

BOROUGH OF MOONACHIE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2017

BOROUGH OF MOONACHIE

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

PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2017



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Moonachie, as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. 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 misstatements, whether due to fraud or error.

Auditor's 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 entity'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 entity'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.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Moonachie on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” 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 of the Borough of Moonachie as of December 31, 2017 and 2016, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 18 of the financial statements, the financial statements – regulatory basis of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2017 and 2016. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 71 percent and 70 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2017 and 2016.

The notes to the Borough of Moonachie’s financial statements do not disclose the other post employment benefit obligations related to post-retirement medical benefits provided to its eligible retirees and their dependents as required by Government Accounting Standards Board Statement Number 45 and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our opinion, disclosure of that information is required to conform with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund Financial Statements been audited and for the omission of the note disclosures regarding the other post employment benefit obligations, as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, 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 of the Borough of Moonachie 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 provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

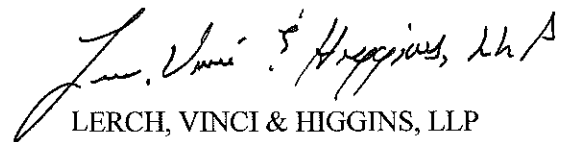
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Moonachie as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Moonachie.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

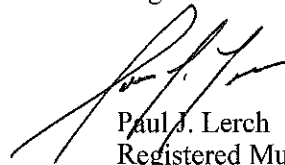
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 31, 2018 on our consideration of the Borough of Moonachie'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 the effectiveness of the Borough of Moonachie's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Moonachie's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
July 31, 2018

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2017 AND 2016

ASSETS	Reference	2017	2016
Cash	A-4	\$ 10,053,089	\$ 7,735,459
Cash - Change Funds	A-5	200	300
State and Federal Grant Receivables	A-22	59,696	294,686
Senior Citizens' and Veterans' Deductions	A-7	43	2,194
		<u>10,113,028</u>	<u>8,032,639</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	275,768	230,092
Tax Title Liens Receivable	A-9	517,399	469,661
Property Acquired for Taxes - Assessed Value	A-10	2,850	2,850
Revenue Accounts Receivable	A-11	22,405	4,108
Interlocal- Due from Borough of Teterboro	A-25	33,980	33,980
Due from Animal Control Trust Fund	B-8	2,173	2,173
Due from Other Trust Fund- Payroll	B-3	60	13
Due from Other Trust Fund- Flex Spending	B-12	1,877	1,877
Due from Sewer Utility Operating Fund	D-28	1,622	
Due from General Capital Fund	C-4	-	18,961
		<u>858,134</u>	<u>763,715</u>
Deferred Charges:			
Special Emergency Authorizations	A-27	67,334	331,963
Total Assets		<u>\$ 11,038,496</u>	<u>\$ 9,128,317</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2017 AND 2016

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Liabilities			
Appropriation Reserves	A-3,A-12	\$ 1,377,377	\$ 1,298,325
Encumbrances Payable	A-13	237,248	449,303
Due to Other Trust Fund	B-2	4,441	176
Due from General Capital Fund	C-4	38,240	
Due to Sewer Utility Operating Fund	D-28		1,025
Due to Sewer Utility Capital Fund - FEMA	D-27	146,002	146,002
Due to First Aid Squad	A-26		13,762
Tax Title Lien Redemption	A-20	11,575	2,204
Prepaid Taxes	A-17	1,199,877	685,560
Tax Overpayments	A-24	11,389	15,742
Local School Taxes Payable	A-16	817,304	560,806
County Taxes Payable	A-14	22,245	22,814
Emergency/Special Note Payable	A-28		331,963
Appropriated Reserves- Grants	A-18	26,191	18,944
Unappropriated Reserve-Grants	A-19	5,619	
Reserve for Hurricane Sandy Reimbursements	A-23	699,159	109,425
Miscellaneous Reserves	A-21	<u>2,015,184</u>	<u>1,714,819</u>
		6,611,851	5,370,870
Reserve for Receivables and Other Assets	A	858,134	763,715
Fund Balance	A-1	<u>3,568,511</u>	<u>2,993,732</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 11,038,496</u>	<u>\$ 9,128,317</u>

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>Year 2017</u>	<u>Year 2016</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,388,000	\$ 1,168,111
Miscellaneous Revenues Anticipated	A-2	1,549,335	1,656,426
Receipts from Delinquent Taxes	A-2	225,111	200,280
Receipts from Current Taxes	A-2	17,196,583	15,934,257
Non-Budget Revenue	A-2	184,641	1,042,745
Other Credits to Income			
Statutory Excess	A-1		2,173
Interfunds Returned - Net	A	17,292	587,580
Unexpended Balance of Appropriation Reserves	A-12	<u>1,085,837</u>	<u>671,103</u>
		<u>21,646,799</u>	<u>21,262,675</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,009,458	3,882,842
Other Expenses	A-3	3,365,674	3,546,623
Capital Improvements	A-3	150,000	100,000
Municipal Debt Service	A-3	841,118	877,330
Deferred Charges and Statutory Expenditures	A-3	1,470,536	1,106,338
County Taxes	A-14	1,907,943	1,926,018
County Open Space Tax	A-14	79,145	20,148
County Share of Added and Omitted Taxes	A-14	932	1,501
Local District School Taxes	A-16	7,857,751	7,344,749
Other Debits			
Prior Year Senior Citizens' Deductions Disallowed	A-7	<u>1,463</u>	<u>-</u>
		<u>19,684,020</u>	<u>18,805,549</u>
Excess in Revenue		1,962,779	2,457,126
Fund Balance, January 1	A	<u>2,993,732</u>	<u>1,704,717</u>
		4,956,511	4,161,843
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,388,000</u>	<u>1,168,111</u>
Fund Balance, December 31	A	<u>\$ 3,568,511</u>	<u>\$ 2,993,732</u>

BOROUGH OF MOONACHIE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE UTILIZED	A-1	<u>\$ 1,388,000</u>	<u>\$ 1,388,000</u>	<u>-</u>
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	A-11	6,000	6,914	\$ 914
Other	A-11	12,000	11,784	(216)
Fees and Permits	A-2	5,000	6,678	1,678
Fines and Costs				
Municipal Court	A-11	32,000	29,678	(2,322)
Interest and Costs on Taxes	A-11	55,000	73,702	18,702
Interest on Investments and Deposits	A-2	14,000	143,455	129,455
Energy Receipts Tax	A-11	449,979	444,649	(5,330)
Trailer Camp Fees	A-11	65,000	73,176	8,176
Port Authority of NY in Lieu of Taxes	A-11	16,335	16,335	-
Cellular One Lease	A-11	33,000	33,936	936
Uniform Fire Safety Act - Local Fees	A-11	20,000	15,906	(4,094)
Uniform Construction Code Fees	A-11	100,000	183,931	83,931
Borough of Teterboro - Police Services	A-11	215,378	215,378	-
Township of South Hackensack - DPW	A-11	52,000	52,000	-
Borough of Teterboro - Municipal Court	A-11	36,595		(36,595)
Borough of Teterboro - Emergency Management Coordinator	A-11	2,000	2,000	-
Uniform Fire Safety Act - LEA	A-11	55,000	65,802	10,802
Recycling Tonnage Grant	A-22	64,586	64,586	
FEMA - Hurricane Sandy	A-23	<u>109,425</u>	<u>109,425</u>	<u>-</u>
Total Miscellaneous Revenues	A-1	<u>1,343,298</u>	<u>1,549,335</u>	<u>206,037</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	<u>200,000</u>	<u>225,111</u>	<u>25,111</u>
LOCAL TAX FOR MUNICIPAL PURPOSES	A-2	<u>7,955,841</u>	<u>8,400,812</u>	<u>444,971</u>
Total General Revenues	A-3	<u>\$ 10,887,139</u>	<u>11,563,258</u>	<u>\$ 676,119</u>
Non-Budget Revenue	A-1,A-2		<u>184,641</u>	
			<u>\$ 11,747,899</u>	

BOROUGH OF MOONACHIE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 17,496,583
Transfer to Reserve for Tax Appeals	A-21	<u>300,000</u>
Revenue Realized	A-1	17,196,583
Less: Allocated to School and County Taxes	A-14,A-16	<u>9,845,771</u>
Balance for Support of Municipal Budget Appropriations		7,350,812
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,050,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 8,400,812</u>
ANALYSIS OF FEES & PERMITS		
Board of Health	A-11	\$ 6,349
Police	A-11	<u>329</u>
	A-2	<u>\$ 6,678</u>
ANALYSIS OF INTEREST ON INVESTMENTS		
Due from General Capital Fund	C-4	\$ 78,485
Due from Other Trust Fund - Escrow	B-2	215
Due from Other Trust Fund - Payroll	B-3	467
Cash Receipts	A-11	<u>64,288</u>
	A-2	<u>\$ 143,455</u>
NON-BUDGET REVENUE		
Recycling		\$ 5,378
Prior Year Police Outside Duty		158,711
Miscellaneous		<u>20,552</u>
	A-2,A-4	<u>\$ 184,641</u>

Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 170,518	\$ 180,518	\$ 176,571	\$ 3,947	
Other Expenses	80,630	80,630	64,270	16,360	
Grant Consultant	21,000	21,000	20,370	630	
Sandy Consultant	115,800	115,800	101,550	14,250	
Mayor & Council					
Salaries & Wages	39,979	39,979	26,446	13,533	
Other Expenses	750	7,750	5,219	2,531	
Municipal Clerk					
Salaries & Wages	59,281	59,281	56,217	3,064	
Other Expenses	11,450	11,450	10,894	556	
Financial Administration					
Salaries & Wages	15,841	15,841	8,280	7,561	
Other Expenses	97,950	97,950	67,650	30,300	
Audit Services					
Annual Audit	30,000	30,000	30,000		
Revenue Administration					
Salaries & Wages	43,697	43,697	14,909	28,788	
Other Expenses	19,650	19,650	6,813	12,837	
Tax Assessment Administration					
Salaries & Wages	16,562	16,562	14,998	1,564	
Other Expenses	47,450	47,450	10,647	36,803	
Legal Services & Costs					
Salaries & Wages	42,448	42,448	32,000	10,448	
Other Expenses	55,500	55,500	21,209	34,291	
Engineering Services & Costs					
Other Expenses	14,000	14,000	12,382	1,618	
LAND USE ADMINISTRATION					
Planning Board					
Salaries & Wages	2,906	2,906	2,799	107	
Other Expenses	7,350	8,350	7,516	834	
Zoning Board of Adjustment					
Salaries & Wages	2,208	2,208	1,900	308	
Other Expenses	4,280	4,280		4,280	
INSURANCE					
Unemployment Contribution	10,000	10,000	10,000		
Surety Bond Premium	1,000	1,000	1,000		
Employee Group Health	1,135,531	1,101,131	773,166	327,965	
Health Benefit Waiver	28,232	30,232	29,816	416	
General Liability & Workers Compensation	362,300	362,300	279,947	82,353	
Police Department					
Salaries & Wages - Uniformed	2,453,000	2,453,000	2,148,931	304,069	
Salaries & Wages - Crossing Guards	64,192	64,192	58,877	5,315	
Other Expenses	80,000	80,000	76,943	3,057	

Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Police Dispatch/911					
Salaries & Wages	\$ 244,494	\$ 244,494	\$ 213,445	\$ 31,049	
Other Expenses	9,500	9,500	7,231	2,269	
Emergency Management Services					
Salaries and Wages	5,547	5,547	1,628	3,919	
Other Expenses	3,500	3,500	1,098	2,402	
Municipal Court					
Salaries and Wages	33,558	33,558	32,425	1,133	
Other Expenses	6,400	6,400	5,589	811	
First Aid Organization					
Other Expenses-Contribution	17,000	17,000	17,000		
Other Expenses	9,000	9,000	3,884	5,116	
Fire Department					
Other Expenses	82,590	82,590	69,477	13,113	
Fire Hydrant Service	72,068	72,068	66,852	5,216	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Fire Official					
Salaries & Wages	17,342	17,342	15,544	1,798	
Other Expenses	12,710	12,710	5,656	7,054	
Life Hazard Use Fee Payments (P.L. 1983, C. 383)					
Salaries & Wages	39,040	39,040	27,810	11,230	
Other Expenses	3,500	3,500	2,783	717	
Municipal Prosecutor					
Salaries & Wages	7,145	7,145	6,165	980	
Occupational Safety and Health Act					
Hepatitis "B" Inoculations	2,850	2,850		2,850	
Fire Equipment	8,200	8,200		8,200	
First Aid Equipment	4,700	4,700		4,700	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries & Wages	256,465	256,465	231,447	25,018	
Other Expenses	30,765	30,765	28,268	2,497	
Solid Waste Collection					
Recycling-Salaries & Wages	44,348	44,348	35,040	9,308	
Recycling-Other Expenses	55,021	55,021	18,792	36,229	
Sanitation Contractual-Other Expenses	67,611	67,611	62,999	4,612	
Buildings and Grounds					
Other Expenses	64,450	64,450	48,185	16,265	
Vehicle Maintenance					
Other Expenses	140,000	140,000	97,647	42,353	

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries & Wages	\$ 4,808	\$ 4,808	\$ 3,052	\$ 1,756	
Other Expenses	37,330	37,330	27,733	9,597	
South Bergen Mental Health					
Other Expense-Contribution	1,200	1,200	1,200		
RECREATION & EDUCATION					
Recreation Services and Programs					
Salaries & Wages	43,776	43,776	39,793	3,983	
Other Expenses	21,480	21,480	9,856	11,624	
Community Affairs-Senior Citizens					
Salaries & Wages	6,936	6,936	6,406	530	
Other Expenses	13,900	16,100	12,964	3,136	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events, Anniversary or					
Holiday (RS 50:48-5.4)					
Other Expenses	15,200	19,900	15,658	4,242	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries & Wages	49,579	49,579	46,641	2,938	
Other Expenses	4,630	4,630	2,599	2,031	
Sub-Code Officials					
Building Inspector - Salaries & Wages	12,243	12,243	12,243	-	
Plumbing Inspector - Salaries & Wages	6,555	6,555	5,528	1,027	
Electrical Inspector - Salaries & Wages	9,017	9,017	5,100	3,917	
Fire Protection Inspector - Salaries & Wages	6,784	6,784	6,624	160	
Property Maintenance Official					
Salaries & Wages	7,579	7,579	5,241	2,338	
Rent Monitoring Board					
Other Expenses	7,770	7,770	6,141	1,629	

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	\$ 63,221	\$ 63,221	\$ 49,204	\$ 14,017	
Street Lighting	72,417	72,417	48,033	24,384	
Telephone	38,082	38,082	35,869	2,213	
Water	7,320	7,320	5,985	1,335	
Natural Gas	33,031	33,031	14,408	18,623	
Gasoline	86,012	86,012	51,263	34,749	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill Tax - Tipping Fee	<u>84,000</u>	<u>84,000</u>	<u>55,104</u>	<u>28,896</u>	<u>-</u>
Total Operations Within "CAPS"	<u>6,904,179</u>	<u>6,896,679</u>	<u>5,536,930</u>	<u>1,359,749</u>	<u>-</u>
Contingent	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total Operations including Contingent Within "CAPS"	<u>6,905,179</u>	<u>6,897,679</u>	<u>5,536,930</u>	<u>1,360,749</u>	<u>-</u>
Detail:					
Salaries & Wages	3,734,080	3,746,080	3,265,876	480,204	-
Other Expenses (Including Contingent)	<u>3,171,099</u>	<u>3,151,599</u>	<u>2,271,054</u>	<u>880,545</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Social Security System (O.A.S.I.)	266,083	266,083	256,695	9,388	
Police and Firemen's Retirement System	517,813	517,813	517,813		
Public Employees Retirement System	<u>138,942</u>	<u>138,942</u>	<u>138,942</u>	<u>-</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>922,838</u>	<u>922,838</u>	<u>913,450</u>	<u>9,388</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>7,828,017</u>	<u>7,820,517</u>	<u>6,450,380</u>	<u>1,370,137</u>	<u>-</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Fire Department - LOSAP	\$ 46,042	\$ 46,042	\$ 46,042		
First Aid - LOSAP	45,000	45,000	45,000		
LANDFILL/SOLID WASTE DISPOSAL					
Recycling Tax	3,652	11,152	10,445	\$ 707	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
PUBLIC SAFETY FUNCTIONS					
"911" Telecommunication Agreement	2,000	2,000		2,000	
Shooting Range Agreement - Wood-Ridge	2,700	2,700	2,700		
Borough of Teterboro-Police Salaries and Wags	215,378	215,378	215,378		
Township of South Hackensack - DPW Salaries	52,000	52,000	48,000	4,000	
Borough of Teterboro-Municipal Court - Salaries	36,595	36,595	36,595		
Borough of Teterboro-Emergency Management Coordinator	2,000	2,000	2,000	-	-
Total Other Operations Excluded from "CAPS"	<u>405,367</u>	<u>412,867</u>	<u>406,160</u>	<u>6,707</u>	<u>-</u>
PUBLIC AND PRIVATE OFFSET BY REVENUES					
Recycling Tonnage Grant	<u>64,586</u>	<u>64,586</u>	<u>64,053</u>	<u>533</u>	<u>-</u>
Total Public and Private Programs					
Offset by Revenues	<u>64,586</u>	<u>64,586</u>	<u>64,053</u>	<u>533</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	<u>469,953</u>	<u>477,453</u>	<u>470,213</u>	<u>7,240</u>	<u>-</u>
Detail:					
Salaries & Wages	269,378	267,378	263,378		
Other Expenses	<u>200,575</u>	<u>210,075</u>	<u>206,835</u>	<u>7,240</u>	<u>-</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
CAPITAL IMPROVEMENT EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 150,000	\$ 150,000	\$ 150,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	451,000	451,000	451,000		
Payment of Bond Anticipation Notes and Capital Notes	241,545	241,545	241,545		
Interest on Bonds	23,036	23,036	23,036		-
Interest on Notes	125,890	125,890	125,537	-	\$ 353
Total Municipal Debt Service - Excluded from "CAPS"	841,471	841,471	841,118	-	353
DEFERRED CHARGES					
Emergency - Superstorm Sandy - DLGS Approval	264,629	264,629	264,629		
Unfunded Grants					
BC Open Space #05-13	67,492	67,492	67,492		
NJ DOT - #05-05/07-02/08-01/08-08	144,416	144,416	144,416		
Safe Playgrounds #02-17/03-6	2,761	2,761	2,761		
NJMC Downtown Revitalization #08-08	12	12	12		
Unfunded Ordinances					
#01-3/04-8/11-13/12-6/12-7/12-8	62,388	62,388	62,388	-	-
Total Deferred Charges	541,698	541,698	541,698	-	-
Judgements	6,000	6,000	6,000	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,009,122	2,016,622	2,009,029	\$ 7,240	353
Subtotal General Appropriations	9,837,139	9,837,139	8,459,409	1,377,377	353
Reserve for Uncollected Taxes	1,050,000	1,050,000	1,050,000	-	-
Total General Appropriations	\$ 10,887,139	\$ 10,887,139	\$ 9,509,409	\$ 1,377,377	\$ 353
Reference	A-2			A	

