3,903	2,128,888
2026	1,490,000	574,725	39,407	2,802	2,106,934
2027	1,510,000	526,600	36,538	1,704	2,074,842
2028-2032	6,000,000	1,891,925	14,092	630	7,906,647
2033-2037	3,290,000	1,096,400			4,386,400
2038-2042	3,790,000	385,400	-	-	4,175,400
Total	<u>\$ 20,350,000</u>	<u>\$ 6,459,975</u>	<u>\$ 212,635</u>	<u>\$ 20,125</u>	<u>\$ 27,042,735</u>

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2022 and 2021 were as follows:

	Balance, January 1, 2022	Additions	Reductions	Balance, December 31, 2022	Due Within One Year
<b><u>2022</u></b>					
General Capital Fund Bonds Payable	\$ 9,240,000	\$ 12,110,000	\$ 1,000,000	\$ 20,350,000	\$ 1,390,000
Intergovernmental Loans Payable	255,040	-	42,405	212,635	41,599
General Capital Fund Long-Term Liabilities	<u>\$ 9,495,040</u>	<u>\$ 12,110,000</u>	<u>\$ 1,042,405</u>	<u>\$ 20,562,635</u>	<u>\$ 1,431,599</u>
<b><u>2021</u></b>					
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>



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**NOTE 9 MUNICIPAL DEBT (continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2022 and 2021 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, January 1, <u>2022</u>	<u>Issued</u>	<u>Retired</u>	Balance, December 31, <u>2022</u>
<b><u>2022</u></b>						
<u>General Capital Fund</u>						
Various Public Improvements	4.00%	8/18/2023	\$ 1,249,000	\$ 1,249,000	\$ 1,249,000	\$ 1,249,000
Improvement of Broad Avenue (Phases 7 & 8)	4.00%	8/18/2023	575,000	575,000	575,000	575,000
Installation of a Synthetic Turf Field at Leonia High School	4.00%	8/18/2023	2,850,000	2,707,500	2,850,000	2,707,500
Various Public Improvements	4.00%	8/18/2023	557,000	557,000	557,000	557,000
Acquisition of Radio Equipment for the' Use of the Fire Department	4.00%	8/18/2023	40,000	40,500	40,000	40,500
Acquisition of Real Property for the Future Site of the Municipal Complex	4.00%	8/18/2023	1,476,000	-	1,476,000	-
Reconstruction of the Retaining Wall Between Golf Course Drive and Pine Hill Road	4.00%	8/18/2023	647,000	-	647,000	-
Various Public Improvements	4.00%	8/18/2023	-	1,521,000	-	1,521,000
<b>Total General Capital Fund</b>			<b><u>\$ 7,394,000</u></b>	<b><u>\$ 7,297,000</u></b>	<b><u>\$ 7,394,000</u></b>	<b><u>\$ 7,297,000</u></b>

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 MUNICIPAL DEBT (continued)**

**B. Short-Term Debt**

<u>Purpose</u>	Rate (%)	Maturity Date	Balance, January 1, <u>2021</u>	Renewed/ Issued	Retired/ Retired	Balance, December 31, <u>2021</u>
<b><u>2021</u></b>						
<b><u>General Capital Fund</u></b>						
Various Public Improvements	1.00%	8/19/2022	\$ 1,249,000	\$ 1,249,000	\$ 1,249,000	\$ 1,249,000
Improvement of Broad Avenue (Phases 7 & 8)	1.00%	8/19/2022	575,000	575,000	575,000	575,000
Installation of a Synthetic Turf Field at Leonia High School	1.00%	8/19/2022	2,850,000	2,850,000	2,850,000	2,850,000
Various Public Improvements	1.00%	8/19/2022	557,000	557,000	557,000	557,000
Acquisition of Radio Equipment for the' Use of the Fire Department	1.00%	8/19/2022		40,000		40,000
Acquisition of Real Property for the Future Site of the Municipal Complex	1.00%	8/19/2022		1,476,000		1,476,000
Reconstruction of the Retaining Wall Between Golf Course Drive and Pine Hill Road	1.00%	8/19/2022	-	647,000	-	-
			-	647,000	-	647,000
Total General Capital Fund			<u>\$ 5,231,000</u>	<u>\$ 7,394,000</u>	<u>\$ 5,231,000</u>	<u>\$ 7,394,000</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.

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**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 \$436,885 and \$494,044 at December 31, 2022 and 2021, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township employees who are eligible for pension coverage.

**Police and Firemen's Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 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.

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees' Retirement System (PERS)** – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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, if applicable, vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Township employees who are eligible for pension coverage.

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

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**NOTES TO FINANCIAL STATEMENTS**  
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NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at [www.state.nj/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2022 was \$15.2 billion. The collective net pension liability of the participating employers for local PFRS at June 30, 2022 was \$13.5 billion.

**Actuarial Methods and Assumptions**

In the July 1, 2021 PERS and July 1, 2021 PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68.

The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Employer and Employee Pension Contributions**

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 for 2022 and 2021 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2022, 2021 and 2020 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2022, 2021 and 2020 were equal to the required contributions.

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NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

During the years ended December 31, 2022, 2021 and 2020, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2022	\$ 841,597	\$ 386,196	\$ -
2021	772,346	328,400	-
2020	710,575	319,377	-

In addition, for the years ended December 31, 2022, 2021 and 2020 the Borough contributed for long-term disability insurance premiums (LTDI) \$0, \$0 and \$563, respectively for PERS.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal year ended June 30, 2022 and June 30, 2021, respectively. Employer allocation percentages have been rounded for presentation purposes.

**Public Employees' Retirement System (PERS)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

At December 31, 2022, the Borough reported a liability of \$5,838,908 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2022, the Borough's proportionate share was 0.0386903585 percent, which was a increase of 0.0057136145 percent from its proportionate share measured as of June 30, 2021 of 0.0329767440 percent.

For the year ended December 31, 2022, the pension system has determined the Borough's pension benefit to be \$331,032 for PERS based on the actuarial valuations which is less than the actual reported contribution reported in the Borough's 2022 financial statements of \$386,196. At December 31, 2022, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

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**NOTES TO FINANCIAL STATEMENTS  
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NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Public Employees' Retirement System (PERS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,143	\$ 37,164
Changes in assumptions	18,091	874,316
Net difference between projected and actual earnings on pension plan investments	241,667	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	1,264,644	234,203
Borough contributions subsequent to the measurement date	487,904	
	\$ 2,054,449	\$ 1,145,683

The \$487,904 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense (benefit) on the GAAP basis as follows if GASB 68 were recognized:

Year ended December 31,	Amount
2023	\$ (285,267)
2024	69,378
2025	188,661
2026	441,057
2027	7,033
Total	\$ 420,862



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**NOTES TO FINANCIAL STATEMENTS  
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NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Public Employees' Retirement System (PERS) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

***Actuarial Assumptions***

The Borough's total pension liability reported for the year ended December 31, 2022 was based on the June 30, 2022 measurement date as determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<b>June 30, 2022</b>	
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.75%-6.55%
	Based on years of service
Thereafter	Not Applicable
Investment rate of return	7.00%
Mortality Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP - 2021.

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

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2022, as reported for the year ended December 31, 2022 is summarized in the following table:

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**NOTES TO FINANCIAL STATEMENTS**  
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NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Public Employees' Retirement System (PERS) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

***Long-Term Expected Rate of Return (Continued)***

	<b>2022</b>	
<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
US Equity	27.00%	8.12%
Non-US Developed Markets	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	<u>3.00%</u>	4.91%
	<u>100.00%</u>	

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<b>Calendar</b>		<b><u>Discount</u></b>
<b><u>Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Rate</u></b>
2022	June 30, 2022	7.00%

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**NOTES TO FINANCIAL STATEMENTS**  
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NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Public Employees' Retirement System (PERS) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

***Long-Term Expected Rate of Return (Continued)***

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

	<u>2022</u>
Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	All Periods

***Sensitivity of Net Pension Liability***

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2022 calculated using the discount rate of 7.00%, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
<u>2022</u>			
PERS	\$ 7,501,286	\$ 5,388,908	\$ 4,424,157

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2022. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

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NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Public Employees' Retirement System (PERS) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

***Special Funding Situation – PERS***

Under N.J.S.A. 43:15A-15, the Borough is responsible for their own PERS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 365, P.L. 2001, and Chapter 133, P.L. 2001. The amounts contributed on behalf of the Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Township's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PERS under this legislation.

