

**BOROUGH OF LEONIA**  
**County of Bergen, New Jersey**

**NJ Comprehensive Annual Financial Report**  
**Year Ended December 31, 2017**  
**(With Independent Auditors' Reports Thereon)**

BOROUGH OF LEONIA  
 NJ COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED DECEMBER 31, 2017  
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BOROUGH OF LEONIA

NJ Comprehensive Annual Financial Report

Introductory Section

BOROUGH OF LEONIA  
 ROSTER OF OFFICIALS  
 YEAR ENDED DECEMBER 31, 2017

| Name                                  | Title                                     | Term Expires |
|---------------------------------------|---|--------------|
| Judah Zeigler                         | Mayor                                     | 12/31/19     |
| Greg Makroulakis                      | Council President                         | 12/31/18     |
| Mark Minichiello                      | Councilman                                | 12/31/18     |
| William Ziegler                       | Councilman                                | 12/31/19     |
| Bernadette Flaim                      | Councilwoman                              | 12/31/19     |
| Pat Fusco                             | Councilman                                | 12/31/20     |
| Maureen Davis                         | Councilwoman                              | 12/31/20     |
| Alex Torpey                           | Administrator                             |              |
| Barbara Rae                           | Municipal Clerk                           |              |
| Vincent Buono                         | Chief Financial Officer                   |              |
|                                       | Treasurer                                 |              |
| Michael Appicella                     | Tax Collector                             |              |
| Joann Orłowski                        | Tax/Accounts Receivable Clerk             |              |
| Lynn Hemmer                           | Accounts Payable/Payroll/Purchasing Clerk |              |
| Aleta Zygiel                          | Registrar of Vital Statistics             |              |
|                                       | Public Health Nurse                       |              |
| Sam Yanovich                          | Health Officer                            |              |
| Joanna Adamiak                        | Registered Environmental Health Inspector |              |
| John Villareal                        | Public Works Superintendent               |              |
| Gittleman, Muhlstock, Chewcaskie, LLP | Borough Attorney                          |              |
| DiMaria & DiMaria, LLP                | Borough Auditor                           |              |
| Rogut, McCarthy Troy LLC              | Bond Counsel                              |              |
| Timothy Henderson                     | Tax Assessor                              |              |
|                                       | Assessment Search Officer                 |              |
| Costa Engineering                     | Borough Engineer                          |              |
| Thomas Rowe                           | Chief of Police                           |              |
| John R. DeSheplo, Esq.                | Municipal Court Judge                     |              |
| Cherron Gil                           | Municipal Court Administrator             |              |
| Kelly O'Toole-Monroe                  | Deputy Court Administrator                |              |
| Mark Fierro, Esq.                     | Prosecutor                                |              |
| Robert Metzdorf, Esq.                 | Public Defender                           |              |
| Steve Gluck                           | Construction Code Official                |              |
| John Rossi                            | Building Sub-Code Official                |              |
| Mark Moeller                          | Building Inspector                        |              |
| Dan Melfi                             | Zoning Official                           |              |
| Jack Terhune                          | Property Maintenance Officer              |              |
| Michael Quercia                       | Plumbing Sub-Code Official                |              |
|                                       | Plumbing Inspector                        |              |
| James Hoffman                         | Electrical Sub-Code Official              |              |
|                                       | Electrical Inspector                      |              |
| Dave Haenelt                          | Fire Sub-Code Official                    |              |
|                                       | Fire Marshall                             |              |
| Robert Chase                          | Fire Inspector                            |              |
| Daniel Neu                            | Fire Chief                                |              |
| Barbara Davidson                      | Recreation Director                       |              |
| Conklin & Kraft Agency                | Risk Management Consultants               |              |
| Al Martone                            | Recycling Coordinator                     |              |

BOROUGH OF LEONIA  
NJ Comprehensive Annual Financial Report  
Financial Section

# Di Maria & Di Maria LLP

Accountants and Consultants

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245 Union Street  
Lodi, New Jersey 07644  
Voice 973.779.6890  
Facsimile 973.779.6891

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying combined comparative balance sheets (*regulatory basis*) of the various funds and account group of the Borough of Leonia, in the County of Bergen (the "Borough") as of and for the years ended December 31, 2017 and 2016, the related combined statement of operations and change in fund balance (*regulatory basis*) for the years then ended, and the related statement of operations and change in fund balance (regulatory basis) - budget and actual of the various funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the foregoing table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. 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.

Independent Auditors' Report (Continued)

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independent Auditors' Report (Continued)

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

As described in Note 2, these financial statements have been prepared on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "*Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles*" paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund and account group of the Borough as of December 31, 2017 and 2016, or the changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 11 of the financial statements, the Borough participates in a Length of Service Award Program ("LOSAP") for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$768,367 and \$656,361 for 2017 and 2016 respectively were not audited and, therefore, we express no opinion on the LOSAP program. The LOSAP Trust Fund balance is included in the Borough's Trust Fund financial activities and represented 41% and 42% of the Trust Fund's assets and liabilities as of December 31, 2017 and 2016 respectively.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "*Basis for Qualified Opinion on Regulatory Basis of Accounting*" paragraph, the financial statements (regulatory basis) referred to above present fairly, in all material respects, the financial position - (regulatory basis) of the various funds and account group as of December 31, 2017 and 2016, and the results of operations and changes in fund balance (regulatory basis) of such funds for the years then ended and the respective revenues (regulatory basis) and expenditures (regulatory basis) of the various funds for the year ended December 31, 2017 in accordance with the financial accounting and reporting principles and practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 2.

Independent Auditors' Report (Continued)

Other Matters

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Borough's basic financial statements. The supplementary data schedules listed in the table of contents, the letter of comments and recommendations section, and the accompanying schedules of expenditures of federal awards and the schedule of expenditures of state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance")*; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary data schedules listed above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 data schedules listed in the table of contents, the schedules of expenditures of federal awards, and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting as described in Note 2.

The letter of comments and recommendations section and the statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Independent Auditors' Report (Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2018 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 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 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.

DI MARIA & DI MARIA LLP  
Accountants and Consultants

*Frank Di Maria*

Frank Di Maria  
Registered Municipal Accountant  
RMA No. CR00463

June 30, 2018

BOROUGH OF LEONIA  
 COMBINED COMPARATIVE BALANCE SHEET (REGULATORY BASIS)  
 DECEMBER 31, 2017

A-1

|   | Current             | Grant            | Trust               | General              | Swimming          | Swimming            | Fixed Asset          | Totals               |                      |
|---|---------------------|------------------|---------------------|----------------------|-------------------|---------------------|----------------------|----------------------|----------------------|
|   | Fund                | Fund             | Fund                | Capital              | Pool Utility      | Pool Utility        | Account              | 2017                 | 2016                 |
|   |                     |                  |                     | Fund                 | Operating Fund    | Capital Fund        | Group                |                      |                      |
| <b>ASSETS AND OTHER DEBITS</b>                      |                     |                  |                     |                      |                   |                     |                      |                      |                      |
| Cash  | \$ 5,620,955        | \$ 46,996        | \$ 882,828          | \$ 282,173           | \$ 240,089        | \$ 1,016            | \$ -                 | \$ 7,074,057         | \$ 4,862,602         |
| Deferred Compensation Assets                        | -                   | -                | 768,367             | -                    | -                 | -                   | -                    | 768,367              | 656,361              |
| Interfunds Receivable                               | 58,296              | -                | -                   | 10,404               | 417               | -                   | -                    | 69,117               | 702                  |
| Intergovernmental Receivable                        | -                   | 233              | -                   | 432,720              | -                 | -                   | -                    | 432,953              | 628,251              |
| Property Taxes and Other Receivables                | 311,862             | -                | -                   | -                    | -                 | -                   | -                    | 311,862              | 256,980              |
| Deferred Charges                                    | -                   | -                | -                   | 11,997,655           | -                 | -                   | -                    | 11,997,655           | 8,632,252            |
| Fixed Capital                                       | -                   | -                | -                   | -                    | -                 | 1,398,215           | -                    | 1,398,215            | 1,398,215            |
| Fixed Assets  | -                   | -                | -                   | -                    | -                 | -                   | 42,738,949           | 42,738,949           | 42,738,949           |
| <b>Total Assets and Other Debits</b>                | <b>\$ 5,991,113</b> | <b>\$ 47,229</b> | <b>\$ 1,651,195</b> | <b>\$ 12,722,952</b> | <b>\$ 240,506</b> | <b>\$ 1,399,231</b> | <b>\$ 42,738,949</b> | <b>\$ 64,791,175</b> | <b>\$ 59,174,312</b> |
| <b>LIABILITIES, RESERVES AND FUND BALANCE</b>       |                     |                  |                     |                      |                   |                     |                      |                      |                      |
| Interfunds Payable                                  | \$ 10,821           | \$ -             | \$ 58,069           | \$ 227               | \$ -              | \$ -                | \$ -                 | \$ 69,117            | \$ 702               |
| Intergovernmental Payable                           | 7,232               | -                | -                   | -                    | -                 | -                   | -                    | 7,232                | 13,540               |
| Serial Bonds Payable                                | -                   | -                | -                   | 1,750,000            | -                 | -                   | -                    | 1,750,000            | 2,585,000            |
| Bond Anticipation Notes Payable                     | -                   | -                | -                   | 5,342,519            | -                 | -                   | -                    | 5,342,519            | 5,495,544            |
| Loan Payable  | -                   | -                | -                   | 435,336              | -                 | -                   | -                    | 435,336              | 475,889              |
| Other Liabilities and Reserves                      | 4,004,054           | 47,229           | 1,593,126           | 5,190,632            | 55,301            | 1,399,215           | -                    | 12,289,557           | 4,718,630            |
| Reserve for Receivables and Other Assets            | 370,158             | -                | -                   | -                    | -                 | -                   | -                    | 370,158              | 257,265              |
| Reserve for Investment in Fixed Assets              | -                   | -                | -                   | -                    | -                 | -                   | 42,738,949           | 42,738,949           | 42,738,949           |
| Reserve for Amortization                            | -                   | -                | -                   | -                    | -                 | -                   | -                    | -                    | 1,398,215            |
| Fund Balance  | 1,598,848           | -                | -                   | 4,238                | 185,205           | 16                  | -                    | 1,788,307            | 1,490,578            |
| <b>Total Liabilities, Reserves and Fund Balance</b> | <b>\$ 5,991,113</b> | <b>\$ 47,229</b> | <b>\$ 1,651,195</b> | <b>\$ 12,722,952</b> | <b>\$ 240,506</b> | <b>\$ 1,399,231</b> | <b>\$ 42,738,949</b> | <b>\$ 64,791,175</b> | <b>\$ 59,174,312</b> |

BOROUGH OF LEONIA  
 COMBINED STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2017

|  | Current<br>Fund      | Swimming<br>Pool Utility<br>Fund | Total                |
|--|----------------------|----------------------------------|----------------------|
| <b><u>REVENUES AND OTHER CREDITS TO INCOME</u></b>     |                      |                                  |                      |
| Revenues:  |                      |                                  |                      |
| Fund Balance Anticipated                               | \$ 400,000           | \$ 35,000                        | \$ 435,000           |
| Swimming Pool Fees                                     | -                    | 237,668                          | 237,668              |
| Miscellaneous  | 2,299,023            | 46,306                           | 2,345,329            |
| Receipts from Delinquent Taxes                         | 237,504              | -                                | 237,504              |
| Amount to be Raised by Taxation - Local                | 10,582,753           | -                                | 10,582,753           |
| Amount to be Raised by Taxation - Library              | 457,414              | -                                | 457,414              |
| Total Revenues   | 13,976,694           | 318,974                          | 14,295,668           |
| Other Credits to Income                                | 25,327,167           | 39,879                           | 25,367,046           |
| Total Revenues and Other Credits to Income             | <u>\$ 39,303,861</u> | <u>\$ 358,853</u>                | <u>\$ 39,662,714</u> |
| <b><u>EXPENDITURES AND OTHER CHARGES TO INCOME</u></b> |                      |                                  |                      |
| Expenditures:  |                      |                                  |                      |
| Within "CAPS":   |                      |                                  |                      |
| Operations:  |                      |                                  |                      |
| Salaries and Wages                                     | \$ 5,339,341         | \$ -                             | \$ 5,339,341         |
| Other Expenses   | 4,187,892            | -                                | 4,187,892            |
| Deferred Charges and Statutory Expenditures            | 1,301,095            | -                                | 1,301,095            |
| Excluded From "CAPS":                                  |                      |                                  |                      |
| Operations:  |                      |                                  |                      |
| Salaries and Wages                                     | -                    | 160,573                          | 160,573              |
| Other Expenses   | 1,597,811            | 91,669                           | 1,689,480            |
| Capital Improvements                                   | -                    | 35,000                           | 35,000               |
| Debt Service   | 1,171,800            | -                                | 1,171,800            |
| Deferred Charges and Statutory Expenditures            | -                    | 13,000                           | 13,000               |
| Judgments  | -                    | -                                | -                    |
| Reserve for Uncollected Taxes                          | 284,978              | -                                | 284,978              |
| Total Expenditures                                     | 13,882,917           | 300,242                          | 14,183,159           |
| Other Charges to Income                                | 24,750,042           | -                                | 24,750,042           |
| Total Expenditures and Charges to Income               | <u>\$ 38,632,959</u> | <u>\$ 300,242</u>                | <u>\$ 38,933,201</u> |
| Statutory Excess to Fund Balance                       | 670,902              | 58,611                           | 729,513              |
| Deferred Charges to Budget of Succeeding Year          | -                    | -                                | -                    |
| Fund Balance, January 1                                | 1,327,946            | 161,594                          | 1,489,540            |
|  | 1,998,848            | 220,205                          | 2,219,053            |
| Decreased by:  |                      |                                  |                      |
| Utilization as Anticipated Revenue                     | 400,000              | 35,000                           | 435,000              |
| Fund Balance, December 31                              | <u>\$ 1,598,848</u>  | <u>\$ 185,205</u>                | <u>\$ 1,784,053</u>  |

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

BOROUGH OF LEONIA  
 CURRENT FUND  
 STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE (REGULATORY BASIS)  
 BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2017

|  | <u>Budget<br/>as Modified</u> | <u>Actual</u>        | <u>Variance</u>   |
|--|-------------------------------|----------------------|-------------------|
| <b><u>REVENUES AND OTHER CREDITS TO INCOME</u></b>     |                               |                      |                   |
| Revenues:  |                               |                      |                   |
| Fund Balance Anticipated                               | \$ 400,000                    | \$ 400,000           | \$ -              |
| Miscellaneous Revenues                                 | 2,237,187                     | 2,299,023            | 61,836            |
| Receipts from Delinquent Taxes                         | 233,758                       | 237,504              | 3,746             |
| Amount to be Raised by Taxation - Local                | 10,554,558                    | 10,582,753           | 28,195            |
| Amount to be Raised by Taxation - Library              | 457,414                       | 457,414              | -                 |
| Total Revenues   | <u>13,882,917</u>             | <u>13,976,694</u>    | <u>93,777</u>     |
| Other Credits to Income                                | 24,663,088                    | 25,327,167           | 664,079           |
| Total Revenues and Other Credits to Income             | <u>\$ 38,546,005</u>          | <u>\$ 39,303,861</u> | <u>\$ 757,856</u> |
| <b><u>EXPENDITURES AND OTHER CHARGES TO INCOME</u></b> |                               |                      |                   |
| Expenditures:  |                               |                      |                   |
| Within "CAPS":   |                               |                      |                   |
| Operations:  |                               |                      |                   |
| Salaries and Wages                                     | \$ 5,339,341                  | \$ 5,339,341         | \$ -              |
| Other Expenses   | 4,187,892                     | 4,187,892            | -                 |
| Deferred Charges and Statutory Expenditures            | 1,301,095                     | 1,301,095            | -                 |
| Excluded From "CAPS":                                  |                               |                      |                   |
| Operations:  |                               |                      |                   |
| Salaries and Wages                                     | -                             | -                    | -                 |
| Other Expenses   | 1,597,811                     | 1,597,811            | -                 |
| Capital Improvements                                   | -                             | -                    | -                 |
| Municipal Debt Service                                 | 1,171,800                     | 1,171,800            | -                 |
| Deferred Charges                                       | -                             | -                    | -                 |
| Reserve for Uncollected Taxes                          | 284,978                       | 284,978              | -                 |
| Total Expenditures                                     | <u>13,882,917</u>             | <u>13,882,917</u>    | <u>-</u>          |
| Other Charges to Income                                | 24,663,088                    | 24,750,042           | 86,954            |
| Total Expenditures and Charges to Income               | <u>\$ 38,546,005</u>          | <u>\$ 38,632,959</u> | <u>\$ 86,954</u>  |
| Statutory Excess to Current Fund Balance               |                               | <u>670,902</u>       |                   |
| Deferred Charges to Budget of Succeeding Year          |                               | -                    |                   |
| Fund Balance, January 1                                |                               | <u>1,327,946</u>     |                   |
|  |                               | <u>\$ 1,998,848</u>  |                   |
| Decreased by:  |                               |                      |                   |
| Utilization as Anticipated Revenue                     |                               | 400,000              |                   |
| Fund Balance, December 31                              |                               | <u>\$ 1,598,848</u>  |                   |

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

BOROUGH OF LEONIA  
 SWIMMING POOL UTILITY OPERATING FUND  
 STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE (REGULATORY BASIS)  
 BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2017

|  | <u>Budget<br/>as Modified</u> | <u>Actual</u>     | <u>Variance</u>  |
|--|-------------------------------|-------------------|------------------|
| <b><u>REVENUES AND OTHER CREDITS TO INCOME</u></b>     |                               |                   |                  |
| Revenues:  |                               |                   |                  |
| Fund Balance Anticipated                               | \$ 35,000                     | \$ 35,000         | \$ -             |
| Swimming Pool Fees                                     | 225,242                       | 237,668           | 12,426           |
| Miscellaneous  | 40,000                        | 46,306            | 6,306            |
| Total Revenues   | <u>300,242</u>                | <u>318,974</u>    | <u>18,732</u>    |
| Other Credits to Income                                | -                             | 39,879            | 39,879           |
| Total Revenues and Other Credits to Income             | <u>\$ 300,242</u>             | <u>\$ 358,853</u> | <u>\$ 58,611</u> |
| <b><u>EXPENDITURES AND OTHER CHARGES TO INCOME</u></b> |                               |                   |                  |
| Salaries and Wages                                     | \$ 160,573                    | \$ 160,573        | \$ -             |
| Other Expenses   | 91,669                        | 91,669            | -                |
| Capital Improvements                                   | 35,000                        | 35,000            | -                |
| Debt Service   | -                             | -                 | -                |
| Deferred Charges                                       | -                             | -                 | -                |
| Statutory Expenditures                                 | 13,000                        | 13,000            | -                |
| Deficit in Operations in Prior Years                   | -                             | -                 | -                |
| Total Expenditures                                     | <u>300,242</u>                | <u>300,242</u>    | <u>-</u>         |
| Other Charges to Income                                | -                             | -                 | -                |
| Total Expenditures and Charges to Income               | <u>\$ 300,242</u>             | <u>\$ 300,242</u> | <u>\$ -</u>      |
| Statutory Excess to Current Fund Balance               |                               | <u>58,611</u>     |                  |
| Deferred Charges to Budget of Succeeding Year          |                               | -                 |                  |
| Fund Balance, January 1                                |                               | <u>161,594</u>    |                  |
|  |                               | 220,205           |                  |
| Decreased by:  |                               |                   |                  |
| Utilization as Anticipated Revenue                     |                               | 35,000            |                  |
| Fund Balance, December 31                              |                               | <u>\$ 185,205</u> |                  |

BOROUGH OF LEONIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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Note 1 - Reporting Entity, Organization and Function

A. Introduction

The Borough of Leonia (the "Borough") is an municipal corporation of the State of New Jersey located within the County of Bergen, located approximately 12 miles west of the City of New York. The Borough's population according to the 2010 census is 8,937. The Borough operates under a "Mayor-Council" form of government. The Mayor is the chief executive officer.