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Reference</u>	<u>Appropriations</u> Budget After <u>Modification</u>	<u>Expended</u> Paid or <u>Charged</u>
Budget as Adopted	A-3	<u>\$ 10,887,139</u>	
Cash Disbursed	A-4		\$ 7,957,532
Encumbrances Payable	A-13		237,248
Deferred Charges- Special Emergency Authorization	A-27		264,629
Reserve for Uncollected Taxes	A-2		<u>1,050,000</u>
			<u>\$ 9,509,409</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 3,102	\$ 5,231
OTHER TRUST FUND			
Cash	B-1	279,816	237,042
Due from Current Fund - Escrow	B-2	4,441	176
		<u>284,257</u>	<u>237,218</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	<u>49,537</u>	<u>50,278</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	748,250	614,460
Contribution Receivable	B	<u>59,709</u>	<u>79,260</u>
		<u>807,959</u>	<u>693,720</u>
Total Assets		<u>\$ 1,144,855</u>	<u>\$ 986,447</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Due to Current Fund	B-8	\$ 2,173	\$ 2,173
Due to State of New Jersey	B-6	41	41
Reserve for Animal Control Expenditures	B-7	<u>888</u>	<u>3,017</u>
		<u>3,102</u>	<u>5,231</u>
OTHER TRUST FUND			
Escrow Deposits	B-5	48,353	37,102
Reserve for Miscellaneous Deposits	B-4	226,640	190,846
Reserve for Payroll Salaries and Deductions Payable	B-10	7,327	7,380
Due to Current Fund- Flexible Spending	B-12	1,877	1,877
Due to Current Fund- Payroll	B-3	<u>60</u>	<u>13</u>
		<u>284,257</u>	<u>237,218</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Reserve for Unemployment Insurance	B-9	<u>49,537</u>	<u>50,278</u>
TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	<u>807,959</u>	<u>693,720</u>
Total Liabilities and Reserves		<u>\$ 1,144,855</u>	<u>\$ 986,447</u>

Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	C-2, C-3	\$ 11,603,339	\$ 9,634,835
Grant and Other Receivables	C-12	320,321	546,742
Due from Board of Education	C-16	98,292	98,292
Due from Current Fund	C-4	38,240	
Deferred Charges to Future Taxation			
Funded	C-5	440,000	891,000
Unfunded	C-6	<u>14,734,757</u>	<u>14,603,532</u>
 Total Assets		 <u>\$ 27,234,949</u>	 <u>\$ 25,774,401</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-10	\$ 440,000	\$ 891,000
Bond Anticipation Notes Payable	C-11	14,816,154	11,772,562
Contracts Payable	C-8	6,608,446	7,663,968
Due to Current Fund	C-4		18,961
Improvement Authorization			
Funded	C-7	584,222	827,806
Unfunded	C-7	3,487,996	3,535,615
Reserve for Payment of Debt	C-9	65,161	
Reserve for Construction of DPW Building	C-15	272,484	272,484
Reserve for Municipal Building - FEMA	C-17	373,265	373,265
Reserve for Preliminary Costs	C-14	2,095	2,095
Capital Improvement Fund	C-13	198,660	88,268
Reserve for Federal and State Grant Receivables	C-12	264,009	223,875
Fund Balance	C-1	<u>122,457</u>	<u>104,502</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 27,234,949</u>	 <u>\$ 25,774,401</u>

There were bonds and notes authorized but not issued on December 31, 2017 and 2016 of \$105,353 and \$2,953,718, respectively (Exhibit C-18).

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Balance, January 1	C	\$ 104,502	\$ 104,502
Increased by:			
Cancellation of Ord. #08-09	C-7	<u>17,955</u>	<u>-</u>
Balance, December 31	C	<u>122,457</u>	<u>104,502</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	D-5	\$ 1,381,841	\$ 1,667,632
Due from Current Fund	D-28		1,025
Due from Sewer Utility Capital Fund	D-14	<u>-</u>	<u>2,274</u>
		<u>1,381,841</u>	<u>1,670,931</u>
Receivables With Full Reserves			
Sewer Utility Rents Receivable	D-7	<u>194,065</u>	<u>431,083</u>
Deferred Charges:			
Operating Deficit	D-1, D-26	<u>-</u>	<u>7,333</u>
		<u>-</u>	<u>7,333</u>
Total Assets		<u>\$ 1,575,906</u>	<u>\$ 2,109,347</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Due to Sewer Utility Capital Fund	D-14	\$ 65,625	
Due to Current Fund	D-28	1,622	
Appropriation Reserves	D-4,D-12	131,857	\$ 161,566
Encumbrances Payable	D-9	15,002	21,995
Miscellaneous Reserves - Terminal Leave	D-21	152,665	152,665
Prepaid Rent	D-29	16,059	16,059
Reserve for Sewer Lien Redemption	D-30		528
Due to Lien Holder	D-11	292	292
Sewer Rent Overpayments	D-31	5,770	
Accrued Interest	D-24	<u>4,891</u>	<u>5,174</u>
		393,783	358,279
Reserve for Receivables	D	194,065	431,083
Fund Balance	D-1	<u>988,058</u>	<u>1,319,985</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,575,906</u>	<u>\$ 2,109,347</u>

Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	D-5,D-6	\$ 721,106	\$ 996,715
Grants Receivable	D-8	11,510	11,510
Due from Current Fund	D-27	146,002	146,002
Due from Sewer Utility Operating Fund	D-14	65,625	
Fixed Capital	D-13	3,491,793	2,625,346
Fixed Capital Authorized and Uncompleted	D-19	<u>2,184,000</u>	<u>2,493,510</u>
 Total Assets		 <u>\$ 6,620,036</u>	 <u>\$ 6,273,083</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Due to Sewer Utility Operating Fund	D-14		\$ 2,274
Encumbrances Payable	D-10	51,805	1,244
Bonds Payable	D-25	235,000	280,000
Bond Anticipation Notes Payable	D-23	1,239,846	1,475,475
Improvement Authorization			
Funded	D-18	5,568	150,072
Unfunded	D-18	1,256,749	693,132
Reserve for Grants Receivable	D-8	11,510	11,510
Reserve for Amortization	D-16	3,250,864	2,596,295
Reserve for Deferred Amortization	D-20	311,615	751,187
Reserve for Payment of Bonds	D-17	118,896	160,557
Capital Improvement Fund	D-15	100,215	113,369
Fund Balance	D-2	<u>37,968</u>	<u>37,968</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 6,620,036</u>	 <u>\$ 6,273,083</u>

There were bonds and notes authorized but not issued on December 31, 2017 and 2016 of \$737,650 and \$15,899, respectively (Exhibit D-22).

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
REVENUES AND OTHER INCOME			
Surplus Anticipated	D-3	\$ 441,047	\$ 150,000
Rents	D-3	1,428,123	1,509,376
Reserve for Payment of Bonds/Notes	D-3	160,557	
Non-Budget Revenue	D-3	38,286	13,172
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-12	<u>144,828</u>	<u>138,128</u>
		<u>2,212,841</u>	<u>1,810,676</u>
EXPENDITURES			
Budget Appropriations			
Operating	D-4	1,721,766	1,653,188
Deferred Charges and Statutory Expenditures	D-4	39,333	68,961
Capital Improvements - Capital Outlay	D-4	41,000	
Debt Service	D-4	<u>301,622</u>	<u>95,860</u>
		<u>2,103,721</u>	<u>1,818,009</u>
Excess/(Deficit) in Revenue		<u>109,120</u>	<u>(7,333)</u>
Operating Deficit to be Revised in Budget of Succeeding Year	D-1	<u>-</u>	<u>7,333</u>
Statutory Excess to Surplus		109,120	-
Fund Balance, January 1	D	<u>1,319,985</u>	<u>1,469,985</u>
		1,429,105	1,469,985
Decreased by:			
Utilized in Sewer Operating Budget	D-1	<u>441,047</u>	<u>150,000</u>
Fund Balance, December 31	D	<u>\$ 988,058</u>	<u>\$ 1,319,985</u>

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Balance, January 1, 2017	D	\$ 37,968	\$ 37,968
Balance, December 31, 2017	D	\$ 37,968	\$ 37,968

EXHIBIT D-3

STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 441,047	\$ 441,047	
Rents	D-1,D-7	1,509,376	1,428,123	\$ (81,253)
Reserve for Payment of Bonds/Notes	D-1,D-14	160,557	160,557	-
	D-4	<u>\$ 2,110,980</u>	2,029,727	<u>\$ (81,253)</u>
Non-Budget Revenue	D-1,D-3		<u>38,286</u>	
			<u>\$ 2,068,013</u>	

ANALYSIS OF NON-BUDGET REVENUE

Due from Sewer Capital Fund	D-14	\$ 7,422
Cash Receipts	D-5	<u>30,864</u>
	D-3	<u>\$ 38,286</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	Budget After Modifications	Paid or Charged	Reserved	
OPERATING					
Salaries and Wages	\$ 486,084	\$ 486,084	\$ 394,616	\$ 91,468	
Other Expenses	525,000	525,000	491,828	33,172	
Bergen County Utilities Authority	710,682	710,682	710,682		
DEFERRED CHARGES AND AND STATUTORY EXPENDITURES					
Operating Deficit	7,333	7,333	7,333		
Social Security System (O.A.S.I.)	32,000	32,000	25,922	6,078	
CAPITAL IMPROVEMENTS					
Capital Outlay	41,000	41,000	39,861	1,139	
DEBT SERVICE					
Payment of Bond Principal	45,000	45,000	45,000		
Payment of Bond Anticipation Note Principa	235,878	235,878	235,878		
Interest on Bonds	5,388	5,388	5,387		\$ 1
Interest on Notes	<u>22,615</u>	<u>22,615</u>	<u>15,357</u>	<u>-</u>	<u>7,258</u>
	<u>\$ 2,110,980</u>	<u>\$ 2,110,980</u>	<u>\$ 1,971,864</u>	<u>\$ 131,857</u>	<u>\$ 7,259</u>

Reference

D-3

D

Reference

Budget as Adopted	D-3	<u>\$ 2,110,980</u>
Disbursed	D-5	\$ 1,690,260
Encumbrances Payable	D-9	15,002
Deferred Charges -	D-26	7,333
Payment of Bond Anticipation Note Principa	D-14	235,878
Due to Current Fund	D-28	2,647
Accrued Interest	D-24	<u>20,744</u>
		<u>\$ 1,971,864</u>

Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	E-1	\$ 9,507	\$ 9,432
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	E-2	\$ 9,507	\$ 9,432

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSET ACCOUNT GROUP -
REGULATORY BASIS
AS OF DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Construction in Progress	\$ 2,145,235	\$ 864,894
Land	1,617,100	1,617,100
Buildings and Building Improvements	1,067,130	1,067,130
Machinery and Equipment	<u>5,357,954</u>	<u>5,150,295</u>
	<u>\$ 10,187,419</u>	<u>\$ 8,699,419</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 10,187,419</u>	<u>\$ 8,699,419</u>

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Moonachie (the "Borough") was incorporated in 1910 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the volunteer fire department and volunteer ambulance squad which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Moonachie have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

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

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

Unemployment Insurance Trust Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Length of Service Award Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

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

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Borough's sanitary sewerage system and the assets and liabilities relative to such activities. Special benefit assessments levied against properties for specific purposes are accounted for in the assessment trust section of the fund. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

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

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2016 balances to conform to the December 31, 2017 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

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

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

Utility Revenues/Receivables - Utility charges are levied quarterly based upon a flat service charge for residential and usage charge for commercial properties. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's sewer utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

Deferred School Taxes - School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount. GAAP does not permit the deferral of unpaid school taxes to fund balance at year end.

Operating Deficits - Deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year are recorded as deferred charges on the balance sheet of the respective operating fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of operating deficits at year end.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Moonachie has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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

General Fixed Assets purchased after December 31, 2014 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2014 are stated as follows:

Land and Buildings	Assessed Value - 1986
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the sewer utility fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

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

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. **Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

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

Trust Funds
General Capital Fund
Sewer Utility Capital Fund
Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2017 and 2016 the Current Fund budget was not increased. However, the governing body approved several budget transfers during 2017 and 2016.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. **Cash Deposits**

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

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2017 and 2016, the book value of the Borough's deposits were \$24,101,537 and \$20,336,924 and bank and brokerage firm balances of the Borough's deposits amounted to \$25,264,227 and \$20,873,746, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2017</u>	<u>2016</u>
Insured	\$ 25,264,227	\$ 20,873,746

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2017 and 2016, the Borough's bank balances were not exposed to custodial credit risk.

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 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.

As of December 31, 2017 and 2016, the Borough had the following investments:

	<u>Fair Value</u>
<u>2017</u>	
Lincoln Financial Group (LOSAP)	
Investment Fund (Unaudited)	\$ 748,250
<u>2016</u>	
Lincoln Financial Group (LOSAP)	
Investment Fund (Unaudited)	\$ 614,460

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2017 and 2016, \$748,250 and \$614,460 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>2017</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	<u>\$ 748,250</u>
<u>2016</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	<u>\$ 614,460</u>

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2017 and 2016, the Borough's investment in Lincoln Financial Group was rated Baa1 by Moody's Investor Services.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough's investments are in Lincoln Financial Group. These investments are 100% of the Borough's total investments.

The fair value of the above-listed investment was based on quoted market prices.

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

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2017 consisted of the following:

	<u>Current Fund</u>	<u>Sewer Utility Operating Fund</u>	<u>Total</u>
<u>2017</u>			
Property Taxes	\$ 275,768		\$ 275,768
Tax Title Liens	517,399		517,399
Utility Charges and Fees	<u>-</u>	<u>\$ 194,065</u>	<u>194,065</u>
	<u>\$ 793,167</u>	<u>\$ 194,065</u>	<u>\$ 987,232</u>

In 2017, the Borough collected \$225,111 and \$379,329 from delinquent taxes and utility charges and fees, which represented 32% and 88% of the delinquent tax and sewer charges receivable at December 31, 2016.

Receivables at December 31, 2016 consisted of the following:

	<u>Current Fund</u>	<u>Sewer Utility Operating Fund</u>	<u>Total</u>
<u>2016</u>			
Property Taxes	\$ 230,092		\$ 230,092
Tax Title Liens	469,661		469,661
Utility Charges and Fees	<u>-</u>	<u>\$ 431,083</u>	<u>431,083</u>
	<u>\$ 699,753</u>	<u>\$ 431,083</u>	<u>\$ 1,130,836</u>

In 2016, the Borough collected \$200,280 and \$50,848 from delinquent taxes and utility charges and fees, which represented 32% and 100% of the delinquent tax and sewer charges receivable at December 31, 2015.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2017</u>		<u>2016</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 5,732	\$ 188,683	\$ 23,024	\$ 147,203
Trust Fund:				
Animal Control Fund		2,173		2,173
Other Trust Fund- Flexible Spend		1,877		1,877
Other Trust Fund - Escrow	4,441		176	
Other Trust Fund - Payroll		60		13
General Capital Fund	38,240			18,961
Sewer Utility Operating Fund		67,247	3,299	
Sewer Utility Capital Fund	<u>211,627</u>	<u>-</u>	<u>146,002</u>	<u>2,274</u>
Total	<u>\$ 260,040</u>	<u>\$ 260,040</u>	<u>\$ 172,501</u>	<u>\$ 172,501</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or revenues earned in one fund due to another fund.

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

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2017</u>			
Current Fund			
Special Emergency Authorization	\$ 67,334	\$ 67,334	\$ -
	<u>\$ 67,334</u>	<u>\$ 67,334</u>	<u>\$ -</u>

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2016</u>			
Current Fund			
Special Emergency Authorization	\$ 331,963	\$ 264,629	\$ 67,334
	<u>\$ 331,963</u>	<u>\$ 264,629</u>	<u>\$ 67,334</u>

2017
Sewer Utility Operating Fund
There are none

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2016</u>			
Sewer Utility Operating Fund			
Operating Deficit	\$ 7,333	\$ 7,333	\$ -
	<u>\$ 7,333</u>	<u>\$ 7,333</u>	<u>\$ -</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 7 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2017 and 2016 are as follows:

	<u>2017</u> Local District School	<u>2016</u> Local District School
Balance of Tax Deferred	\$ 3,921,114 <u>3,103,810</u>	\$ 3,664,616 <u>3,103,810</u>
Taxes Payable	<u>\$ 817,304</u>	<u>\$ 560,806</u>

NOTE 8 FUND BALANCES APPROPRIATED

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

	2017		2016	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 3,441,438	\$ 1,120,788	\$ 2,696,852	\$ 1,388,000
Non-Cash Surplus	<u>127,073</u>	<u>-</u>	<u>296,880</u>	<u>-</u>
	<u>\$ 3,568,511</u>	<u>\$ 1,120,788</u>	<u>\$ 2,993,732</u>	<u>\$ 1,388,000</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 988,058	\$ 318,308	\$ 1,312,652	\$ 441,047
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>7,333</u>	<u>-</u>
	<u>\$ 988,058</u>	<u>\$ 318,308</u>	<u>\$ 1,319,985</u>	<u>\$ 441,047</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2017 and 2016.