At December 31, 2022, the State's proportionate share of the net pension liability attributable to the Township for the PERS special funding situation is \$0. For the year ended December 31, 2022, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PERS special funding situation is \$12,285, which is equal to the actual contribution the State made on behalf of the Borough of \$12,285. At December 31, 2022 (measurement date June 30, 2022) the State's share of the PERS net pension liability attributable to the Borough was 0.0388449325 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2022, the Borough reported a liability of \$7,496,127 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2022, the Borough's proportionate share was 0.0654892000 percent, which was a decrease of 0.0067221058 percent from its proportionate share measured as of June 30, 2021 of 0.0722113058 percent.

For the year ended December 31, 2022, the pension system has determined the Borough pension benefit to be \$215,625 for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$841,597. At December 31, 2022, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

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NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

	<b>2022</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 339,295	\$ 459,240
Changes in assumptions	20,544	943,614
Net difference between projected and actual earnings on pension plan investments	686,425	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	336,738	1,049,136
Borough contributions subsequent to the measurement date	851,722	
	\$ 2,234,724	\$ 2,451,990

The \$851,722 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense (benefit) on the GAAP basis as follows if GASB 68 were recognized:

Year ended December 31,	Amount
2023	\$ (699,644)
2024	(504,877)
2025	(163,780)
2026	429,446
2027	(108,219)
2028	(21,914)
Total	\$ (1,068,988)

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NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

***Actuarial Assumptions***

The Borough's total pension liability reported for the year ended December 31, 2022 was based on the June 30, 2022 measurement date as determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<b><u>2022</u></b>
Inflation Rate:	
Price	2.75%
Salary Increases:	
Through all future years	3.25%-16.25%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pubs - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP - 2021.

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

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2022, as reported for the year ended December 31, 2022 is summarized in the following table:

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NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

***Long-Term Expected Rate of Return (Continued)***

<b><u>Asset Class</u></b>	<b>2022</b>	
	<b><u>Target</u></b> <b><u>Allocation</u></b>	<b><u>Long-Term</u></b> <b><u>Expected Real</u></b> <b><u>Rate of Return</u></b>
U.S. Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	11.19%
Real Estate	8.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	<u>3.00%</u>	4.91%
	<u>100.00%</u>	

***Discount Rate***

The discount rate used to measure the total pension liability as of June 30, 2022 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 the 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.

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NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Police and Firemen’s Retirement System (PFRS) (Continued)**

***Sensitivity of Net Pension Liability***

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2022 calculated using the discount rate of 7.00%, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 1-percentage-point higher 8.00% than the current rate:

<b>2022</b>	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PFRS	\$ 10,285,496	\$ 7,496,127	\$ 5,173,964

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2022. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

***Special Funding Situation – PFRS***

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough’s proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State’s proportionate share is 100% for PFRS under this legislation.

At December 31, 2022, the State’s proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,334,091. For the year ended December 31, 2022, the pension system has determined the State’s proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$153,019 which is less than the actual contribution the State made on behalf of the Township of \$166,088. At December 31, 2022 (measurement date June 30, 2022) the State’s share of the PFRS net pension liability attributable to the Borough was 0.0654892700 percent, which was a decrease of 0.0067221058 percent from its proportionate share measured as of December 31, 2021 (measurement date June 30, 2021) of 0.0722113058 percent. The State’s proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough’s financial statements.



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**NOTES TO FINANCIAL STATEMENTS**  
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NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

***Pension Plan Fiduciary Net Position***

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**C. 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 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.

*Contribution Requirement and Benefit Provisions* - State and local government employers contribute 3% of the employees' 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.

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**NOTES TO FINANCIAL STATEMENTS**  
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Note 12 OTHER POSTEMPLOYMENT BENEFITS

**State Health Benefit Local Government Retired Employees Plan**

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

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

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.

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Note 12 OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Membership and Contributing Employers

Plan membership and contributing employers/nonemployers consisted of the following at June 30, 2022:

	June 30, 2022
Inactive plan members or beneficiaries currently receiving benefits	33,694
Active plan members	65,360
 Total	 99,054
 Contributing employers	 590
Contributing nonemployers	1

Nonspecial Funding Situation - The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$16,149,595,478.00 at June 30, 2022.

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:

	June 30, 2022
Total OPEB Liability	\$ 16,090,925,144
Plan Fiduciary Net Position (Deficit)	(58,670,334)
 Net OPEB Liability	 \$ 16,149,595,478
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 -0.36%

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. These actuarial valuations used the following actuarial assumptions, applied to all periods (2022) in the measurement:

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

\*Salary increases are based on years of service with the respective plan

Preretirement and postretirement mortality rates were based on the Pub-2010 general classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Note 12 OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The health care trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. The GASB statement does not require a particular source for information to determine health care trends, but it does recommend selecting a source that is “publicly available, objective, and unbiased”.

*Discount Rate* - The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average 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 and the Borough as of June 30, 2022, 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	\$ 18,720,632,230	\$ 16,149,595,478	\$ 14,080,955,857
Borough's proportionate share of the net OPEB Liability	\$ 15,328,266	\$ 13,223,127	\$ 11,529,346

*Sensitivity of the State’s Net OPEB Liability to Changes in the Healthcare Cost Trend Rates* - The following presents the net OPEB liability of the participating employers and of the Borough as of June 30, 2022, 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	\$ 13,700,188,049	\$ 16,149,595,478	\$ 19,286,596,671
Borough's proportionate share of the net OPEB Liability	\$ 11,217,577	\$ 13,223,127	\$ 15,791,672

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

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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>Beginning</u> <u>Balance</u> <u>(Deficit)</u>	<u>Borough/</u> <u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u> <u>(Deficit)</u>
2022	\$ 3,886	\$ 7,318	\$ 14,805	\$ (3,601)
2021	(5,227)	9,338	225	3,886
2020	5,742	8,354	19,323	(5,227)

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

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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, 2022 and 2021. 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, 2022 and 2021, 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, 2022 and 2021 the fourth quarter assessments in the amounts of \$134,385 and \$127,992, 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, 2022 AND 2021**

**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, 2022 and 2021, 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 Leonia Volunteer Fire Department 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 \$1,488 and \$1,381 for 2022 and 2021, respectively, for each eligible volunteer fire department member into the Plan. The total Borough contributions were \$31,254 and \$30,373 for 2022 and 2021, 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, 2022 AND 2021**

**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 Review Services.

**NOTE 17 LESSOR REVENUES**

The Borough has entered into certain leases for the use of Borough owned real property. The leases are due to the Borough in installments as outlined in each individual lease. The Borough recognizes the revenues on an annual basis based upon cash received. The following table represents the lease principle throughout the term of the leases.

<u>Year</u>	<u>Annual Lease Payments</u>
2023	\$ 75,000
2024	195,000
2025	121,200
2026	122,400
2027	123,600
2028-2032	315,600
2033-2037	240,000
2038-2042	240,000
2043-2044	<u>96,000</u>
	<u>\$ 1,528,800</u>



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

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 18 SUBSEQUENT EVENTS**

The Borough has evaluated subsequent events occurring after December 31, 2022 through September 21, 2023, 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.

**Debt Authorized and Issued**

The Borough adopted certain bond ordinances authorizing the issuance \$657,100 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued any bonds or notes to fund these projects.

**Bond Anticipation Notes Issued**

The Borough issued bond anticipation notes in the amount of \$7,040,907. These notes are dated August 18, 2023, at an interest rate of 4.25 percent and mature on March 1, 2024 with a net interest cost of 3.9236 percent.