The municipal budget includes the following generally stated municipal services:

- General Government Functions
- Land Use Administration Functions
- Public Safety Functions
- Health and Human Service Functions
- Park and Recreation Functions
- Educational Functions
- Code Enforcement Functions
- Municipal Court Functions
- Capital Improvements
- Debt Service

B. Basis of Accounting

A modified accrual basis of accounting is followed with minor exceptions. Accounting principles prescribed for New Jersey municipalities by the Department of Community Affairs, Division of Local Government Services differ in certain respects from generally accepted accounting principles applicable to local government units.

C. Component Units

The financial statements of the component units of the municipality are not presented in accordance with Governmental Accounting Standards Board Statement No. 14 as amended by Statement No. 61. If the provisions of this statement had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the municipality:

Free Public Library

Note 2 - Summary of Significant Accounting Policies

The financial statements contain all applicable funds and account groups in accordance with the "Requirements of Audit" and the "N.J. Comprehensive Annual Financial Report" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. 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 municipality accounts for its financial transactions through the following separate funds which differs from the funds required by generally accepted accounting principles (GAAP).

A. Funds and Account Groups

The accounts are organized into the following funds and account groups:

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature.

Federal and State Grant Fund - The Federal and State Grant Fund accounts for the budgeted and unbudgeted revenue/receipt, expenditure/disbursement of federal and state grants which qualify for accounting treatment more closely related to GAAP.

Trust Fund - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The General Capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. It is also the only fund, other than the Current Fund, that possesses the statutory authority to issue debt.

General Fixed Asset Account Group - The General Fixed Asset Account Group accounts for Borough owned real and personal property in accordance with N.J.A.C. 5:30-5.6.

Swimming Pool Utility Operating and Capital Funds - The Swimming Pool Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned swimming pool utility.

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Budgets and Budgetary Accounting

The municipality must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten (10) days prior to the hearing in a newspaper published and circulated in the municipality. The public hearing must not be held less than twenty-eight (28) days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board. 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 2 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.

The Borough is not required to adopt budgets for the Trust and General Capital Funds.

C. Cash and Investments

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the municipality requires that funds be deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. Public funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units. All certificates of deposit are recorded as cash regardless of date of maturity.

D. Interfunds

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

E. Inventories of Supplies

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

F. General Fixed Assets

Accounting for Governmental Fixed Assets, as promulgated by N.J.A.C. 5:30-5.6 differs in certain respects from generally accepted accounting principles. The following is a brief description of the provisions of the provisions of the statute. Property and equipment purchased after December 31, 1985 are stated at cost. Donated fixed assets are recorded at estimated fair market value at the date of donation. Purchases prior to December 31, 1985 are stated as assessed value for Land & Buildings and estimated historical cost for Machinery & Equipment. Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation on general fixed assets is recorded in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. Fixed assets acquired through grants-in-aid or contributed capital have not been accounted for separately.

Note 2 - Summary of Significant Accounting Policies (Continued)

G. Foreclosed Property

Foreclosed property is recorded in the Current Fund at the assessed value when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Asset Account Group. If such property is converted to a municipal use, it will be capitalized in the General Fixed Asset Account Group. GAAP requires property to be recorded in the General Fixed Asset Account Group at the market value at the time of acquisition.

H. Deferred Charges

The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

I. Appropriation Reserves

Appropriation reserves covering unexpended appropriation balances are automatically created at year end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation Reserves are not established under GAAP.

J. Liens Sold for Other Governmental Units

Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

K. Fund Balance

Fund Balances included in the current fund represent amounts available for anticipation as revenue in future years budgets, with certain restrictions.

L. Revenues

Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized as and when anticipated as such in the Borough's budget. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP generally requires that grant revenues be recognized when the actual expenditures financed by the grant are made.

M. Property Tax Revenues

Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. Property taxes unpaid on April 1 of the year following their final due date are subject to tax sale in accordance with the statutes. The amount of taxes levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the local free public library (if applicable), municipal open space (if applicable) and the entities described in "N" and "O" below. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenue to be recognized when available and measurable reduced by an allowance for doubtful accounts.

Note 2 - Summary of Significant Accounting Policies (Continued)

N. School Taxes

The municipality is responsible for levying, collecting and remitting school taxes for the Local School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31. GAAP would require the recording of a deferred revenue.

O. County Taxes

The municipality is responsible for levying, collecting and remitting county taxes for the County. Operations are charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations are charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

P. Reserve for Uncollected Taxes

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the municipality's annual budget protects from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

Q. 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 the encumbrance accounting system. Outstanding encumbrances at December 31, are recorded as a cash liability. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long term debt which is recognized when due.

R. Compensated Absences and Post-Employment Benefits

Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long term obligations.

S. Total Columns on Combined Statements

Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

T. Use of Estimates

The preparation of financial statements requires management 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Note 2 - Summary of Significant Accounting Policies (Continued)

U. New Accounting Standards

GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify- in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

GASB No. 82, *Pension Issues- An Amendment of GASB Statements No. 67, No. 68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pension, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

BOROUGH OF LEONIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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Note 3 - Cash and Cash Equivalents

Change funds, petty cash, cash in banks, certificates of deposit and funds on deposit with the New Jersey Cash Management Fund are considered cash and cash equivalents.

A. Deposits

The Borough's deposits of public funds are insured by either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or by 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 which 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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm.

At December 31, the municipality's deposits are summarized as follows:

| <u>Year</u> | <u>Bank<br/>Balance</u> | <u>Book<br/>Balance</u> |
|-------------|-------------------------|-------------------------|
| 2017        | \$ 7,102,016            | \$ 7,074,057            |

B. New Jersey Cash Management Fund

The State of New Jersey Cash Management Fund is managed by the State of New Jersey, Division of Investment under the Department of Treasury. It consists of U.S. Treasury obligations, government agency obligations, certificates of deposit and commercial paper. At December 31, 2017 the Borough did not have any cash deposited with the New Jersey Cash Management Fund.

Note 4 - Investments

New Jersey Statutes permit the municipality to purchase the following types of securities for investment:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligation that a federal agency or federal instrumentality has issued, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest.
- d. Bonds or other obligations of municipalities or bonds or other obligations of school districts.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local government investment pools.
- g. Agreement for the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1(8a-8e).

In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in N.J.A.C. 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

No other investments were held by the Borough at December 31, 2017 or 2016.

BOROUGH OF LEONIA  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2017

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Note 5 - Fixed Assets

The following is a summary of general fixed asset additions, deletions and adjustments for the year ended December 31, 2017:

|                                    | Balance<br>December 31,<br>2016 | Additions   | Deletions   | Adjustments | Balance<br>December 31,<br>2017 |
|------------------------------------|---------------------------------|-------------|-------------|-------------|---------------------------------|
| Land                               | \$ 28,953,153                   | \$ -        | \$ -        | \$ -        | \$ 28,953,153                   |
| Buildings and<br>Improvements      | 6,058,364                       | -           | -           | -           | 6,058,364                       |
| Machinery, Vehicles &<br>Equipment | 7,727,432                       | -           | -           | -           | 7,727,432                       |
|                                    | <u>\$ 42,738,949</u>            | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 42,738,949</u>            |

No depreciation on general fixed assets is recorded in the financial statements in accordance with N.J.A.C. 5:30-5.6.

BOROUGH OF LEONIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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Note 6 - Municipal Debt

The "Local Bond Law" of New Jersey Statutes governs the issuance of bonds and notes to finance capital expenditures, and are permitted only from the General Capital Fund. Bonds and Notes are backed by the full faith and credit of the municipality. Capital projects financed under the Local Bond Law must have a minimum useful life of five years.

Bond Anticipated Notes - Bond Anticipation Note ("BANs") are issued to temporarily finance projects prior to the issuance of permanent bonds. Generally, the term of BANs can not exceed one year, but may be renewed from time to time for periods not exceeding one year, and ultimately paid or permanently financed no later than the first day of the fifth month following the close of the tenth fiscal year following the original issue date of the BAN. New Jersey Statutes require that on or before the third anniversary date of the original BAN issue date, an amount at least equal to the first legally payable installment must be paid towards the BAN upon each renewal until permanently funded or retired.

Bonds - Bonds issued are retired in serial installments within statutory periods of usefulness. New Jersey Statutes limit installment increments unless approval for a non-conforming maturity schedule is approved by The Borough's long term debt paid by the Current Fund consisted of the following at December 31, 2017:

\$5,750,000 - General Obligation Bonds Series 2009 issued 7/1/2009 payable in annual installments through 9/1/2019. Interest is paid semi-annually at varying rates from 2.50% to 3.75% per annum. The balance remaining on this issue as of December 31, 2017 is \$1,750,000.

\$453,107 - New Jersey Environmental Infrastructure Trust (Fund Loan) issued 11/8/2007 payable in semi-annual installments through 8/1/2027. Interest is paid semi-annually at varying rates from 3.40% to 5.00% per annum. The balance remaining on this issue as of December 31, 2017 is \$251,826.

\$317,500 - New Jersey Environmental Infrastructure Trust (Trust Loan) issued 11/6/2008 payable in semi-annual installments through 8/1/2028. Interest is paid semi-annually at varying rates from 5.00% to 5.50% per annum. The balance remaining on this issue as of December 31, 2017 is \$183,510.

BOROUGH OF LEONIA  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2017

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Note 6 - Municipal Debt (Continued)

The following comparative information summarizes the statutory debt calculations of the municipality as reported on the municipality's Annual Debt Statement.

|                                     | <u>2017</u>                 |
|-------------------------------------|-----------------------------|
| Issued:                             |                             |
| School                              | \$ 21,245,000               |
| Swimming Pool Utility Bonds & Notes | -                           |
| General Bonds, Notes & Loans        | 7,527,855                   |
|                                     | <u>28,772,855</u>           |
| Authorized but not Issued:          |                             |
| School                              | -                           |
| Swimming Pool Utility Bonds & Notes | -                           |
| General Bonds, Notes & Loans        | 4,469,800                   |
|                                     | <u>4,469,800</u>            |
| Gross Debt                          | <u>33,242,655</u>           |
| Deductions                          | <u>21,245,000</u>           |
| Net Debt                            | <u><u>\$ 11,997,655</u></u> |
| Equalized Valuation Basis           | \$ 1,374,512,216            |
| Statutory Net Debt Percentage       | 0.873%                      |
| 3-1/2% of Equalized Valuation Basis | \$ 48,107,928               |
| Remaining Borrowing Power           | \$ 36,110,273               |

BOROUGH OF LEONIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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Note 6 - Municipal Debt (Continued)

B. Long-Term Bonded Debt Service Requirements to Maturity

The annual debt service requirement for long-term obligations requirements to maturity, including principal and interest as of December 31, 2016 are as follows:

| Calendar<br>Year | 07/01/09 General Improvement Bonds |                  |
|------------------|------------------------------------|------------------|
|                  | Principal                          | Interest         |
| 2018             | \$ 860,000                         | \$ 65,625        |
| 2019             | 890,000                            | 33,375           |
|                  | <u>\$ 1,750,000</u>                | <u>\$ 99,000</u> |

| Calendar<br>Year | 11/08/07 NJDEP&EF - Fund |             | 11/08/07 NJEIT - Trust |                  |
|------------------|--------------------------|-------------|------------------------|------------------|
|                  | Principal                | Interest    | Principal              | Interest         |
| 2018             | \$ 10,342                | \$ -        | \$ 10,000              | \$ 6,300         |
| 2019             | 10,025                   | -           | 10,000                 | 5,800            |
| 2020             | 12,943                   | -           | 15,000                 | 5,400            |
| 2021             | 12,562                   | -           | 15,000                 | 4,800            |
| 2022             | 12,087                   | -           | 15,000                 | 4,050            |
| 2023             | 11,611                   | -           | 15,000                 | 3,300            |
| 2024             | 11,206                   | -           | 15,000                 | 2,662            |
| 2025             | 10,778                   | -           | 15,000                 | 1,988            |
| 2026             | 10,350                   | -           | 15,000                 | 1,312            |
| 2027             | 9,922                    | -           | 15,000                 | 638              |
|                  | <u>\$ 111,826</u>        | <u>\$ -</u> | <u>\$ 140,000</u>      | <u>\$ 36,250</u> |

BOROUGH OF LEONIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

Note 6 - Municipal Debt (Continued)

B. Long-Term Bonded Debt Service Requirements to Maturity (Continued)

| Calendar<br>Year | 11/06/08 NJEIT - Trust |                  | Total               |                   |
|------------------|------------------------|------------------|---------------------|-------------------|
|                  | Principal              | Interest         | Principal           | Interest          |
| 2018             | 19,594                 | 5,090            | 899,936             | 77,015            |
| 2019             | 18,294                 | 4,590            | 928,319             | 43,765            |
| 2020             | 17,979                 | 4,140            | 45,922              | 9,540             |
| 2021             | 17,648                 | 3,690            | 45,210              | 8,490             |
| 2022             | 17,318                 | 3,240            | 44,405              | 7,290             |
| 2023             | 16,988                 | 2,790            | 43,599              | 6,090             |
| 2024             | 16,658                 | 2,340            | 42,864              | 5,002             |
| 2025             | 16,357                 | 1,890            | 42,135              | 3,878             |
| 2026             | 16,057                 | 1,440            | 41,407              | 2,752             |
| 2027             | 12,616                 | 1,035            | 37,538              | 1,673             |
| 2028             | 14,000                 | 630              | 14,000              | 630               |
|                  | <u>\$ 183,509</u>      | <u>\$ 30,875</u> | <u>\$ 2,185,335</u> | <u>\$ 166,125</u> |

C. Summary of Changes in Municipal Debt

During the year ended December 31, 2017, the following changes occurred in liabilities reported as General Capital Fund long-term debt:

|                              | Beginning<br>Balance | Authorized/<br>Issued | Retired/<br>Refinanced | Ending<br>Balance    |
|------------------------------|----------------------|-----------------------|------------------------|----------------------|
| <b>Short-Term Debt:</b>      |                      |                       |                        |                      |
| Tax Anticipation Notes       | \$ -                 | \$ -                  | \$ -                   | \$ -                 |
| Bond Anticipation Notes      | 5,495,544            | -                     | 153,025                | 5,342,519            |
| Emergency Notes              | -                    | -                     | -                      | -                    |
|                              | <u>\$ 5,495,544</u>  | <u>\$ -</u>           | <u>\$ 153,025</u>      | <u>\$ 5,342,519</u>  |
| <b>Long-Term Debt:</b>       |                      |                       |                        |                      |
| Serial Bonds                 | \$ 2,585,000         | \$ -                  | \$ 835,000             | \$ 1,750,000         |
| Loan Payable                 | 475,889              | -                     | 40,553                 | 435,336              |
| Authorized but not<br>Issued | -                    | 4,469,800             | -                      | 4,469,800            |
|                              | <u>\$ 3,060,889</u>  | <u>\$ 4,469,800</u>   | <u>\$ 875,553</u>      | <u>\$ 6,655,136</u>  |
|                              | <u>\$ 8,556,433</u>  | <u>\$ 4,469,800</u>   | <u>\$ 1,028,578</u>    | <u>\$ 11,997,655</u> |

BOROUGH OF LEONIA  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2017

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Note 6 - Municipal Debt (Continued)

C. Summary of Changes in Municipal Debt (Continued)

|                              | <u>Ending<br/>Balance</u> | <u>Amounts<br/>Due within<br/>One Year</u> | <u>Long-term<br/>Portion</u> |
|------------------------------|---------------------------|--|------------------------------|
| Short-Term Debt:             |                           |  |                              |
| Tax Anticipation Notes       | \$ -                      |  | \$ -                         |
| Bond Anticipation Notes      | 5,342,519                 | 5,342,519                                  | -                            |
| Emergency Notes              | -                         |  | -                            |
|                              | <u>\$ 5,342,519</u>       | <u>\$ 5,342,519</u>                        | <u>\$ -</u>                  |
| Long-Term Debt:              |                           |  |                              |
| Serial Bonds                 | \$ 1,750,000              | \$ 835,000                                 | \$ 915,000                   |
| Loan Payable                 | 435,336                   | 40,554                                     | 394,782                      |
| Authorized but not<br>Issued | 4,469,800                 | -  | 4,469,800                    |
|                              | <u>\$ 6,655,136</u>       | <u>\$ 875,554</u>                          | <u>\$ 5,779,582</u>          |
|                              | <u>\$ 11,997,655</u>      | <u>\$ 6,218,073</u>                        | <u>\$ 5,779,582</u>          |

BOROUGH OF LEONIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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Note 7 - Risk Management

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

The Borough provides group health benefits for employees, certain volunteers and thier qualifying dependents through the State of New Jersey Health Benefits Plan.

The Borough is a member of the Bergen County Municipal Joint Insurance Fund (the "Fund"). The fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum. The following coverages are offered by the Fund to its members:

- Workers' Compensation and Employers' Liability
- Liability Other Than Motor Vehicles
- Property Damage Other Than Motor Vehicles
- Motor Vehicle
- Environmental

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

The fund can declare and distribute dividends to members appon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this method, the Borough is required to remit employee withholdings to the State on a quarterly basis. All of the Borough's claims are paid by the State.

Unemployment expenditures for the past 3 years are as follows:

- CY2017 - \$25,111
- CY2016 - \$10,749
- CY2014 - \$31,091

BOROUGH OF LEONIA  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2017

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Note 8 - Interfunds

As of December 31, 2017, interfund balances on the Borough's various balance sheets were as follows:

|                                      | <u>Interfunds<br/>Receivable</u> | <u>Interfunds<br/>Payable</u> |
|--------------------------------------|----------------------------------|-------------------------------|
| Current Fund                         | \$ 58,296                        | \$ 10,821                     |
| Grant Fund                           | -                                | -                             |
| Trust Fund                           | -                                | 58,069                        |
| General Capital Fund                 | 10,404                           | 227                           |
| Swimming Pool Utility Operating Fund | 417                              | -                             |
| Swimming Pool Utility Capital Fund   | -                                | -                             |
|                                      | <u>\$ 69,117</u>                 | <u>\$ 69,117</u>              |
|                                      |                                  | -                             |

Interfund balances are comprised of the following:

Interfund balances are due to interest not being turned over, expenditures paid from an incorrect fund or interfund advances not returned before year end. It is anticipated that all interfunds will be liquidated during the subsequent fiscal year.