	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2017</u>
<u>2017</u>				
Construction in Progress	\$ 864,894	\$ 1,280,341		\$ 2,145,235
Land	1,617,100			1,617,100
Buildings and Building Improvements	1,067,130			1,067,130
Machinery and Equipment	<u>5,150,295</u>	<u>207,659</u>	\$ -	<u>5,357,954</u>
	<u>\$ 8,699,419</u>	<u>\$ 1,488,000</u>	<u>\$ -</u>	<u>\$ 10,187,419</u>
	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2016</u>
<u>2016</u>				
Construction in Progress		\$ 864,894		\$ 864,894
Land	\$ 1,617,100			1,617,100
Buildings and Building Improvements	1,067,130			1,067,130
Machinery and Equipment	<u>5,212,828</u>	<u>82,471</u>	\$ (145,004)	<u>5,150,295</u>
	<u>\$ 7,897,058</u>	<u>\$ 947,365</u>	<u>\$ (145,004)</u>	<u>\$ 8,699,419</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9 FIXED ASSETS (Continued)

B. Sewer Utility Fund Fixed Assets

The following is a summary of changes in the sewer utility fund fixed assets for the years ended December 31, 2017 and 2016.

Sewer Utility Fund

	Balance January 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2017</u>
<u>2017</u>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 2,625,546	\$ 866,447	-	\$ 3,491,993
	<u>\$ 2,625,546</u>	<u>\$ 866,447</u>	<u>\$ -</u>	<u>\$ 3,491,993</u>
	Balance January 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2016</u>
<u>2016</u>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 2,625,546	-	-	\$ 2,625,546
	<u>\$ 2,625,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,625,546</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 10 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and sewer utility capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2017</u>	<u>2016</u>
Issued		
General		
Bonds, Notes and Loans	\$ 15,256,154	\$ 12,663,562
Sewer Utility		
Bonds, Notes and Loans	<u>1,474,846</u>	<u>1,755,475</u>
	16,731,000	14,419,037
Less Funds Temporarily Held to Pay Bonds and Notes	<u>370,807</u>	<u>235,557</u>
Net Debt Issued	<u>16,360,193</u>	<u>14,183,480</u>
Authorized But Not Issued		
General		
Bonds and Notes	105,353	2,953,718
Sewer Utility		
Bonds and Notes	<u>737,650</u>	<u>15,899</u>
	<u>843,003</u>	<u>2,969,617</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 17,203,196</u>	<u>\$ 17,153,097</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 10 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 1.792% and 1.830% at December 31, 2017 and 2016, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 15,361,507	\$ 251,911	\$ 15,109,596
Utility Debt	<u>2,212,496</u>	<u>2,212,496</u>	<u>-</u>
Total	<u>\$ 17,574,003</u>	<u>\$ 2,464,407</u>	<u>\$ 15,109,596</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2016</u>			
General Debt	\$ 15,569,532	\$ 75,000	\$ 15,494,532
Utility Debt	<u>1,771,374</u>	<u>1,639,269</u>	<u>132,105</u>
Total	<u>\$ 17,340,906</u>	<u>\$ 1,714,269</u>	<u>\$ 15,626,637</u>

Statutory Borrowing Power

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

	<u>2017</u>	<u>2016</u>
3% of Equalized Valuation Basis (Municipal)	\$ 25,289,536	\$ 25,612,477
Less: Net Debt	<u>15,109,596</u>	<u>15,626,637</u>
Remaining Borrowing Power	<u>\$ 10,179,940</u>	<u>\$ 9,985,840</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2017</u>	<u>2016</u>
\$3,011,000, 2004 Bonds		\$ 326,000
\$965,000, 2012 Bonds, due in annual installments of \$145,000 to \$150,000 through August, 2020, interest at 2.00%	<u>\$ 440,000</u>	<u>565,000</u>
	<u>\$ 440,000</u>	<u>\$ 891,000</u>

Utility Bonds

The Borough pledges revenue from operations to pay debt service on utility bonds issued. The sewer utility bonds outstanding at December 31 are as follows:

Sewer Utility

	<u>2017</u>	<u>2016</u>
\$460,000, 2012 Bonds, due in annual installments of \$45,000 to \$50,000 through August, 2022, interest at 2.00% through 2.5%	<u>\$ 235,000</u>	<u>\$ 280,000</u>
	<u>\$ 235,000</u>	<u>\$ 280,000</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2017 is as follows:

Calendar Year	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 145,000	\$ 8,800	\$ 45,000	\$ 4,825	\$ 203,625
2019	145,000	5,900	45,000	3,925	199,825
2020	150,000	3,000	45,000	3,025	201,025
2021			50,000	2,125	52,125
2022	-	-	50,000	1,125	51,125
	<u>\$ 440,000</u>	<u>\$ 17,700</u>	<u>\$ 235,000</u>	<u>\$ 15,025</u>	<u>\$ 707,725</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2016 and 2015 were as follows:

	Balance, January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
General Capital Fund Bonds Payable	\$ 891,000	\$ -	\$ 451,000	\$ 440,000	\$ 145,000
General Capital Fund Long-Term Liabilities	\$ 891,000	\$ -	\$ 451,000	\$ 440,000	\$ 145,000
Sewer Utility Capital Fund Bonds Payable	\$ 280,000	\$ -	45,000	\$ 235,000	\$ 45,000
Sewer Utility Capital Fund Long-Term Liabilities	\$ 280,000	\$ -	\$ 45,000	\$ 235,000	\$ 45,000

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
General Capital Fund Bonds Payable	\$ 1,326,000	\$ -	\$ 435,000	\$ 891,000	\$ 451,000
General Capital Fund Long-Term Liabilities	\$ 1,326,000	\$ -	\$ 435,000	\$ 891,000	\$ 451,000
Sewer Utility Capital Fund Bonds Payable	\$ 325,000	\$ -	45,000	\$ 280,000	\$ 45,000
Sewer Utility Capital Fund Long-Term Liabilities	\$ 325,000	\$ -	\$ 45,000	\$ 280,000	\$ 45,000

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2017 and 2016 was as follows:

Bond Anticipation Notes

	Rate <u>(%)</u>	Maturity <u>Date</u>	Balance, January 1, <u>2017</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2017</u>
<u>2017</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Hurricane Sandy Improvements	1.26%	10/19/2018	\$ 6,183,455	\$ 6,236,910	\$ 6,183,455	\$ 6,236,910
Road Improvements	1.26%	10/19/2018	59,357	59,742	59,357	59,742
Curb and Ramp Improvements	1.26%	10/19/2018	23,000	28,500	23,000	28,500
Various Acquisitions and Improvements	1.26%	10/19/2018	485,000	1,615,252	485,000	1,615,252
Preliminary Costs - New DPW Building	1.26%	10/19/2018	271,000	475,000	271,000	475,000
Tax Appeal Refunding	1.26%	10/19/2018	518,000	343,000	518,000	343,000
Acquisition of Ambulance	1.26%	10/19/2018	171,000	96,000	171,000	96,000
Construction of Municipal Building	1.26%	10/19/2018	4,000,000	4,000,000	4,000,000	4,000,000
Acq. & Install Financial Software	1.26%	10/19/2018	61,750	61,750	61,750	61,750
Construction of DPW Building	1.26%	10/19/2018	-	1,900,000	-	1,900,000
General Capital Bond Anticipation Notes Payable			\$ 11,772,562	\$ 14,816,154	\$ 11,772,562	\$ 14,816,154

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>2017</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>January 1,</u> <u>2017</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>December 31,</u> <u>2017</u>
<u>Sewer Utility Capital Fund</u>						
<u>Purpose</u>						
Hurricane Sandy Improvements	1.26%	10/19/2018	\$ 984,827	\$ 755,223	\$ 984,827	\$ 755,223
Sewer Capital Improvements	1.26%	10/19/2018	343,037	337,012	343,037	337,012
Impvt. To Sanitary Sewer System	1.26%	10/19/2018	71,101	71,101	71,101	71,101
Imp. To Moonachie Ave Sanitary Sewer Pump	1.26%	10/19/2018	76,510	76,510	76,510	76,510
Sewer Utility Capital Bond Anticipation Notes Payable			<u>\$ 1,475,475</u>	<u>\$ 1,239,846</u>	<u>\$ 1,475,475</u>	<u>\$ 1,239,846</u>
Total Bond Anticipation Notes Payable			<u>\$ 13,248,037</u>	<u>\$ 16,056,000</u>	<u>\$ 13,248,037</u>	<u>\$ 16,056,000</u>

<u>2016</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>January 1,</u> <u>2016</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>December 31,</u> <u>2016</u>
<u>General Capital Fund</u>						
<u>Purpose</u>						
Hurricane Sandy Improvements	1.04%	10/20/2017	\$ 6,250,000	\$ 6,183,455	\$ 6,250,000	\$ 6,183,455
Road Improvements	1.04%	10/20/2017		59,357		59,357
Curb and Ramp Improvements	1.04%	10/20/2017	23,000	23,000	23,000	23,000
Various Acquisitions and Improvements	1.04%	10/20/2017	485,000	485,000	485,000	485,000
Preliminary Costs - New DPW Building	1.04%	10/20/2017	271,000	271,000	271,000	271,000
Tax Appeal Refunding	1.04%	10/20/2017	693,000	518,000	693,000	518,000
Acquisition of Ambulance	1.04%	10/20/2017		171,000		171,000
Construction of Municipal Building	1.04%	10/20/2017		4,000,000		4,000,000
Acq. & Install Financial Software	1.04%	10/20/2017	-	61,750	-	61,750
General Capital Bond Anticipation Notes Payable			<u>\$ 7,722,000</u>	<u>\$ 11,772,562</u>	<u>\$ 7,722,000</u>	<u>\$ 11,772,562</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate	Maturity	Balance,	Renewed/	Retired/	Balance,
	(%)	Date	January 1,	Issued	Redeemed	December 31,
			2017			2017
<u>Sewer Utility Capital Fund</u>						
<u>Purpose</u>						
Hurricane Sandy Improvements	1.04%	10/20/2017	\$ 1,020,000	\$ 984,827	\$ 1,020,000	\$ 984,827
Sewer Capital Improvements	1.04%	10/20/2017	343,037	343,037	343,037	343,037
Impvt. To Sanitary Sewer System	1.04%	10/20/2017		71,101	-	71,101
Imp. To Moonachie Ave Sanitary Sewer Pump	1.04%	10/20/2017	-	76,510	-	76,510
Sewer Utility Capital Bond Anticipation Notes Payable			<u>\$ 1,363,037</u>	<u>\$ 1,475,475</u>	<u>\$ 1,363,037</u>	<u>\$ 1,475,475</u>
Total Bond Anticipation Notes Payable			<u>\$ 9,085,037</u>	<u>\$ 13,248,037</u>	<u>\$ 9,085,037</u>	<u>\$ 13,248,037</u>

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

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance special emergency appropriations. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2017 and 2016 as follows:

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations, the Borough may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

<u>2017</u>	Rate	Maturity	Balance	Renewed/	Retired/	Balance
<u>Purpose</u>	<u>(%)</u>	<u>Date</u>	<u>January 1,</u>	<u>Issued</u>	<u>Redeemed</u>	<u>December 31,</u>
Hurricane Sandy	1.04%	10/20/2017	<u>\$ 331,963</u>	<u>\$ -</u>	<u>\$ 331,963</u>	<u>\$ -</u>
Total Special Emergency Notes			<u>\$ 331,963</u>	<u>\$ -</u>	<u>\$ 331,963</u>	<u>\$ -</u>

<u>2016</u>	Rate	Maturity	Balance	Renewed/	Retired/	Balance
<u>Purpose</u>	<u>(%)</u>	<u>Date</u>	<u>January 1,</u>	<u>Issued</u>	<u>Redeemed</u>	<u>December 31,</u>
Hurricane Sandy	1.04%	10/20/2017	<u>\$ 497,963</u>	<u>\$ 331,963</u>	<u>\$ 497,963</u>	<u>\$ 331,963</u>
Total Special Emergency Notes			<u>\$ 497,963</u>	<u>\$ 331,963</u>	<u>\$ 497,963</u>	<u>\$ 331,963</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2017</u>			
	Municipal Building Complex	\$ 6,131,062	12/31/2018
	DPW Facility	39,273	12/31/2018
	Purchase of International Hook Lift Truck	199,700	12/31/2018
	Purchase of Portable Radios	41,225	12/31/2018
<u>2016</u>			
	NJDOT Road Program	\$ 11,230	12/31/2017
	Municipal Building Complex	7,244,880	12/31/2018
	DPW Facility	51,293	12/31/2017

NOTE 12 OPERATING LEASES

The Borough leases copiers under noncancelable operating leases. Lease payments for the years ended December 31, 2017 and 2016 were \$6,935 and \$390, respectively. The future minimum lease payments for these leases are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2018	\$ 7,620
2019	7,620
2020	3,915
2021	<u>490</u>
Total	<u>\$ 19,645</u>

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$679,943 and \$704,730 at December 31, 2017 and 2016, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2017 and 2016, the Borough has reserved in the Current Fund and Sewer Utility Fund \$625,230 and \$476,910, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

B. Community Disaster Loan

On May 23, 2013, the Federal Emergency Management Agency (FEMA), under the provisions of the Community Disaster Loan Act of 2005, approved the Borough's application for a disaster loan in response to the losses incurred as a result of Hurricane Sandy. The State of New Jersey recommended a Community Disaster Loan ("CDL") in the amount of \$2,212,128 for the Borough. The purpose of the loan was to allow the Borough to carry on existing governmental functions and to expand such functions to meet disaster-related needs. The term of the loan is for five years with an interest rate that is based on the five year Treasury rate on the date of the Promissory Note as signed by FEMA. The rate for this loan is undeterminable. The terms of this loan provides for no principal or interest payments for five years from the date of loan proceeds and these deferrals may be further extended by FEMA for an additional five years. However, interest accrues on a simple interest basis from date of receipt of loan proceeds. The loan is collateralized with the Borough's future revenue after provision has been made for payments required in connection with any outstanding bond indebtedness in existence at the time of the CDL loan. In January 2018, the Borough received notification from FEMA that the Borough is eligible to cancel a principal amount of the CDL totaling \$1,138,947 plus accrued interest on the cancelled principal. In addition, the Borough plans to appeal the remaining \$1,073,181 in principal plus accrued interest on the principal. In addition, the Borough has requested a five-year extension of time to repay.

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 13 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

The Borough's changes in other long-term liabilities for the years ended December 31, 2017 and 2016 were as follows:

	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
Community Disaster Loan	\$ 2,212,128			\$ 2,212,128	
Compensated Absences	704,730		\$ 24,787	679,943	
Net Pension Liability - PERS	4,632,069		1,305,424	3,326,645	
Net Pension Liability - PFRS	12,135,805	-	1,513,730	10,622,075	-
Other Long Term Liabilities	<u>\$ 19,684,732</u>	<u>\$ -</u>	<u>\$ 2,843,941</u>	<u>\$ 16,840,791</u>	<u>\$ -</u>
	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
Community Disaster Loan	\$ 2,212,128			\$ 2,212,128	
Compensated Absences	725,193	\$ 62,575	\$ 83,038	704,730	
Net Pension Liability - PERS	3,701,367	1,069,644	138,942	4,632,069	
Net Pension Liability - PFRS	10,748,579	1,905,039	517,813	12,135,805	-
Other Long Term Liabilities	<u>\$ 17,387,267</u>	<u>\$ 3,037,258</u>	<u>\$ 739,793</u>	<u>\$ 19,684,732</u>	<u>\$ -</u>

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Other Pension Funds

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

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

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

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

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, which was rolled forward to June 30, 2017, the aggregate funded ratio for all the State administered retirement systems, including local PERS and local PFRS is 35.79 percent with an unfunded actuarial accrued liability of \$142.3 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 48.10 percent and \$23.3 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 58.60 percent and \$17.2 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.00% for investment rate of return for all the retirement systems and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS and 7.20% for PERS of employee's annual compensation for 2017.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2017 and 2016 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2017, 2016 and 2015, the Borough, was required to contribute for normal cost pension contributions and accrued liability pension contributions the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2017	\$ 608,932	\$ 132,388
2016	524,539	141,758
2015	473,532	137,467

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

Public Employees Retirement System (PERS)

At December 31, 2017 and 2016, the Borough reported a liability of \$3,326,645 and \$4,632,069, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Borough's proportionate share was .01429 percent, which was a decrease of .00135 percent from its proportionate share measured as of June 30, 2016 of .01564 percent.