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

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**PART II**

**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2022**

**CURRENT FUND**

**BOROUGH OF LEONIA  
STATEMENT OF CURRENT CASH - TREASURER**

	<u>Current Fund</u>	<u>State and Federal Grant Fund</u>
Balance, January 1, 2022	\$ 2,906,634	\$ 407,307
Increased by Receipts:		
Taxes Receivable	\$ 39,284,357	
Non-Budget Revenues	250,535	
State of NJ - Senior Citizens' and Vet. Deductions	28,500	
Revenue Accounts Receivable	2,564,190	
State Fees Payable	12,210	
Prepaid Taxes	239,363	
Receipts Due to General Capital Fund	309,651	
Budget Refunds	948,013	
Receipts From Grants Fund Fund	322,840	
Receipts Due to Other Trust Fund	3,000	
Unappropriated Grant Reserves	-	<u>581,332</u>
	<u>43,962,659</u>	<u>581,332</u>
	46,869,293	988,639
Decreased by Disbursements:		
2022 Budget Appropriations	15,474,832	
2021 Appropriation Reserves	325,237	
Tax Overpayments	13,642	
Reserve for Grants Appropriated		19,772
Due from Library	12,678	
State Fees Payable	9,582	
County Taxes Payable	3,954,753	
Local District School Taxes Payable	23,496,777	
Expenditures Without Appropriations	6,540	
Payments to Current Fund		322,840
Refund of Prior Year Revenue	<u>12,136</u>	<u>-</u>
	<u>43,306,177</u>	<u>342,612</u>
Balance, December 31, 2022	<u>\$ 3,563,116</u>	<u>\$ 646,027</u>

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

	Balance, January 1, <u>2022</u>	Balance, December 31, <u>2022</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, 2022		\$ 750
Increased by:		
Cash Received	\$ 28,500	
Senior Citizen Deductions Disallowed Per Tax Collector-2022	<u>250</u>	
		<u>28,750</u>
		29,500
Decreased by:		
Senior Citizens and Veterans Deductions Per Tax Billings - 2022	28,500	
Senior Citizens and Veterans Deductions Allowed Per Tax Collector-2022	<u>500</u>	
		<u>29,000</u>
Balance, December 31, 2022		<u>\$ 500</u>

**BOROUGH OF LEONIA  
STATEMENT OF TAXES RECEIVABLE**

Year	Balance, January 1, 2022	2022 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collections		Senior Citizens' and Veterans' Deductions Allowed	Tax Overpayments Applied	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2022
					2021	2022					
2020	\$ 12,088					\$ 12,088					-
2021	<u>363,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>343,907</u>	<u>-</u>	<u>-</u>	<u>\$ 19,134</u>	<u>-</u>	<u>-</u>
	375,129	-	-	-	-	355,995	-	-	19,134	-	-
2022	<u>-</u>	<u>\$ 39,558,396</u>	<u>\$ 104,273</u>	<u>\$ 250</u>	<u>\$ 227,468</u>	<u>38,928,362</u>	<u>\$ 29,000</u>	<u>\$ 20,266</u>	<u>55,024</u>	<u>\$ 516</u>	<u>\$ 402,283</u>
	<u>\$ 375,129</u>	<u>\$ 39,558,396</u>	<u>\$ 104,273</u>	<u>\$ 250</u>	<u>\$ 227,468</u>	<u>\$ 39,284,357</u>	<u>\$ 29,000</u>	<u>\$ 20,266</u>	<u>\$ 74,158</u>	<u>\$ 516</u>	<u>\$ 402,283</u>

Analysis of 2022 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 39,558,396
Added Taxes	<u>104,273</u>
	<u>\$ 39,662,669</u>
Tax Levy	
County Taxes (Abstract)	\$ 3,831,290
Due County for Added and Omitted Taxes	10,529
County Open Space Preservation	<u>158,276</u>
	\$ 4,000,095
Local District School Tax (Abstract)	23,496,777
Local Tax for Municipal Purposes	11,521,010
Minimum Library Tax	551,043
Add Additional Tax Levied	<u>93,744</u>
	<u>12,165,797</u>
	<u>\$ 39,662,669</u>

**BOROUGH OF LEONIA**  
**STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, January 1, 2022	\$ 2,714
Increased by:	
Transfers from Taxes Receivable	<u>516</u>
Balance, December 31, 2022	<u>\$ 3,230</u>

**BOROUGH OF LEONIA**  
**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, January 1, <u>2022</u>	Accrued in 2022	<u>Collected</u>	Balance, December 31, <u>2022</u>
Licenses				
Alcoholic Beverages		\$ 1,800	\$ 1,800	
Other Licenses		5,057	5,057	
Fees and Permits -Other		145,316	145,316	
Municipal Court				
Fines and Costs	\$ 9,343	117,460	118,481	\$ 8,322
Interest and Costs on Taxes		78,857	78,857	
Interest on Investments and Deposits		169,759	169,759	
Cable Television Franchise Fee		31,935	31,935	
Verizon FIOS Franchise Fee		51,887	51,887	
Energy Receipts Taxes		1,029,389	1,029,389	
Uniform Construction Code Fees		209,793	209,793	
Interlocal Agreement - Board of Education		115,611	115,611	
Towing License and Administration		3,600	3,600	
Sewer Billing - Commercial		95,523	95,523	
Cellular Tower Rental		84,758	84,758	
Payments in Lieu of Taxes		2,375	2,375	
Uniform Fire Safety Act		11,721	11,721	
Vacant Property Fee		150,317	150,317	
Due from Extra Duty Trust - Administrative Fees		166,511	166,511	
Property Rental - J. DeBenedetto		24,000	24,000	
Property Rental - Downes Tree Service	-	67,500	67,500	-
	<u>\$ 9,343</u>	<u>\$ 2,563,169</u>	<u>\$ 2,564,190</u>	<u>\$ 8,322</u>

**BOROUGH OF LEONIA**  
**STATEMENT OF 2021 APPROPRIATION RESERVES**

	Balance, January 1, 2022	Prior Year Encumbrances Cancelled	Transfers	Balance After Modification	Paid or Charged	Balance Lapsed	Overexpended
<b>SALARIES AND WAGES</b>							
General Government							
Office of the Administrator	\$ 3			\$ 3		\$ 3	
Clerk	594			594		594	
Financial Administration	1,923			1,923	\$ 1,129	794	
Revenue Administration	501			501		501	
Assessment of Taxes	6			6		6	
Municipal Prosecutor	1,785			1,785		1,785	
Planning/Zoning Board	798			798		798	
Public Safety							
Police	140,441			140,441		140,441	
Emergency Management	1,500		\$ (1,000)	500		500	
Fire Marshall	17,273			17,273		17,273	
Fire Prevention	267			267		267	
Streets and Roads							
Road Repairs and Maintenance	2,993			2,993		2,993	
Health and Human Services							
Board of Health	335			335		335	
Senior Citizens Activities	509			509		509	
Senior Citizens Bus	106			106		106	
Recreation Commission	22,194			22,194		22,194	
Uniform Construction Code	371			371		371	
Public Defender	973			973		973	
Municipal Court	5,103			5,103	970	4,133	
<b>OTHER EXPENSES</b>							
Office of the Administrator	22,940	\$ 625	(4,500)	19,065	18,041	1,024	
Clerk	449	338		787	1,510	-	\$ 723
Financial Administration	18,644	9,813	(5,000)	23,457	904	22,553	
Annual Audit	2,512	463		2,975	778	2,197	
Computerized Data Processing	35,817	13,787	(14,100)	35,504	12,676	22,828	
Assessment of Taxes	44			44		44	
Revenue Administration	217	114		331	114	217	
Legal Services & Costs	28,093	16,123	(10,000)	34,216	16,850	17,366	
Engineering Services	2,521		6,000	8,521	6,478	2,043	
Historic Commission	1,500			1,500		1,500	
Planning/Zoning Board	1,750		8,200	9,950	9,199	751	
Uniform Construction Code	4,933			4,933		4,933	
General Liability Insurance							
Employee Group Health	80,244			80,244	6,941	73,303	
Unemployment	15,000			15,000		15,000	
Public Safety							
Police	15,658	32,578	(6,000)	42,236	36,285	5,951	
Emergency Management System	547	1,453		2,000	1,388	612	
Fire	16,807	5,920	9,300	32,027	24,239	7,788	
Fire Marshall	2,851	680		3,531	400	3,131	
Streets and Roads							
Road Repairs and Maintenance	6,680	11,785	1,000	19,465	15,816	3,649	