BOROUGH OF LEONIA  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2017

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Note 9 - Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are shown on the balance sheet of the following funds.

|                                   | <u>Balance</u> | <u>Appropriated in<br/>Subsequent Year</u> |
|-----------------------------------|----------------|--|
| Current Fund:                     |                |  |
| None                              | \$ -           | \$ -                                       |
| Swim Pool Utility Operating Fund: |                |  |
| None                              | -              | -  |
|                                   | <u>\$ -</u>    | <u>\$ -</u>                                |

If Applicable, the 2018 Budget Appropriations are not less than that required by statute.

Note 10 - Retirement Plans

Description of the Plans

All required employees of the Borough are covered by either the Public Employees' Retirement System (PERS) or the Police and Fireman's Retirement System (PFRS) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (the "Division"). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System (PERS)

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

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, employer contributions and benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms consistent with the accrual basis of accounting. Investments are reported at fair value.

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

At June 30, 2016, the Borough's liability of for its proportionate share of the net pension liability was \$10,637,969 which is not required to be reflected in the financial statements but is a required disclosure under GASB 68. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016 and 2015. At June 30, 2016, the Borough's proportion was 0.03592%, which was an increase of 0.00001% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the Borough recognized PERS related pension expense of \$801,446 representing the required annual contribution. At June 30, 2016, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

BOROUGH OF LEONIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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Note 10 - Retirement Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ 197,834                           | \$ -                                |
| Changes of assumptions   | 2,203,619                            | -                                   |
| Net difference between projected and actual earnings on pension plan investments                             | 405,635                              | -                                   |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | 1,971                                | 746,532                             |
| Total  | <u>\$ 2,809,059</u>                  | <u>\$ 746,532</u>                   |

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

|      | <u>Year Ended 6/30:</u> |
|------|-------------------------|
| 2016 | \$ (464,275)            |
| 2017 | (464,275)               |
| 2018 | (537,907)               |
| 2019 | (451,900)               |
| 2020 | (144,170)               |
|      | <u>\$ (2,062,527)</u>   |

Collective balances are as follows:

|  | <u>6/30/2016</u> | <u>6/30/2015</u> | <u>6/30/2014</u>  |
|--|------------------|------------------|-------------------|
| Collective deferred outflows of resources (Local Group)    | \$ 8,685,338,380 | \$ 3,578,755,666 | \$ 952,194,675    |
| Collective deferred inflows of resources (Local Group)     | \$ 870,133,595   | \$ 993,410,555   | \$ 1,479,224,662  |
| Collective net pension liability (Non State - Local Group) | \$29,617,131,759 | \$22,447,996,119 | \$ 18,722,735,003 |
| Borough's Portion of net pension liability                 | \$ 10,637,969    | \$ 8,060,222     | \$ 6,886,721      |
| Borough's Proportion                                       | 0.0359182958%    | 0.0359061983%    | 0.0367826656%     |

Actuarial Assumptions

The total pension liability in the July 1, 2015 actuarial valuation, which was rolled forward to June 30, 2016, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |                            |
|---------------------------|----------------------------|
| Inflation                 | 3.08%                      |
| Salary Increases:         |                            |
| Thru 2026                 | 1.65% - 4.15% based on age |
| Thereafter                | 2.65% - 5.15% based on age |
| Investment Rate of Return | 7.65%                      |

Note 10 - Retirement Plans (Continued)

PERS Actuarial Assumptions (Continued)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members and a 1 year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. The RP-2000 Disabled Mortality Tables (setback 3 years for males and set forward 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

| Asset Class                 | Target Allocation | Long-Term<br>Expected Real<br>Rate of<br>Return |
|-----------------------------|-------------------|---|
| Cash                        | 5.00%             | 0.87%   |
| U.S. Treasuries             | 1.50%             | 1.74%   |
| Investment Grade Credit     | 8.00%             | 1.79%   |
| Mortgages                   | 2.00%             | 1.67%   |
| High Yield Bonds            | 2.00%             | 4.56%   |
| Inflation-Indexed Bonds     | 1.50%             | 3.44%   |
| Broad US Equities           | 26.00%            | 8.53%   |
| Developed Foreign Equities  | 13.25%            | 6.83%   |
| Emerging Market Equities    | 6.50%             | 9.95%   |
| Private Equity              | 9.00%             | 12.40%  |
| Hedge Funds/Absolute Return | 12.50%            | 4.68%   |
| Real Estate (Property)      | 2.00%             | 6.91%   |
| Commodities                 | 0.50%             | 5.45%   |
| Global Debt ex US           | 5.00%             | -0.25%  |
| REIT                        | 5.25%             | 5.63%   |
|                             | 100.00%           |   |

Note 10 - Retirement Plans (Continued)

PERS Actuarial Assumptions (Continued)

Discount rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on 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. 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 the contribution rate in the most recent fiscal year.

State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Borough's June 30, 2016 proportionate share of the net pension liability calculated using the discount rate of 3.98%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

|  | 1% Decrease<br>(2.98%) | Current Discount<br>Rate<br>(3.98%) | 1% Increase<br>(4.98%) |
|--|------------------------|-------------------------------------|------------------------|
| Borough's proportionate share of the net pension liability | \$ 13,035,767          | \$ 10,637,969                       | \$ 8,658,243           |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Defined Contribution Retirement Plan (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 and was expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010 effective May 21, 2010 to new Tier 2 employees of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000. The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007, Chapter 103, P.L. 2007, Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010, plan members are required to contribute 5.5% of their annual covered salary and employers contribute 3% of employees base salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS. Retirement benefits for age and service are available at ages 60, 62 or 65 and are generally determined to be 1/55 or 1/60 of the final average salary for each year of service credit, as defined depending on the employees membership tier. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Note 10 - Retirement Plans (Continued)

PERS Vesting and Benefit Provisions (Continued)

The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for earnings on their contributions at 2% per annum. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems. Chapter 78's provisions impacting employee pension and health benefits include:

1. New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
2. The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
3. The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
4. Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011.

5. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
6. The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
7. New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
8. In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

#### Contribution Requirements

The PERS contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified that amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. PERS provides for employee contributions of 7.20% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate for PERS. The current PERS rate is 12.91% of covered payroll.

Note 10 - Retirement Plans (Continued)

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System (PFRS) was established as of July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death, disability and medical benefits to certain qualified members. The Police and Firemen's Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PFRS and additions to/deductions from PFRS fiduciary net position have been determined on the same basis as they are reported by PFRS. For this purpose, employer contributions and benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms consistent with the accrual basis of accounting. Investments are reported at fair value.

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

At June 30, 2015, the Borough's liability of for its proportionate share of the net pension liability was \$13,937,918 which is not required to be reflected in the financial statements but is a required disclosure under GASB 68. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, rolled forward to June 30, 2016. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the years ended June 30, 2016 and 2015. At June 30, 2016, the Borough's proportion was 0.0730%, which was an increase of 0.0021% from its proportion measured as of June 30, 2014 rolled forward to June 30, 2015.

For the year ended December 31, 2016, the Borough recognized PFRS related pension expense of \$1,568,054 representing the required annual contribution. At June 30, 2016, the Borough reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ -                                 | \$ 91,365                           |
| Changes of assumptions   | 1,930,516                            | -                                   |
| Net difference between projected and actual earnings on pension plan investments                             | 976,602                              | -                                   |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | 539,761                              | 193,408                             |
| Total  | <u>\$ 3,446,879</u>                  | <u>\$ 284,773</u>                   |

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

|      | <u>Year Ended 6/30:</u> |                    |
|------|-------------------------|--------------------|
| 2015 | \$                      | (757,008)          |
| 2016 |                         | (757,008)          |
| 2017 |                         | (1,019,779)        |
| 2018 |                         | (603,014)          |
| 2019 |                         | (25,297)           |
|      | <u>\$</u>               | <u>(3,162,106)</u> |

Note 10 - Retirement Plans (Continued)

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

Collective balances are as follows:

|   | <u>6/30/2016</u>  | <u>6/30/2015</u>  | <u>6/30/2014</u>  |
|---|-------------------|-------------------|-------------------|
| Collective deferred outflows of resources (Non Special Funding) | \$ 4,547,316,543  | \$ 3,512,729,953  | \$ 750,532,959    |
| Collective deferred inflows of resources (Non Special Funding)  | \$ 688,197,590    | \$ 871,083,367    | \$ 1,561,923,934  |
| Collective net pension liability (Non Special Funding)          | \$ 19,102,557,969 | \$ 16,656,514,197 | \$ 12,579,072,492 |
| Borough's Portion of net pension liability                      | \$ 13,937,918     | \$ 11,815,365     | 8,472,030         |
| Borough's Proportion  | 0.0729636210%     | 0.0709354002%     | 0.0673501962%     |

Actuarial Assumptions

The total pension liability in the July 1, 2015 actuarial valuation, which was rolled forward to June 30, 2016, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |                            |
|---------------------------|----------------------------|
| Inflation                 | 3.08%                      |
| Salary Increases:         |                            |
| Thru 2026                 | 2.10% - 8.98% based on age |
| Thereafter                | 3.10% - 9.98% based on age |
| Investment Rate of Return | 7.65%                      |

Mortality rates for male service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected 13 years using Projection Scale BB and then 2 years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

Note 10 - Retirement Plans (Continued)

PFRS Actuarial Assumptions (Continued)

| Asset Class                 | Target Allocation | Long-Term<br>Expected Real<br>Rate of<br>Return |
|-----------------------------|-------------------|---|
| Cash                        | 5.00%             | 0.87%   |
| U.S. Treasuries             | 1.50%             | 1.74%   |
| Investment Grade Credit     | 8.00%             | 1.79%   |
| Mortgages                   | 2.00%             | 1.67%   |
| High Yield Bonds            | 2.00%             | 4.56%   |
| Inflation-Indexed Bonds     | 1.50%             | 3.44%   |
| Broad US Equities           | 26.00%            | 8.53%   |
| Developed Foreign Equities  | 13.25%            | 6.83%   |
| Emerging Market Equities    | 6.50%             | 9.95%   |
| Private Equity              | 9.00%             | 12.40%  |
| Hedge Funds/Absolute Return | 12.50%            | 4.68%   |
| Real Estate (Property)      | 2.00%             | 6.91%   |
| Commodities                 | 0.50%             | 5.45%   |
| Global Debt ex US           | 5.00%             | -0.25%  |
| REIT                        | 5.25%             | 5.63%   |
|                             | 100.00%           |   |

Discount rate

The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year.

The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Borough's June 30, 2016 proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 5.55%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

Note 10 - Retirement Plans (Continued)

PFRS Actuarial Assumptions (Continued)

|  | 1% Decrease<br>(4.55%) | Current Discount<br>Rate<br>(5.55%) | 1% Increase<br>(6.55%) |
|--|------------------------|-------------------------------------|------------------------|
| Borough's proportionate share of the net pension liability | \$ 17,971,551          | \$ 13,937,918                       | \$ 10,648,569          |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

PFRS Vesting and Benefit Provisions

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A. All benefits vest after ten years of service, except for disability benefits that vest after four years of service. Retirement benefits for age and service 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 early retirement after achieving 25 years of service credit, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members contributions providing no survivor death benefits are payable.

Contribution Requirements

The PFRS contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on the actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate for PFRS. The current PFRS rate is 25.51% of covered payroll.

Note 11 - Deferred Compensation Plan - LOSAP

A. Description

The Borough offers its qualifying volunteers participation in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by outside contractors, permit participants to defer Borough contributions until future years. Amounts deferred under the plan are not available to volunteers until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

All amounts of Borough contribution deferred under the plan and all income attributable to those amounts are (until paid or made available to the qualifying volunteer or other beneficiary) solely the property of the Borough.

The Borough has no liability for losses under the plan. Under the plan, participants select investments from alternatives offered by the plan administrators, whose manages the plan on behalf of the Borough. Investment selection by the participants may change from time to time, as the Borough manages none of the investment selections. By making the selection, participants accept and assume all risks that adhere in the plan and its administration.

Note 12 - Other Post Retirement Benefits

A. Compensated Absences

The Borough has permitted certain employees to carry forward a limited amount of their unused sick, vacation and compensatory time pay to the succeeding calendar year. This time may be taken as time off or paid at a later date at an agreed-upon rate. Carryover days not taken in the succeeding year are forfeited. In accordance with accounting practices prescribed by the Division of Local Government Services, this amount is not recorded as either an expenditure or a liability. The Borough approximates this liability at December 31, 2017 to be \$583,716.

B. Health Care Benefits

The Borough provides, at its cost, post-employment health care benefits in accordance with the provisions of Chapter 88, P.L. 1974 as amended by Chapter 436, P.L. 1981 which permits local public employers to pay the premium charges for certain eligible pensioners and their dependents and to reimburse Part B Medicare premiums for such retirees and their spouses covered by the New Jersey State Health Benefits Program.

Plan Description: The Borough of Leonia contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2002, the Borough of Leonia authorized participation in the SHBP's post-retirement benefit program through resolution number 02-52.

Note 12 - Other Post Retirement Benefits

B. Health Care Benefits (Continued)

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb-43-july2015.pdf>

Funding Policy: Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP as well as dental premiums are billed to the Borough of Leonia on a monthly basis. The 2016 rates charged by the system for each medical coverage category ranged from \$435.70 to \$3,183.52 per month and \$42.61 to \$127.80 per month for each dental coverage category.

The Borough of Leonia's contributions to SHBP (including separate dental benefit premiums) paid for the year ended December 31, 2016 for all bargaining units noted was approximately \$482,000, which equaled the required contributions for the year. There were approximately 30 retired participants eligible at December 31, 2016.

Note 12 - Other Post Retirement Benefits

B. Health Care Benefits (Continued)

Eligibility for participation in the SHBP post-retirement benefit program by collective bargaining unit are as follows:

Leonia Local 29, Retail, Wholesale and Department Store Union (R.W.D.S.U.), AFL-CIO - White Collar Unit

Employees with at least twenty five (25) years of full-time service with the Borough of Leonia are entitled to receive continued health care coverage up to the qualifying age for Medicare. No dental or disability coverage will be continued. The health care insurance shall be for the retired employee only, with the option to purchase spousal coverage if offered by the health care provider at the expense of the retiree or spouse. No retiree who retired after July 2004 is eligible for Medicare Part "B" reimbursement. Employees who retire after twenty-five (25) years of service who obtain employment after retiring from the Borough, and who subsequently are offered medical insurance by their new employer, regardless of coverage and/or cost, are obligated to avail themselves of such coverage and notify the Borough who will no longer obligated to provide continued health coverage while the said retiree is so employed and receiving health care coverage from said employer. If the said employment after retirement is terminated then the Borough will reinstitute coverage within sixty (60) days of notification.

Upon reaching Medicare age, Medicare becomes the individual's primary coverage and the employer's continued coverage becomes secondary.

Any contribution required toward health care coverage as mandated by State law and/or the collective bargaining agreement will not be applicable to retirees covered per the above.

Note 12 - Other Post Retirement Benefits

B. Health Care Benefits (Continued)

Leonia Local 108, Retail, Wholesale and Department Store Union (R.W.D.S.U.), AFL-CIO - Department of Public Works

Employees with at least twenty five (25) years of full-time service with the Borough of Leonia are entitled to receive continued health care coverage up to the qualifying age for Medicare. No dental or disability coverage will be continued. The health care insurance shall be for the retired employee only, with the option to purchase spousal coverage if offered by the health care provider at the expense of the retiree or spouse. No retiree who retired after July 2004 is eligible for Medicare Part "B" reimbursement. Employees who retire after twenty-five (25) years of service who obtain employment after retiring from the Borough, and who subsequently are offered medical insurance by their new employer, regardless of coverage and/or cost, are obligated to avail themselves of such coverage and notify the Borough who will no longer obligated to provide continued health coverage while the said retiree is so employed and receiving health care coverage from said employer. If the said employment after retirement is terminated then the Borough will reinstitute coverage within sixty (60) days of notification.

Upon reaching Medicare age, Medicare becomes the individual's primary coverage and the employer's continued coverage becomes secondary.

Any contribution required toward health care coverage as mandated by State law and/or the collective bargaining agreement will not be applicable to retirees covered per the above.

Note 12 - Other Post Retirement Benefits

B. Health Care Benefits (Continued)

Policemen's Benevolent Association, Local 381 (Leonia Unit)

Employees retiring under this agreement as well as their spouses, are entitled to receive continued health care and dental coverage up to the qualifying age for Medicare. If the retired member is employed following their retirement, and similar type of insurance coverage is available to the retired employee by virtue of said employment, or if the retired employee is covered by similar insurance of the spouse of the retired employee, there shall be no obligation on the part of the Borough to provide for the coverage heretofore mentioned.

Upon reaching Medicare age, Medicare becomes the individual's primary coverage and the employer's continued coverage becomes secondary.

Any contribution required toward health care coverage as mandated by State law and/or the collective bargaining agreement will not be applicable to retirees covered per the above.

Non-Union Employees

Employees with at least twenty five (25) years of full-time service with the Borough of Leonia are entitled to receive continued health care coverage up to the qualifying age for Medicare. No dental or disability coverage will be continued. The health care insurance shall be for the retired employee only, with the option to purchase spousal coverage if offered by the health care provider at the expense of the retiree or spouse. No retiree who retired after July 2004 is eligible for Medicare Part "B" reimbursement. Employees who retire after twenty-five (25) years of service who obtain employment after retiring from the Borough, and who subsequently are offered medical insurance by their new employer, regardless of coverage and/or cost, are obligated to avail themselves of such coverage and notify the Borough who will no longer obligated to provide continued health coverage while the said retiree is so employed and receiving health care coverage from said employer. If the said employment after retirement is terminated then the Borough will reinstitute coverage within sixty (60) days of notification. Upon reaching Medicare age, Medicare becomes the individual's primary coverage and the employer's continued coverage becomes secondary. Any contribution required toward health care coverage as mandated by State law and/or the collective bargaining agreement will not be applicable to retirees covered per the above.

Note 13 - Contingencies

A. Litigation

The Borough is a party to various legal proceedings which normally occur in the operation of government. These proceedings are not likely to have a materially adverse affect on the various funds of the Borough.

B. Federal and State Grants

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 agency. If expenditures are disallowed, the Borough may be required to reimburse the grantor agency. As of December 31, 2017, significant amounts of grant expenditures have not been audited. The Borough believes that any future disallowed expenditures will not have a material effect on its financial position.

C. Tax Appeals

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2017. 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, to be material. As of December 31, 2017, the Borough had no reserves recorded in the Current Fund for tax appeals pending in the New Jersey Tax Court and is not appropriating any amount in the 2018 budget. Funding of any ultimate liability would be provided for in succeeding years' budgets, from fund balance or by issuance of refunding bonds.

BOROUGH OF LEONIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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Note 14 - Fund Balances Appropriated

Fund balances at December 31, 2016 and 2015 which were appropriated and included as anticipated revenue in their respective funds for the years ending December 31, 2017 and 2016 were as follows:

|                       | <u>2017</u> |    | <u>2016</u> |
|-----------------------|-------------|----|-------------|
| Current Fund          | \$ 400,000  | \$ | 400,000     |
| Swimming Pool Utility | 35,000      |    | 60,000      |

Note 15 - Economic Dependency

The Borough of Leonia is not economically dependent on any one business or industry as a major source of tax revenue for the Borough.