For the year ended December 31, 2017 and 2016, the pension system has determined the Borough's pension expense to be \$188,697 and \$440,660, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$138,942 and \$141,758, respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2017</u>		<u>2016</u>	
	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>
Difference Between Expected and Actual Experience	\$ 78,331		\$ 86,142	
Changes of Assumptions	670,204	\$ 667,747	959,517	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	22,652		176,625	
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	95,087	365,589	134,057	\$ 161,668
Total	<u>\$ 866,274</u>	<u>\$ 1,033,336</u>	<u>\$ 1,356,341</u>	<u>\$ 161,668</u>

BOROUGH OF MOONACHIE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2018	\$ 17,515
2019	46,479
2020	24,946
2021	(151,551)
2022	(104,451)
Thereafter	-
	<u>\$ (167,062)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	1.65-4.15% Based on Age	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age	2.65-5.15% Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2016 and 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

BOROUGH OF MOONACHIE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash Equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	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%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	5.00%
2016	June 30, 2016	3.98%

BOROUGH OF MOONACHIE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 5.00% and 3.98%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00% and 2.98%, respectively) or 1-percentage-point higher (6.00% and 4.98%, respectively) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
<u>2017</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,126,929</u>	<u>\$ 3,326,645</u>	<u>\$ 2,659,909</u>
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
<u>2016</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 5,676,060</u>	<u>\$ 4,632,069</u>	<u>\$ 3,770,164</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

BOROUGH OF MOONACHIE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2017 and 2016, the Borough reported a liability of \$10,622,075 and \$12,135,805, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Borough's proportionate share was .06880 percent, which was an increase of .00529 percent from its proportionate share measured as of June 30, 2016 of .06351 percent.

For the years ended December 31, 2017 and 2016, the pension system has determined the Borough pension expense to be \$1,228,212 and \$1,418,519, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$517,813 and \$524,539, respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 68,910	\$ 62,343		\$ 79,526
Changes of Assumptions	1,309,820	1,739,585	\$ 1,680,355	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	202,694		850,051	
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	1,005,010	91,894	488,303	117,562
Total	<u>\$ 2,586,434</u>	<u>\$ 1,893,822</u>	<u>\$ 3,018,709</u>	<u>\$ 197,088</u>

BOROUGH OF MOONACHIE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2018	\$ 182,522
2019	382,568
2020	301,398
2021	(35,061)
2022	(138,815)
Thereafter	-
	<u>\$ 692,612</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	2.10-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2016 and July 1, 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

BOROUGH OF MOONACHIE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	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%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	6.14%
2016	June 30, 2016	5.55%

BOROUGH OF MOONACHIE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 6.14% and 5.55%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.14% and 4.55 %, respectively) or 1-percentage-point higher (7.14% and 6.55%,respectively) than the current rate:

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 13,995,459</u>	<u>\$ 10,622,075</u>	<u>\$ 7,850,457</u>
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
<u>2016</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 15,648,231</u>	<u>\$ 12,135,805</u>	<u>\$ 9,271,633</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

BOROUGH OF MOONACHIE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

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

At December 31, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,189,762 and \$1,018,771, respectively. For the years ended December 31, 2017 and 2016, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$145,535 and \$130,121, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$59,493 and \$39,036, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

NOTE 15 RISK MANAGEMENT

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

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

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 15 RISK MANAGEMENT (Continued)

The Borough is also a member of the Bergen Municipal Employee Fund (BMED). This fund is an insured and self-administered group established for the sole purpose of providing medical insurance coverage to the employees of member municipalities. The BMED is a risk-sharing public entity pool. The BMED coverage amounts are on file with the Borough.

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	\$ 10,000	\$ 11,275	\$ 49,537
2016	10,000	11,458	50,278
2015	10,000	10,104	51,566

NOTE 16 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2017 and 2016. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2017 and 2016, the Borough reserved \$1,535,119 and \$1,314,511, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 16 CONTINGENT LIABILITIES (Continued)

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2017 and 2016, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 17 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2017 and 2016, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 18 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Moonachie Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 24, 2000 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Moonachie approved the adoption of the Plan at the general election held on November 7, 2000.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

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

The Borough of Moonachie has contributed \$1,298 and \$1,288 for 2017 and 2016, respectively, for each eligible volunteer fire department and volunteer first aid squad member into the Plan. The total Borough contributions were \$59,709 and \$79,260 for 2017 and 2016, respectively.

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

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 18 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Vesting and Benefits

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

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

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

NOTE 19 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2017. As of December 31, 2017, the Borough has received \$1,831,744 cumulative in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

NOTE 20 TAX ABATEMENTS

For the years ended December 31, 2017 and 2016, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law").

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the years ended December 31, 2017 and 2016 the Borough abated property taxes totaling \$4,615,819 and \$4,554,555, respectively under the LTTE program. The Borough received \$16,335 in PILOT payments under this program for the years ended December 31, 2017 and 2016, respectively.

CURRENT FUND

BOROUGH OF MOONACHIE
STATEMENT OF CURRENT CASH - TREASURER

Balance, January 1, 2017		\$ 7,735,459
Increased by Receipts		
Taxes Receivable	\$ 16,791,273	
Receipts from Delinquent Taxes	225,111	
Non-Budget Revenue	184,641	
Grants Receivable	299,576	
Due from State of NJ - Senior Citizens' and Veterans' Deductions	20,438	
Revenue Accounts Receivable	1,296,157	
Due to State of New Jersey	17,931	
Prepaid Taxes	1,199,877	
Deposits Due to General Capital Fund	414,616	
Received From Other Trust Fund	13,508	
Reserve for Hurricane Sandy Reimbursements	699,159	
Unappropriated Grant Reserves	5,619	
Tax Title Lien Redemption	12,309	
Change Fund Returned	100	
Petty Cash Returned	100	
	<hr/>	21,180,415
		28,915,874
Decreased by Disbursements:		
2017 Budget Appropriations	7,957,532	
2016 Appropriation Reserves	444,544	
County Taxes Payable	1,988,589	
Local School District Taxes Payable	7,601,253	
Due to State of New Jersey	17,931	
Miscellaneous Reserves	209,635	
Payments to Other Trust Fund	8,608	
Payments on Behalf of General Capital Fund	278,930	
Payments on Behalf of Sewer Utility Operating Fund	2,647	
Tax Overpayments	4,353	
Tax Title Lien Redemption	2,938	
Special Emergency Note Payable	331,963	
Due to First Aid Squad	13,762	
Petty Cash Advance	100	
	<hr/>	18,862,785
Balance, December 31, 2017		<u>\$ 10,053,089</u>

**BOROUGH OF MOONACHIE
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, January 1, <u>2017</u>	Change Fund <u>Returned</u>	Balance, December 31, <u>2017</u>
Tax Collector	\$ 200		\$ 200
Municipal Court	<u>100</u>	\$ <u>100</u>	<u>-</u>
	<u>\$ 300</u>	<u>\$ 100</u>	<u>\$ 200</u>

STATEMENT OF PETTY CASH FUND

Increased by:	
Petty Cash Advances	<u>\$ 100</u>
Decreased by:	
Petty Cash Returned	<u>\$ 100</u>

**STATEMENT OF DUE FROM STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, January 1, 2017	\$ 2,194
Increased by:	
Senior Citizens' Deductions Per Tax Duplicate	\$ 5,250
Veterans' Deductions Per Tax Duplicate	<u>15,250</u>
	<u>20,500</u>
	22,694
Decreased by:	
Senior Citizens' Deductions Disallowed by Collector- 2017	750
Senior Citizens' Deductions Disallowed by Collector- 2016	1,463
Cash Received from State of New Jersey	<u>20,438</u>
	<u>22,651</u>
Balance, December 31, 2017	<u>\$ 43</u>

BOROUGH OF MOONACHIE
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance, January 1, 2017	Levy	Added Taxes	Senior Citizens' and Veterans Deductions Disallowed	Collected In		Senior Citizens' and Veterans' Deductions Allowed	Remitted or Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2017
					2016	2017				
2016	\$ 230,092			\$ 1,463		\$ 225,111				\$ 6,444
2017	-	\$ 17,807,910	\$ 8,322	750	\$ 685,560	16,791,273	\$ 20,500	\$ 2,587	\$ 47,738	269,324
	<u>\$ 230,092</u>	<u>\$ 17,807,910</u>	<u>\$ 8,322</u>	<u>\$ 2,213</u>	<u>\$ 685,560</u>	<u>\$ 17,016,384</u>	<u>\$ 20,500</u>	<u>\$ 2,587</u>	<u>\$ 47,738</u>	<u>\$ 275,768</u>

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax

\$ 17,807,910

Added Taxes (54:4-63.1 et seq.)

8,322

\$ 17,816,232

Tax Levy

Local District School Tax (Abstract)

\$ 7,857,751

County Taxes

County Taxes (Abstract)

\$ 1,907,943

County Open Space

79,145

Due County for Added Taxes (54:63.1 et seq.)

932

1,988,020

Local Tax for Municipal Purposes

7,955,841

Add Additional Tax Levied

14,620

7,970,461

\$ 17,816,232

**BOROUGH OF MOONACHIE
STATEMENT OF TAX TITLE LIENS**

Balance, January 1, 2017	\$ 469,661
Increased by:	
Transfer from Taxes Receivable - 2017	<u>47,738</u>
Balance, December 31, 2017	<u>\$ 517,399</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, January 1, 2017	<u>\$ 2,850</u>
Balance, December 31, 2017	<u>\$ 2,850</u>

BOROUGH OF MOONACHIE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2017</u>	Accrued in 2017	Collected in 2017 <u>Treasurer</u>	Balance, December 31, <u>2017</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 6,914	\$ 6,914	
Other		11,784	11,784	
Construction Code Official				
Fees and Permits		183,931	183,931	
Board of Health				
Fees and Permits		6,349	6,349	
Police Department				
Fees and Permits		329	329	
Municipal Court				
Fines and Costs		47,975	29,678	\$ 18,297
Uniform Fire Safety Act - LEA		65,802	65,802	
Uniform Fire Safety Act - Local Fees		15,906	15,906	
Interest and Costs on Taxes		73,702	73,702	
Interest on Investments		64,288	64,288	
Energy Receipts Tax		444,649	444,649	
CDL Award	\$ 4,108			4,108
Interboro Services - Borough of Teterboro				
Police Services		215,378	215,378	
Township of South Hackensack - DPW		52,000	52,000	
Borough of Teterboro - Municipal Court		-	-	
Borough of Teterboro - Emergency Management Coordinator		2,000	2,000	
Trailer Camp Fees		73,176	73,176	
Port Authority of NY in Lieu of Taxes		16,335	16,335	
Cellular One Lease	-	33,936	33,936	-
	<u>\$ 4,108</u>	<u>\$ 1,314,454</u>	<u>\$ 1,296,157</u>	<u>\$ 22,405</u>

BOROUGH OF MOONACHIE
STATEMENT OF 2016 APPROPRIATION RESERVES

	Balance, January 1, <u>2017</u>	Budget After <u>Modification</u>	<u>Expended</u>	Transferred to Compensated <u>Absences</u>	Balance <u>Lapsed</u>
Salaries and Wages					
General Administration	\$ 105,874	\$ 105,874	\$ 54	\$ 100,000	\$ 5,820
Mayor & Council	5,636	5,636			5,636
Municipal Clerk	1,718	1,718	36		1,682
Financial Administration	1,001	1,001	-		1,001
Revenue Administration	15,095	15,095			15,095
Tax Assessment	1,238	1,238			1,238
Legal Services	9,616	9,616			9,616
Planning Board	105	105			105
Zoning Board	107	107			107
Police	41,596	41,596		40,000	1,596
Crossing Guards	2,267	2,267			2,267
Police- Dispatch 911	6,302	6,302			6,302
Emergency Management Services	934	934			934
Fire Official	3,748	3,748			3,748
Life Hazard Use Fee Payments	18,644	18,644			18,644
Streets & Roads	71,273	75,751	5,259	70,000	492
Solid Waste Collection	11,051	11,051			11,051
Public Health Services	544	544			544
Parks & Recreation	4,610	4,610			4,610
Sub-Code Officials-					
Plumbing Inspector	1,014	1,014			1,014
Electrical Inspector	2,928	2,928			2,928
Fire Inspector	158	158			158
Property Maintenance Official	474	474			474
Community Affairs-Senior Citizens	2,233	2,333			2,333
Construction Code Official	7,468	6,126			6,126
Municipal Prosecutor	1,196	1,196	-		1,196
Health Benefit Waiver	2,332	2,332			2,332
Borough of Teterboro-Municipal Court	3,635	3,635			3,635
Other Expenses					
General Administration	6,365	23,056	9,598		13,458
Grant Consultant	9,750	9,750	9,150		600
Sandy Consultant		14,100	4,630		9,470
Mayor & Council	141	141	28		113
Municipal Clerk	3,366	4,033	667		3,366
Financial Administration	36,573	56,114	28,240		27,874
Audit Services		30,000	30,000		-
Revenue Administration	13,589	13,813	224		13,589
Tax Assessment Administration	48,518	51,158	6,440		44,718
Legal Services & Costs	34,580	34,580	1,344		33,236
Engineering Services Cost	2,172	2,172	1,762		410
Planning Board	3,822	4,688	866		3,822
Zoning Board of Adjustment	4,280	4,280			4,280
Vehicle Maintenance	693	35,663	27,436		8,227
First Aid Organization	4,518	7,247	2,801		4,446
Fire Department	22,992	25,471	2,853		22,618
Fire Hydrant	5,447	5,447			5,447
Fire Official	5,864	6,647	918		5,729

BOROUGH OF MOONACHIE
STATEMENT OF 2016 APPROPRIATION RESERVES

	Balance, January 1, 2017	Budget After Modification	Expended	Transferred to Compensated Absences	Balance Lapsed
Other Expenses (Continued)					
Life Hazard Use Fees	\$ 1,091	\$ 1,091			\$ 1,091
Police Department	26,300	28,845	\$ 2,642		26,203
Police Dispatch - 911	7,621	8,171	550		7,621
Emergency Management Services	2,519	5,519	-		5,519
Streets & Roads	8,467	9,974	2,239		7,735
Recycling	39,600	43,937	4,524		39,413
Sanitation - Contractual	25,556	25,556			25,556
Public Health	5,414	6,692	13		6,679
OSHA - Fire Equipment	6,910	6,910			6,910
OSHA - First Aid Equipment	4,700	4,700			4,700
Hepatitis "B" Inoculations	2,850	2,850			2,850
Building & Grounds	9,661	10,421	1,100		9,321
Recreation	10,079	10,432	353		10,079
Community Affairs- Senior Citizens	926	1,601	850		751
Construction Code Official	2,645	2,891	283		2,608
Celebration of Public Events	2,734	4,810	2,076		2,734
Rent Monitoring Board	1,437	2,778			2,778
Electricity	26,430	26,430	1,278		25,152
Street Lighting	15,746	24,746	4,747		19,999
Telephone	2,145	3,115	600		2,515
Water	1,523	1,523			1,523
Natural Gas	12,369	21,369	1,485		19,884
Gasoline	42,436	42,436			42,436
Sanitary Landfill Tax - Tipping Fee	28,502	32,749	4,059		28,690
Recycling Tax	1,049	1,049			1,049
Social Security System (O.A.S.I.)	19,621	19,621			19,621
Contingent	1,000	1,000			1,000
LOSAP- Volunteer Fire		46,042	42,495		3,547
LOSAP- First Aid		45,000	34,768		10,232
Municipal Court	3,132	3,293	282		3,011
Employee Group Health	370,013	349,013	7,925		341,088
General Liability & Workers Compensation	82,410	90,335			90,335
Municipal Alliance Grant - Local Match	690	880			880
"911" Telecommunications Agreement	240	1,120	880		240
Clean Communities Program	6,215	6,415	6,415		-
Post Sandy Assistance Grant		192,490	192,490		-
Recycling Tonnage Grant	827	7,431	7,431	-	-
	<u>\$ 1,298,325</u>	<u>\$ 1,747,628</u>	<u>\$ 451,791</u>	<u>\$ 210,000</u>	<u>\$ 1,085,837</u>
Encumbrances - Prior Year	\$	449,303			
Appropriation Reserves		<u>1,298,325</u>			
		<u>\$ 1,747,628</u>			
Cash Disbursed			\$ 444,544		
Transferred to Appropriated Reserves			<u>7,247</u>		
			<u>\$ 451,791</u>		

**BOROUGH OF MOONACHIE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2017	\$ 449,303
Increased by:	
Charges to 2017 Budget Appropriations	<u>237,248</u>
	686,551
Decreased by:	
Transfer to 2016 Appropriation Reserves	<u>449,303</u>
Balance, December 31, 2017	<u>\$ 237,248</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, January 1, 2017	\$ 22,814
Increased by:	
2017 Tax Levy	\$ 1,907,943
County Open Space Preservation	79,145
Added and Omitted Taxes	<u>932</u>
	<u>1,988,020</u>
	2,010,834
Decreased by:	
Payments	<u>1,988,589</u>
Balance, December 31, 2017	<u>\$ 22,245</u>

**BOROUGH OF MOONACHIE
STATEMENT OF DUE TO STATE OF NEW JERSEY**

	Balance, January 1, <u>2017</u>	Increase by Fees <u>Collected</u>	Decrease by <u>Payments</u>	Balance, December 31, <u>2017</u>
DCA Training Fees		\$ 17,207	\$ 17,207	
Marriage License		700	700	
Liquor License	-	24	24	-
	<u>-</u>	<u>17,931</u>	<u>17,931</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 17,931</u>	<u>\$ 17,931</u>	<u>\$ -</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES

Balance, January 1, 2017	
School Tax Deferred	\$ 3,103,810
School Tax Payable	<u>560,806</u>
	\$ 3,664,616
Increased by:	
Levy - School Year July 1, 2017 to June 30, 2018	<u>7,857,751</u>
	11,522,367
Decreased by:	
Payments	<u>7,601,253</u>
Balance, December 31, 2017	
School Tax Deferred	3,103,810
School Tax Payable	<u>817,304</u>
	<u>\$ 3,921,114</u>
2017 Liability for Local School Tax	
Tax Paid	\$ 7,601,253
Tax Payable December 31, 2017	<u>817,304</u>
	8,418,557
Less Tax Payable December 31, 2016	<u>560,806</u>
Amount Charged to 2017 Operations	<u>\$ 7,857,751</u>