**BOROUGH OF LEONIA  
STATEMENT OF 2021 APPROPRIATION RESERVES**

	Balance, January 1, 2022	Prior Year Encumbrances Cancelled	Transfers	Balance After Modification	Paid or Charged	Balance Lapsed	Overexpended
OTHER EXPENSES (Continued)							
Shade Tree	\$ 3,282			\$ 3,282		\$ 3,282	
Garbage and Trash Removal	33,189			33,189	\$ 23,417	9,772	
Buildings and Grounds	35,742	\$ 42,701	\$ 4,000	82,443	46,224	36,219	
Recreation Commission	1,666	1,569		3,235	2,099	1,136	
Health and Human Services							
Board of Health	14,206			14,206	8,929	5,277	
Senior Citizens Activities	1,292			1,292	276	1,016	
Senior Citizens Bus	2,170			2,170		2,170	
Environmental	7,650			7,650		7,650	
Right to Know - PEOSHA	3,500			3,500		3,500	
Utilities				-			
Gasoline	14,029		2,800	16,829	5,202	11,627	
Diesel Fuel	19,671		9,300	28,971	10,564	18,407	
Electricity and Gas	23,946			23,946	17,111	6,835	
Telephone and Telegraph	9,425	359		9,784	100	9,684	
Street Lighting	15,460			15,460	15,460	-	
Fire Hydrant	23,318	7,773		31,091	7,773	23,318	
Water	1,744			1,744	72	1,672	
Municipal Court	45,946			45,946		45,946	
Public Defender	200			200		200	
Statutory Charges							
Social Security System	10,917			10,917		10,917	
Board of Education - Gas/Diesel Agreement	192			192		192	
Body Armor Fund		2,294		2,294	2,294	-	
Maintenance of Free Public Library	25,789			25,789	1,625	24,164	
LOSAP	38,000	-	-	38,000	30,373	7,627	-
	<u>\$ 786,216</u>	<u>\$ 148,375</u>	<u>\$ -</u>	<u>\$ 934,591</u>	<u>\$ 325,237</u>	<u>\$ 610,077</u>	<u>\$ 723</u>
				Appropriation Reserves			
				Encumbrances Payable			
				<u>\$ 934,591</u>			
				Cash Disbursements	<u>\$ 325,237</u>		

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

Balance, January 1, 2022		\$ 148,375
Increased by:		
Charges to Grant Reserves	\$ 1,642	
Charges to 2022 Appropriations	<u>57,362</u>	
		<u>59,004</u>
		207,379
Decreased by:		
Transferred to Appropriation Reserves		<u>148,375</u>
Balance, December 31, 2022		<u>\$ 59,004</u>
<u>Analysis</u>		
Current Fund		\$ 57,362
Federal and State Grant Fund		<u>1,642</u>
		<u>\$ 59,004</u>

EXHIBIT A-12

**STATEMENT RESERVE FOR REVALUATION**

Balance, December 31, 2022 and 2021		<u>\$ 9,700</u>
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EXHIBIT A-13

**STATEMENT OF STATE FEES PAYABLE**

Balance, January 1, 2022		\$ 2,280
Increased by:		
Cash Received		<u>12,210</u>
		14,490
Decreased by:		
Cash Disbursed		<u>9,582</u>
Balance, December 31, 2022		<u>\$ 4,908</u>
<u>Analysis</u>		
Building Fees		\$ 4,548
Marriage License Fees		<u>360</u>
		<u>\$ 4,908</u>

**BOROUGH OF LEONIA  
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2022	\$	227,468
Increased by:		
Collection of 2023 Taxes		<u>239,363</u>
		466,831
Decreased by:		
Application to 2022 Taxes Receivable		<u>227,468</u>
Balance, December 31, 2022	\$	<u>239,363</u>

**STATEMENT OF RESERVE FOR FEMA GRANT**

Balance, January 1, 2022	\$	48,711
Decreased By:		
Realized as Revenue in 2022		<u>48,711</u>
Balance, December 31, 2022	\$	<u>-</u>

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, January 1, 2022	\$	4,175
Increased by:		
2022 Tax Levy	\$ 3,831,290	
2022 Open Space Preservation	158,276	
2022 Added and Omitted Taxes (54:4-63.1 et seq.)	<u>10,529</u>	
		<u>4,000,095</u>
		4,004,270
Decreased by:		
Cash Disbursed		<u>3,954,753</u>
Balance, December 31, 2022	\$	<u>49,517</u>

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

Balance, January 1, 2022		\$ -
Increased by:		
Levy - Calendar Year 2022		<u>23,496,777</u>
		23,496,777
Decreased by:		
Cash Disbursed		<u>23,496,777</u>
Balance, December 31, 2022		<u>\$ -</u>

**STATEMENT OF RESERVE FOR REASSESSMENT**

Balance, December 31, 2022 and 2021		<u>\$ 16,010</u>
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**STATEMENT OF RESERVE FOR MASTER PLAN**

Balance, December 31, 2022 and 2021		<u>\$ 1,100</u>
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**STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2022			\$ 63,486
Decreased By:			
Cash Disbursements	\$ 13,642		
Applied to Taxes Receivable	<u>20,266</u>		
			<u>33,908</u>
Balance, December 31, 2022			<u>\$ 29,578</u>

**BOROUGH OF LEONIA  
STATEMENT OF DUE TO GENERAL CAPITAL FUND**

Balance, January 1, 2022		\$ 301,515
Increased By:		
Bills Paid by General Capital Fund - 2022 Appropriations	\$ 216,235	
Cash Receipts Due to General Capital Fund	309,651	
Budget Appropriation - Capital Improvement Fund	<u>200,000</u>	
		<u>725,886</u>
		1,027,401
Decreased By:		
Interest on Investments	4	
Cash Receipts Due from General Capital Fund - Turf Field	152,292	
Cash Receipts Due from General Capital Fund - MRNA	337	
Capital Surplus Anticipated as Current Fund Revenue	25,000	
Reserve for Payment of Debt Anticipated as Current Fund Revenue	<u>11,051</u>	
		<u>188,684</u>
Balance, December 31, 2022		<u>\$ 838,717</u>

**STATEMENT OF DUE FROM OTHER TRUST FUND**

Balance, January 1, 2022		\$ 316,194
Decreased By:		
Cash Receipts - Other		<u>3,000</u>
Balance, December 31, 2022		<u>\$ 313,194</u>

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

	Balance, January 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
ANJEC Open Space Stewardship Grant	\$ 700			\$ 700
Clean Communities	34,646	\$ 15,768	\$ 6,282	44,132
Drunk Driving Enforcement Fund	9,579		9,579	-
Body Armor Replacement Grant - Federal	3,051	-	2,574	477
Body Armor Replacement Grant - State	1,000	1,666	1,642	1,024
American Rescue Plan	35,606			35,606
Drive Sober or Get Pulled Over		3,900		3,900
Drive Sober or Get Pulled Over - Labor Day		3,900		3,900
Recreation Opportunities for the Handicapped		5,035		5,035
Alcohol Education and Rehabilitation Fund	2,443	5,820		8,263
Sustainable Jersey	15,000			15,000
Distracted Driving	5,500			5,500
Click it or Ticket	5,500			5,500
Recycling Tonnage Grant	34,164	11,422	1,337	44,249
	<u>\$ 147,189</u>	<u>\$ 47,511</u>	<u>\$ 21,414</u>	<u>\$ 173,286</u>
			Cash Disbursements \$ 19,772	
			Reserve for Encumbrances <u>1,642</u>	
			<u>\$ 21,414</u>	

EXHIBIT A-24

**STATEMENT OF GRANTS RECEIVABLE**  
**FEDERAL AND STATE GRANT FUND**

	Balance, January 1, <u>2022</u>	<u>Receipts</u>	Balance, December 31, <u>2022</u>
ANJEC Open Space Stewardship Grant	\$ 233		\$ 233
Sustainable Jersey	30,000		30,000
CDBG Grant	80,000	\$ 80,000	-
	<u>\$ 110,233</u>	<u>\$ 80,000</u>	<u>\$ 30,233</u>