BOROUGH OF LEONIA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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Note 16 - Subsequent Events

As of the date of this report, the following are considered material subsequent events:

A. Subsequent Year Capital Projects

The Borough's 2018 Capital Budget currently includes the following:

| <u>Purpose</u>              | <u>Total</u>        | <u>CIF and<br/>Other Funded<br/>Sources</u> | <u>Bonds &amp; Notes<br/>Authorized</u> |
|-----------------------------|---------------------|---|---|
| Various Public Improvements | <u>\$ 3,598,322</u> | <u>\$ 179,916</u>                           | <u>\$ 3,418,406</u>                     |

B. Bond Anticipation Note

In February 2018, the Borough renewed a maturing Bond Anticipation Note in the amount of \$5,342,519, to temporarily finance expenditures related to various capital projects. The Borough paid down \$152,000 to the maturing notes derived from the 2018 Current Fund budget.

BOROUGH OF LEONIA  
 CURRENT FUND  
 BALANCE SHEET (REGULATORY BASIS)

|   | 2017                | 2016                |
|---|---------------------|---------------------|
| <u>ASSETS AND OTHER DEBITS</u>                |                     |                     |
| Cash:   |                     |                     |
| Current Account                               | \$ 5,620,655        | \$ 2,428,736        |
| Change Funds                                  | 300                 | 300                 |
|   | <u>5,620,955</u>    | <u>2,429,036</u>    |
| Interfunds Receivable:                        |                     |                     |
| Trust Fund                                    | 58,069              | 122                 |
| General Capital Fund                          | 227                 | 163                 |
|   | <u>58,296</u>       | <u>285</u>          |
| Other Receivables:                            |                     |                     |
| Delinquent Property Taxes Receivable          | 311,128             | 231,791             |
| Revenue Accounts Receivable                   | -                   | 19,252              |
| Tax Title Lien Receivable                     | 734                 | 5,937               |
|   | <u>311,862</u>      | <u>256,980</u>      |
| Total Assets and Other Debits                 | <u>\$ 5,991,113</u> | <u>\$ 2,686,301</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> |                     |                     |
| Interfunds Payable:                           |                     |                     |
| General Capital Fund                          | \$ 10,404           | \$ -                |
| Swimming Pool Utility Operating Fund          | 417                 | 417                 |
|   | <u>10,821</u>       | <u>417</u>          |
| Intergovernmental Payable                     |                     |                     |
| Due County for Added & Omitted Taxes          | 4,998               | 9,095               |
| Due to State of New Jersey                    | 2,234               | 4,445               |
|   | <u>7,232</u>        | <u>13,540</u>       |
| Other Liabilities and Reserves:               |                     |                     |
| Appropriation Reserves                        | 875,491             | 585,757             |
| Reserve for Encumbrances                      | 186,875             | 245,970             |
| Reserve for State Library Aid                 | 12,503              | 9,094               |
| Reserve for Revaluation                       | 9,700               | 9,700               |
| Reserve for Reassessment                      | 16,010              | 16,010              |
| Reserve for Master Plan Expenditures          | 1,100               | 1,100               |
| Pre-Paid Taxes                                | 2,875,400           | 204,871             |
| Tax Overpayments                              | 26,975              | 11,996              |
| Library Taxes Payable                         | -                   | 2,635               |
|   | <u>4,004,054</u>    | <u>1,087,133</u>    |
| Reserve for Receivables and Other Assets      | <u>370,158</u>      | <u>257,265</u>      |
| Fund Balance                                  | <u>1,598,848</u>    | <u>1,327,946</u>    |
| Total Liabilities, Reserves and Fund Balance  | <u>\$ 5,991,113</u> | <u>\$ 2,686,301</u> |

BOROUGH OF LEONIA  
 CURRENT FUND  
 SCHEDULE OF REVENUES AND OTHER CREDITS TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2017

|  | Budget<br>As Modified | Realized      | Excess/<br>(Deficit) |
|--|-----------------------|---------------|----------------------|
| <u>REVENUES</u>                                      |                       |               |                      |
| Fund Balance Anticipated                             | \$ 400,000            | \$ 400,000    | \$ -                 |
| Miscellaneous Revenues - Adopted Budget:             |                       |               |                      |
| Alcoholic Beverage Licenses                          | \$ 1,900              | \$ 1,960      | \$ 60                |
| Other Licenses                                       | 5,000                 | 5,496         | 496                  |
| Fees and Permits                                     | 57,000                | 92,805        | 35,805               |
| Municipal Court Fines and Costs                      | 285,000               | 304,215       | 19,215               |
| Interest and Costs on Taxes                          | 60,000                | 60,127        | 127                  |
| Interest on Investments and Deposits                 | 2,700                 | 5,935         | 3,235                |
| Cable T.V. Franchise Fee                             | 11,000                | 38,429        | 27,429               |
| Verizon FIOS Franchise Fee                           | 62,000                | 61,626        | (374)                |
| Sewer Surcharges                                     | 42,000                | 19,123        | (22,877)             |
| Year End Tax Penalty - 6%                            | 6,000                 | 5,116         | (884)                |
| Energy Receipts Tax                                  | 976,676               | 976,676       | -                    |
| Supplemental Energy Receipts Tax                     | 52,713                | 52,713        | -                    |
| Uniform Construction Code Fees                       | 215,000               | 172,816       | (42,184)             |
| Interlocal Service Agreements - BOE Gasoline         | 18,000                | 23,011        | 5,011                |
| Recycling Tonnage Grant                              | 10,535                | 10,535        | -                    |
| Drunk Driving Enforcement Fund                       | 8,200                 | 8,200         | -                    |
| Body Armor Replacement Program                       | 1,863                 | 1,863         | -                    |
| Uniform Fire Safety Act                              | 7,000                 | 6,048         | (952)                |
| Cellular Tower Lease                                 | 77,900                | 83,055        | 5,155                |
| Towing Licences & Administration                     | 12,000                | 9,535         | (2,465)              |
| Reserve for Payment of Debt                          | 49,000                | 49,000        | -                    |
| Payment in Lieu of Taxes (PILOT)                     | 63,000                | 64,564        | 1,564                |
| Sewer Billing - Commercial                           | 132,000               | 145,393       | 13,393               |
| Passport Fees  | 6,500                 | 6,900         | 400                  |
| Due From Police Off Duty Trust - Administration Fees | 39,700                | 51,903        | 12,203               |
| Real Property Rental                                 | 24,000                | 24,000        | -                    |
| Copies   | 4,000                 | 2,720         | (1,280)              |
| Planning/Zoning Board Fees                           | 4,000                 | 6,600         | 2,600                |
| Motor Vehicle Inspection Fees                        | 800                   | 6,467         | 5,667                |
| Fire Prevention Permits                              | 1,000                 | 1,502         | 502                  |
| Garage Sale Permits                                  | 700                   | 690           | (10)                 |
| Total Miscellaneous Revenues                         | \$ 2,237,187          | \$ 2,299,023  | \$ 61,836            |
| Receipts From Delinquent Taxes                       | \$ 233,758            | \$ 237,504    | \$ 3,746             |
| Amount to be Raised by Taxation - Local              | \$ 10,554,558         | \$ 10,582,753 | \$ 28,195            |
| Amount to be Raised by Taxation - Library            | 457,414               | 457,414       | -                    |
|  | \$ 11,011,972         | \$ 11,040,167 | \$ 28,195            |
| Total Revenues                                       | \$ 13,882,917         | \$ 13,976,694 | \$ 93,777            |

BOROUGH OF LEONIA  
 CURRENT FUND  
 SCHEDULE OF REVENUES AND OTHER CREDITS TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2017

|   | Budget<br>As Modified | Realized             | Excess/<br>(Deficit) |
|---|-----------------------|----------------------|----------------------|
| <u>OTHER CREDITS TO INCOME</u>                |                       |                      |                      |
| Miscellaneous Revenues Not Anticipated        | \$ -                  | \$ 176,168           | \$ 176,168           |
| Unexpended Balances of Appropriation Reserves | -                     | 458,465              | 458,465              |
| Unexpended Balances Cancelled                 | -                     | 53                   | 53                   |
| Interfund Loans Returned                      | -                     | -                    | -                    |
| Cancellations & Adjustments                   | -                     | 29,393               | 29,393               |
| Taxes Allocated to School and County:         |                       |                      |                      |
| Local District School Tax                     | 21,194,081            | 21,194,081           | -                    |
| County Tax Levy                               | 3,326,171             | 3,326,171            | -                    |
| County Open Space                             | 137,838               | 137,838              | -                    |
| Added County Taxes                            | 4,809                 | 4,809                | -                    |
| Added County Open Space                       | 189                   | 189                  | -                    |
| Total Other Credits to Income                 | <u>\$ 24,663,088</u>  | <u>\$ 25,327,167</u> | <u>\$ 664,079</u>    |
| Total Revenues and Other Credits to Income    | <u>\$ 38,546,005</u>  | <u>\$ 39,303,861</u> | <u>\$ 757,856</u>    |

BOROUGH OF LEONIA  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2017

|                                     | Appropriated   |                            |                              | Expended           |           | Unexpended<br>Balance<br>Canceled | Overexpended |
|-------------------------------------|----------------|----------------------------|------------------------------|--------------------|-----------|-----------------------------------|--------------|
|                                     | 2017<br>Budget | Emergency<br>Appropriation | Budget After<br>Modification | Paid or<br>Charged | Reserved  |                                   |              |
| OPERATIONS - WITHIN "CAPS"          |                |                            |                              |                    |           |                                   |              |
| <u>General Government Functions</u> |                |                            |                              |                    |           |                                   |              |
| Office of the Administrator:        |                |                            |                              |                    |           |                                   |              |
| Salaries and Wages                  | \$ 303,500     | \$ -                       | \$ 278,500                   | \$ 248,956         | \$ 29,544 | \$ -                              | \$ -         |
| Other Expenses                      | 43,500         | -                          | 43,500                       | 33,645             | 9,855     | -                                 | -            |
| Administrative and Executive:       |                |                            |                              |                    |           |                                   |              |
| Other Expenses                      | 71,350         | -                          | 61,250                       | 52,132             | 9,118     | -                                 | -            |
| Codification of Ordinances          | 4,000          | -                          | 4,000                        | 4,000              | -         | -                                 | -            |
| Postage:                            |                |                            |                              |                    |           |                                   |              |
| Other Expenses                      | 20,502         | -                          | 20,502                       | 20,411             | 91        | -                                 | -            |
| Copier Operations:                  |                |                            |                              |                    |           |                                   |              |
| Other Expenses                      | 16,300         | -                          | 16,300                       | 12,820             | 3,480     | -                                 | -            |
| Elections:                          |                |                            |                              |                    |           |                                   |              |
| Other Expenses                      | 8,000          | -                          | 8,000                        | 7,590              | 410       | -                                 | -            |
| Financial Administration:           |                |                            |                              |                    |           |                                   |              |
| Annual Audit                        | 30,000         | -                          | 30,000                       | 30,000             | -         | -                                 | -            |
| Computerized Data Processing:       |                |                            |                              |                    |           |                                   |              |
| Other Expenses                      | 48,500         | -                          | 48,500                       | 31,824             | 16,676    | -                                 | -            |
| Tax Assessment Administration:      |                |                            |                              |                    |           |                                   |              |
| Salaries and Wages                  | 18,000         | -                          | 18,000                       | 17,874             | 126       | -                                 | -            |
| Other Expenses                      | 2,125          | -                          | 2,125                        | 1,620              | 505       | -                                 | -            |
| Collection of Taxes:                |                |                            |                              |                    |           |                                   |              |
| Salaries and Wages                  | 194,100        | -                          | 194,100                      | 161,481            | 32,619    | -                                 | -            |
| Other Expenses                      | 49,195         | -                          | 49,195                       | 16,161             | 33,034    | -                                 | -            |
| Legal Services:                     |                |                            |                              |                    |           |                                   |              |
| Other Expenses                      | 108,000        | -                          | 108,000                      | 88,347             | 19,653    | -                                 | -            |
| Municipal Prosecutor:               |                |                            |                              |                    |           |                                   |              |
| Salaries and Wages                  | 14,000         | -                          | 14,000                       | 13,263             | 737       | -                                 | -            |
| Engineering Services:               |                |                            |                              |                    |           |                                   |              |
| Other Expenses                      | 89,000         | -                          | 106,000                      | 105,869            | 131       | -                                 | -            |
| Historical Commission:              |                |                            |                              |                    |           |                                   |              |
| Other Expenses                      | 1,000          | -                          | 1,000                        | 1,000              | -         | -                                 | -            |

BOROUGH OF LEONIA  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2017

|  | Appropriated   |                            | Expended                     |                    | Unexpended<br>Balance<br>Canceled | Overexpended |
|--|----------------|----------------------------|------------------------------|--------------------|-----------------------------------|--------------|
|  | 2017<br>Budget | Emergency<br>Appropriation | Budget After<br>Modification | Paid or<br>Charged |                                   |              |
| OPERATIONS - WITHIN "CAPS" (Continued) |                |                            |                              |                    |                                   |              |
| <u>Land Use Administration</u>         |                |                            |                              |                    |                                   |              |
| Planning/ Zoning Board:                |                |                            |                              |                    |                                   |              |
| Salaries and Wages                     | 2,000          | -                          | 2,000                        | 1,800              | 200                               | -            |
| Other Expenses                         | 7,850          | -                          | 7,850                        | 5,620              | 2,230                             | -            |
| Hepatitis B Vaccine & Training:        |                |                            |                              |                    |                                   |              |
| Other Expenses                         | 1,800          | -                          | 1,800                        | -                  | 1,800                             | -            |
| Insurance (N.J.S.A. 40A;4-45.3900))    |                |                            |                              |                    |                                   |              |
| General Liability                      | -              | -                          | -                            | -                  | -                                 | -            |
| Workers Compensation                   | -              | -                          | -                            | -                  | -                                 | -            |
| Employee Group Health                  | 1,790,050      | -                          | 1,790,050                    | 1,699,960          | 90,090                            | -            |
| Employee Group Health - Waiver         | 53,000         | -                          | 53,000                       | 48,306             | 4,694                             | -            |

BOROUGH OF LEONIA  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2017

|  | Appropriated   |                            | Expended                     |                    | Unexpended<br>Balance<br>Canceled | Overexpended |
|--|----------------|----------------------------|------------------------------|--------------------|-----------------------------------|--------------|
|  | 2017<br>Budget | Emergency<br>Appropriation | Budget After<br>Modification | Paid or<br>Charged |                                   |              |
| OPERATIONS - WITHIN "CAPS" (Continued)   |                |                            |                              |                    |                                   |              |
| <u>Public Safety Functions</u>           |                |                            |                              |                    |                                   |              |
| Police:                                  |                |                            |                              |                    |                                   |              |
| Salaries and Wages                       | \$ 2,913,771   | \$ -                       | \$ 2,949,871                 | \$ 2,943,964       | \$ 5,907                          | \$ -         |
| Other Expenses                           | 319,600        | -                          | 355,600                      | 349,070            | 6,530                             | -            |
| Purchase of Police Vehicles              | 4,800          | -                          | 4,800                        | 4,697              | 103                               | -            |
| First Aid Organization:                  |                |                            |                              |                    |                                   |              |
| Other Expenses                           | 3,000          | -                          | 3,000                        | -                  | 3,000                             | -            |
| Fire Department:                         |                |                            |                              |                    |                                   |              |
| Other Expenses                           | 125,288        | -                          | 135,288                      | 125,183            | 10,105                            | -            |
| Fire Marshall:                           |                |                            |                              |                    |                                   |              |
| Salaries and Wages                       | 16,600         | -                          | 16,600                       | 16,358             | 242                               | -            |
| Other Expenses                           | 3,000          | -                          | 3,000                        | 1,077              | 1,923                             | -            |
| Office of Emergency Management:          |                |                            |                              |                    |                                   |              |
| Salaries and Wages                       | 2,500          | -                          | 2,500                        | 2,500              | -                                 | -            |
| Other Expenses                           | 3,900          | -                          | 3,900                        | 3,242              | 658                               | -            |
| Municipal Court:                         |                |                            |                              |                    |                                   |              |
| Salaries and Wages                       | 126,500        | -                          | 126,500                      | 121,023            | 5,477                             | -            |
| Other Expenses                           | 26,800         | -                          | 26,800                       | 22,494             | 4,306                             | -            |
| Uniform Fire Safety Act (C383 P.L. 1983) |                |                            |                              |                    |                                   |              |
| Salaries and Wages                       | 7,000          | -                          | 7,000                        | 7,000              | -                                 | -            |
| Public Defender (P.L. 1997, C.256):      |                |                            |                              |                    |                                   |              |
| Salaries and Wages                       | 7,900          | -                          | 7,900                        | 7,883              | 17                                | -            |
| Other Expenses                           | 200            | -                          | 200                          | 150                | 50                                | -            |
| Right to Know - PEOSHA (P.L. 1983 C.516) |                |                            |                              |                    |                                   |              |
| Other Expenses                           | 3,500          | -                          | 3,500                        | 2,700              | 800                               | -            |

BOROUGH OF LEONIA  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2017

|  | Appropriated   |                            |                              | Expended           |          | Unexpended<br>Balance<br>Canceled | Overexpended |
|--|----------------|----------------------------|------------------------------|--------------------|----------|-----------------------------------|--------------|
|  | 2017<br>Budget | Emergency<br>Appropriation | Budget After<br>Modification | Paid or<br>Charged | Reserved |                                   |              |
| OPERATIONS - WITHIN "CAPS" (Continued)                       |                |                            |                              |                    |          |                                   |              |
| <u>Public Works Functions</u>                                |                |                            |                              |                    |          |                                   |              |
| Streets and Road Maintenance:                                |                |                            |                              |                    |          |                                   |              |
| Salaries and Wages   | 1,355,550      | -                          | 1,295,550                    | 1,265,049          | 30,501   | -                                 | -            |
| Other Expenses   | 188,650        | -                          | 198,650                      | 193,128            | 5,522    | -                                 | -            |
| Shade Tree Commission:                                       |                |                            |                              |                    |          |                                   |              |
| Other Expenses   | 2,000          | -                          | 2,000                        | 1,125              | 875      | -                                 | -            |
| Garbage and Trash Removal:                                   |                |                            |                              |                    |          |                                   |              |
| Tipping Fees - BCUA  | 306,000        | -                          | 291,000                      | 261,806            | 29,194   | -                                 | -            |
| Buildings and Grounds:                                       |                |                            |                              |                    |          |                                   |              |
| Other Expenses   | 117,500        | -                          | 117,500                      | 112,245            | 5,255    | -                                 | -            |
| <u>Health and Human Services</u>                             |                |                            |                              |                    |          |                                   |              |
| Board of Health:   |                |                            |                              |                    |          |                                   |              |
| Salaries and Wages   | 60,050         | -                          | 60,050                       | 58,641             | 1,409    | -                                 | -            |
| Other Expenses   | 51,082         | -                          | 51,082                       | 40,804             | 10,278   | -                                 | -            |
| <u>Park and Recreation Functions</u>                         |                |                            |                              |                    |          |                                   |              |
| Board of Recreation Commissioners<br>(R.S. 40:12-1 et seq.): |                |                            |                              |                    |          |                                   |              |
| Salaries and Wages   | 154,500        | -                          | 154,500                      | 127,017            | 27,483   | -                                 | -            |
| Other Expenses   | 48,650         | -                          | 48,650                       | 45,982             | 2,668    | -                                 | -            |
| Senior Citizens Activities:                                  |                |                            |                              |                    |          |                                   |              |
| Salaries and Wages   | 35,000         | -                          | 35,000                       | 34,929             | 71       | -                                 | -            |
| Other Expenses   | 9,000          | -                          | 9,000                        | 6,114              | 2,886    | -                                 | -            |
| Senior Citizens Bus:   |                |                            |                              |                    |          |                                   |              |
| Salaries and Wages   | 27,300         | -                          | 27,300                       | 25,564             | 1,736    | -                                 | -            |
| Other Expenses   | 8,000          | -                          | 8,000                        | 5,002              | 2,998    | -                                 | -            |