**BOROUGH OF MOONACHIE
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2017	\$ 685,560
Increased by:	
Collection of 2018 Taxes	<u>1,199,877</u>
	1,885,437
Decreased by:	
Applied in 2017 Taxes Receivable	<u>685,560</u>
Balance, December 31, 2017	<u>\$ 1,199,877</u>

STATEMENT OF APPROPRIATED RESERVES

	Balance, January 1, <u>2017</u>	Transfer from Appropriation <u>Reserve</u>	Balance, December 31, <u>2017</u>
Municipal Alliance Grant	\$ 5,608		\$ 5,608
Recycling Tonnage Grant	3,975	\$ 1,032	5,007
Clean Communities Grant	1,861	6,215	8,076
Confiscated Funds	<u>7,500</u>	<u>-</u>	<u>7,500</u>
	<u>\$ 18,944</u>	<u>\$ 7,247</u>	<u>\$ 26,191</u>

STATEMENT OF UNAPPROPRIATED RESERVES

	Balance, January 1, <u>2017</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2017</u>
Clean Communities Grant	\$ -	\$ 5,619	\$ 5,619
	<u>\$ -</u>	<u>\$ 5,619</u>	<u>\$ 5,619</u>

**BOROUGH OF MOONACHIE
STATEMENT OF RESERVE LIEN REDEMPTION**

Balance, January 1, 2017	\$ 2,204
Increased by:	
Cash Receipts	<u>12,309</u>
	14,513
Decreased by:	
Cash Disbursements	<u>2,938</u>
Balance, December 31, 2017	<u>\$ 11,575</u>

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, January 1, 2017	Transfer from Current Tax Collections	Transfer From Appropriation Reserves	Cash Disbursed	Balance, December 31, 2017
Terminal Leave	\$ 324,245		\$ 210,000	\$ 61,680	\$ 472,565
LOSAP	7,500				7,500
Reserve for Sandy Emergency	68,563			68,563	-
Reserve for Tax Appeals	<u>1,314,511</u>	<u>\$ 300,000</u>	<u>-</u>	<u>79,392</u>	<u>1,535,119</u>
	<u>\$ 1,714,819</u>	<u>\$ 300,000</u>	<u>\$ 210,000</u>	<u>\$ 209,635</u>	<u>\$ 2,015,184</u>

BOROUGH OF MOONACHIE
STATEMENT OF STATE AND FEDERAL GRANT RECEIVABLES

<u>Purpose</u>	Balance, January 1, 2017	<u>Accruals</u>	Cash <u>Receipt</u>	Balance, December 31, 2017
Recycling Tonnage		\$ 64,586	\$ 64,586	
Municipal Alliance	\$ 749			\$ 749
Non-Federal Cost Share (Match) Program	58,937			58,937
Post Assistance Sandy Grants:				
Master Plan Re-Examinations	50,000		50,000	-
Industrial Site Neighborhood Plans	15,000		15,000	-
Mobiel Home site Plan	25,000		25,000	-
Zoning Ordinance Update	20,000		20,000	-
Design Standards Ordinance	25,000		25,000	-
Debris Management Plan	20,000		20,000	-
FIS Data Base	50,000		49,990	10
Capital Improvement Plan	30,000	-	30,000	-
	<u>\$ 294,686</u>	<u>\$ 64,586</u>	<u>\$ 299,576</u>	<u>\$ 59,696</u>

EXHIBIT A-23

STATEMENT OF RESERVE FOR HURRICANE SANDY REIMBURSEMENTS

Balance, January 1, 2017	\$ 109,425
Increase by:	
Cash Receipts	<u>699,159</u>
	808,584
Decreased by:	
Realized as Current Fund Budgeted Revenue	<u>109,425</u>
Balance, December 31, 2017	<u>\$ 699,159</u>

Analysis

Due to General Capital	\$ 515,094
Due to Sewer Utility Capital	11,351
Current Fund	<u>172,714</u>
	<u>\$ 699,159</u>

**BOROUGH OF MOONACHIE
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2017	\$ 15,742
Decreased by:	
Cash Disbursements	<u>4,353</u>
Balance, December 31, 2017	<u><u>\$ 11,389</u></u>

STATEMENT OF INTERLOCAL DUE FROM BOROUGH OF TETERBORO

Balance, January 1, 2017	<u>\$ 33,980</u>
Balance, December 31, 2017	<u><u>\$ 33,980</u></u>

STATEMENT OF DUE TO FIRST AID SQUAD

Balance, January 1, 2017	<u>\$ 13,762</u>
Decreased by:	
Cash Disbursements	<u><u>\$ 13,762</u></u>

BOROUGH OF MOONACHIE
STATEMENT OF DEFERRED CHARGES-SPECIAL EMERGENCY AUTHORIZATIONS

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	<u>1/5 of Net</u> <u>Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>January 1,</u> <u>2017</u>	<u>Reduced in</u> <u>2017 Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2017</u>
7/1/2013	Hurricane Sandy	\$ 1,375,000	\$ 275,000	\$ 163,629	\$ 163,629	
12/11/2014	Hurricane Sandy	<u>505,000</u>	<u>101,000</u>	<u>168,334</u>	<u>101,000</u>	<u>\$ 67,334</u>
		<u>\$ 1,880,000</u>	<u>\$ 376,000</u>	<u>\$ 331,963</u>	<u>\$ 264,629</u>	<u>\$ 67,334</u>

STATEMENT OF EMERGENCY/SPECIAL EMERGENCY NOTE PAYABLE

<u>Purpose</u>	<u>Issued of</u> <u>Original</u> <u>Note</u>	<u>Balance</u> <u>January 1,</u> <u>2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>December 31,</u> <u>2017</u>
Hurricane Sandy	\$ 1,355,000	<u>\$ 331,963</u>	<u>\$ -</u>	<u>\$ 331,963</u>	<u>\$ -</u>
		<u>\$ 331,963</u>	<u>\$ -</u>	<u>\$ 331,963</u>	<u>\$ -</u>

TRUST FUNDS

**BOROUGH OF MOONACHIE
STATEMENT OF TRUST CASH**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Fund</u>
Balance, January 1, 2017	\$ 5,231	\$ 237,042	\$ 50,278
Increased by Receipts:			
Budget Appropriation			\$ 10,000
Due to State of NJ	\$ 518		
Animal License Fees	2,262		
Miscellaneous and Late Fees	375		
Miscellaneous Reserves		\$ 579,584	
Payroll Salaries & Deductions Payable		4,664,028	
Receipts from Current Fund		8,608	
Escrow Deposits		50,990	
Interest on Investments and Deposits	<u>51</u>	<u>682</u>	<u>534</u>
	<u>3,206</u>	<u>5,303,892</u>	<u>10,534</u>
	8,437	5,540,934	60,812
Decreased by Disbursements:			
Payments to State of NJ - State Registration Fees	518		
Expenditures under R.S. 4:19-15.11	4,817		
Escrow Deposits		39,739	
Disbursements Current Fund		13,508	
Payroll Salaries & Deductions Payable		4,664,081	
Miscellaneous Reserves		543,790	
Payments to State of NJ - Unemployment Ins. Benefits	<u>-</u>	<u>-</u>	<u>11,275</u>
	<u>5,335</u>	<u>5,261,118</u>	<u>11,275</u>
Balance, December 31, 2017	<u>\$ 3,102</u>	<u>\$ 279,816</u>	<u>\$ 49,537</u>

EXHIBIT B-2

**BOROUGH OF MOONACHIE
STATEMENT OF DUE FROM CURRENT FUND
OTHER TRUST FUND - ESCROW**

Balance, January 1, 2017 (Due From)	\$ 176
Increased by:	
Cash Disbursements	<u>13,088</u>
	13,264
Decreased by:	
Receipts from Current Fund	\$ 8,608
Interest on Investments and Deposits	<u>215</u>
	<u>8,823</u>
Balance, December 31, 2017 (Due from)	<u>\$ 4,441</u>

EXHIBIT B-3

**STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND - PAYROLL**

Balance, January 1, 2017	\$ 13
Increased by:	
Interest on Investments and Deposits	<u>467</u>
	480
Decreased by:	
Cash Disbursements	<u>420</u>
Balance, December 31, 2017	<u>\$ 60</u>

EXHIBIT B-4

**STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND**

	Balance January 1, <u>2017</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2017</u>
Parking Offence Adjudication Act	\$ 2,205	\$ 112		\$ 2,317
Fire Prevention Fees - Penalty	81,828	20,549	\$ 13,832	88,545
Fire Prevention Fees - Fines	10,151		10,151	-
Municipal Alliance	2,866	1,777	1,543	3,100
Celebration of Public Events	6,890			6,890
Charitable Contributions	409			409
Secure Child Program	224			224
Premium on Tax Sale	8,564	48,500	8,300	48,764
Centennial Celebration	6,793			6,793
Police Outside Duty	34,074	488,825	490,300	32,599
Flex Spending	690	2,715	3,096	309
Summer Recreation	30,201	16,360	16,118	30,443
Basketball	4,223	736	450	4,509
Soccer	1,395	10		1,405
Miscellaneous	<u>333</u>	<u>-</u>	<u>-</u>	<u>333</u>
	<u>\$ 190,846</u>	<u>\$ 579,584</u>	<u>\$ 543,790</u>	<u>\$ 226,640</u>

**BOROUGH OF MOONACHIE
STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 37,102
Increased by:	
Cash Receipts	<u>50,990</u>
	88,092
Decreased by:	
Escrow Deposits Refunded	<u>39,739</u>
Balance, December 31, 2017	<u><u>\$ 48,353</u></u>

EXHIBIT B-6

**STATEMENT OF DUE TO STATE TREASURER - DOG LICENSE FEES
ANIMAL CONTROL FUND**

Balance, January 1, 2017	\$ 41
Increased by:	
State Fees Collected	<u>518</u>
	559
Decreased by:	
Payments to State Treasurer	<u>518</u>
Balance, December 31, 2017	<u><u>\$ 41</u></u>

EXHIBIT B-7

**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND**

Balance, January 1, 2017	\$ 3,017
Increased by:	
Animal Control License Fees Collected	\$ 2,262
Miscellaneous and Late Fees	375
Interest on Investments and Deposits	<u>51</u>
	<u>2,688</u>
	5,705
Decreased by:	
Cash Disbursements	<u>4,817</u>
	<u>4,817</u>
Balance, December 31, 2017	<u><u>\$ 888</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2015	\$ 1,284
2016	<u>2,059</u>
	<u>\$ 3,343</u>

**BOROUGH OF MOONACHIE
STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND**

Balance, January 1, 2017	\$ 2,173
Balance, December 31, 2017	<u>\$ 2,173</u>

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE CLAIMS
UNEMPLOYMENT INSURANCE TRUST FUND**

Balance, January 1, 2017	\$ 50,278
Increased by:	
Budget Appropriation	\$ 10,000
Interest on Investments and Deposits	<u>534</u>
	<u>10,534</u>
	60,812
Decreased by:	
Unemployment Claims	<u>11,275</u>
Balance, December 31, 2017	<u>\$ 49,537</u>

**STATEMENT OF RESERVE FOR PAYROLL SALARIES & WITHHOLDINGS PAYABLE
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 7,380
Increased by:	
Cash Receipts	<u>4,664,028</u>
	4,671,408
Decreased by:	
Payments	<u>4,664,081</u>
Balance, December 31, 2017	<u>\$ 7,327</u>

**BOROUGH OF MOONACHIE
STATEMENT OF DUE TO STATE OF NEW JERSEY
UNEMPLOYMENT INSURANCE TRUST FUND**

Increased by:	
Unemployment Claims	<u>\$ 11,275</u>
Decreased by:	
Payments	<u>\$ 11,275</u>

**STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST- FLEXIBLE SPENDING ACCOUNT**

Balance, January 1, 2017	<u>\$ 1,877</u>
Balance, December 31, 2017	<u>\$ 1,877</u>

GENERAL CAPITAL FUND

BOROUGH OF MOONACHIE
STATEMENT OF GENERAL CAPITAL CASH

Balance, January 1, 2017		\$ 9,634,835
Increased by Receipts:		
Deferred Charges Unfunded Ordinances- Raised in Current Fund Budget	\$ 62,388	
Deferred Charges Unfunded Grants- Raised in Current Fund Budget	214,681	
Grant Receipts- Deferred Charges Unfunded	75,000	
Interest Earnings	78,485	
Capital Improvement Fund	150,000	
Bond Anticipation Notes	<u>14,473,154</u>	
		<u>15,053,708</u>
		24,688,543
Decreased by Disbursements:		
Improvement Authorizations	440,436	
Contracts Payable	1,390,206	
Bond Anticipation Notes	<u>11,254,562</u>	
		<u>13,085,204</u>
Balance, December 31, 2017		<u>\$ 11,603,339</u>

**BOROUGH OF MOONACHIE
ANALYSIS OF GENERAL CAPITAL CASH**

Balance,
December 31,
2017

Grants and Other Receivables	\$ (56,312)
Due from Board of Education	(98,292)
Due from Current Fund	(38,240)
Contracts Payable	6,608,446
Reserve for DPW Building	272,484
Reserve for Municipal Building - FEMA	373,265
Reserve for Preliminary Costs	2,095
Reserve for Payment of Debt	65,161
Capital Improvement Fund	198,660
Fund Balance	122,457
Excess Note Proceeds	186,750

Ord.

No. Improvement Authorization

04-08	Various Capital Improvements	435,837
09-15	Improvements to Romeo Street and State Street	20,547
13-05	Hurricane Sandy Improvements	78,951
13-11	Senior Center Improvements	1,117
13-12	Road Improvements	30,557
13-13	Curb and Ramp Improvements	5,548
14-03	Various Acquisitions and Improvements	203,329
14-05	Improvements to Concord Street Park	(1,797)
14-06	Preliminary Costs - New DPW Building	336,329
15-03	Tax Appeal Refunding	3,424
15-08	Acquisition of Ambulance	14,425
15-09	Acquisition of Dual Rear Wheel DPW Truck	1,240
15-10	Construction of Municipal Building	284,800
16-02	Installation of Financial Software	11,007
16-06	Various Acquisitions and Improvements	21,233
16-07	Construction of the DPW Building	1,958,936
17-03	Various Acquisitions and Improvements	561,382
		<u>\$ 11,603,339</u>

BOROUGH OF MOONACHIE
STATEMENT OF DUE TO/FROM CURRENT FUND

Balance, January 1, 2017 (Due To)	\$	18,961
Increased by:		
Interest Earnings	\$	78,485
Bont Anticipation Note Payments on Behalf of General Capital Fund		276,455
Payments made by Current Fund on Behalf of General Capital Fund		<u>2,475</u>
		<u>357,415</u>
		376,376
Decrease by:		
Grant Receipts Deposited in Current Fund		71,616
Bond Anticipation Notes Deposited in Current Fund		<u>343,000</u>
		<u>414,616</u>
Balance, December 31, 2017 (Due From)	\$	<u>(38,240)</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, January 1, 2017	\$	891,000
Decreased by:		
Budget Appropriation to Pay Bonds		<u>451,000</u>
Balance, December 31, 2017	\$	<u>440,000</u>

BOROUGH OF MOONACHIE
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance, January 1, 2017	Authorized 2017	Funded by Budget Appropriation	Notes Paid by Budget Appropriation	Grant Proceeds	Cancellation	Balance, December 31, 2017	Analysis of Balance		
									Bond Anticipation Notes	Expenditures	Improvement Authorizations Unfunded
01-03	Construction of Redneck Ave Pedestrian Way	\$ 134		\$ 134							
04-08	Various Capital Improvements	185		185							
08-09	Tax Appeal Refunding	192,567					\$ 192,567				
11-13/12-06	Improvements to Fire House Roof	20,501		14,610			5,891				
12-07	Various Road Improvements	108,500		38,076			70,424				
12-08	Joseph Street Park Improvements	13,727		9,383			4,344				
13-05	Hurricane Sandy Improvements	6,303,455			\$ 66,545			\$ 6,236,910	\$ 6,236,910		
13-11	Senior Center Improvements	33,974						33,974			\$ 33,974
13-12	Road Improvements	59,742						59,742	59,742		-
13-13	Curb and Ramp Improvements	28,500						28,500	28,500		-
14-03	Various Acquisitions and Improvements	437,252						437,252	437,252		-
14-05	Improvements to Concord Street Park	19,245						19,245		\$ 1,797	17,448
14-06	Preliminary Costs - New DPW Building	475,000						475,000	475,000		-
15-03	Tax Appeal Refunding	530,000			175,000			355,000	343,000		12,000
15-08	Acquisition of Ambulance	96,000				\$ 75,000		21,000	21,000		-
15-10	Construction of Municipal Building	4,000,000						4,000,000	4,000,000		-
16-02	Installation of Financial Software	61,750						61,750	61,750		-
16-06	Various Acquisitions and Improvements	323,000				71,616		251,384	211,250		40,134
16-07	Construction of the DPW Building	1,900,000						1,900,000	1,900,000	-	-
17-03	Various Acquisitions and Improvements	-	\$ 855,000	-	-	-	-	855,000	855,000	-	-
		<u>\$ 14,603,532</u>	<u>\$ 855,000</u>	<u>\$ 62,388</u>	<u>\$ 241,545</u>	<u>\$ 146,616</u>	<u>\$ 273,226</u>	<u>\$ 14,734,757</u>	<u>\$ 14,629,404</u>	<u>\$ 1,797</u>	<u>\$ 103,556</u>