EXHIBIT A-25

**STATEMENT OF UNAPPROPRIATED GRANTS**  
**FEDERAL AND STATE GRANT FUND**

	Balance, January 1, <u>2022</u>	Cash <u>Receipts</u>	Revenue <u>Realized</u>	Balance, December 31, <u>2022</u>
Clean Communities Program	\$ 15,768	\$ 15,860	\$ 15,768	\$ 15,860
Drive Sober or Get Pulled Over	3,900	12,940	3,900	12,940
Drive Sober or Get Pulled Over - Labor Day	3,900		3,900	-
Recreation for the Handicapped	5,035	5,140	5,035	5,140
Distracted Driving Incentive		7,000		7,000
Body Armor Replacement Grant - Federal		1,628		1,628
Body Armor Replacement Grant - State	1,666	1,263	1,666	1,263
American Rescue Plan	322,840	472,840	322,840	472,840
Municipal Relief Funds		53,697		53,697
Alcohol Education and Rehabilitation Fund	5,820		5,820	-
Recycling Tonnage Grant	11,422	10,964	11,422	10,964
	<u>\$ 370,351</u>	<u>\$ 581,332</u>	<u>\$ 370,351</u>	<u>\$ 581,332</u>

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

Balance, January 1, 2022	\$	7,231
Increased By:		
Overexpenditure of Appropriation Reserves		723
		7,954
Decreased by:		
Raised in 2022 Budget		7,231
Balance, December 31, 2022	\$	723

EXHIBIT A-27

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2022 and 2021	\$	29,264
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EXHIBIT A-28

**STATEMENT OF AMOUNT DUE FROM ANIMAL CONTROL FUND**

Balance, December 31, 2022 and 2021	\$	7,493
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EXHIBIT A-29

**STATEMENT OF EXPENDITURES WITHOUT APPROPRIATION**

Balance, January 1, 2022	\$	48,480
Increased By:		
Cash Disbursements		6,540
		55,020
Decreased by:		
Raised in 2022 Budget		48,480
Balance, December 31, 2022	\$	6,540

**BOROUGH OF LEONIA  
STATEMENT OF AMOUNT DUE FROM LIBABRY**

Increased By:	
Cash Disbursements	\$ <u>12,678</u>
Balance, December 31, 2022	\$ <u><u>12,678</u></u>

**STATEMENT OF DUE FROM GENERAL CAPITAL FUND  
FEDERAL AND STATE GRANT FUND**

Increased By:	
Grant Receipts Deposited in General Capital Fund	\$ <u>80,000</u>
Balance, December 31, 2022	\$ <u><u>80,000</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, 2022	\$ 19,263	\$ 1,264,324
Increased by Receipts:		
State of New Jersey Dog License Fees Collected	\$ 362	
Miscellaneous Reserves	-	\$ 1,288,404
Animal Control Fees	<u>3,221</u>	<u>-</u>
	<u>3,583</u>	<u>1,288,404</u>
	22,846	2,552,728
Decreased by Disbursements:		
Due to State of New Jersey	322	
Miscellaneous Reserves	<u>-</u>	<u>1,222,418</u>
	<u>322</u>	<u>1,222,418</u>
Balance, December 31, 2022	<u>\$ 22,524</u>	<u>\$ 1,330,310</u>

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

Balance, December 31, 2022 and 2021	\$ <u>25</u>
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**ANIMAL CONTROL TRUST FUND  
STATEMENT OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES**

Balance, January 1, 2022	\$ 11,789
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Increased by:	
Animal Control Fees	
Dog License Fees	\$ 2,635
Miscellaneous	<u>586</u>
	<u>3,221</u>

Balance, December 31, 2022	\$ <u>15,010</u>
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**ANIMAL CONTROL TRUST FUND  
STATEMENT OF DUE TO STATE OF NEW JERSEY - ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2022	\$ 6
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Increased by:	
Dog License Fees Collected	<u>362</u>
	368
Decreased by:	
Payments Made to State of New Jersey	<u>322</u>

Balance, December 31, 2022	\$ <u>46</u>
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**OTHER TRUST FUND  
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance (Deficit) January 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, (Deficit) December 31, <u>2022</u>
Unemployment Compensation	\$ 3,886	\$ 7,318	\$ 14,805	\$ (3,601)
Net Payroll/Payroll Deductions	12,613		3,714	8,899
Flexible Spending Account	(1,486)	70,122	54,840	13,796
Developers and Escrow Deposits	172,911	91,290	131,632	132,569
Performance and Maintenance Bonds	133,595	7,348	4,681	136,262
Federal Forfeiture	521	6		527
Outside Employment of Off-Duty Police Officers	166,511	450,692	442,433	174,770
Recycling Program	5,782	19,087	25,685	(816)
COAH	19,306	236		19,542
Recreation Commission	60,832	589,736	519,552	131,016
Developer's Donation Parking	133,921	13,800		147,721
World Trade Center Memorial Donations	8,078			8,078
POAA	12,406	162	10	12,558
Shade Tree	31,120	35,141	43,244	23,017
Health Fair Trust Fund	204			204
Parking	1,467			1,467
Historic Preservation Commission	4,361			4,361
Fire Safety	135,270	5,941	2,208	139,003
Public Defender	3,952		100	3,852
Public Assistance	8,692			8,692
Storm Recovery	800		1,514	(714)
Community Policing	34,755	525	-	35,280
	<u>\$ 949,497</u>	<u>\$ 1,291,404</u>	<u>\$ 1,244,418</u>	<u>\$ 996,483</u>

Cash Receipts	\$ 1,288,404
Due from Current Fund	<u>3,000</u>
	<u>\$ 1,291,404</u>

Cash Disbursements	\$ 1,222,418
Due to General Capital Fund - Shade Tree	<u>22,000</u>
	<u>\$ 1,244,418</u>

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

Balance, December 31, 2022 and 2021 \$ 7,493

**GENERAL CAPITAL FUND**

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

Balance, January 1, 2022		\$ 2,091,966
Increased by Receipts:		
Premium on Sale of Notes	\$ 94,113	
Interest on Investments	4	
Grant Receipts	157,500	
Receipts Due to Current Fund	152,629	
Receipts Due to Federal and State Grant Fund	80,000	
Bond Proceeds	12,110,000	
Bond Anticipation Notes	<u>1,521,500</u>	
		<u>14,115,746</u>
		16,207,712
Decreased by Disbursements:		
Improvement Authorizations	3,020,949	
Payments on Behalf of Current Fund	216,235	
Bond Anticipation Notes	<u>1,476,000</u>	
		<u>4,713,184</u>
Balance, December 31, 2022		<u><u>\$ 11,494,528</u></u>

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

		Balance, December 31, <u>2022</u>
Capital Improvement Fund		\$ 85,681
Encumbrances Payable		6,793,707
Due from Current Fund		(838,717)
Due from Other Trust Fund Fund		(22,000)
Due to Federal and State Grant Fund		80,000
Fund Balance		310,481
Reserve for Grants Receivable		694,627
Grants Receivable		(1,194,201)
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	32,041
2018-08	Various Public Improvements	347,532
2019-11	Various Public Improvements	217,604
2019-17	Improvement of Broad Avenue (Phases 7 & 8)	112,592
2020-13	Installation of a Synthetic Turf Field at Leonia High School	363,284
2020-15	Various Public Improvements	127,437
2020-24	Reconstruction of the Retaining Wall Between Golf Course Drive and Pine Hill Road	98,909
2021-08	Various Public Improvements	518,416
2021-18	Various Public Improvements	211,000
2022-01	Construction of a New Municipal Building	3,627,997
2022-05	Remediation Phase of the Borough Hall Renovation Project	300,000
2022-12	Improvement of Christie Heights Street, Leyland Drive and Van Orden Avenue	(500)
2022-16	Various Public Improvements	(342,946)
		<u>\$ 11,494,528</u>

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

Balance, January 1, 2022		\$ 9,495,040
Increased by:		
Bonds Issued		<u>12,110,000</u>
		21,605,040
Decreased by:		
2022 Budget Appropriation		
Payment of Bond Principal	\$ 1,000,000	
Payment of Loan Principal	<u>42,405</u>	
		<u>1,042,405</u>
Balance, December 31, 2022		<u>\$ 20,562,635</u>