BOROUGH OF LEONIA  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2017

|  | Appropriated   |                            |                              | Expended           |            | Unexpended<br>Balance<br>Canceled | Overexpended |
|--|----------------|----------------------------|------------------------------|--------------------|------------|-----------------------------------|--------------|
|  | 2017<br>Budget | Emergency<br>Appropriation | Budget After<br>Modification | Paid or<br>Charged | Reserved   |                                   |              |
| OPERATIONS - WITHIN "CAPS" (Continued)             |                |                            |                              |                    |            |                                   |              |
| <u>Code Enforcement Administration</u>             |                |                            |                              |                    |            |                                   |              |
| Uniform Construction Code Enforcement Functions:   |                |                            |                              |                    |            |                                   |              |
| Salaries and Wages                                 | \$ 127,020     | \$ -                       | \$ 127,020                   | \$ 124,510         | \$ 2,510   | \$ -                              | \$ -         |
| Other Expenses                                     | 3,850          | -                          | 3,850                        | 3,850              | -          | -                                 | -            |
| Fire Sub-Code Officials:                           |                |                            |                              |                    |            |                                   |              |
| Salaries and Wages                                 | 12,150         | -                          | 12,150                       | 12,150             | -          | -                                 | -            |
| Electrical Sub-Code Officials:                     |                |                            |                              |                    |            |                                   |              |
| Salaries and Wages                                 | 10,800         | -                          | 10,800                       | 10,746             | 54         | -                                 | -            |
| <u>Utility Expenses and Bulk Purchases</u>         |                |                            |                              |                    |            |                                   |              |
| Gasoline   | 55,000         | -                          | 55,000                       | 26,342             | 28,658     | -                                 | -            |
| Diesel Fuel  | 53,000         | -                          | 53,000                       | 48,191             | 4,809      | -                                 | -            |
| Electricity & Gas                                  | 145,000        | -                          | 145,000                      | 59,804             | 85,196     | -                                 | -            |
| Telephone and Telegraph                            | 93,000         | -                          | 93,000                       | 92,465             | 535        | -                                 | -            |
| Street Lighting                                    | 110,000        | -                          | 110,000                      | 85,098             | 24,902     | -                                 | -            |
| Fire Hydrant                                       | 104,000        | -                          | 104,000                      | 92,406             | 11,594     | -                                 | -            |
| Water  | 6,000          | -                          | 7,000                        | 6,847              | 153        | -                                 | -            |
| CRL Contract                                       | 4,000          | -                          | 4,000                        | -                  | 4,000      | -                                 | -            |
| Total Operations - Within "CAPS"                   | \$ 9,527,233   | \$ -                       | \$ 9,527,233                 | \$ 8,949,835       | \$ 577,398 | \$ -                              | \$ -         |
| Contingent   | -              | -                          | -                            | -                  | -          | -                                 | -            |
| Total Operations Including Contingent - Within "C" | \$ 9,527,233   | \$ -                       | \$ 9,527,233                 | \$ 8,949,835       | \$ 577,398 | \$ -                              | \$ -         |
| Detail:  |                |                            |                              |                    |            |                                   |              |
| Salaries and Wages                                 | \$ 4,032,691   | \$ -                       | \$ 4,043,791                 | \$ 3,935,659       | \$ 108,132 | \$ -                              | \$ -         |
| Other Expenses                                     | \$ 5,494,542   | \$ -                       | \$ 5,483,442                 | \$ 5,014,176       | \$ 469,266 | \$ -                              | \$ -         |

BOROUGH OF LEONIA  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2017

|  | Appropriated   |                            |                              | Expended           |            | Unexpended          | Overexpended |
|--|----------------|----------------------------|------------------------------|--------------------|------------|---------------------|--------------|
|  | 2017<br>Budget | Emergency<br>Appropriation | Budget After<br>Modification | Paid or<br>Charged | Reserved   | Balance<br>Canceled |              |
| <b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - WITHIN "CAPS"</b> |                |                            |                              |                    |            |                     |              |
| <u>Deferred Charges</u>  |                |                            |                              |                    |            |                     |              |
| Emergency Authorizations   | -              | -                          | -                            | -                  | -          | -                   | -            |
| Authorized but Not Issued - COAH                                   | 3,086          | -                          | 3,086                        | 3,086              | -          | -                   | -            |
| Ordinance 14-12 Cancellation                                       | 26,180         | -                          | 26,180                       | 26,180             | -          | -                   | -            |
| NJEIT Loan - Authorized but Not Issued                             | 46,553         | -                          | 46,553                       | 46,553             | -          | -                   | -            |
| <u>Statutory Expenditures</u>                                      |                |                            |                              |                    |            |                     |              |
| Public Employees' Retirement System                                | 320,374        | -                          | 320,374                      | 320,374            | -          | -                   | -            |
| Social Security System (O.A.S.I.)                                  | 300,000        | -                          | 300,000                      | 258,560            | 41,440     | -                   | -            |
| Police and Firemen's Retirement System                             | 594,902        | -                          | 594,902                      | 594,902            | -          | -                   | -            |
| State Unemployment Insurance                                       | 10,000         | -                          | 10,000                       | 10,000             | -          | -                   | -            |
| Total Deferred Charges and Statutory Expenditur                    | \$ 1,301,095   | \$ -                       | \$ 1,301,095                 | \$ 1,259,655       | \$ 41,440  | \$ -                | \$ -         |
| Total General Appropriations for Municipal Purpo                   | \$ 10,828,328  | \$ -                       | \$ 10,828,328                | \$ 10,209,490      | \$ 618,838 | \$ -                | \$ -         |

BOROUGH OF LEONIA  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2017

|   | Appropriated        |                            |                              | Expended            |                   | Unexpended<br>Balance<br>Canceled | Overexpended |
|---|---------------------|----------------------------|------------------------------|---------------------|-------------------|-----------------------------------|--------------|
|   | 2017<br>Budget      | Emergency<br>Appropriation | Budget After<br>Modification | Paid or<br>Charged  | Reserved          |                                   |              |
| OPERATIONS - EXCLUDED FROM "CAPS"                     |                     |                            |                              |                     |                   |                                   |              |
| <u>Unclassified</u>                                   |                     |                            |                              |                     |                   |                                   |              |
| Length of Service Award Program (LOSAP)               | 34,000              | -                          | 34,000                       | -                   | 34,000            | -                                 | -            |
| <u>Education</u>                                      |                     |                            |                              |                     |                   |                                   |              |
| Maintenance of Free Public Library (P.L. 1985,        | 271,386             | -                          | 271,386                      | 247,836             | 23,550            | -                                 | -            |
| Minimum Funding - Free Public Library (1/3 of         | 457,414             | -                          | 457,414                      | 457,414             | -                 | -                                 | -            |
| <u>Other Common Operating Functions</u>               |                     |                            |                              |                     |                   |                                   |              |
| BCUA Share of Costs                                   | 785,369             | -                          | 785,369                      | 586,267             | 199,102           | -                                 | -            |
| BCUA Recycling Tax                                    | 11,044              | -                          | 11,044                       | 11,044              | -                 | -                                 | -            |
| <u>Interlocal Municipal Service Agreements</u>        |                     |                            |                              |                     |                   |                                   |              |
| Board of Education Gas/Diesel Agreement               | 18,000              | -                          | 18,000                       | 18,000              | -                 | -                                 | -            |
| <u>Public and Private Programs Offset by Revenues</u> |                     |                            |                              |                     |                   |                                   |              |
| Clean Communities Program                             | -                   | -                          | -                            | -                   | -                 | -                                 | -            |
| Drunk Driving Enforcement Fund (Reserve)              | 8,200               | -                          | 8,200                        | 8,200               | -                 | -                                 | -            |
| Body Armor Replacement Program - (Reserve)            | 1,863               | -                          | 1,863                        | 1,863               | -                 | -                                 | -            |
| Recycling Tonnage Grant - (Reserve)                   | 10,535              | -                          | 10,535                       | 10,535              | -                 | -                                 | -            |
| Body Armor Replacement Program - Federal -            | -                   | -                          | -                            | -                   | -                 | -                                 | -            |
| Alcohol Education & Rehabilitation Fund - (CH1        | -                   | -                          | -                            | -                   | -                 | -                                 | -            |
| Clean Communities Program - (CH159)                   | -                   | -                          | -                            | -                   | -                 | -                                 | -            |
| ANJEC Open Space Stewardship Grant - (CH1             | -                   | -                          | -                            | -                   | -                 | -                                 | -            |
| NJ Forest Service - Community Forestry Progr          | -                   | -                          | -                            | -                   | -                 | -                                 | -            |
| <b>Total Operations Excluded from "CAPS"</b>          | <b>\$ 1,597,811</b> | <b>\$ -</b>                | <b>\$ 1,597,811</b>          | <b>\$ 1,341,159</b> | <b>\$ 256,652</b> | <b>\$ -</b>                       | <b>\$ -</b>  |
| Detail:   |                     |                            |                              |                     |                   |                                   |              |
| Salaries and Wages                                    | \$ -                | \$ -                       | \$ -                         | \$ -                | \$ -              | \$ -                              | \$ -         |
| Other Expenses  | \$ 1,597,811        | \$ -                       | \$ 1,597,811                 | \$ 1,341,159        | \$ 256,652        | \$ -                              | \$ -         |

BOROUGH OF LEONIA  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2017

|  | Appropriated        |                            |                              | Expended            |             | Unexpended          | Overexpended |
|--|---------------------|----------------------------|------------------------------|---------------------|-------------|---------------------|--------------|
|  | 2017<br>Budget      | Emergency<br>Appropriation | Budget After<br>Modification | Paid or<br>Charged  | Reserved    | Balance<br>Canceled |              |
| <b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>       |                     |                            |                              |                     |             |                     |              |
| Capital Improvement Fund                                 | \$ -                | \$ -                       | \$ -                         | \$ -                | \$ -        | \$ -                | \$ -         |
| <b>Total Capital Improvements - Excluded From "CAPS"</b> | <b>\$ -</b>         | <b>\$ -</b>                | <b>\$ -</b>                  | <b>\$ -</b>         | <b>\$ -</b> | <b>\$ -</b>         | <b>\$ -</b>  |
| <b>DEBT SERVICE - EXCLUDED FROM "CAPS"</b>               |                     |                            |                              |                     |             |                     |              |
| <u>Municipal Debt Service</u>                            |                     |                            |                              |                     |             |                     |              |
| Bond Principal   | \$ 835,000          | \$ -                       | \$ 835,000                   | \$ 835,000          | \$ -        | \$ -                | \$ -         |
| Bond Anticipation Notes & Capital Notes                  | 153,025             | -                          | 153,025                      | 153,025             | -           | -                   | -            |
| Interest on Bonds  | 93,807              | -                          | 93,807                       | 93,806              | -           | 1                   | -            |
| Interest on Notes (BAN's)                                | 37,023              | -                          | 37,023                       | 37,022              | -           | 1                   | -            |
| NJEIT Loan Principal - Spring Street Sewer               | 20,660              | -                          | 20,075                       | 20,075              | -           | -                   | -            |
| NJEIT Loan Interest - Spring Street Sewer                | 6,800               | -                          | 7,157                        | 7,106               | -           | 51                  | -            |
| NJEIT Loan Principal - Salt Dome                         | 19,895              | -                          | 19,310                       | 19,310              | -           | -                   | -            |
| NJEIT Loan Interest - Salt Dome                          | 5,590               | -                          | 6,403                        | 6,403               | -           | -                   | -            |
| NJEIT - Loan Administrative Fees                         | -                   | -                          | -                            | -                   | -           | -                   | -            |
| <b>Total Debt Service - Excluded From "CAPS"</b>         | <b>\$ 1,171,800</b> | <b>\$ -</b>                | <b>\$ 1,171,800</b>          | <b>\$ 1,171,747</b> | <b>\$ -</b> | <b>\$ 53</b>        | <b>\$ -</b>  |

BOROUGH OF LEONIA  
 CURRENT FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2017

|  | Appropriated   |                            |                              | Expended           |            | Unexpended          | Overexpended |
|--|----------------|----------------------------|------------------------------|--------------------|------------|---------------------|--------------|
|  | 2017<br>Budget | Emergency<br>Appropriation | Budget After<br>Modification | Paid or<br>Charged | Reserved   | Balance<br>Canceled |              |
| DEFERRED CHARGES - EXCLUDED FROM "CAPS"                |                |                            |                              |                    |            |                     |              |
| Emergency Authorizations                               | \$ -           | \$ -                       | \$ -                         | \$ -               | \$ -       | \$ -                | \$ -         |
| Total General Appropriations for Municipal Purpo       | \$ 2,769,611   | \$ -                       | \$ 2,769,611                 | \$ 2,512,906       | \$ 256,652 | \$ 53               | \$ -         |
| Subtotal General Appropriations                        | \$ 13,597,939  | \$ -                       | \$ 13,597,939                | \$ 12,722,396      | \$ 875,490 | \$ 53               | \$ -         |
| Reserve for Uncollected Taxes                          | 284,978        | -                          | 284,978                      | 284,978            | -          | -                   | -            |
| Total General Appropriations                           | \$ 13,882,917  | \$ -                       | \$ 13,882,917                | \$ 13,007,374      | \$ 875,490 | \$ 53               | \$ -         |
| Budget Appropriations - Adopted Budget                 | \$ 13,882,917  | \$ -                       | \$ 13,882,917                |                    |            |                     |              |
| Budget Appropriations - Added by <u>N.J.S. 40A:4-8</u> | -              | -                          | -                            |                    |            |                     |              |
| Emergency Appropriations                               | -              | -                          | -                            |                    |            |                     |              |
|  | \$ 13,882,917  | \$ -                       | \$ 13,882,917                |                    |            |                     |              |
| Other Charges to Income:                               |                |                            |                              |                    |            |                     |              |
| Interfund Advances Originating in Current Year         |                |                            | \$ -                         | \$ 58,000          |            |                     |              |
| Refund of Prior Year's Revenue                         |                |                            | -                            | 28,954             |            |                     |              |
| Cancellations & Adjustments                            |                |                            | -                            | -                  |            |                     |              |
| Taxes Allocated to School and County:                  |                |                            |                              |                    |            |                     |              |
| Local District School Tax                              |                |                            | 21,194,081                   | 21,194,081         |            |                     |              |
| County Tax Levy  |                |                            | 3,326,171                    | 3,326,171          |            |                     |              |
| County Open Space                                      |                |                            | 137,838                      | 137,838            |            |                     |              |
| Added County Taxes                                     |                |                            | 4,809                        | 4,809              |            |                     |              |
| Added County Open Space                                |                |                            | 189                          | 189                |            |                     |              |
|  |                |                            | \$ 24,663,088                | \$ 24,750,042      |            |                     |              |

BOROUGH OF LEONIA  
 GRANT FUND  
 BALANCE SHEET (REGULATORY BASIS)

|  | <u>2017</u>      | <u>2016</u>       |
|--|------------------|-------------------|
| <u>ASSETS</u>                                      |                  |                   |
| Cash   | \$ 46,996        | \$ 104,693        |
| Intergovernmental Receivable:<br>Grants Receivable | \$ 233           | \$ 30,233         |
| Total Assets                                       | <u>\$ 47,229</u> | <u>\$ 134,926</u> |
| <u>LIABILITIES AND RESERVES</u>                    |                  |                   |
| Other Liabilities and Reserves:                    |                  |                   |
| Appropriated Reserves                              | \$ 17,561        | \$ 113,861        |
| Unappropriated Reserves                            | 29,668           | 21,065            |
|  | <u>\$ 47,229</u> | <u>\$ 134,926</u> |
| Total Liabilities and Reserves                     | <u>\$ 47,229</u> | <u>\$ 134,926</u> |

BOROUGH OF LEONIA  
 GRANT FUND  
 SCHEDULE OF GRANTS RECEIVABLE  
 YEAR ENDED DECEMBER 31, 2017

| Program  | Balance<br>December 31,<br>2016 | Revenue<br>Realized | Received    | Unappropriated<br>Reserve Applied | Adjustments     | Balance<br>December 31,<br>2017 |
|--|---------------------------------|---------------------|-------------|-----------------------------------|-----------------|---------------------------------|
| <u>Federal</u>                                 | \$ -                            | \$ -                | \$ -        | \$ -                              | \$ -            | \$ -                            |
| <u>State</u>                                   |                                 |                     |             |                                   |                 |                                 |
| Clean Communities Program                      | -                               | -                   | -           | -                                 | -               | -                               |
| Drunk Driving Enforcement Fund                 | -                               | -                   | -           | -                                 | -               | -                               |
| Body Armor Replacement Program                 | -                               | -                   | -           | -                                 | -               | -                               |
| Recycling Tonnage Grant                        | -                               | -                   | -           | -                                 | -               | -                               |
| Alcohol Education & Rehabilitation Program     | -                               | -                   | -           | -                                 | -               | -                               |
| ANJEC Open Space Stewardship Grant             | 233                             | -                   | -           | -                                 | -               | 233                             |
| NJ Forest Service - Community Forestry Program | 30,000                          | -                   | -           | -                                 | (30,000)        | -                               |
|  | <u>30,233</u>                   | <u>-</u>            | <u>-</u>    | <u>-</u>                          | <u>(30,000)</u> | <u>233</u>                      |
| <u>Other</u>                                   | -                               | -                   | -           | -                                 | -               | -                               |
|  | <u>-</u>                        | <u>-</u>            | <u>-</u>    | <u>-</u>                          | <u>-</u>        | <u>-</u>                        |
| Grand Total                                    | <u>\$ 30,233</u>                | <u>\$ -</u>         | <u>\$ -</u> | <u>\$ -</u>                       | <u>(30,000)</u> | <u>\$ 233</u>                   |