Bond Anticipation Notes

Less: Excess Note Proceeds

Ord. #14-03

Ord. #15-08

\$ 14,816,154

111,750

75,000\$ 14,629,404

Improvement Authorizations Unfunded

\$ 3,487,996

Less: Unexpended Bond Anticipation Note
Proceeds

Ord. #13-05 \$ 12,406

Ord. #13-12 30,557

Ord. #13-13 5,548

Ord. #14-03 203,329

Ord. #14-06 336,329

Ord. #15-03 3,424

Ord. #15-08 14,425

Ord. #15-10 284,800

Ord. #16-02 11,007

Ord. #16-06 21,233

Ord. #16-07 1,900,000

Ord. #17-03 561,382\$ 3,384,440\$ 103,556

BOROUGH OF MOONACHIE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ord. Amount	Balance, January 1, 2017		2017 Authorizations		Contract Payable Cancelled	Cancellation	Paid or Charged	Balance, December 31, 2017	
			Funded	Unfunded	Capital Impvt. Fund	Deferred Charges Unfunded				Funded	Unfunded
General Improvements											
02-17/03-6	Recreation Equipment	\$ 13,000	\$ 3,739					\$ 3,739			
04-08/08-03	Various Capital Improvements/Municipal										
	Building Improvements	2,280,000	435,652	\$ 185						\$ 435,837	
04-12	Acquisition and Installation of Generator	75,000	16,062					16,062		-	
04-17	Joseph Street Park Improvements	107,670	36,921					36,921		-	
05-02	Various Roads Improvements	175,000	13,447					13,447		-	
08-04	Joseph Street Park Improvements	75,000	32,081					32,081		-	
08-09	Tax Appeal Refunding	651,000	17,955	192,567				210,522		-	
09-15	Improvements to Romeo Street and State Street	254,000	20,547						-	20,547	
10-08	Streetscape and Park Improvements	200,000	14,785					14,785		-	
11-13/12-06	Improvements to Fire House Roof	77,000		5,891				5,891		-	-
12-07/12-11	Various Road Improvements	255,000		70,424				70,424		-	-
12-08	Joseph Street Park Improvements	25,000		4,344				4,344		-	-
12-09	Emergency Service Equipment	65,000	5,392					5,392		-	
13-05	Hurricane Sandy Improvements	6,370,000		358,883			\$ 4,268,904		\$ 4,548,836	66,545	\$ 12,406
13-11	Senior Center Improvements	50,000	1,117	33,974						1,117	33,974
13-12	Road Improvements	165,000		30,557							30,557
13-13	Curb and Ramp Improvements	30,000		5,548							5,548
14-03	Various Acquisitions and Improvements	907,500		203,329							203,329
14-05	Improvements to Concord Street Park	35,000		17,448							17,448
14-06	Preliminary Costs - New DPW Building	500,000		305,698			30,631		-		336,329
15-03	Tax Appeal Refunding	875,000		15,424							15,424
15-08	Acquisition of Ambulance	180,000		14,425					-		14,425
15-09	Acquisition of Dual Rear Wheel DPW Truck	42,500	10,137						8,897	1,240	
15-10	Construction of Municipal Building	4,000,000	-	139,911			1,974,227		1,829,338	-	284,800
16-02	Installation of Financial Software	65,000		25,757					14,750		11,007
16-06	Various Acquisitions and Improvements	340,000	121,762	211,250					271,645		61,367
16-07	Construction of the DPW Building	2,000,000	98,209	1,900,000					39,273	58,936	1,900,000
17-03	Various Acquisitions and Improvements	900,000	-	-	\$ 45,000	\$ 855,000	-	-	338,618	-	561,382
			\$ 827,806	\$ 3,535,615	\$ 45,000	\$ 855,000	\$ 6,273,762	\$ 413,608	\$ 7,051,357	\$ 584,222	\$ 3,487,996
Cash Disbursed									\$ 440,436		
Due to Current Fund									2,475		
Contracts Payable									6,608,446		
									\$ 7,051,357		

**BOROUGH OF MOONACHIE
STATEMENT OF CONTRACTS PAYABLE**

Balance, January 1, 2017		\$ 7,663,968
Increased by:		
Charges to Improvement Authorizations		<u>6,608,446</u>
		14,272,414
Decreased by:		
Cash Disbursements	\$ 1,390,206	
Cancellation	<u>6,273,762</u>	
		<u>7,663,968</u>
Balance, December 31, 2017		<u>\$ 6,608,446</u>

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Increased by:		
Cancellation of Funded Ordinances		<u>\$ 65,161</u>
Balance, December 31, 2017		<u>\$ 65,161</u>

Analysis of Balance

Ord. #04-12	\$ 16,062
Ord. #04-17	13,786
Ord. #05-02	13,447
Ord. #08-04	7,081
Ord. #10-08	<u>14,785</u>
	<u>\$ 65,161</u>

BOROUGH OF MOONACHIE
STATEMENT OF GENERAL SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance,</u>	<u>Decreased</u>	<u>Balance,</u>
			<u>Date</u>	<u>Amount</u>		<u>January 1, 2017</u>		<u>December 31, 2017</u>
General Improvements	10/1/2004	\$ 3,011,000				\$ 326,000	\$ 326,000	
General Improvements	8/15/2012	965,000	8/15/2018-2019 8/15/2020	\$ 145,000 150,000	2.00 % 2.00	<u>565,000</u>	<u>125,000</u>	<u>\$ 440,000</u>
						<u>\$ 891,000</u>	<u>\$ 451,000</u>	<u>\$ 440,000</u>
Budget Appropriation							<u>\$ 451,000</u>	

**BOROUGH OF MOONACHIE
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Date of Issue of Original Notes	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2017	Increased	Decreased	Balance, December 31, 2017
13-05	Hurricane Sandy Improvements	10/21/2013	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 % 1.26	\$ 3,385,805	\$ 3,319,260	3,385,805	\$ 3,319,260
13-05	Hurricane Sandy Improvements	10/21/2015	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 1.26	2,797,650	2,797,650 120,000	2,797,650	2,797,650 120,000
13-12	Road Improvements	10/21/2016	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 1.26	59,357	59,357 385	59,357	59,357 385
13-13	Curb and Ramp Improvements	10/21/2015	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 1.26	23,000	23,000 5,500	23,000	23,000 5,500
14-03	Various Acquisitions and Improvements	10/21/2015	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 1.26	485,000	485,000 64,002	485,000	485,000 64,002
14-06	Preliminary Costs- New DPW Building	10/21/2015	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 1.26	271,000	271,000 204,000	271,000	271,000 204,000
15-03	Tax Appeal Refunding	10/21/2015	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 1.26	518,000	343,000	518,000	343,000
15-08	Acquisition of Ambulance	10/21/2016	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 1.26	171,000	96,000	171,000	96,000
15-10	Construction of Municipal Building	10/21/2016	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 1.26	4,000,000	4,000,000	4,000,000	4,000,000
16-02	Acquisition & Installation of Financial Software	10/21/2016	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 1.26	61,750	- 61,750	61,750	61,750

**BOROUGH OF MOONACHIE
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Date of Issue of Original Notes	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2017	Increased	Decreased	Balance, December 31, 2017
16-06	Various Acquisitions and Improvements	10/19/2017	10/19/2017	10/19/2018	1.26 %		\$ 211,250		\$ 211,250
16-07	Construction of the DPW Building	10/19/2017	10/19/2017	10/19/2018	1.26		1,900,000		1,900,000
17-03	Various Acquisitions and Improvements	10/19/2017	10/19/2017	10/19/2018	1.26	-	855,000	-	855,000
						<u>\$ 11,772,562</u>	<u>\$ 14,816,154</u>	<u>\$ 11,772,562</u>	<u>\$ 14,816,154</u>
							\$ 11,456,017	\$ 11,456,017	
								241,545	
								75,000	
							<u>3,360,137</u>	<u>-</u>	
							<u>\$ 14,816,154</u>	<u>\$ 11,772,562</u>	

BOROUGH OF MOONACHIE
STATEMENT OF GRANT RECEIVABLES/OTHER RECEIVABLES

	<u>Total</u>	<u>Sub-Total Page 2</u>	<u>Safe Playgrounds Ord. 02-17 & Ord. 03-6</u>	<u>Community Development Block Grant Ord. 13-11</u>	<u>Community Development Block Grant Ord. 16-06</u>	<u>County of Bergen-Cooperative Curb Construction Ord. 13-13</u>	<u>Ord. 05-13</u>	<u>Ord. 04-17</u>	<u>Bergen Cty Open Space Recreation Ord. 08-04</u>	<u>Ord. 14-03</u>	<u>Ord. 14-05</u>
Balance, January 1, 2017	\$ 658,492	\$ 367,723	\$ 6,500	\$ 37,180	\$ 47,400	\$ 27,750	\$ 67,492	\$ 23,135	\$ 25,000	\$ 50,000	\$ 6,312
Increased by:											
Awards	-	-	-	-	-	-	-	-	-	-	-
	658,492	367,723	6,500	37,180	47,400	27,750	67,492	23,135	25,000	50,000	6,312
Decreased by:											
Cancellation	51,874		3,739					23,135	25,000		
Raised in Current Fund Budget	214,681	144,428	2,761				67,492				
Collected	71,616	71,616	-	-	-	-	-	-	-	-	-
	338,171	216,044	6,500	-	-	-	67,492	23,135	25,000	-	-
Balance, December 31, 2017	<u>\$ 320,321</u>	<u>\$ 151,679</u>	<u>\$ -</u>	<u>\$ 37,180</u>	<u>\$ 47,400</u>	<u>\$ 27,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 6,312</u>
<u>Analysis of Balance</u>											
Reserve for Grant Receivable	\$ 264,009	\$ 151,679		\$ 37,180	\$ 47,400	\$ 27,750					
Receivable Without Offsetting Reserve	56,312	-	-	-	-	-	-	-	-	\$ 50,000	\$ 6,312
	<u>\$ 320,321</u>	<u>\$ 151,679</u>	<u>\$ -</u>	<u>\$ 37,180</u>	<u>\$ 47,400</u>	<u>\$ 27,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 6,312</u>

BOROUGH OF MOONACHIE
STATEMENT OF GRANT RECEIVABLES/OTHER RECEIVABLES

	Sub-Total Page 2	Department of Transportation							NJMC Downtown Revitalization Ord. #08-08
		Ord. 05-05	Ord. 07-02	Ord. 08-01	Ord. 08-08	Ord. 09-15	Ord. 13-12	Ord. 16-06	
Balance, January 1, 2017	\$ 367,723	\$ 20,166	\$ 33,219	\$ 47,281	\$ 43,750	\$ 65,463	\$ 44,742	\$ 113,090	\$ 12
Increased by:									
Awards	-	-	-	-	-	-	-	-	-
	<u>367,723</u>	<u>20,166</u>	<u>33,219</u>	<u>47,281</u>	<u>43,750</u>	<u>65,463</u>	<u>44,742</u>	<u>113,090</u>	<u>12</u>
Decreased by:									
Cancellation									
Raised in Current Fund Budget	144,428	20,166	33,219	47,281	43,750				12
Collected	<u>71,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,616</u>	<u>-</u>
	<u>216,044</u>	<u>20,166</u>	<u>33,219</u>	<u>47,281</u>	<u>43,750</u>	<u>-</u>	<u>-</u>	<u>71,616</u>	<u>12</u>
Balance, December 31, 2017	<u>\$ 151,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,463</u>	<u>\$ 44,742</u>	<u>\$ 41,474</u>	<u>\$ -</u>
<u>Analysis of Balance</u>									
Reserve for Grant									
Receivable	\$ 151,679					\$ 65,463	\$ 44,742	\$ 41,474	
Receivable Without									
Offsetting Reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 151,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,463</u>	<u>\$ 44,742</u>	<u>\$ 41,474</u>	<u>\$ -</u>

BOROUGH OF MOONACHIE
STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, January 1, 2017		\$ 88,268
Increased by:		
2017 Budget Appropriation	\$ 150,000	
Cancellation Ord. #12-09	<u>5,392</u>	
		<u>155,392</u>
		243,660
Decreased by:		
Appropriated to Finance Improvement Authorization		<u>45,000</u>
Balance, December 31, 2017		<u>\$ 198,660</u>

EXHIBIT C-14

STATEMENT OF RESERVE FOR PRELIMINARY COSTS

Balance, January 1, 2017	<u>\$ 2,095</u>
Balance, December 31, 2017	<u>\$ 2,095</u>

BOROUGH OF MOONACHIE
STATEMENT OF RESERVE FOR CONSTRUCTION OF DPW BUILDING

Balance, January 1, 2017	\$ <u>272,484</u>
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Balance, December 31, 2017	\$ <u>272,484</u>
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STATEMENT OF DUE FROM BOARD OF EDUCATION

Balance, January 1, 2017	\$ <u>98,292</u>
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Balance, December 31, 2017	\$ <u>98,292</u>
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BOROUGH OF MOONACHIE
STATEMENT OF RESERVE FOR CONSTRUCTION OF MUNICIPAL BUILDING-FEMA

Balance, January 1, 2017	\$ <u>373,265</u>
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Balance, December 31, 2017	\$ <u>373,265</u>
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BOROUGH OF MOONACHIE
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, January 1, 2017</u>	<u>Authorized 2017</u>	<u>Grant Proceeds</u>	<u>Paid by Budget Appropriation</u>	<u>Bond Anticipation Notes Issued</u>	<u>Cancellation</u>	<u>Balance, December 31, 2017</u>
01-03	Construction of Redneck Ave Pedestrian Way	\$ 134			\$ 134			-
04-08	Various Capital Improvements	185			185			-
08-09	Tax Appeal Refunding	192,567					\$ 192,567	-
11-13/12-06	Improvements to Fire House Roof	20,501			14,610		5,891	-
12-07	Various Road Improvements	108,500			38,076		70,424	-
12-08	Joseph Street Park Improvements	13,727			9,383		4,344	-
13-05	Hurricane Sandy Improvements	120,000				\$ 120,000		-
13-11	Senior Center Improvements	33,974						\$ 33,974
13-12	Road Improvements	385				385		-
13-13	Curb and Ramp Improvements	5,500				5,500		-
14-05	Improvements to Concord Street Park	19,245						19,245
14-06	Preliminary Costs - New DPW Building	204,000				204,000		-
15-03	Tax Appeal Refunding	12,000						12,000
16-06	Various Acquisitions and Improvements	323,000		\$ 71,616		211,250		40,134
16-07	Construction of the DPW Building	1,900,000	-	-		1,900,000		-
17-03	Various Acquisitions and Improvements	-	\$ 855,000	-	-	855,000	-	-
		<u>\$ 2,953,718</u>	<u>\$ 855,000</u>	<u>\$ 71,616</u>	<u>\$ 62,388</u>	<u>\$ 3,296,135</u>	<u>\$ 273,226</u>	<u>\$ 105,353</u>

SEWER UTILITY FUND

BOROUGH OF MOONACHIE
STATEMENT OF CASH - TREASURER
SEWER UTILITY FUND

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2017	\$ 1,667,632	\$ 996,715
Increased by Receipts:		
Sewer Utility Rents Receivable	\$ 1,428,123	
Receipts from Sewer Capital	.	
Receipts from General Capital		
Interest on Investments and Deposits		\$ 7,422
Bond Anticipation Notes		249
Rent Overpayments	10,770	
Prepaid Rents		
Non-Budgeted Revenue	30,864	
Reserve for Sewer Lien Redemption	<u>6,643</u>	<u>-</u>
	<u>1,476,400</u>	<u>7,671</u>
	3,144,032	1,004,386
Decreased by Disbursements:		
2017 Budget Appropriations	1,690,260	
2016 Appropriation Reserves	38,733	
Improvement Authorizations		46,158
Encumbrances Payable		1,244
Bond Anticipation Notes		235,878
Disbursements to Sewer Capital		
Rent Overpayments	5,000	
Reserve for Sewer Lien Redemption	7,171	
Accrued Interest	<u>21,027</u>	<u>-</u>
	<u>1,762,191</u>	<u>283,280</u>
Balance, December 31, 2017	<u><u>\$ 1,381,841</u></u>	<u><u>\$ 721,106</u></u>

BOROUGH OF MOONACHIE
ANALYSIS OF SEWER UTILITY CAPITAL CASH

	Balance, December 31, <u>2017</u>
Capital Improvement Fund	\$ 100,215
Due from Current Fund	(146,002)
Due from Sewer Operating Fund	(65,625)
Fund Balance	37,968
Reserve for Payment of Bonds	118,896
Encumbrance Payable	51,805
Excess Note Proceeds	99,182
Improvement Authorizations:	
Ord. No. 13-06 Hurricane Sandy Improvements	325,909
Ord. No. 14-04 Sewer Capital Improvements	252,391
Ord. No. 15-07 Acquisition of DPW Truck	5,568
Ord. No. 17-04 Electrical Rehabilitation of the Moonachie Ave Pump Station	(3,927)
Ord. No. 17-06 Acquisition of Generators for Various Pump Stations	<u>(55,274)</u>
	<u>\$ 721,106</u>

BOROUGH OF MOONACHIE
STATEMENT OF SEWER UTILITY RENTS RECEIVABLE
SEWER UTILITY OPERATING FUND

<u>Year of Levy</u>	<u>Balance, January 1, 2017</u>	<u>Levy</u>	<u>Collected In 2017</u>	<u>Balance, December 31, 2017</u>
2016	\$ 431,083		\$ 379,329	\$ 51,754
2017	<u>-</u>	<u>\$ 1,191,105</u>	<u>1,048,794</u>	<u>142,311</u>
	<u>\$ 431,083</u>	<u>\$ 1,191,105</u>	<u>\$ 1,428,123</u>	<u>\$ 194,065</u>

EXHIBIT D-8

STATEMENT OF GRANT RECEIVABLE-CDBG
SEWER UTILITY CAPITAL FUND

Balance, January 1, 2017	<u>\$ 11,510</u>
Balance, December 31, 2017	<u>\$ 11,510</u>

**BOROUGH OF MOONACHIE
STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY OPERATING FUND**

Balance, January 1, 2017	\$ 21,995
Increased by:	
Charges to 2017 Budget Appropriations	<u>15,002</u>
	36,997
Decreased by:	
Transfer to Appropriation Reserves	<u>21,995</u>
Balance, December 31, 2017	<u>\$ 15,002</u>

**STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY CAPITAL FUND**

Balance, January 1, 2017	\$ 1,244
Increased by:	
Charges to Improvement Authorizations	<u>51,805</u>
	53,049
Decreased by:	
Cash Disbursed	<u>1,244</u>
Balance, December 31, 2017	<u>\$ 51,805</u>

**BOROUGH OF MOONACHIE
STATEMENT OF DUE TO LIEN HOLDER
SEWER UTILITY OPERATING FUND**

Balance, January 1, 2017	\$ 292
Balance, December 31, 2017	<u>\$ 292</u>

**STATEMENT OF APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND**

	Balance, January 1, <u>2017</u>	Balance, After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING				
Salaries & Wages	\$ 59,204	\$ 59,204	\$ 2,323	\$ 56,881
Other Expenses	84,698	106,693	36,410	70,283
Social Security System (O.A.S.I.)	<u>17,664</u>	<u>17,664</u>	<u>-</u>	<u>17,664</u>
	<u>\$ 161,566</u>	<u>\$ 183,561</u>	<u>\$ 38,733</u>	<u>\$ 144,828</u>
Appropriation Reserves		\$ 161,566		
Encumbrances Payable		<u>21,995</u>		
		<u>\$ 183,561</u>		
Cash Disbursed			<u>\$ 38,733</u>	

**BOROUGH OF MOONACHIE
STATEMENT OF FIXED CAPITAL
SEWER UTILITY CAPITAL FUND**

	Balance, January 1, <u>2017</u>	Transfer from Authorized and <u>Uncompleted</u>	By Budget <u>Capital Outlay</u>	Balance, December 31, <u>2017</u>
Sanitary Sewer Drains and Accessories				
Local Improvements Assessed	\$ 865,947			\$ 865,947
General Improvements	350,920			350,920
Storm Drain Improvements	96,500			96,500
Acq. of Vac-all and High Pressure Sewer Cleaner	64,221			64,221
Acquisition of a Dump Truck	34,576			34,576
Repairs to Sewer Lines	15,295			15,295
Various Improvements and Acquisition of Equipment	285,000			285,000
Improvements and Investigation of Sanitary Sewer System	229,265			229,265
Various Improvements and Acquisition of Equipment	221,885			221,885
Repair, Replacement & Public Improv. Of Sanitary Sewer System	47,747			47,747
Various Repairs to the Lincoln Place Stormwater Pump Station	23,990			23,990
Moonachie Ave Sewer Pipeline	390,000			390,000
Improvements to Sanitary Sewer System		\$ 378,450		378,450
Sanitary Sewer Line		129,846		129,846
Various Improvements		64,082		64,082
Storm Drain Improvements		55,995		55,995
Repairs to Moonachie Road Stormwater Pump Stations		1,876		1,876
Emergency Repairs to Moonachie Ave Pump Stations		43,293		43,293
Improvements to Moonachie Ave Sanitary Sewer Pump Station		117,919		117,919
Re-appropriation for Purchase of Sewer Van		35,125		35,125
Sanitary Sewer Improvements	<u>-</u>	<u>-</u>	\$ 39,861	<u>39,861</u>
	<u>\$ 2,625,346</u>	<u>\$ 826,586</u>	<u>\$ 39,861</u>	<u>\$ 3,491,793</u>

BOROUGH OF MOONACHIE
STATEMENT OF DUE TO/FROM SEWER UTILITY OPERATING FUND
SEWER UTILITY CAPITAL FUND

Balance, January 1, 2017 (Due To)		\$	2,274
Increased by:			
Interest Earnings	\$	7,422	
Reserve for Payment of Debt- Realized as Budgeted Revenue		<u>160,557</u>	
			<u>167,979</u>
			170,253
Decreased by:			
Budget Appropriation- Principal BAN Payments			<u>235,878</u>
Balance, December 31, 2017 (Due From)		\$	<u>(65,625)</u>

**BOROUGH OF MOONACHIE
STATEMENT OF CAPITAL IMPROVEMENT FUND
SEWER UTILITY CAPITAL FUND**

Balance, January 1, 2017	\$ 113,369
Increased by:	
Cancellation of Improvement Authorizations	<u>24,846</u>
	138,215
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>38,000</u>
Balance, December 31, 2017	<u><u>\$ 100,215</u></u>

**STATEMENT OF RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND**

Balance, January 1, 2017	\$ 2,596,295
Increased by:	
Bonds Paid by Operating Budget	\$ 45,000
Transfer from Deferred Reserve for Amortization	569,708
Capital Outlay by Operating Budget	<u>39,861</u>
	<u>654,569</u>
Balance, December 31, 2017	<u><u>\$ 3,250,864</u></u>

**STATEMENT OF RESERVE FOR PAYMENT OF BONDS/NOTES
SEWER UTILITY CAPITAL FUND**

Balance, January 1, 2017	\$ 160,557
Increased by:	
Cancellation Funded Improvement Authorizations	<u>118,896</u>
	279,453
Decreased by:	
Realized as Sewer Utility Operating Budgeted Revenue	<u>160,557</u>
Balance, December 31, 2017	<u><u>\$ 118,896</u></u>

**BOROUGH OF MOONACHIE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	<u>Ordinance</u>		Balance, <u>January 1, 2017</u>		2017 <u>Authorizations</u>	<u>Cancellation</u>	Paid or <u>Charged</u>	Balance, <u>December 31, 2017</u>	
		<u>Date</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>				<u>Funded</u>	<u>Unfunded</u>
95-08	Improvement to Sanitary Sewer System	5/25/1995	\$ 450,000	\$ 449	\$ 71,101		\$ 71,550			
04-07/15	Sanitary Sewer Line	5/27/2004	130,000	154			154			
06-04	Various Sewer Improvements	5/25/2006	260,000	113,418			113,418			
09-06	Emergency Repairs to the Concord Pump Station	4/23/2009	60,000	4,005			4,005			
09-11	Various Repairs to the Lincoln Place Stormwater Pump Station	9/24/2009	30,000	200			200			
10-05	Repairs to Moonachie Road Stormwater Pump Station	8/26/2010	5,810	3,934			3,934			
10-06	Emergency Repairs to Moonachie Ave Pump Station	8/26/2010	60,000	16,707			16,707			
12-02	Improvements to the Moonachie Ave Sanitary Sewer Pump Station	4/26/2012	146,000		28,081		28,081			
12-10	Re-appropriation for Purchase of Sewer Van	9/27/2012	40,000	4,875			4,875			
13-06	Hurricane Sandy Improvements	8/22/2013	1,020,000		341,421				\$	341,421
14-04	Sewer Capital Improvements	8/28/2014	361,500		252,529					252,529
15-07	Acquisition of DPW Truck	9/24/2015	42,500	6,330				\$ 762	\$	5,568
17-04	Electrical Rehabilitation of the Moonachie Ave Pump Station	9/28/2017	540,000			\$ 540,000		30,927		509,073
17-06	Acquisition of Generators for Various Pump Stations	11/29/2017	220,000	-	-	220,000	-	66,274	-	153,726
				<u>\$ 150,072</u>	<u>\$ 693,132</u>	<u>\$ 760,000</u>	<u>\$ 242,924</u>	<u>\$ 97,963</u>	<u>\$ 5,568</u>	<u>\$ 1,256,749</u>
								Cash Disbursed	\$ 46,158	
								Contracts Payable	<u>51,805</u>	
									<u>\$ 97,963</u>	

BOROUGH OF MOONACHIE
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SEWER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	<u>Ordinance</u> <u>Date</u>	<u>Amount</u>	Balance, January 1, <u>2017</u>	2017 <u>Authorizations</u>	<u>Cancellation</u>	Transfer to Fixed <u>Capital</u>	Balance, December 31, <u>2017</u>
95-08	Improvements to Sanitary Sewer System	5/25/95	\$ 450,000	\$ 450,000		\$ 71,550	\$ 378,450	
04-07/15	Sanitary Sewer Line	5/27/2004	130,000	130,000		154	129,846	-
06-04	Various Improvements	5/25/2006	260,000	177,500		113,418	64,082	-
09-06	Emergency Repairs to the Concord Pump Station	4/23/2009	60,000	60,000		4,005	55,995	-
09-11	Various Repairs to Lincoln Place Stormwater Pump Stations	4/24/2009	30,000	200		200	-	-
10-05	Repairs to Moonachie Road Stormwater Pump Stations	8/26/2010	5,810	5,810		3,934	1,876	-
10-06	Emergency Repairs to Moonachie Ave Pump Stations	8/26/2010	60,000	60,000		16,707	43,293	-
12-02	Improvements to Moonachie Ave Sanitary Sewer Pump Station	4/26/2012	146,000	146,000		28,081	117,919	-
12-10	Re-appropriation for Purchase of of Sewer Van	9/27/2012	40,000	40,000		4,875	35,125	-
13-06	Hurricane Sandy Improvements	8/22/2013	1,020,000	1,020,000				\$ 1,020,000
14-04	Sewer Capital Improvements	7/1/2014	361,500	361,500				361,500
15-07	Acquisition of Truck	9/24/2015	42,500	42,500			-	42,500
17-04	Electrical Rehabilitation Moonachie Ave Pump Station	9/28/2017	540,000		\$ 540,000			540,000
17-06	Acq of Generators Various Pump Stations	11/29/2017	220,000	-	220,000	-	-	220,000
				108				
				<u>\$ 2,493,510</u>	<u>\$ 760,000</u>	<u>\$ 242,924</u>	<u>\$ 826,586</u>	<u>\$ 2,184,000</u>

BOROUGH OF MOONACHIE
STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION
SEWER UTILITY CAPITAL FUND

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ord. Date</u>	<u>Balance, January 1, 2017</u>	<u>2017 Authorization</u>	<u>Funded by Note Payment</u>	<u>Cancellation</u>	<u>To Reserve for Amortization Fixed Capital</u>	<u>Balance, December 31, 2017</u>
95-08	Impvt. to Sanitary Sewer System	5/25/95	\$ 294,857			\$ 449	\$ 294,408	
04-07/15	Sanitary Sewer Line	5/27/2004	83,200			154	83,046	-
06-04/12-	Various Improvements/Sewer Van	5/25/2006	139,893		-	118,293	21,600	-
09-06	Emergency Repairs to the Concord Pump Station	4/23/2009	60,000			4,005	55,995	-
09-11	Various Repairs to Lincoln Ave Stormwater Pump Station	4/24/2009	200			200		
10-05	Repairs to Moonachie Road Stormwater Pump Station	8/26/2010	5,810			3,934	1,876	-
10-06	Emergency Repairs to Moonachie Ave Pump Station	8/26/2010	60,000			16,707	43,293	-
12-02	Improvements to Moonachie Ave Sanitary Sewer Pump Station	4/26/2012	69,490				69,490	-
13-06	Hurricane Sandy Improvements	8/22/2013	19,661		\$ 229,604			\$ 249,265
14-04	Sewer Capital Improvements	7/1/2014	18,076		6,274			24,350
17-04	Electrical Rehabilitation Moonachie Ave Pump Station	9/28/2017		\$ 27,000				27,000
17-06	Acq of Generators Various Pump Stations	11/29/2017	-	11,000	-	-	-	11,000
			<u>\$ 751,187</u>	<u>\$ 38,000</u>	<u>\$ 235,878</u>	<u>\$ 143,742</u>	<u>\$ 569,708</u>	<u>\$ 311,615</u>
						Capital Improvement Fund	\$ 24,846	
						Reserve for Payment of Bonds	118,896	
							<u>\$ 143,742</u>	

BOROUGH OF MOONACHIE
STATEMENT OF MISCELLANEOUS RESERVES - TERMINAL LEAVE
SEWER UTILITY OPERATING FUND

	Balance, January 1, <u>2017</u>	Balance, December 31, <u>2017</u>
Compensated Absences	\$ 152,665	\$ 152,665
	<u>\$ 152,665</u>	<u>\$ 152,665</u>

EXHIBIT D-22

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
SEWER UTILITY CAPITAL FUND

Ord. No.	<u>Improvement Description</u>	Balance, January 1, <u>2017</u>	2017 <u>Authorization</u>	Notes <u>Issued</u>	Balance, December 31, <u>2017</u>
13-06	Hurricane Sandy Improvements	\$ 15,512			\$ 15,512
14-04	Sewer Capital Improvements	387		\$ 249	138
17-04	Electrical Rehabilitation Moonachie Ave Pump Station		\$ 513,000		513,000
17-06	Acquisition of Generators Various Pump Stations	<u>-</u>	<u>209,000</u>	<u>-</u>	<u>209,000</u>
		<u>\$ 15,899</u>	<u>\$ 722,000</u>	<u>\$ 249</u>	<u>\$ 737,650</u>

BOROUGH OF MOONACHIE
STATEMENT OF BOND ANTICIPATION NOTES
SEWER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Date of Issue of Original Notes	Date of Issue	Date of Maturity	Interest Rate		Balance, January 1, 2017	Increased	Decreased	Balance, December 31, 2017
13-06	Hurricane Sandy Improvements	10/21/2013	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 % 1.26	\$	984,827		\$ 984,827	
								\$ 755,223		\$ 755,223
14-04	Sewer Capital Improvements	10/21/2014	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 % 1.26		181,918		181,918	-
								175,644		175,644
14-04	Sewer Capital Improvements	10/21/2015	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 % 1.26		161,119		161,119	-
		10/19/2017	10/19/2017	10/19/2018	1.26			161,119 249		161,119 249
95-08	Impvt. to Sanitary Sewer System	10/21/2016	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 % 1.26		71,101		71,101	-
								71,101		71,101
12-02	Improvements to the Moonachie Ave Sanitary Sewer Pump Station	10/21/2016	10/21/2016 10/19/2017	10/20/2017 10/19/2018	1.04 % 1.26		76,510 -	- 76,510	76,510 -	- 76,510
							<u>\$ 1,475,475</u>	<u>\$ 1,239,846</u>	<u>\$ 1,475,475</u>	<u>\$ 1,239,846</u>
								Renewals Paid by Budget Appropriation Issued for Cash	\$ 1,239,597 235,878 249	\$ 1,239,597 - -
								<u>\$ 1,239,846</u>	<u>\$ 1,475,475</u>	

**BOROUGH OF MOONACHIE
STATEMENT OF ACCRUED INTEREST
SEWER UTILITY OPERATING FUND**

Balance, January 1, 2017	\$ 5,174
Increased by:	
2017 Budget Appropriation	<u>20,744</u>
	25,918
Decreased by:	
Interest Paid	<u>21,027</u>
Balance, December 31, 2017	<u>\$ 4,891</u>

Analysis of Accrued Interest, December 31, 2017

Principal Outstanding December 31, <u>2017</u>		Interest <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
\$280,000	Bonds	2.00%	8/15/2016	2/15/2017	4 1/2 Months	\$ 1,809
\$1,475,475	Bond Anticipation Note	1.04%	10/21/2016	10/20/2017	72 Days	<u>3,082</u>
						<u>\$ 4,891</u>

**BOROUGH OF MOONACHIE
STATEMENT OF GENERAL SERIAL BONDS
SEWER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2017</u>	<u>Decreased</u>	<u>Balance, December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Sewer Improvements	8/15/2013	\$ 460,000	8/15/2018-2020	\$ 45,000	2.00 %			
			8/15/2021-2022	50,000	2.0-2.5	\$ 280,000	\$ 45,000	\$ 235,000
						<u>\$ 280,000</u>	<u>\$ 45,000</u>	<u>\$ 235,000</u>
					Paid by Budget Appropriation		<u>\$ 45,000</u>	

**STATEMENT OF DEFERRED CHARGES
SEWER UTILITY OPERATING FUND**

	<u>Balance, January 1, 2017</u>	<u>Amount Raised in 2017 Budget</u>	<u>Amount Resulting in 2017</u>	<u>Balance, December 31, 2017</u>
Operating Deficit	\$ 7,333	\$ 7,333	\$ -	\$ -
	<u>\$ 7,333</u>	<u>\$ 7,333</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF MOONACHIE
STATEMENT OF DUE FROM CURRENT FUND-FEMA
SEWER UTILITY CAPITAL FUND**

Balance, January 1, 2017	\$ <u>146,002</u>
Balance, December 31, 2017	\$ <u>146,002</u>

**STATEMENT OF DUE FROM/TO CURRENT FUND
SEWER UTILITY OPERATING FUND**

Balance, January 1, 2017 (Due From)	\$ 1,025
Decreased by:	
Payments Made by Current Fund on Behalf of Sewer Utility Operating	<u>2,647</u>
Balance, December 31, 2017 (Due To)	\$ <u>(1,622)</u>

**STATEMENT OF PREPAID RENTS
SEWER UTILITY OPERATING FUND**

Balance, January 1, 2017	\$ <u>16,059</u>
Balance, December 31, 2017	\$ <u>16,059</u>

BOROUGH OF MOONACHIE
STATEMENT OF RESERVE FOR SEWER LIEN REDEMPTION
SEWER UTILITY OPERATING FUND

Balance, January 1, 2017	\$ 528
Increased by:	
Deposits	<u>6,643</u>
	7,171
Decreased by:	
Payments	<u>\$ 7,171</u>

STATEMENT OF SEWER RENT OVERPAYMENTS
SEWER UTILITY OPERATING FUND

Increased by:	
Cash Receipts	\$ 10,770
Decreased by:	
Cash Disbursements	<u>5,000</u>
Balances, December 31, 2017	<u>\$ 5,770</u>

PUBLIC ASSISTANCE FUND

**BOROUGH OF MOONACHIE
STATEMENT OF PUBLIC ASSISTANCE CASH**

	<u>Total</u>	<u>Account #1</u> (75%)	<u>Account #2</u> (100%)
Balance, January 1, 2017	\$ 9,432	\$ 9,432	
Increased by:			
Cash Receipts	<u>75</u>	<u>75</u>	<u>-</u>
Balance, December 31, 2017	<u>\$ 9,507</u>	<u>\$ 9,507</u>	<u>\$ -</u>

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>Total</u>	<u>Account #1</u> (75%)	<u>Account #2</u> (100%)
Balance, January 1, 2017	\$ 9,432	\$ 9,432	
Increased by:			
Revenues	<u>75</u>	<u>75</u>	<u>-</u>
Balance, December 31, 2017	<u>\$ 9,507</u>	<u>\$ 9,507</u>	<u>\$ -</u>

STATEMENT OF PUBLIC ASSISTANCE REVENUES

	<u>Total</u>	<u>Account #1</u> (75%)	<u>Account #2</u> (100%)
Interest on Investments and Deposits	<u>\$ 75</u>	<u>\$ 75</u>	<u>\$ -</u>
Total Revenues/Receipts	<u>\$ 75</u>	<u>\$ 75</u>	<u>\$ -</u>

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

PART II

**GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**



DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
ADWOA BOACHIE, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Moonachie, as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2018. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the omission of Other Post-Employment Benefits (OPEB) note disclosures and 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 of Moonachie's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Moonachie's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Moonachie's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2017-001 that we consider to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Moonachie's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of findings and responses as item 2017-001.