**BOROUGH OF LEONIA  
STATEMENT OF GRANTS RECEIVABLE**

Balance, January 1, 2022	\$ 1,140,701
Increased by:	
Grant Awards - Reserve for Grants Receivable	211,000
	1,351,701
Decreased by:	
Cash Receipts	157,500
Balance, December 31, 2022	<u>\$ 1,194,201</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
Ord. 2022-12 - Improvements of Christie Heights Street, Leyland Drive and Van Orden Avenue	211,000
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
New Jersey Library Construction Bond Act	
Ord. 2021-08 - Various Public Improvements	22,500
	<u>\$ 1,194,201</u>

**STATEMENT OF DUE FROM CURRENT FUND**

Balance, January 1, 2022	\$ 301,515
Increased by:	
Increased By:	
Bills Paid by General Capital Fund	\$ 216,235
Cash Receipts Due from Current Fund - Excess Bond Proceeds	309,651
Budget Appropriation - Capital Improvement Fund	200,000
	725,886
	1,027,401
Decreased by:	
Interest on Investments	4
Cash Receipts Due Current Fund	152,629
Capital Surplus Anticipated as Current Fund Revenue	25,000
Reserve for Payment of Debt Anticipated as Current Fund Revenue	11,051
	188,684
Balance, December 31, 2022	<u>\$ 838,717</u>

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

Ord. No.	Improvement Description	Balance, January 1, 2022	2022 Authorizations	Funded with Bond Proceeds	Notes Paid by Budget Appropriation	Balance, December 31, 2022	Analysis of Balance, December 31, 2022		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2013-02	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			\$ 142,500	2,707,500	2,707,500		
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	40,500		
2020-23	Acquisition of Real Property for the Future Site of the Municipal Complex	-				-			
2020-24	Reconstruction of the Retaining Wall Between Golf Course Drive and Pine Hill Road	1,476,000		\$ 1,476,000		-			
		647,000				647,000	647,000		
2021-08	Various Public Improvements	1,521,000			-	1,521,000	1,521,000		
2022-01	Construction of a New Municipal Building		\$ 12,850,000	10,654,000		2,196,000			2,196,000
2022-05	Remediation Phase of the Borough Hall Renovation Project		285,000	285,000		-			
2022-12	Improvement of Christie Heights Street, Leyland Drive and Van Orden Avenue		670,000			670,000		500	669,500
2022-16	Various Public Improvements	-	2,121,800	-	-	2,121,800	-	342,946	1,778,854
		<u>\$ 9,049,444</u>	<u>\$ 15,926,800</u>	<u>\$ 12,415,000</u>	<u>\$ 142,500</u>	<u>\$ 12,418,744</u>	<u>\$ 7,297,000</u>	<u>\$ 376,068</u>	<u>\$ 4,745,676</u>
			Serial Bonds Issued	\$ 12,110,000			Improvement Authorization - Unfunded		\$ 6,183,918
			Cash Receipts Due from Current Fund	305,000					
				<u>\$ 12,415,000</u>			Less: Unexpended proceeds of BAN's		
							Ord. 2019-11	217,604	
							Ord. 2019-17	112,592	
							Ord. 2020-13	363,284	
							Ord. 2020-15	127,437	
							Ord. 2020-24	98,909	
							Ord. 2021-08	518,416	
									1,438,242
									<u>\$ 4,745,676</u>

**BOROUGH OF LEONIA  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Date	Balance, January 1, 2022		2022 Authorizations	Payables Restored	Paid or Charged	Encumbrances Payable	Balance, December 31, 2022		
			Amount	Funded					Unfunded	Funded	Unfunded
2015-04	Various Public Improvements	7/6/2015	\$ 988,400		\$ 1,600					\$ 1,600	
2016-06	Various Public Improvements	6/20/2016	1,805,482	\$ 4,206		\$ 3,175	\$ 3,175		\$ 4,206		
2017-12	Various Public Improvements	8/28/2017	4,756,887	61,007	-	450	29,416		32,041	-	
2018-08	Various Public Improvements	5/7/2018	3,130,000	175,566	99,722	278,917	105,163	\$ 1,788	347,532	99,722	
2019-11	Various Public Improvements	6/10/2019	1,350,000		282,970		65,366			217,604	
2019-17	Improvement of Broad Avenue (Phases 7 & 8)	9/16/2019	575,000		49,146	72,418	8,972			112,592	
2020-13	Installation of a Synthetic Turf Field at Leonia High School	6/15/2020	3,000,000		440,259	10,472	32,405	55,042		363,284	
2020-15	Various Public Improvements	7/6/2020	585,000		238,398		92,885	18,076		127,437	
2020-24	Reconstruction of the Retaining Wall Between Golf Course Drive and Pine Hill Road	10/5/2020	680,000	-	100,368		1,459		-	98,909	
2021-08	Various Public Improvements	8/2/2021	2,200,000		1,356,115	415,561	1,114,599	138,661		518,416	
2021-18	Various Public Improvements	12/20/2021	211,000	211,000	-				211,000	-	
2022-01	Construction of a New Municipal Building	2/7/2022	13,500,000			\$ 13,500,000	1,499,340	6,176,663	3,627,997	2,196,000	
2022-05	Remediation Phase of the Borough Hall Renovation Project	4/28/2022	300,000			300,000			300,000	-	
2022-12	Improvement of Christie Heights Street, Leyland Drive and Van Orden Avenue	8/15/2022	670,000			670,000	500			669,500	
2022-16	Various Public Improvements	9/19/2022	2,250,000	-	-	2,250,000	67,669	403,477	-	1,778,854	
				<u>\$ 451,779</u>	<u>\$ 2,568,578</u>	<u>\$ 16,720,000</u>	<u>\$ 780,993</u>	<u>\$ 3,020,949</u>	<u>\$ 6,793,707</u>	<u>\$ 4,522,776</u>	<u>\$ 6,183,918</u>
						Capital Improvement Fund	\$ 771,200				
						Due from Trust Fund	22,000				
						Deferred Charges Unfunded	15,926,800				
							<u>\$ 16,720,000</u>				
						Cash Disbursed		<u>\$ 3,020,949</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, 2022</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2022</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
			<u>Date</u>	<u>Amount</u>					
General Improvements	02/15/19	\$11,540,000	2/15/2023-2/15/2024	\$ 1,000,000	2.00%	\$ 9,240,000		\$ 1,000,000	\$ 8,240,000
			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%				
General Improvements	06/01/22	\$12,110,000	6/1/2023	390,000	5.00%		\$ 12,110,000		12,110,000
			6/1/2024	415,000	5.00%				
			6/1/2025	465,000	5.00%				
			6/1/2026	490,000	5.00%				
			6/1/2027	510,000	5.00%				
			6/1/2028	520,000	5.00%				
			6/1/2029	535,000	5.00%				
			6/1/2030	550,000	4.00%				
			6/1/2031	570,000	4.00%				
			6/1/2032	585,000	4.00%				
			6/1/2033	610,000	4.00%				
			6/1/2034	635,000	4.00%				
			6/1/2035	660,000	4.00%				
			6/1/2036	680,000	4.00%				
			6/1/2037	705,000	4.00%				
			6/1/2038	720,000	4.00%				
			6/1/2039	740,000	4.00%				
			6/1/2040	770,000	4.00%				
			6/1/2041	780,000	4.00%				
			6/1/2042	780,000	4.00%				
						-	-	-	-
						<u>\$ 9,240,000</u>	<u>\$ 12,110,000</u>	<u>\$ 1,000,000</u>	<u>\$ 20,350,000</u>

Paid by Budget Appropriation \$ 1,000,000

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

Balance, January 1, 2022	\$ 656,881
Increased by:	
2022 Budget Appropriations	<u>200,000</u>
	856,881
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>771,200</u>
Balance, December 31, 2022	<u>\$ 85,681</u>

EXHIBIT C-11

**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2022	\$ 780,993
Increased by:	
Charges to Improvement Authorizations	<u>6,793,707</u>
	7,574,700
Decreased by:	
Restored to Improvement Authorizations	<u>780,993</u>
Balance, December 31, 2022	<u>\$ 6,793,707</u>

EXHIBIT C-12

**STATEMENT OF RESERVE FOR DEBT SERVICE**

Balance, January 1, 2022	\$ 11,051
Decreased by:	
Anticipated as Revenue in Current Fund	<u>11,051</u>
Balance, December 31, 2022	<u>\$ -</u>