BOROUGH OF LEONIA  
 GRANT FUND  
 SCHEDULE OF APPROPRIATED RESERVES  
 YEAR ENDED DECEMBER 31, 2017

| Program  | Balance<br>December 31,<br>2016 | Budget           | Paid or<br>Charged | Adjustments        | Balance<br>December 31,<br>2017 |
|--|---------------------------------|------------------|--------------------|--------------------|---------------------------------|
| <u>Federal</u>                                 |                                 |                  |                    |                    |                                 |
| Body Armor Replacement Program                 | \$ 429                          | \$ -             | \$ -               | \$ -               | \$ 429                          |
| <u>State</u>                                   |                                 |                  |                    |                    |                                 |
| Alcohol Education & Rehabilitation Fund        | \$ 1,771                        | \$ -             | \$ -               | \$ -               | \$ 1,771                        |
| Body Armor Replacement Program                 | 6,133                           | 1,863            | 1,770              | -                  | 6,226                           |
| Recycling Tonnage Grant                        | 36,862                          | 10,535           | 43,014             | (3,472)            | 911                             |
| Drunk Driving Enforcement Fund                 | 4,039                           | 8,200            | 4,715              | -                  | 7,524                           |
| Clean Communities Program                      | 33,927                          | -                | 37,399             | 3,472              | -                               |
| ANJEC Open Space Stewardship Grant             | 700                             | -                | -                  | -                  | 700                             |
| NJ Forest Service - Community Forestry Program | 30,000                          | -                | -                  | (30,000)           | -                               |
|  | <u>\$ 113,432</u>               | <u>\$ 20,598</u> | <u>\$ 86,898</u>   | <u>\$ (30,000)</u> | <u>\$ 17,132</u>                |
| <u>Other</u>                                   |                                 |                  |                    |                    |                                 |
| None   | \$ -                            | \$ -             | \$ -               | \$ -               | \$ -                            |
|  | <u>\$ -</u>                     | <u>\$ -</u>      | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>                     |
| Grand Total                                    | <u>\$ 113,861</u>               | <u>\$ 20,598</u> | <u>\$ 86,898</u>   | <u>\$ (30,000)</u> | <u>\$ 17,561</u>                |

BOROUGH OF LEONIA  
 GRANT FUND  
 SCHEDULE OF UNAPPROPRIATED RESERVES  
 YEAR ENDED DECEMBER 31, 2017

| Program                                    | Balance<br>December 31,<br>2016 | Appropriated     | Received         | Adjustments | Balance<br>December 31,<br>2017 |
|--|---------------------------------|------------------|------------------|-------------|---------------------------------|
| <u>Federal</u>                             |                                 |                  |                  |             |                                 |
| Body Armor Replacement Program             | \$ 467                          | \$ -             | \$ -             | \$ -        | \$ 467                          |
| <u>State</u>                               |                                 |                  |                  |             |                                 |
| Body Armor Replacement Program             | \$ 1,863                        | \$ 1,863         | \$ 1,946         | \$ -        | \$ 1,946                        |
| Clean Communities Program                  | -                               | -                | 15,374           | -           | 15,374                          |
| Recycling Tonnage Grant                    | 10,535                          | 10,535           | 11,044           | -           | 11,044                          |
| Drunk Driving Enforcement Fund             | 8,200                           | 8,200            | -                | -           | -                               |
| Alcohol Education & Rehabilitation Program | -                               | -                | 837              | -           | 837                             |
|  | <u>\$ 20,598</u>                | <u>\$ 20,598</u> | <u>\$ 29,201</u> | <u>\$ -</u> | <u>\$ 29,201</u>                |
| <u>Other</u>                               |                                 |                  |                  |             |                                 |
| None                                       | \$ -                            | \$ -             | \$ -             | \$ -        | \$ -                            |
| Grand Total                                | <u>\$ 21,065</u>                | <u>\$ 20,598</u> | <u>\$ 29,201</u> | <u>\$ -</u> | <u>\$ 29,668</u>                |

BOROUGH OF LEONIA  
TRUST FUND  
BALANCE SHEET (REGULATORY BASIS)

|  | 2017                | 2016                |
|--|---------------------|---------------------|
| <u>ASSETS</u>  |                     |                     |
| Cash:  |                     |                     |
| Animal Control Account   | \$ 41,799           | \$ 37,815           |
| Animal Control Change Fund   | 25                  | 25                  |
| Net Payroll Account  | -                   | 2,556               |
| Payroll Agency Account   | 2                   | 1                   |
| Recreation Commission Trust Account  | 93,346              | 66,209              |
| COAH Trust Fund Account  | 19,054              | 18,947              |
| World Trade Center Memorial Fund Donations Account                               | 8,077               | 8,077               |
| Recycling Program Trust Account  | 26,459              | 35,350              |
| Failure to Appear (POAA) Trust Account   | 11,168              | 10,367              |
| Federal Forfeiture Trust Account   | 19                  | 19                  |
| Performance and Maintenance Bonds Trust Account                                  | 153,247             | 193,884             |
| Developer's Donation Parking Trust Account                                       | 90,403              | 79,874              |
| Municipal Alliance Trust Account   | 92                  | 788                 |
| Unemployment Account   | 29,267              | 44,290              |
| Outside Employment of Off-Duty Municipal Police Officer Trust Account            | 3                   | 33,013              |
| Trust & Escrow Deposit Account   | 116,025             | 126,978             |
| Dedicated Trust Account  | 294,927             | 279,381             |
| P.A.T.F. #I Account  | -                   | 9,052               |
|  | <u>883,913</u>      | <u>946,626</u>      |
| Deferred Compensation Plan Assets:   |                     |                     |
| Lincoln Financial Group - LOSAP  | 768,367             | 656,361             |
| Total Assets   | <u>\$ 1,652,280</u> | <u>\$ 1,602,987</u> |
| <u>LIABILITIES AND RESERVES</u>  |                     |                     |
| Interfunds Payable:  |                     |                     |
| Current Fund   | \$ 58,069           | \$ 121              |
| Other Liabilities and Reserves:  |                     |                     |
| Net Payroll Payable  | -                   | 2,551               |
| Payroll Deductions Payable   | 2                   | -                   |
| Tax Sale Premiums Payable  | 139,800             | 133,000             |
| Reserve for Deferred Compensation  | 768,367             | 656,361             |
| Reserve for P.A.T.F. I Expenditures  | -                   | 9,051               |
| Reserve for Animal Control Expenditures  | 41,824              | 37,836              |
| Reserve for Developers and Escrow Deposits                                       | 116,025             | 126,946             |
| Reserve for Performance and Maintenance Bond Expenditures                        | 153,247             | 193,884             |
| Reserve for Federal Forfeiture Expenditures                                      | 19                  | 19                  |
| Reserve for Outside Employment of Off-Duty Municipal Police Officer Expenditures | 3                   | 33,013              |
| Reserve for Unemployment Claims  | 29,267              | 44,285              |
| Reserve for Recycling Program Expenditures                                       | 26,459              | 35,346              |
| Reserve for COAH Expenditures  | 19,054              | 18,947              |
| Reserve for Failure to Appear (POAA) Expenditures                                | 11,168              | 10,365              |
| Reserve for Recreation Commission Expenditures                                   | 93,346              | 66,199              |
| Reserve for Developer's Donation Parking Expenditures                            | 90,403              | 79,864              |
| Reserve for World Trade Center Memorial Donation Expenditures                    | 8,076               | 8,076               |
| Reserve for Municipal Alliance Expenditures                                      | 92                  | 788                 |
| Reserve for Dedicated Trust Fund Reserves  | -                   | 146,335             |
| Reserve for Shade Tree Expenditures  | 2,144               | -                   |
| Reserve for Health Fair Trust Fund Donations                                     | 204                 | -                   |
| Reserve for Historic Preservation Commission                                     | 3,861               | -                   |
| Reserve for Fire Safety Expenditures   | 73,251              | -                   |
| Reserve for Public Defender Expenditures   | 1,552               | -                   |
| Reserve for Storm Recovery   | 4,847               | -                   |
| Reserve for Community Policing   | 11,200              | -                   |
|  | <u>1,594,211</u>    | <u>1,602,866</u>    |
| Total Liabilities and Reserves   | <u>\$ 1,652,280</u> | <u>\$ 1,602,987</u> |

BOROUGH OF LEONIA  
GENERAL CAPITAL FUND  
BALANCE SHEET (REGULATORY BASIS)

|                                     | <u>2017</u>          | <u>2016</u>          |
|-------------------------------------|----------------------|----------------------|
| <u>ASSETS</u>                       |                      |                      |
| Cash:                               |                      |                      |
| General Capital Account             | \$ 282,173           | \$ 1,180,175         |
| Interfund Receivable:               |                      |                      |
| Current Fund                        | \$ 10,404            | \$ -                 |
| Intergovernmental Receivable:       |                      |                      |
| Grants Receivable                   | \$ 432,720           | \$ 598,018           |
| Deferred Charges:                   |                      |                      |
| Funded                              | \$ 2,185,336         | \$ 3,060,889         |
| Unfunded                            | 9,812,319            | 5,495,544            |
| Other                               | -                    | 75,819               |
|                                     | <u>\$ 11,997,655</u> | <u>\$ 8,632,252</u>  |
| Total Assets                        | <u>\$ 12,722,952</u> | <u>\$ 10,410,445</u> |
| <u>LIABILITIES AND FUND BALANCE</u> |                      |                      |
| Interfund Payable:                  |                      |                      |
| Current Fund                        | \$ 227               | \$ 163               |
| Other Liabilities and Reserves:     |                      |                      |
| Capital Improvement Fund            | \$ 34,500            | \$ 258,087           |
| Reserve for Encumbrances            | 386,928              | 600,742              |
| Reserve for Debt Service            | 11,051               | 49,647               |
| Improvement Authorizations:         |                      |                      |
| Funded                              | 165                  | 165                  |
| Unfunded                            | 4,757,988            | 944,186              |
|                                     | <u>\$ 5,190,632</u>  | <u>\$ 1,852,827</u>  |
| Serial Bonds Payable                | \$ 1,750,000         | \$ 2,585,000         |
| Loans Payable                       | \$ 435,336           | \$ 475,889           |
| Bond Anticipation Notes Payable     | \$ 5,342,519         | \$ 5,495,544         |
| Fund Balance                        | \$ 4,238             | \$ 1,022             |
| Total Liabilities and Reserves      | <u>\$ 12,722,952</u> | <u>\$ 10,410,445</u> |

BOROUGH OF LEONIA  
GENERAL CAPITAL FUND  
SCHEDULE OF INTERGOVERNMENTAL RECEIVABLE  
YEAR ENDED DECEMBER 31, 2017

| Improvement Description   | Balance<br>December 31,<br>2016 | Improvement<br>Authorized | Cash<br>Received  | Cancellations &<br>Adjustments | Balance<br>December 31,<br>2017 |
|---|---------------------------------|---------------------------|-------------------|--------------------------------|---------------------------------|
| <u>U.S. Department of Transportation -- Passed Thru the State of N.J. Department of Transportation:</u> |                                 |                           |                   |                                |                                 |
| #2015-04 - Moore Avenue   | \$ 135,000                      | \$ -                      | \$ -              | \$ -                           | \$ 135,000                      |
| #2016-06 - Crescent & Highland  | 155,500                         | -                         | 116,625           | -                              | 38,875                          |
|   | <u>290,500</u>                  | <u>-</u>                  | <u>116,625</u>    | <u>-</u>                       | <u>173,875</u>                  |
| <u>Bergen County Open Space:</u>  |                                 |                           |                   |                                |                                 |
| #2015-04 - Upper Sylvan Park  | 40,000                          | -                         | 40,000            | -                              | -                               |
| #2016-06 - Playgrounds  | 72,173                          | -                         | 72,173            | -                              | -                               |
| #2017-12 Various Public Improvements - Resurfacing  | -                               | 51,000                    | -                 | -                              | 51,000                          |
| #2017-12 Various Public Improvements - Bleachers  | -                               | 12,500                    | -                 | -                              | 12,500                          |
|   | <u>112,173</u>                  | <u>63,500</u>             | <u>112,173</u>    | <u>-</u>                       | <u>63,500</u>                   |
| <u>Bergen County Community Development:</u>   |                                 |                           |                   |                                |                                 |
| #2016-06 - ADA  | 50,000                          | -                         | -                 | -                              | 50,000                          |
| #2016-06 - Woodridge Place  | 145,345                         | -                         | -                 | -                              | 145,345                         |
|   | <u>195,345</u>                  | <u>-</u>                  | <u>-</u>          | <u>-</u>                       | <u>195,345</u>                  |
| <b>Total Grants Receivable</b>  | <b>\$ 598,018</b>               | <b>\$ 63,500</b>          | <b>\$ 228,798</b> | <b>\$ -</b>                    | <b>\$ 432,720</b>               |

BOROUGH OF LEONIA  
 GENERAL CAPITAL FUND  
 SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED  
 YEAR ENDED DECEMBER 31, 2017

| Improvement                                   | Balance<br>December 31,<br>2016 | Paid By<br>Budget | Serial<br>Bonds<br>Issued | Balance<br>December 31,<br>2017 | Analysis of Balance  |                      |
|---|---------------------------------|-------------------|---------------------------|---------------------------------|----------------------|----------------------|
|   |                                 |                   |                           |                                 | Outstanding<br>Bonds | Outstanding<br>Loans |
| 07/01/09 General Improvement Bonds            | \$ 2,585,000                    | \$ 835,000        | \$ -                      | \$ 1,750,000                    | \$ 1,750,000         | \$ -                 |
| 11/8/07 NJEIT Fund Loan - Spring Street Sewer | 272,485                         | 20,659            | -                         | 251,826                         | -                    | 251,826              |
| 11/6/08 NJEIT Trust Loan - Salt Dome          | 203,404                         | 19,894            | -                         | 183,510                         | -                    | 183,510              |
|   | <u>\$ 3,060,889</u>             | <u>\$ 875,553</u> | <u>\$ -</u>               | <u>\$ 2,185,336</u>             | <u>\$ 1,750,000</u>  | <u>\$ 435,336</u>    |

BOROUGH OF LEONIA  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
YEAR ENDED DECEMBER 31, 2017

| Improvement   | Balance              | Authorized          | Receipts<br>Applied | BANs Paid By<br>Budget | Serial<br>Bonds<br>Issued | Cancellations &<br>Adjustments | Balance              | Analysis of Balance  |                             |
|---|----------------------|---------------------|---------------------|------------------------|---------------------------|--------------------------------|----------------------|----------------------|-----------------------------|
|   | December 31,<br>2016 |                     |                     |                        |                           |                                | December 31,<br>2017 | Outstanding<br>BAN's | B&N Auth.<br>But Not Issued |
| #1164 Rehabilitation of Deficient Housing Units                         | \$ -                 | \$ -                | \$ -                | \$ -                   | \$ -                      | \$ -                           | \$ -                 | -                    | -                           |
| #11-07 Replacement of Sanitary Sewer Mains on Spring Street & Salt Dome | -                    | -                   | -                   | -                      | -                         | -                              | -                    | -                    | -                           |
| #01-10/#10-10 Various Public Improvements                               | 1,296,250            | -                   | -                   | 32,000                 | -                         | -                              | 1,264,250            | 1,264,250            | -                           |
| #08-11 Various Public Improvements                                      | 402,290              | -                   | -                   | 31,000                 | -                         | -                              | 371,290              | 371,290              | -                           |
| #11-12 Various Public Improvements                                      | 377,425              | -                   | -                   | 16,500                 | -                         | -                              | 360,925              | 360,925              | -                           |
| #13-02 Various Public Improvements                                      | 493,339              | -                   | -                   | 21,500                 | -                         | -                              | 471,839              | 471,839              | -                           |
| #14-03 Various Public Improvements                                      | 979,510              | -                   | 1,425               | 50,600                 | -                         | -                              | 927,485              | 927,485              | -                           |
| #2015-04 Various Public Improvements                                    | 632,701              | -                   | -                   | -                      | -                         | -                              | 632,701              | 632,701              | -                           |
| #2016-06 Various Public Improvements                                    | 1,314,029            | -                   | -                   | -                      | -                         | -                              | 1,314,029            | 1,314,029            | -                           |
| #2017-12 Various Public Improvements                                    | -                    | 4,469,800           | -                   | -                      | -                         | -                              | 4,469,800            | -                    | 4,469,800                   |
|   | <u>\$ 5,495,544</u>  | <u>\$ 4,469,800</u> | <u>\$ 1,425</u>     | <u>\$ 151,600</u>      | <u>\$ -</u>               | <u>\$ -</u>                    | <u>\$ 9,812,319</u>  | <u>\$ 5,342,519</u>  | <u>\$ 4,469,800</u>         |

BOROUGH OF LEONIA  
GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES  
YEAR ENDED DECEMBER 31, 2017

| P.O.<br>Number  | Balance<br>December 31,<br>2016 | Accrued    | Paid       | Cancellations<br>and<br>Adjustments | Balance<br>December 31,<br>2017 |
|-----------------|---------------------------------|------------|------------|-------------------------------------|---------------------------------|
| <u>#118</u>     |                                 |            |            |                                     |                                 |
| 16-00672        | 1,038.00                        | -          | -          | 1,038.00                            | -                               |
| <u>#13-2</u>    |                                 |            |            |                                     |                                 |
| 16-00812        | 27,219.13                       | -          | 27,219.13  | -                                   | -                               |
| <u>#15-4</u>    |                                 |            |            |                                     |                                 |
| 15-01590        | 23,893.38                       | -          | 23,893.38  | -                                   | -                               |
| 16-00672        | 250,000.00                      | -          | 236,886.60 | 13,113.40                           | -                               |
| 17-00684        | -                               | 4,248.72   | -          | -                                   | 4,248.72                        |
|                 | 273,893.38                      | 4,248.72   | 260,779.98 | 13,113.40                           | 4,248.72                        |
| <u>#16-6</u>    |                                 |            |            |                                     |                                 |
| 16-01343        | 192,677.00                      | -          | 192,677.00 | -                                   | -                               |
| 16-01362        | 1,452.00                        | -          | 1,452.00   | -                                   | -                               |
| 16-01623        | 281.28                          | -          | 281.28     | -                                   | -                               |
| 16-01907        | 4,200.00                        | -          | 4,200.00   | -                                   | -                               |
| 16-01907        | 7,980.00                        | -          | 7,980.00   | -                                   | -                               |
| 16-01708        | 6,760.00                        | -          | 6,760.00   | -                                   | -                               |
| 16-01471        | 36,547.11                       | -          | 36,547.11  | -                                   | -                               |
| 16-01557        | 550.00                          | -          | 550.00     | -                                   | -                               |
| 16-01612        | 4,648.47                        | -          | 4,648.47   | -                                   | -                               |
| 16-01472        | 25,473.00                       | -          | 25,473.00  | -                                   | -                               |
| 16-01558        | 550.00                          | -          | -          | 550.00                              | -                               |
| 16-01611        | 4,444.76                        | -          | 4,444.76   | -                                   | -                               |
| 16-01906        | 13,027.25                       | -          | 13,027.25  | -                                   | -                               |
| 17-01637        | -                               | 27,000.00  | -          | -                                   | 27,000.00                       |
|                 | 298,590.87                      | 27,000.00  | 298,040.87 | 550.00                              | 27,000.00                       |
| <u>#2017-12</u> |                                 |            |            |                                     |                                 |
| 17-01439        | -                               | 120,274.00 | -          | -                                   | 120,274.00                      |
| 17-01461        | -                               | 76,330.00  | -          | -                                   | 76,330.00                       |
| 17-01437        | -                               | 32,454.00  | -          | -                                   | 32,454.00                       |
| 17-01540        | -                               | 13,610.90  | -          | -                                   | 13,610.90                       |
| 17-01590        | -                               | 7,024.85   | -          | -                                   | 7,024.85                        |
| 17-01619        | -                               | 2,200.00   | -          | -                                   | 2,200.00                        |
| 17-01463        | -                               | 36,547.11  | -          | -                                   | 36,547.11                       |
| 17-01567        | -                               | 3,726.79   | -          | -                                   | 3,726.79                        |
| 17-01464        | -                               | 27,680.00  | -          | -                                   | 27,680.00                       |
| 17-01567        | -                               | 3,726.79   | -          | -                                   | 3,726.79                        |
| 17-01469        | -                               | 15,871.00  | -          | -                                   | 15,871.00                       |
| 17-05191        | -                               | 5,129.00   | -          | -                                   | 5,129.00                        |
| 17-01591        | -                               | 2,505.11   | -          | -                                   | 2,505.11                        |
| 17-01592        | -                               | 3,451.26   | -          | -                                   | 3,451.26                        |
| 17-01514        | -                               | 5,148.00   | -          | -                                   | 5,148.00                        |
|                 | -                               | 355,678.81 | -          | -                                   | 355,678.81                      |
|                 | 600,741.38                      | 386,927.53 | 586,039.98 | 14,701.40                           | 386,927.53                      |