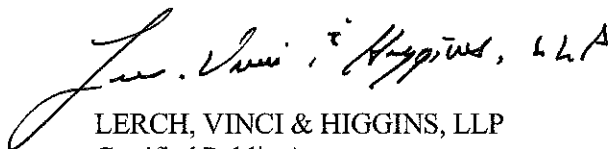
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Moonachie in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

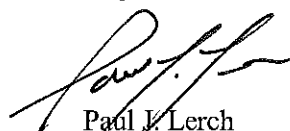
Borough of Moonachie's Responses to Findings

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

Purpose of this Report

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


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
July 31, 2018

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

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Note: This schedule is not subject to Single Audit in accordance with U.S. Uniform Guidance.

See Accompanying Notes to Schedule of Expenditures of Federal Awards

BOROUGH OF MOONACHIE
SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2017</u> (Restated)	<u>Revenue Realized</u>	<u>Expended</u>	<u>Cancellation of Prior Year Encumbrance</u>	<u>Adjustments (1)</u>	<u>Balance, December 31, 2017</u>	<u>Cumulative Expenditures</u>
Dept. of Human Services											
General Assistance	7500-150-158080-60	2000			\$ 7,442				\$ (7,442)		
Department of Environmental Protection											
Solid Waste Administration											
Clean Communities Grant	4900-765-004-178910	2013	\$ 4,323		1,414					\$ 1,414	\$ 2,909
		2014	753		447					447	306
		2016	6,615		6,215					6,215	200
		2017		\$ 5,619							
Recycling Tonnage Grant	4830-752-001-178810	2013	30,716		825					825	29,891
		2014	14,023		3,150					3,150	10,873
		2016	66,618		827			\$ 205		1,032	65,586
		2017	64,586	64,586		\$ 64,586	\$ 64,053			533	64,053
Dept. of Environment Protection (Passed Through County of Bergen)											
Municipal Alliance Grant	N/A	2013	9,520		5,608					5,608	3,912
Dept. of Transportation											
Ordinance #16-06	2016-078-6320-480-AMF	2016	113,090	71,616	104,762	-	63,288	-	-	41,474	71,616
					<u>\$ 130,690</u>	<u>\$ 64,586</u>	<u>\$ 127,341</u>	<u>\$ 205</u>	<u>\$ (7,442)</u>	<u>\$ 60,698</u>	

(1) - To reclassify prior year expenditures

Note: This schedule is not subject to Single Audit in accordance with New Jersey OMB 15-08.

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

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

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Moonachie. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 695,885	\$ 64,586	\$ 760,471
	<u>\$ 695,885</u>	<u>\$ 64,586</u>	<u>\$ 760,471</u>

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 year.

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

NOTE 5 FEDERAL LOANS OUTSTANDING

The Borough's federal loan outstanding at December 31, 2017, which is not required to be reported on the schedules of expenditures of federal awards is as follows:

<u>Loan Program</u>	<u>Federal Loan Number</u>	<u>Federal</u>
Community Disaster Loan	EMN-2013-LF-4086NJ28	<u>\$ 2,212,128</u>

NOTE 6 RECLASSIFICATIONS

Certain grant programs have been reclassified at December 31, 2016 from federal (schedule A) to state programs (schedule B) for the following:

<u>Federal/State Grant Program</u>	<u>Account Number</u>	<u>Balance, December 31, 2016</u>
Department of Transportation- Ordinance #16-06	2016-078-6320-480-AMF	\$104,762

**BOROUGH OF MOONACHIE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements

Modified- Unaudited LOSAP Trust Fund and Omission
of the OPEB Note Disclosures

Internal control over financial reporting:

1) Material weakness(es) identified

_____ yes X no

2) Significant deficiency(ies) that are not
considered to be material weakness(es)?

 X yes _____ none reported

Noncompliance material to the financial
statements noted?

 X yes _____ no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF MOONACHIE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Part II – Schedule of Financial Statement Findings

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

Finding 2017-001

The Borough's actuarial calculation of the OPEB liability was not available for audit.

Criteria or Specific Requirement

GASB Statement 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB) requires the recognition of the cost of benefits in periods when the related services are received by the employer.

Condition

The Borough procures its health benefits through the Bergen Municipal Employee Benefits Fund. As of the date of the audit the Borough had not received the actuarial calculations and therefore has not complied with the requirements of GASB Statement No. 45 and the State of New Jersey Local Finance Notice 2009-13R.

Context

The Borough's liability for the post-employment benefits was not calculated.

Effect

The liabilities associated with other postemployment benefits were not disclosed in the financial statements for the years ended December 31, 2017 and 2016.

Cause

The Borough has not provided the municipal insurance fund the required information to complete the actuarial calculation.

Recommendation

The Borough institute measures to ensure in future periods that the actuarial calculation on the other postemployment benefits would be available for audit.

Views of Responsible Officials and Planned Corrective Action

Management is in agreement and is in the process of obtaining the actuarial calculation of the OPEB liability.

**BOROUGH OF MOONACHIE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Part III – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Uniform Guidance and New Jersey OMB Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

Not Applicable.

**BOROUGH OF MOONACHIE
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2016-001

The Borough's actuarial calculation of the OPEB liability was not available by the close of the audit.

Current Status

See Finding 2017-001.

BOROUGH OF MOONACHIE
BERGEN COUNTY, NEW JERSEY

PART III
SUPPORTING DATA
LETTER OF COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND

	<u>Year 2017</u>			<u>Year 2016</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 1,388,000	6.41 %		\$ 1,168,111	5.49 %
Miscellaneous - From Other Than Local					
Property Tax Levies	2,837,105	13.11		3,960,027	18.62
Collection of Delinquent Taxes and Tax Title Liens	225,111	1.04		200,280	0.94
Collection of Current Tax Levy	<u>17,196,583</u>	<u>79.44</u>		<u>15,934,257</u>	<u>74.94</u>
Total Income	<u>21,646,799</u>	<u>100.00 %</u>		<u>21,262,675</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	9,836,786	49.97 %		9,513,133	50.59 %
Local School Taxes	7,857,751	39.92		7,344,749	39.06
County Taxes	1,988,020	10.10		1,947,667	10.36
Other Expenditures	<u>1,463</u>	<u>0.01</u>		<u>-</u>	<u>-</u>
Total Expenditures	<u>19,684,020</u>	<u>100.00 %</u>		<u>18,805,549</u>	<u>100.00 %</u>
Excess (Deficit) in Revenue	1,962,779			2,457,126	
Fund Balance, January 1	<u>2,993,732</u>			<u>1,704,717</u>	
	4,956,511			4,161,843	
Less Utilization as Anticipated Revenue	<u>1,388,000</u>			<u>1,168,111</u>	
Fund Balance, December 31	<u>\$ 3,568,511</u>			<u>\$ 2,993,732</u>	

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
SEWER UTILITY OPERATING FUND

	<u>Year 2017</u>			<u>Year 2016</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 441,047	19.93 %	\$ 150,000	8.28 %	
Collection of Sewer Rents	1,428,123	64.54	1,509,376	83.36	
Miscellaneous - From Other Than Sewer	<u>343,671</u>	<u>15.53</u>	<u>151,300</u>	<u>8.36</u>	
Total Income	<u>2,212,841</u>	<u>100.00 %</u>	<u>1,810,676</u>	<u>100.00 %</u>	
EXPENDITURES					
Budget Expenditures					
Operating	1,721,766	81.84 %	1,653,188	90.93 %	
Deferred Charges and Statutory Expenditures	39,333	1.87	68,961	3.79	
Capital Improvements - Capital Outlay	41,000	1.95	-	-	
Debt Service	<u>301,622</u>	<u>14.34</u>	<u>95,860</u>	<u>5.27</u>	
Total Expenditures	<u>2,103,721</u>	<u>100.00 %</u>	<u>1,818,009</u>	<u>100.00 %</u>	
Excess/ (Deficit) in Revenue	<u>109,120</u>		<u>(7,333)</u>		
Operating Deficit to be Reviewed in Budget of Succeeding Year	<u>-</u>		<u>7,333</u>		
Statutory Excess to Surplus	109,120		-		
Fund Balance, January 1	<u>1,319,985</u>		<u>1,469,985</u>		
	1,429,105		1,469,985		
Decreased by:					
Utilized in Sewer Operating Budget	<u>441,047</u>		<u>150,000</u>		
Fund Balance, December 31	<u>\$ 988,058</u>		<u>\$ 1,319,985</u>		

BOROUGH OF MOONACHIE
COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	<u>2.411</u>	<u>\$2.379</u>	<u>\$2.111</u>
<u>Apportionment of Tax Rate</u>			
Municipal	\$1,077	\$1.070	\$.904
County	.270	.275	.232
Local School	1.064	1.034	.975

Assessed Valuation

2017	<u>\$738,610,940</u>	
2016	<u>\$710,295,696</u>	
2015		<u>\$738,620,111</u>

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections (1)</u>
2017	\$ 1,191,105	\$ 1,428,123
2016	1,889,611	1,509,376
2015	1,786,121	2,183,075

(1) Includes collection of prior year's receivables.

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2017	\$ 17,807,910	\$ 17,496,583	98.25%
2016	16,911,453	16,634,257	98.36%
2015	15,602,684	15,168,352	97.22%

BOROUGH OF MOONACHIE
DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>December 31</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 275,768	\$ 517,399	\$ 793,167	4.45%
2016	230,092	469,661	699,753	4.14%
2015	229,211	393,626	622,837	3.99%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2017 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2017	\$2,850
2016	2,850
2015	2,850

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
<u>Current Fund</u>	2017	\$3,568,511	\$1,120,788
	2016	2,993,732	1,388,000
	2015	1,704,717	1,168,111
<u>Sewer Utility Operating Fund</u>	2017	\$988,058	\$318,308
	2016	1,319,985	441,047
	2015	1,469,985	150,000

**BOROUGH OF MOONACHIE
OFFICIALS IN OFFICE AND SURETY BONDS**

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

<u>Name</u>	<u>Title</u>
Dennis Vaccaro	Mayor
Robert Bauer	Councilman - President
Antonio Cirillo	Councilman
Manuel Martinez	Councilman
Lucille Miller	Councilwoman
Bruce Surak	Councilman
Kathy Kinsella	Councilwoman
Anthony Ciannamea	Administrator Chief Finance Officer
Supriya Sanyal	Borough Clerk Assessment Search Officer & Registrar of Vital Statistics Planning Board Secretary
Frank Santora	Part Time Tax Collector/Search Officer (6/18/2017 to Present)
Deborah Benigno	Tax Collector/Search Officer (1/1/2017 to 6/7/2017)
Lisa Ciannamea	Deputy Registrar of Vital Statistics Asst. to Tax Collector (7/15/17 – Present)
Frank Migliorino	Borough Attorney
Kevin Boswell	Borough Engineer
Philip N. Boggia	Judge
Brittany Demarest	Court Administrator (5/22/2017 to Present)
Anamarie Matos	Court Administrator (1/1/2017 to 4/1/2017)
Michael Sartori	Building Sub-Code Official Zoning Official and Construction Official
Armand Marini	Fire Sub-Code Official
Frederick J. Dressel IV	Fire Official
Ilarione Mario Patruno	Electrical Sub-Code Official
Dominick Luminova	Plumbing Sub-Code Official

BOROUGH OF MOONACHIE
OFFICIALS IN OFFICE AND SURETY BONDS (Continued)

<u>Name</u>	<u>Title</u>
Lynn Rose	Building Department Control Clerk Fire Prevention Clerk
Jennifer Cooney	Board of Health Secretary
Paul Barbire	Tax Assessor
Richard Behrens	Chief of Police (2/23/2017 to Present) Officer in Charge (1/1/2017 to 2/22/2017)
Walter Paul	Sewer Inspector

There is a statutory bond limit in the Municipal Joint Insurance Fund that covers the Chief Financial Officer, Tax Collector and any assistant or deputy “in title to” these positions, Magistrates, Court Administrators and Court Clerk up to \$1,000,000 with a member deductible of \$1,000.

BOROUGH OF MOONACHIE LETTER OF COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Prior Year Unresolved Comments

Our audit of the payroll deductions revealed that there are several employees eligible for the Defined Contribution Retirement Plan (DCRP) that have not been enrolled. It is recommended that the Borough enroll the eligible employees into the Defined Contribution Retirement Plan (DCRP).

Our audit of the bank reconciliations of the Current Fund, Other Trust Fund Payroll Account, Unemployment Insurance Trust Fund and Sewer Utility Operating Fund revealed numerous old outstanding checks that have not cleared the bank. It is recommended that the outstanding checks be reviewed and cleared of record.

Our audit of the fixed assets revealed that the report wasn't updated for the 2017 additions. The financial statements have been adjusted to include the fixed asset additions for 2017. It is recommended that the fixed asset report be updated on annual basis for all fixed asset additions.

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500.

The threshold permitted by the State of New Jersey is \$17,500 unless the Borough has a qualified purchasing agent. If the Borough's purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (c.40A:11-9), the Borough may establish a bid threshold up to \$40,000. The Borough does not have a qualified purchasing agent.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year.

The minutes indicate bids were requested by police advertising for the following items:

- Improvements to Commercial Ave. (Sec 3) and Road Resurfacing Program
- Solid Waste Collection

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per NJS 40A:11-5.

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

Our examination of expenditures did not reveal any instances where expenditures exceeded the bid threshold of \$17,500 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

**BOROUGH OF MOONACHIE
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on December 14, 2017.

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

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

<u>Year</u>	<u>Number of Liens</u>
2017	2
2016	2
2015	2

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

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The Governing Body on January 7, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"NOW, THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of Moonachie that it does hereby fix the rate of interest to be charged for the non-payment of taxes or assessments to be eight (8%) per annum on the first \$1,500 delinquency and 18 percent (18%) per annum on any amount in excess of \$1,500 from the date of delinquency(s) to date of payment, providing however, that payments made during the first ten days of delinquency shall not be subject to interest charges."

WHEREAS, recently enacted Assembly Bill No. 4425 and Senate Bill No. 2579 have been signed into law effective March 29, 1995 and April 4, 1992 respectively amending NJSA 54:4-67 and,

WHEREAS, the Mayor and Council of the Borough of Moonachie are desirous of enacting the following changes with respect to the aforementioned bills:

Interest now charged on a property tax delinquency shall be calculated on the sum of all taxes from year to year and not calculated on a yearly basis.

An additional penalty of 6% will be added on the amount of a property tax delinquency in excess of \$10,000.

In regard to Tax Sale Certificates, when taxes, interest and cost shall exceed the sum of \$5,000, an additional sum shall be equal to 4% of the amount paid. When that sum exceeds \$10,000, such additional sum shall be equal to 6% of amount paid. This shall also apply to all existing certificates held by the Borough on the effective date of this act.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and Council of the Borough of Moonachie, County of Bergen, State of New Jersey, hereby authorize the Tax Collector to implement the above stated changes.

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

BOROUGH OF MOONACHIE LETTER OF COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Suggestions to Management

Our review of the Borough's disaster recovery plan/back-up procedures for their computer software/data revealed that they do not have an adequate plan in place that would allow them to recover all data from their servers and be operational in another location in the event of a disaster. It is suggested to management that the Borough develop a formal disaster recover/back-up plan that will allow them to recover all data from their servers and be operational in another location. In addition to the development this plan needs to be tested to ensure that it is adequate to meet the Borough's needs.

APPRECIATION

We desire to express our appreciation to the Borough Administrator and other Borough Staff who assisted us during the course of our audit.

BOROUGH OF MOONACHIE RECOMMENDATIONS

It is recommended that:

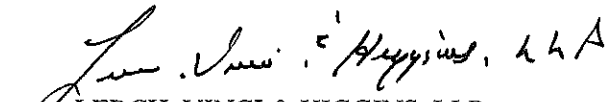
- * 1. The Borough institute measures to ensure in future periods that the actuarial calculation on the other postemployment benefits would be available for audit.
- * 2. The Borough enroll the eligible employees into the Defined Contribution Retirement Plan (DCRP).
- * 3. The outstanding checks be reviewed and cleared of record.
- * 4. The fixed asset report be updated on an annual basis for all fixed asset additions.

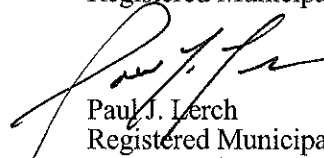
Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was not taken on the above recommendations denoted with an asterisk (*).

* * * * *

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


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457