**BOROUGH OF LEONIA  
STATEMENT OF LOANS PAYABLE**

Balance, January 1, 2022	\$ 255,040
Decreased by:	
Paid by Budget Appropriation	<u>42,405</u>
Balance, December 31, 2022	<u>\$ 212,635</u>

**STATEMENT OF RESERVE FOR GRANTS RECEIVABLE**

Balance, January 1, 2022	\$ 483,627
Increased by:	
Grants Award	<u>211,000</u>
Balance, December 31, 2022	<u>\$ 694,627</u>
<u>Analysis of Balance</u>	
New Jersey Department of Transportation	
Ord. 2019-17	\$ 383,627
Ord. 2022-12	211,000
Bergen County Open Space	
Ord. 2020-13	<u>100,000</u>
	<u>\$ 694,627</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, 2022</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31 2022</u>
2019-11	Various Public Improvements	\$ 1,249,000	8/21/2020	8/20/2021 8/19/2022	8/19/2022 8/18/2023	1.00% 4.00%	\$ 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	8/20/2021 8/19/2022	8/19/2022 8/18/2023	1.00% 4.00%	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	8/20/2021 8/19/2022	8/19/2022 8/18/2023	1.00% 4.00%	2,850,000	2,707,500	2,850,000	- 2,707,500
2020-15	Various Public Improvements	557,000	8/21/2020	8/20/2021 8/19/2022	8/19/2022 8/18/2023	1.00% 4.00%	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	8/19/2022 8/18/2023	1.00% 4.00%	40,000	40,500	40,000	- 40,500
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	8/19/2022 8/18/2023	1.00% 4.00%	647,000	- 647,000	647,000	- 647,000
2021-08	Various Public Improvements	1,521,000	8/19/2022	8/19/2022	8/18/2023	4.00%		1,521,000		1,521,000
							-	-	-	-
							<u>\$ 7,394,000</u>	<u>\$ 7,297,000</u>	<u>\$ 7,394,000</u>	<u>\$ 7,297,000</u>
								\$ 1,521,500		
								5,775,500	\$ 5,775,500	
									1,476,000	
								-	142,500	
								<u>\$ 7,297,000</u>	<u>\$ 7,394,000</u>	

**BOROUGH OF LEONIA  
STATEMENT OF DUE FROM OTHER TRUST FUND**

Increased by:	
Appropriated to Finance Improvement Authorizations - Shade Tree Reserve	<u>\$ 22,000</u>
Balance, December 31, 2022	<u><u>\$ 22,000</u></u>

**STATEMENT OF DUE TO FEDERAL AND STATE GRANT FUND**

Increased by:	
Cash Receipts	<u>\$ 80,000</u>
Balance, December 31, 2022	<u><u>\$ 80,000</u></u>



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

Ord. No.	<u>Improvement Description</u>	Balance, January 1, <u>2022</u>	2022 <u>Authorizations</u>	<u>Bonds Issued</u>	<u>Notes Issued</u>	Balance, December 31, <u>2022</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	500			\$ 500	-
2021-08	Various Public Improvements	1,521,000			1,521,000	-
2022-01	Construction of a New Municipal Building		\$ 12,850,000	\$ 10,654,000		2,196,000
2022-05	Remediation Phase of the Borough Hall Renovation Project		285,000	285,000		-
2022-12	Improvement of Christie Heights Street, Leyland Drive and Van Orden Avenue		670,000			670,000
2022-16	Various Public Improvements	-	2,121,800	-	-	2,121,800
		<u>\$ 1,655,444</u>	<u>\$ 15,926,800</u>	<u>\$ 10,939,000</u>	<u>\$ 1,521,500</u>	<u>\$ 5,121,744</u>

**SWIMMING POOL UTILITY FUND**

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

	<b><u>Operating Fund</u></b>	<b><u>Capital Fund</u></b>
Balance, January 1, 2022	\$ 321,904	\$ 2,384
Increased by:		
Budget Revenue - Swimming Pool Fees	\$ 330,678	
Budget Revenue - Miscellaneous	<u>11,596</u>	
	<u>342,274</u>	<u>-</u>
	664,178	2,384
Decreased by Disbursements:		
2021 Appropriation Reserves	34	
2022 Appropriation Expenditures	<u>273,684</u>	
	<u>273,718</u>	<u>-</u>
Balance, December 31, 2022	<u><u>\$ 390,460</u></u>	<u><u>\$ 2,384</u></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 Utility 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, 2022	\$ 4,961
Increased by:	
Charges to 2022 Budget Appropriations	<u>966</u>
	5,927
Decreased by:	
Transfer to Appropriation Reserves	<u>4,961</u>
Balance, December 31, 2022	<u>\$ 966</u>

**BOROUGH OF LEONIA  
STATEMENT OF 2021 APPROPRIATION RESERVES  
SWIMMING POOL UTILITY OPERATING FUND**

	Balance January 1, <u>2022</u>	Transfer From Encumbrances <u>Payable</u>	Balance After <u>Modification</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Operating:					
Salaries and Wages	\$ 9,097		\$ 9,097		\$ 9,097
Other Expenses	1,466	\$ 4,961	6,427	\$ 34	6,393
Capital Improvements					
Capital Outlay	25,000		25,000		25,000
Statutory Expenditures:					
Social Security System	<u>2,395</u>	<u>-</u>	<u>2,395</u>	<u>-</u>	<u>2,395</u>
	<u>\$ 37,958</u>	<u>\$ 4,961</u>	<u>\$ 42,919</u>	<u>\$ 34</u>	<u>\$ 42,885</u>

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

Balance, December 31, 2022 and 2021 \$ 1,406,570

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

Balance, December 31, 2022 and 2021 \$ 1,406,570

**BOROUGH OF LEONIA  
BOROUGH OF LEONIA  
STATEMENT OF DEFERRED CHARGE - OVEREXPENDITURE OF APPROPRIATION  
SWIMMING POOL UTILITY OPERATING FUND**

Increased by:	
Overexpenditure of Appropriation	<u>\$ 5,512</u>
 Balance, December 31, 2022	 <u><u>\$ 5,512</u></u>

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

Balance, December 31, 2022 and 2021	<u><u>\$ 1,000</u></u>
-------------------------------------	------------------------

**BOROUGH OF LEONIA  
STATEMENT OF DUE TO SWIMMING POOL UTILITY OPERATING FUND  
SWIMMING POOL UTILITY CAPITAL FUND**

Balance, December 31, 2022 and 2021 \$           1

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

Balance, December 31, 2022 and 2021 \$       1,367

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

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**PART III**  
**GOVERNMENT AUDITING STANDARDS**  
**YEAR ENDED DECEMBER 31, 2022**





**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, 2022, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2023. 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  
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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 certain deficiencies in internal control that we consider to be material weaknesses which are described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002.

### **Borough of Leonia's Response to Findings**

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

### **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 instances of noncompliance or other matters that are 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 items 2022-001 and 2022-002.

### **Borough of Leonia's Response to Findings**

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

## **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  
September 21, 2023

A handwritten signature in blue ink that reads "Gary W. Higgins". The signature is written in a cursive style and is contained within a light blue rectangular box.

Gary W. Higgins, CPA  
Registered Municipal Accountant No. CR00405

**BOROUGH OF LEONIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

*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, 2022**

*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 2022-001: 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 2022.

**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 2022-001.

**Questioned Costs:**

None.

**Context:**

During our audit procedures, we identified significant 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, 2022.
- 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:**

Unknown

**BOROUGH OF LEONIA  
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2022**

*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 2022. Numerous reconciliations and significant adjusting journal entries were required to adjust the financial records to properly state the 2022 financial operations and the December 31, 2022 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  
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2022**

*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 2022-002: MATERIAL WEAKNESS IN INTERNAL CONTROL AND COMPLIANCE FINDING**

Our audit disclosed numerous instances of overexpenditures of budget appropriations and expenditures without appropriation.

**Criteria or specific requirement:**

- New Jersey Statute Title 40A:4-57 – Expenditures void without appropriations.

**Condition:**

See Finding 2022-002.

**Questioned Costs:**

None.