BOROUGH OF LEONIA  
 GENERAL CAPITAL FUND  
 SCHEDULE OF INTERFUNDS PAYABLE  
 YEAR ENDED DECEMBER 31, 2017

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| Description                                  | Balance<br>December 31,<br>2016 | Interfunds<br>Advanced | Interfunds<br>Returned | Balance<br>December 31,<br>2017 |
|--|---------------------------------|------------------------|------------------------|---------------------------------|
| Due To Current Fund                          | \$ 163                          | \$ 227                 | \$ 163                 | \$ 227                          |
| <u>Analysis of Balance:</u>                  |                                 |                        |                        |                                 |
| December Interest not remitted until January | \$ 227                          |                        |                        |                                 |

BOROUGH OF LEONIA  
 GENERAL CAPITAL FUND  
 SCHEDULE OF CAPITAL IMPROVEMENT FUND  
 YEAR ENDED DECEMBER 31, 2017

---

| Description  | Increases | Decreases  | Balance    |
|--|-----------|------------|------------|
| Balance, December 31, 2016                         |           |            | \$ 258,087 |
| 2017 Budget Appropriation                          | -         | -          | 258,087    |
| Appropriated to Finance Improvement Authorizations | -         | 223,587    | 34,500     |
| Balance, December 31, 2017                         | \$ -      | \$ 223,587 | \$ 34,500  |

BOROUGH OF LEONIA  
 GENERAL CAPITAL FUND  
 SCHEDULE OF RESERVE FOR PAYMENT OF DEBT SERVICE  
 YEAR ENDED DECEMBER 31, 2017

| Ordinance                            | Balance<br>December 31,<br>2016 | Transfer to<br>Current Fund<br>Revenue | Increased by     |                                       |                             | Balance<br>December 31,<br>2017 |
|--------------------------------------|---------------------------------|--|------------------|---------------------------------------|-----------------------------|---------------------------------|
|                                      |                                 |  | Cash<br>Receipts | Cancelled<br>Funded<br>Authorizations | Mispostings/<br>Adjustments |                                 |
| #13-02 Various Public Improvements   | \$ 6,847                        | \$ 6,847                               | \$ -             | \$ -                                  | \$ -                        | \$ -                            |
| #14-03 Various Public Improvements   | 1,425                           | 1,425                                  | -                | -                                     | -                           | -                               |
| #2015-04 Various Public Improvements | 41,375                          | 30,324                                 | -                | -                                     | -                           | 11,051                          |
|                                      | <u>\$ 49,647</u>                | <u>\$ 38,596</u>                       | <u>\$ -</u>      | <u>\$ -</u>                           | <u>\$ -</u>                 | <u>\$ 11,051</u>                |

BOROUGH OF LEONIA  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
YEAR ENDED DECEMBER 31, 2017

| Description                               | Balance - January 1, 2017 |                   | Authorized Capital Improvement |                   |                  |                   |                   |                  | Balance - December 31, 2017 |                     |           |
|---|---------------------------|-------------------|--------------------------------|-------------------|------------------|-------------------|-------------------|------------------|-----------------------------|---------------------|-----------|
|   | Funded                    | Unfunded          | Bonds & Notes                  | Fund              | Grants           | Expended          | Encumbered        | Cancelled P/O's  | Funded                      | Unfunded            |           |
| #01/01/#10-10 Various Public Improvements | \$ -                      | \$ 409            | \$ -                           | \$ -              | \$ -             | \$ -              | \$ -              | \$ -             | \$ -                        | \$ -                | \$ 409    |
| #20-08 Various Public Improvements        | 165                       | -                 | -                              | -                 | -                | -                 | -                 | -                | -                           | 165                 | -         |
| #16-09 Various Public Improvements        | -                         | 136               | -                              | -                 | -                | -                 | -                 | -                | -                           | -                   | 136       |
| #08-11 Various Public Improvements        | -                         | 1,498             | -                              | -                 | -                | 1,089             | -                 | 1,038            | -                           | -                   | 1,447     |
| #11-12 Various Public Improvements        | -                         | 409               | -                              | -                 | -                | -                 | -                 | -                | -                           | -                   | 409       |
| #2015-04 Various Public Improvements      | -                         | 24,011            | -                              | -                 | -                | 2,320             | 4,249             | 13,113           | -                           | -                   | 30,555    |
| #2016-06 Various Public Improvements      | -                         | 917,723           | -                              | -                 | -                | 327,821           | 27,000            | 550              | -                           | -                   | 563,452   |
| #2017-12 Various Public Improvements      | -                         | -                 | 4,469,800                      | 223,587           | 63,500           | 239,628           | 355,679           | -                | -                           | -                   | 4,161,580 |
|   | <u>\$ 165</u>             | <u>\$ 944,186</u> | <u>\$ 4,469,800</u>            | <u>\$ 223,587</u> | <u>\$ 63,500</u> | <u>\$ 570,858</u> | <u>\$ 386,928</u> | <u>\$ 14,701</u> | <u>\$ 165</u>               | <u>\$ 4,757,988</u> |           |

BOROUGH OF LEONIA  
 GENERAL CAPITAL FUND  
 SCHEDULE OF SERIAL BONDS PAYABLE  
 YEAR ENDED DECEMBER 31, 2017

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| <u>Date of Issue - Purpose</u>       | <u>Total<br/>Amount<br/>of Issue</u> | <u>Balance<br/>December 31,<br/>2017</u> | <u>Issued In<br/>2017</u> | <u>Paid by<br/>Budget<br/>Appropriation</u> | <u>Balance<br/>December 31,<br/>2017</u> |
|--------------------------------------|--------------------------------------|--|---------------------------|---|--|
| 2009 07-01 General Improvement Bonds | 5,750,000                            | \$ 2,585,000                             | \$ -                      | \$ 835,000                                  | \$ 1,750,000                             |

BOROUGH OF LEONIA  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2017

| Improvement Description  | Amount of Original Note | Date of Original Note | Date of Issue | Date of Maturity | Interest Rate | Balance December 31, 2016 | Issued              | Decreased           | Paydown           | Balance December 31, 2017 |
|--|-------------------------|-----------------------|---------------|------------------|---------------|---------------------------|---------------------|---------------------|-------------------|---------------------------|
| <b>#16-1R</b>  |                         |                       |               |                  |               |                           |                     |                     |                   |                           |
| #01-10/#10-10 Various Public Improvements                        | \$ 1,250,000            | 04/05/10              | 02/19/16      | 02/17/17         | 0.74%         | \$ 1,137,863              | \$ -                | \$ 1,109,703        | \$ 28,160         | \$ -                      |
| #01-10/#10-10 Various Public Improvements (Additional Borrowing) | 169,885                 | 02/25/11              | 02/19/16      | 02/17/17         | 0.74%         | 158,387                   | -                   | 154,547             | 3,840             | -                         |
| #08-11 Various Public Improvements                               | 494,190                 | 10/24/11              | 02/19/16      | 02/17/17         | 0.74%         | 402,290                   | -                   | 371,290             | 31,000            | -                         |
| #11-12 Various Public Improvements                               | 393,925                 | 02/22/13              | 02/19/16      | 02/17/17         | 0.74%         | 377,425                   | -                   | 360,925             | 16,500            | -                         |
| #13-02 Various Public Improvements                               | 493,339                 | 02/21/14              | 02/19/16      | 02/17/17         | 0.74%         | 493,339                   | -                   | 471,839             | 21,500            | -                         |
| #14-03 Various Public Improvements                               | 979,510                 | 09/19/14              | 02/19/16      | 02/17/17         | 0.74%         | 979,510                   | -                   | 927,485             | 52,025            | -                         |
| #2015-04 Various Public Improvements                             | 632,701                 | 02/19/16              | 02/19/16      | 02/17/17         | 0.74%         | 632,701                   | -                   | 632,701             | -                 | -                         |
|  |                         |                       |               |                  |               | <u>\$ 4,181,515</u>       | <u>\$ -</u>         | <u>\$ 4,028,490</u> | <u>\$ 153,025</u> | <u>\$ -</u>               |
| <b>#16-1</b>   |                         |                       |               |                  |               |                           |                     |                     |                   |                           |
| #2016-06 Various Public Improvements                             | \$ 1,314,029            | 09/30/16              | 02/19/16      | 02/17/17         | 1.25%         | \$ 1,314,029              | \$ -                | \$ 1,314,029        | \$ -              | \$ -                      |
| <b>#17-1R</b>  |                         |                       |               |                  |               |                           |                     |                     |                   |                           |
| #01-10/#10-10 Various Public Improvements                        | \$ 1,250,000            | 04/05/10              | 02/17/17      | 02/16/18         | 1.14%         | \$ -                      | \$ 1,109,703        | \$ -                | \$ -              | \$ 1,109,703              |
| #01-10/#10-10 Various Public Improvements (Additional Borrowing) | 169,885                 | 02/25/11              | 02/17/17      | 02/16/18         | 1.14%         | -                         | 154,547             | -                   | -                 | 154,547                   |
| #08-11 Various Public Improvements                               | 494,190                 | 10/24/11              | 02/17/17      | 02/16/18         | 1.14%         | -                         | 371,290             | -                   | -                 | 371,290                   |
| #11-12 Various Public Improvements                               | 393,925                 | 02/22/13              | 02/17/17      | 02/16/18         | 1.14%         | -                         | 360,925             | -                   | -                 | 360,925                   |
| #13-02 Various Public Improvements                               | 493,339                 | 02/21/14              | 02/17/17      | 02/16/18         | 1.14%         | -                         | 471,839             | -                   | -                 | 471,839                   |
| #14-03 Various Public Improvements                               | 979,510                 | 09/19/14              | 02/17/17      | 02/16/18         | 1.14%         | -                         | 927,485             | -                   | -                 | 927,485                   |
| #2015-04 Various Public Improvements                             | 632,701                 | 02/19/16              | 02/17/17      | 02/16/18         | 1.14%         | -                         | 632,701             | -                   | -                 | 632,701                   |
| #2016-06 Various Public Improvements                             | \$ 1,314,029            | 09/30/16              | 02/17/17      | 02/16/18         | 1.14%         | -                         | 1,314,029           | -                   | -                 | 1,314,029                 |
|  |                         |                       |               |                  |               | <u>\$ -</u>               | <u>\$ 5,342,519</u> | <u>\$ -</u>         | <u>\$ -</u>       | <u>\$ 5,342,519</u>       |
|  |                         |                       |               |                  |               | <u>\$ 5,495,544</u>       | <u>\$ 5,342,519</u> | <u>\$ 5,342,519</u> | <u>\$ 153,025</u> | <u>\$ 5,342,519</u>       |

BOROUGH OF LEONIA  
 GENERAL CAPITAL FUND  
 SCHEDULE OF LOANS PAYABLE  
 YEAR ENDED DECEMBER 31, 2017

| Date of Issue - Purpose                       | Total<br>Amount<br>of Issue | Balance<br>December 31,<br>2016 | Issued In<br>2017 | Paid by<br>Budget<br>Appropriation | Refinance<br>Adjustment | Balance<br>December 31,<br>2017 |
|---|-----------------------------|---------------------------------|-------------------|------------------------------------|-------------------------|---------------------------------|
| 11/8/07 NJEIT Fund Loan - Spring Street Sewer | \$ 453,107                  | \$ 272,485                      | \$ -              | \$ 20,659                          | \$ -                    | \$ 251,826                      |
| 11/6/08 NJEIT Trust Loan - Salt Dome          | 317,500                     | 203,404                         | -                 | 19,894                             | -                       | 183,510                         |
|   |                             | <u>\$ 475,889</u>               | <u>\$ -</u>       | <u>\$ 40,553</u>                   | <u>\$ -</u>             | <u>\$ 435,336</u>               |

BOROUGH OF LEONIA  
 GENERAL CAPITAL FUND  
 SCHEDULE OF FUND BALANCE  
 YEAR ENDED DECEMBER 31, 2017

| Description  | Balance<br>December 31,<br>2016 | Increased by         |  |                   | Decreased by                |                      | Balance<br>December 31,<br>2017 |
|--------------|---------------------------------|----------------------|--|-------------------|-----------------------------|----------------------|---------------------------------|
|              |                                 | Bond/BAN<br>Premiums | Cancelled<br>Funded Imp.<br>Authorizations | Other<br>Receipts | Fund Balance<br>Anticipated | Funded<br>Ordinances |                                 |
| Fund Balance | \$ 1,022                        | \$ 3,216             | \$ -                                       | \$ -              | \$ -                        | \$ -                 | \$ 4,238                        |

BOROUGH OF LEONIA  
 GENERAL CAPITAL FUND  
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
 YEAR ENDED DECEMBER 31, 2017

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| Improvement Description              | Balance<br>December 31,<br>2016 | Authorized   | BANs<br>Issued | Bonds<br>Issued | Cancellations &<br>Adjustments | Balance<br>December 31,<br>2017 |
|--------------------------------------|---------------------------------|--------------|----------------|-----------------|--------------------------------|---------------------------------|
| #2017-12 Various Public Improvements | \$ -                            | \$ 4,469,800 | \$ -           | \$ -            | \$ -                           | \$ 4,469,800                    |

BOROUGH OF LEONIA  
 SWIMMING POOL UTILITY OPERATING FUND  
 BALANCE SHEET (REGULATORY BASIS)

|                                     | <u>2017</u>       | <u>2016</u>       |
|-------------------------------------|-------------------|-------------------|
| <u>ASSETS</u>                       |                   |                   |
| Cash:                               |                   |                   |
| Checking Account                    | \$ 240,089        | \$ 201,056        |
| Interfund Receivable:               |                   |                   |
| Current Fund                        | \$ 417            | \$ 417            |
| Total Assets                        | <u>\$ 240,506</u> | <u>\$ 201,473</u> |
| <u>LIABILITIES AND FUND BALANCE</u> |                   |                   |
| Other Liabilities and Reserves:     |                   |                   |
| Appropriation Reserves              | \$ 51,796         | \$ 39,829         |
| Reserve for Encumbrances            | 3,505             | 50                |
|                                     | <u>\$ 55,301</u>  | <u>\$ 39,879</u>  |
| Fund Balance                        | <u>\$ 185,205</u> | <u>\$ 161,594</u> |
| Total Liabilities and Reserves      | <u>\$ 240,506</u> | <u>\$ 201,473</u> |

BOROUGH OF LEONIA  
 SWIMMING POOL UTILITY OPERATING FUND  
 SCHEDULE OF REVENUE AND OTHER CREDITS TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2017

|  | Anticipated<br>Budget | Realized          | Excess/<br>(Deficit) |
|--|-----------------------|-------------------|----------------------|
| Operating Surplus Anticipated                | \$ 35,000             | \$ 35,000         | \$ -                 |
| Swimming Pool Fees                           | \$ 225,242            | \$ 237,668        | \$ 12,426            |
| Miscellaneous                                | \$ 40,000             | \$ 46,306         | \$ 6,306             |
| Other Credits to Income:                     |                       |                   |                      |
| Unexpended Balance of Appropriation Reserves | \$ -                  | \$ 39,879         | \$ 39,879            |
| Unexpended Balance of Encumbrances           | -                     | -                 | -                    |
| Unexpended Balance Cancelled                 | -                     | -                 | -                    |
| Miscellaneous Revenue Not Anticipated        | -                     | -                 | -                    |
| Cancellations and Adjustments                | -                     | -                 | -                    |
| Deficit in Operations                        | -                     | -                 | -                    |
| Prior Period Adjustment                      | -                     | -                 | -                    |
|  | <u>\$ -</u>           | <u>\$ 39,879</u>  | <u>\$ 39,879</u>     |
| Total Revenues and Credits to Income         | <u>\$ 300,242</u>     | <u>\$ 358,853</u> | <u>\$ 58,611</u>     |

BOROUGH OF LEONIA  
 SWIMMING POOL UTILITY OPERATING FUND  
 SCHEDULE OF EXPENDITURES AND OTHER CHARGES TO INCOME (REGULATORY BASIS)  
 YEAR ENDED DECEMBER 31, 2017

|                                     | Appropriations    |                              | Expended           |                  | Unexpended          |                 |
|-------------------------------------|-------------------|------------------------------|--------------------|------------------|---------------------|-----------------|
|                                     | Adopted<br>Budget | Budget After<br>Modification | Paid or<br>Charged | Reserved         | Balance<br>Canceled | Overexpenditure |
| Operating:                          |                   |                              |                    |                  |                     |                 |
| Salaries and Wages                  | \$ 160,573        | \$ 160,573                   | \$ 143,343         | \$ 17,230        | \$ -                | \$ -            |
| Other Expenses                      | 91,669            | 91,669                       | 86,031             | 5,638            | -                   | -               |
|                                     | <u>252,242</u>    | <u>252,242</u>               | <u>229,374</u>     | <u>22,868</u>    | -                   | -               |
| Capital Improvements:               |                   |                              |                    |                  |                     |                 |
| Capital Outlay                      | 35,000            | 35,000                       | 8,038              | 26,962           | -                   | -               |
| Debt Service:                       |                   |                              |                    |                  |                     |                 |
| Payment of Bond Anticipation Notes  | -                 | -                            | -                  | -                | -                   | -               |
| Interest on Bond Anticipation Notes | -                 | -                            | -                  | -                | -                   | -               |
|                                     | <u>-</u>          | <u>-</u>                     | <u>-</u>           | <u>-</u>         | <u>-</u>            | <u>-</u>        |
| Deferred Charges:                   |                   |                              |                    |                  |                     |                 |
| Deficit in Prior Year Operations    | -                 | -                            | -                  | -                | -                   | -               |
| Overexpenditures                    | -                 | -                            | -                  | -                | -                   | -               |
|                                     | <u>-</u>          | <u>-</u>                     | <u>-</u>           | <u>-</u>         | <u>-</u>            | <u>-</u>        |
| Statutory Expenditures:             |                   |                              |                    |                  |                     |                 |
| Social Security System              | 13,000            | 13,000                       | 11,034             | 1,966            | -                   | -               |
|                                     | <u>13,000</u>     | <u>13,000</u>                | <u>11,034</u>      | <u>1,966</u>     | -                   | -               |
| Surplus (General Budget)            | -                 | -                            | -                  | -                | -                   | -               |
| Total Appropriations                | <u>\$ 300,242</u> | <u>\$ 300,242</u>            | <u>\$ 248,446</u>  | <u>\$ 51,796</u> | <u>\$ -</u>         | <u>\$ -</u>     |
| Other Charges to Income:            |                   |                              |                    |                  |                     |                 |
| Refund of Prior Year's Revenue      |                   |                              | <u>\$ -</u>        |                  |                     |                 |

BOROUGH OF LEONIA  
 SWIMMING POOL UTILITY CAPITAL FUND  
 BALANCE SHEET (REGULATORY BASIS)

|                                     | <u>2017</u>         | <u>2016</u>         |
|-------------------------------------|---------------------|---------------------|
| <u>ASSETS</u>                       |                     |                     |
| Cash:                               |                     |                     |
| Checking Account                    | \$ 1,016            | \$ 1,016            |
| Fixed Capital                       | \$ 1,398,215        | \$ 1,398,215        |
| Total Assets                        | <u>\$ 1,399,231</u> | <u>\$ 1,399,231</u> |
| <u>LIABILITIES AND FUND BALANCE</u> |                     |                     |
| Other Liabilities and Reserves:     |                     |                     |
| Capital Improvement Fund            | \$ 1,000            | \$ 1,000            |
| Reserve for Amortization            | 1,398,215           | 1,398,215           |
|                                     | <u>\$ 1,399,215</u> | <u>\$ 1,399,215</u> |
| Fund Balance                        | \$ 16               | \$ 16               |
| Total Liabilities and Reserves      | <u>\$ 1,399,231</u> | <u>\$ 1,399,231</u> |

BOROUGH OF LEONIA  
 SWIMMING POOL UTILITY CAPITAL FUND  
 SCHEDULE OF FIXED CAPITAL  
 YEAR ENDED DECEMBER 31, 2017

G-2

| Description | Balance<br>December 31,<br>2016 | Transferred<br>From Fixed<br>Capital<br>Authorized &<br>Uncompleted | Transferred<br>From Pool<br>Utility Operating<br>Fund<br>Capital Outlay | Adjustments | Cancellations            | Balance<br>December 31,<br>2017 |
|-------------|---------------------------------|---|---|-------------|--------------------------|---------------------------------|
| Unallocated | \$ 1,398,215                    | \$ -  | \$ -  | \$ -        | \$ -                     | \$ 1,398,215                    |
|             |                                 |   |   |             | Reserve for Amortization | \$ 1,398,215                    |
|             |                                 |   |   |             | Bonds Payable            | -                               |
|             |                                 |   |   |             |                          | <u>\$ 1,398,215</u>             |

BOROUGH OF LEONIA  
 SWIMMING POOL UTILITY CAPITAL FUND  
 SCHEDULE OF CAPITAL IMPROVEMENT FUND  
 YEAR ENDED DECEMBER 31, 2017

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| Description              | Balance<br>December 31,<br>2016 | Swim Pool<br>Operating Fund<br>Appropriation | Used to<br>Finance<br>Authorizations | Cancelled<br>Funded<br>Authorizations | Balance<br>December 31,<br>2017 |
|--------------------------|---------------------------------|--|--------------------------------------|---------------------------------------|---------------------------------|
| Capital Improvement Fund | \$ 1,000                        | \$ -   | \$ -                                 | \$ -                                  | \$ 1,000                        |

BOROUGH OF LEONIA  
 SWIMMING POOL UTILITY CAPITAL FUND  
 SCHEDULE OF RESERVE FOR AMORTIZATION  
 YEAR ENDED DECEMBER 31, 2017

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| Description | Balance<br>December 31,<br>2016 | Transferred<br>From Pool<br>Utility Operating<br>Fund<br>Capital Outlay | Serial Bond/BAN<br>Principal<br>Payments | Cancellations | Balance<br>December 31,<br>2017 |
|-------------|---------------------------------|---|--|---------------|---------------------------------|
| Unallocated | \$ 1,398,215                    | \$ -  | \$ -                                     | \$ -          | \$ 1,398,215                    |

BOROUGH OF LEONIA  
 SWIMMING POOL UTILITY CAPITAL FUND  
 SCHEDULE OF FUND BALANCE  
 YEAR ENDED DECEMBER 31, 2017

| Description  | Balance<br>December 31,<br>2016 | Increased by         |                                       |                        | Decreased by<br>Fund Balance<br>Anticipated | Balance<br>December 31,<br>2017 |
|--------------|---------------------------------|----------------------|---------------------------------------|------------------------|---|---------------------------------|
|              |                                 | Bond/BAN<br>Premiums | Cancelled<br>Funded<br>Authorizations | Other<br>Cash Receipts |   |                                 |
| Fund Balance | \$ 16                           | \$ -                 | \$ -                                  | \$ -                   | \$ -  | \$ 16                           |

BOROUGH OF LEONIA  
 GENERAL FIXED ASSET ACCOUNT GROUP  
 BALANCE SHEET (REGULATORY BASIS)

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|   | <u>2017</u>          | <u>2016</u>          |
|---|----------------------|----------------------|
| <u>ASSETS</u>                                     |                      |                      |
| Land  | \$ 28,953,153        | \$ 28,953,153        |
| Buildings and Improvements                        | 6,058,364            | 6,058,364            |
| Machinery & Equipment                             | 7,727,432            | 7,727,432            |
|   | <u>\$ 42,738,949</u> | <u>\$ 42,738,949</u> |
| <u>FUND BALANCE</u>                               |                      |                      |
| Reserve for Investment in<br>General Fixed Assets | <u>\$ 42,738,949</u> | <u>\$ 42,738,949</u> |

BOROUGH OF LEONIA  
 GENERAL FIXED ASSET ACCOUNT GROUP  
 SCHEDULE OF CHANGES IN RESERVE FOR GENERAL FIXED ASSETS

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|                            | Balance<br>December 31,<br>2016 | Additions   | Retirements | Adjustments | Balance<br>December 31,<br>2017 |
|----------------------------|---------------------------------|-------------|-------------|-------------|---------------------------------|
| Land                       | \$ 28,953,153                   | \$ -        | \$ -        | \$ -        | \$ 28,953,153                   |
| Buildings and Improvements | 6,058,364                       | -           | -           | -           | 6,058,364                       |
| Machinery & Equipment      | 7,727,432                       | -           | -           | -           | 7,727,432                       |
|                            | <u>\$ 42,738,949</u>            | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 42,738,949</u>            |

BOROUGH OF LEONIA  
NJ Comprehensive Annual Financial Report  
Single Audit Section

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### **Independent Auditor's Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements (*regulatory basis*) of the various funds and account group of the Borough of Leonia, in the County of Bergen (the "Borough") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated June 30, 2018, which was adverse due to the financial statements being prepared in conformity with the New Jersey regulatory basis of accounting as prescribed by the Division which is a basis of accounting other than accounting principles generally accepted in the United States. In addition, our report on the financial statements (*regulatory basis*) was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting ("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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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

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

## ***Independent Auditor's Report (Continued)***

### Compliance and Other Matters

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

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

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

DI MARIA & DI MARIA LLP  
Accountants and Consultants

*Frank Di Maria*

Registered Municipal Accountant  
RMA No. CR00463

June 30, 2018

BOROUGH OF LEONIA

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2017

---

Note 1 - General

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Borough of Leonia, County of Bergen, State of New Jersey. The Borough of Leonia is defined in Note 1 to the basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2 - Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting. This basis of accounting is described in Note 1 to the municipality's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3 - Relationship to General-Purpose Financial Statements

Organization

The Borough of Leonia, New Jersey is the prime sponsor and recipient of various federal and state grant funds. The Borough has delegated the general administration of grant programs and the reporting function to the Borough Treasurer. Substantially all grant and program cash funds are commingled with the Borough's other funds, although each grant is accounted for separately within the Borough's financial records. The Borough Treasurer's office performs accounting functions for all grants.

Basis of Accounting

The Borough's grants are presented on the modified accrual basis of accounting utilizing the following methods:

Current Fund Grants -

In accordance with a directive from the State Department of Community Affairs, Division of Local Government Services, all grant revenues and expenditures are fully realized within the current fund budget and corresponding receivables and spending reserves are recorded to account for grant activity.

Trust Fund and Capital Fund Grants -

In accordance with accounting principles prescribed by the State of New Jersey, grant receivables are offset with grant spending reserves.

Local Contributions

Local matching contributions are raised in the current fund budget. The percentage of matching contributions varies with each program. Local and state shares of grants are reflected in total on the Schedule of Expenditures of State Financial Assistance.

Note 3 - Relationship to General-Purpose Financial Statements (Continued)

Expenditures

Expenditures reflect actual cash disbursements charged directly to a grant program and, in certain instances, do not include allocated expenses or accrued expenses. Differences between budget and actual cash disbursements, as well as differences between budget revenues and actual cash receipts, are transferred to current fund balance when the grant is closed out.

Expenditures per Financial Reports

Expenditures reflect the sum of all expenditures including allocated expenses and accrued expenses reported to the grant funding agency from January 1, 2017 to December 31, 2017.

Note 4 - Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program years.

Note 5 - Federal and State Loans Outstanding

The Borough had the following federal and state loans outstanding at of December 31, 2017:

General Capital Fund:

|                                      |    |                |
|--------------------------------------|----|----------------|
| NJEIT Loans - Spring Street Sewer    | \$ | 251,826        |
| NJEIT Loans - Salt Dome Construction |    | 183,510        |
|                                      | \$ | <u>435,336</u> |

Note 6 - Contingencies

Each of the grantor agencies reserve the right to conduct additional audits of the Borough's grant programs for economy, efficiency and program results.

BOROUGH OF LEONIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017

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Section I -- Summary of Auditors' Results

Financial Statements

|  |   |                  |
|--|---|------------------|
| A) Type of auditors' report issued:                                      | <u>Adverse - GAAP; Qualified - Regulatory</u> |                  |
| B) Internal control over financial reporting:                            |   |                  |
| 1. Material weakness(es) identified?                                     | _____ yes                                     | _____ X _____ no |
| 2. Significant deficiency(ies) identified?                               | _____ yes                                     | _____ X _____ no |
| C) Noncompliance material to general-purpose financial statements noted? | _____ yes                                     | _____ X _____ no |

BOROUGH OF LEONIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017

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Section I -- Summary of Auditors' Results (Continued)

Federal Awards

**\*\*NOT APPLICABLE - EXPENDITURES UNDER \$750,000\*\***

A) Internal control over major programs:

1. Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

2. Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

B) Type of auditors' report issued on compliance for major programs:

N/A

C) Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a) section .510(a)?

\_\_\_\_\_ yes \_\_\_\_\_ no

D) Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

|  |  |
|--|--|
|  |  |
|  |  |
|  |  |

E) Dollar threshold used to distinguish between type A and type B programs:

\$ \_\_\_\_\_ -

F) Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes \_\_\_\_\_ no



BOROUGH OF LEONIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017

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Section II -- Financial Statement Findings

None

BOROUGH OF LEONIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017

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Section III -- Federal and State Award Findings and Questioned Costs

Current Year

Federal Awards:

There were no findings or questioned costs identified.

State Awards:

There were no findings or questioned costs identified.

BOROUGH OF LEONIA  
SUMMARY OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2017

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None

REQUIRED SUPPLEMENTAL INFORMATION - GASB 68

SECTION "L" - SCHEDULES RELATED TO ACCOUNTING AND  
REPORTING FOR PENSIONS (GASB 68)

BOROUGH OF LEONIA  
 SCHEDULE OF THE BOROUGH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PERS  
 LAST 10 FISCAL YEARS\*

|  | June 30,      |               |               |               |      |      |      |      |      |      |
|--|---------------|---------------|---------------|---------------|------|------|------|------|------|------|
|  | 2016          | 2015          | 2014          | 2013          | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Borough's proportion of the net pension liability  | 0.0359182947% | 0.0359061976% | 0.0367826668% | 0.0430204097% |      |      |      |      |      |      |
| Borough's proportionate share of the net pension liability   | \$ 10,637,969 | \$ 8,060,222  | \$ 6,886,721  | \$ 8,222,055  |      |      |      |      |      |      |
| Borough's covered employee payroll (Calendar Year)   | \$ 2,430,461  | \$ 2,487,981  | \$ 2,432,861  | \$ 2,472,789  |      |      |      |      |      |      |
| Borough's proportionate share of the net pension liability as a percentage of its calendar year covered employee payroll | 437.69%       | 323.97%       | 283.07%       | 332.50%       |      |      |      |      |      |      |
| Plan fiduciary net position as a percentage of the total pension liability (Local)                                       | 40.14%        | 47.93%        | 52.08%        | 48.72%        |      |      |      |      |      |      |

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, Boroughs should present information for those years for which information is available.

BOROUGH OF LEONIA  
 SCHEDULE OF BOROUGH CONTRIBUTIONS - PERS  
 LAST 10 FISCAL YEARS\*

|  | June 30,     |              |              |              |      |      |      |      |      |      |
|--|--------------|--------------|--------------|--------------|------|------|------|------|------|------|
|  | 2016         | 2015         | 2014         | 2013         | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Contractually required contribution                                  | \$ 308,697   | \$ 303,231   | \$ 324,150   | \$ 304,026   |      |      |      |      |      |      |
| Contributions in relation to the contractually required contribution | (308,697)    | (303,231)    | (324,150)    | (304,026)    |      |      |      |      |      |      |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ -         | \$ -         |      |      |      |      |      |      |
| Borough's covered employee payroll (Calendar Year)                   | \$ 2,430,461 | \$ 2,487,981 | \$ 2,432,861 | \$ 2,472,789 |      |      |      |      |      |      |
| Contributions as a percentage of covered employee payroll            | 12.70%       | 12.19%       | 13.32%       | 12.29%       |      |      |      |      |      |      |

\*Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, Boroughs should present information for those years for which information is available.

BOROUGH OF LEONIA  
 SCHEDULE OF THE BOROUGH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PFRS  
 LAST 10 FISCAL YEARS\*

|  | 2016          | 2015          | 2014          | 2013          | 2012 | June 30,<br>2011 | 2010 | 2009 | 2008 | 2007 |
|--|---------------|---------------|---------------|---------------|------|------------------|------|------|------|------|
| Borough's proportion of the net pension liability  | 0.0729636185% | 0.0709354003% | 0.0673501931% | 0.0701818282% |      |                  |      |      |      |      |
| Borough's proportionate share of the net pension liability   | \$ 13,937,918 | \$ 11,815,365 | \$ 8,472,030  | \$ 9,330,041  |      |                  |      |      |      |      |
| Borough's covered employee payroll (Calendar Year)   | \$ 2,356,474  | \$ 2,333,911  | \$ 2,250,943  | \$ 2,167,950  |      |                  |      |      |      |      |
| Borough's proportionate share of the net pension liability as a percentage of its calendar year covered employee payroll | 591.47%       | 506.25%       | 376.38%       | 430.36%       |      |                  |      |      |      |      |
| Plan fiduciary net position as a percentage of the total pension liability (Local)                                       | 52.00%        | 56.31%        | 62.41%        | 58.70%        |      |                  |      |      |      |      |

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, Boroughs should present information for those years for which information is available.

BOROUGH OF LEONIA  
 SCHEDULE OF BOROUGH CONTRIBUTIONS - PFRS  
 LAST 10 FISCAL YEARS\*

|  | June 30,     |              |              |              |      |      |      |      |      |      |
|--|--------------|--------------|--------------|--------------|------|------|------|------|------|------|
|  | 2016         | 2015         | 2014         | 2013         | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Contractually required contribution                                  | \$ 576,599   | \$ 517,296   | \$ 512,031   | \$ 497,741   |      |      |      |      |      |      |
| Contributions in relation to the contractually required contribution | (576,599)    | (517,296)    | (512,031)    | (497,741)    |      |      |      |      |      |      |
| Contribution deficiency (excess)                                     | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  |      |      |      |      |      |      |
| Borough's covered employee payroll (Calendar Year)                   | \$ 2,356,474 | \$ 2,333,911 | \$ 2,250,943 | \$ 2,167,950 |      |      |      |      |      |      |
| Contributions as a percentage of covered employee payroll            | 24.47%       | 22.16%       | 22.75%       | 22.96%       |      |      |      |      |      |      |

\*Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, Boroughs should present information for those years for which information is available.

Police and Firemen's Retirement System (PFRS)

Changes of benefit terms

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A. All benefits vest after ten years of service, except for disability benefits that vest after four years of service. Retirement benefits for age and service 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 early retirement after achieving 25 years of service credit, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members contributions providing no survivor death benefits are payable.

Changes of assumptions

Mortality rates for male service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected 13 years using Projection Scale BB and then 2 years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Public Employees' Retirement System (PERS)

Changes of benefit terms

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS. Retirement benefits for age and service are available at ages 60, 62 or 65 and are generally determined to be 1/55 or 1/60 of the final average salary for each year of service credit, as defined depending on the employees membership tier. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

Changes of assumptions

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members and a 1 year static projection based on mortality improvement Scale AA. The tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

The RP-2000 Disabled Mortality Tables (setback 3 years for males and set forward 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

Deviation from Assumptions

It is likely that future experience will not exactly conform to any of these assumptions. To the extent that actual experience deviates from these assumptions, the emerging PERS and PFRS liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

BOROUGH OF LEONIA

NJ Comprehensive Annual Financial Report

General Comments and Recommendations Section

BOROUGH OF LEONIA  
GENERAL COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2017

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Cash Cycle

Ref.

None

BOROUGH OF LEONIA  
GENERAL COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2017

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Revenues/Cash Receipts Cycles

Ref.

None

BOROUGH OF LEONIA  
GENERAL COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2017

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Expenditures/Cash Disbursement Cycles

Ref.

None

BOROUGH OF LEONIA  
GENERAL COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2017

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Payroll Cycle

Ref.

None

BOROUGH OF LEONIA  
GENERAL COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2017

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Fixed Assets

Ref.

The Edmunds system was no utilized for general fixed asset accounting.

#3.

BOROUGH OF LEONIA  
GENERAL COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2017

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Swimming Pool Utility

Ref.

None

BOROUGH OF LEONIA  
GENERAL COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2017

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Other Significant Matters

Ref.

- |   |     |
|---|-----|
| There are dormant developer's escrow and performance and maintenance account balances.                        | #1. |
| There are aged grant receivable balances for which collectability could not be determined.                    | #2. |
| Federal forfeiture funds were accounted for in the trust fund and not the current fund budget (grant section) | #4. |

BOROUGH OF LEONIA  
GENERAL COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2017

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Recommendations

1. That a review of remaining aged developer's escrow, and performance and maintenance balances be made, and proper disposition be made of dormant accounts.
2. That a review of all open grant receivable balances be made and proper disposition be made of uncollectable amounts.
3. That the Borough's main budget software system be utilized for general fixed asset accounting.
4. That federal forfeiture funds be appropriated in the current fund budget and removed from the trust fund.

\*Denotes repetitive recommendation from prior year

BOROUGH OF LEONIA  
GENERAL COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2017

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Status of Prior Years' Recommendations

A review was made of all prior year's recommendations, and corrective action was taken on all with the exception of those denoted with an asterisk.

The synopsis of this report, together with the recommendations must be published as required by statute. We wish to express our appreciation of the assistance and courtesies extended by the Municipal Officials during the course of the audit.

DI MARIA & DI MARIA LLP  
Accountants and Consultants

*Frank Di Maria*

Registered Municipal Accountant  
RMA No. CR00463

June 30, 2018