**Context:**

The following instances were noted of overexpended budgeted appropriations and expenditures without appropriation:

- There were thirteen (13) line items overexpended in the Current Fund 2022 budget totaling \$157,674.
- There was one (1) line item overexpended in the Current Fund appropriation reserves budget totaling \$723.
- There were expenditures without appropriation in the Current Fund totaling \$6,540.
- There was one (1) line item overexpended in the Swimming Pool Utility Operating Fund 2022 budget totaling \$5,512.

**Cause:**

Unknown

**Effect:**

The overexpenditures of budgeted appropriations and expenditures without appropriation are deferred charges which are required to be raised in the Borough's subsequent year's budget.

**Recommendation:**

The Borough should not incur any expenditure for which no appropriation exists or in excess of the amount appropriated for such purpose.

**Management's Response:**

Management has reviewed this finding and has indicated that corrective action will be taken.

**BOROUGH OF LEONIA  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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 2021-001:**

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

**Current Status**

Unchanged – See Finding 2022-01



**BOROUGH OF LEONIA**

**BERGEN COUNTY**

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**PART IV**

**SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2022**

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

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

	<u>Year 2022</u>			<u>Year 2021</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>					
Fund Balance Utilized	\$ 436,760	0.99 %	\$	700,000	1.57 %
Miscellaneous - From Other Than Local					
Property Tax Levies	3,422,471	7.77		3,180,492	7.14
Collection of Delinquent Taxes and Tax Title Liens	355,995	0.81		281,496	0.63
Collection of Current Tax Levy	39,204,846	89.04		39,411,036	88.44
Other Credits to Income	<u>613,077</u>	<u>1.39</u>		<u>987,195</u>	<u>2.22</u>
 Total Income	 <u>44,033,149</u>	 <u>100.00</u> %		 <u>44,560,219</u>	 <u>100.00</u> %
<b>EXPENDITURES</b>					
Budget Expenditures					
Municipal Purposes	15,999,250	36.76 %		15,660,332	35.66 %
County Taxes	4,000,095	9.19		3,927,383	8.94
Local School Taxes	23,496,777	53.99		23,960,761	54.57
Other Expenditures	<u>24,814</u>	<u>0.06</u>		<u>362,653</u>	<u>0.83</u>
 Total Expenditures	 <u>43,520,936</u>	 <u>100.00</u> %		 <u>43,911,129</u>	 <u>100.00</u> %
 Excess in Revenue	 512,213			 649,090	
Adjustments to Income before Fund Balance:					
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	 <u>157,674</u>			 <u>-</u>	
 Statutory Excess in Revenue	 669,887			 649,090	
 Fund Balance, January 1	 <u>1,323,595</u>			 <u>1,374,505</u>	
	1,993,482	-		2,023,595	-
Less Utilization as Anticipated Revenue	<u>436,760</u>			<u>700,000</u>	
 Fund Balance, December 31	 <u>\$ 1,556,722</u>			 <u>\$ 1,323,595</u>	

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

	<u>Year 2022</u>			<u>Year 2021</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>					
Fund Balance Utilized	\$ 48,027	11.09 %	\$	96,674	19.34 %
Collection of Membership Fees	330,678	76.33		251,793	50.37
Miscellaneous - From Other Than Membership Fees	<u>54,481</u>	<u>12.58</u>		<u>151,390</u>	<u>30.29</u>
Total Income	<u>433,186</u>	<u>100.00</u> %		<u>499,857</u>	<u>100.00</u> %
<b>EXPENDITURES</b>					
Budget Expenditures					
Operating	266,296	87.73 %		247,190	80.24 %
Capital	25,000	8.24		25,000	8.12
Deferred Charges and Statutory Expenditures	<u>12,243</u>	<u>4.03</u>		<u>35,874</u>	<u>11.64</u>
Total Expenditures	<u>303,539</u>	<u>100.00</u> %		<u>308,064</u>	<u>100.00</u> %
Excess in Revenue	129,647			191,793	
Adjustments to Income before Fund Balance: Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	<u>5,512</u>			<u>-</u>	
Statutory Excess in Revenue	135,159			191,793	
Fund Balance, January 1	<u>278,986</u>			<u>183,867</u>	
	414,145			375,660	
Less Utilization as Anticipated Revenue	<u>48,027</u>			<u>96,674</u>	
Fund Balance, December 31	<u>\$ 366,118</u>			<u>\$ 278,986</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Tax Rate</u>	<u>\$3.184</u>	<u>\$3.201</u>	<u>\$3.090</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.927	.915	.905
County (including Open Space Tax)	.322	.317	.302
Local School	1.891	1.928	1.843
Library	.044	.041	.040

Assessed Valuation

2022	<u>\$1,242,773,229</u>
2021	<u>\$1,242,694,824</u>
2020	<u>\$1,240,711,213</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>
2022	\$ 39,662,669	\$ 39,204,846	98.84%
2021	39,820,503	39,411,036	98.97%
2020	38,401,585	38,081,409	99.16%

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>
2022	\$ 402,283	\$ 3,230	\$ 405,513	1.02%
2021	375,129	2,714	377,843	0.94%
2020	293,584	2,195	295,779	0.77%

PROPERTY ACQUIRED FOR TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2022 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	2022	\$1,556,722	\$500,000
	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	2022	\$366,118	\$123,150
	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	12/31/24
Pasquale Fusco	Councilman	12/31/23
Maureen Davis	Councilwoman	12/31/23
Louis Grandelis	Councilman	12/31/24
William Ziegler	Councilman	12/31/22
Bernadette Flaim	Councilwoman (To 10/3/22)	
Christopher Hesterbrink	Councilman (From 11/9/22)	12/31/22
Andrea Wardrop	Administrator	
Trina Lindsey	Municipal Clerk	
Sheri Luna	Chief Financial Officer (Through 6/30/22)	
Cameron Keng	Chief Financial Officer (From 7/1/22)	
Lynn Hemmer	Treasurer	
Michael Apicella	Tax Collector	
Joann Orłowski	Tax/Accounts Receivable Clerk	
Lynn Hemmer	Accounts Payable/Payroll/Purchasing Clerk	
Brend Baez	Registrar of Vital Statistics	
James Fedorko	Health Officer	
Stephanie Haskins	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	Chief of Police	
Benjamin Choi	Municipal Court Judge	
Cherron Gil	Municipal Court Administrator	
Kelly O'Toole	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	
Mauro Finamore	Electrical Sub-Code Official	
Dave Haenelt	Fire Sub-Code Official	
Dave Haenelt	Fire Marshall	
Robert Chace	Fire Inspector	
John Dunn	Fire Chief	
Sean Krakower	Recreation Superintendent	
Nelson-Patterson & Conklin & Kraft Agency	Risk Management Consultants	
John Villareal	Recycling Coordinator	

**BOROUGH OF LEONIA**

**BERGEN COUNTY**

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**PART V**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

BOROUGH OF LEONIA  
COUNTY OF BERGEN, NEW JERSEY  
YEAR ENDED DECEMBER 31, 2022

GENERAL COMMENTS

Current Year

The audit of the Other Trust Fund disclosed the unemployment account, recycling program, and storm recovery account were in a deficit position as of December 31, 2022. No recommendation is warranted since the amounts are deemed immaterial and the deficits were funded in the 2023 budget.

The audit indicated certain instances where a purchase order was not approved prior to the receipt of goods and/or services. It is recommended that purchase orders be approved prior to the receipt of goods and/or services.

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, 2022. 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, 2022. Additionally, certain budgeted interfund transactions were not transacted during the calendar year. It is recommended that all interfunds be cleared of record on a periodic basis and as of December 31 and all budgeted interfund transactions be transacted during the calendar year.



## 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 3, 2022 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 (10<sup>th</sup>) 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 2022.

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>
2022	1
2021	1
2020	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 reconciling items on the various 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 and all budgeted interfund transactions be transacted during the calendar year.
- \*3. The inactive reserves in the Current and Other Trust Funds be reviewed and cleared of record.
- \*4. Old outstanding grant receivables and grant reserves be reviewed and cleared of record.
- \*5. 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.
- \*6. The Borough should not incur any expenditure for which no appropriation exists or in excess of the amount appropriated for such purpose.
7. Purchase orders be approved prior to the receipt of goods and/or services.

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*

September 21, 2023  
Woodcliff Lake, New Jersey



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