

**BOROUGH OF MOONACHIE**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

# **BOROUGH OF MOONACHIE**

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

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**PART I**  
**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, 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 19 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, 2019 and 2018. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 51 percent and 47 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2019 and 2018.

#### ***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 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, 2019 and 2018, 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, 2019 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 October 14, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough 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  
October 14, 2020

**BOROUGH OF MOONACHIE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2019 AND 2018**

ASSETS	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Cash	A-4	\$ 11,989,971	\$ 13,140,367
State and Federal Grant Receivables	A-22	-	59,696
Senior Citizens' and Veterans' Deductions	A-7	-	269
		<u>11,989,971</u>	<u>13,200,332</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	182,994	141,175
Tax Title Liens Receivable	A-9	625,608	585,953
Property Acquired for Taxes - Assessed Value	A-10	2,850	2,850
Revenue Accounts Receivable	A-11	5,893	6,102
Interlocal- Due from Borough of Teterboro	A-25	33,980	33,980
Due from Animal Control Trust Fund	B-8	115	2,268
Due from Other Trust Fund- Payroll	B-3	-	139
Due from Other Trust Fund- Flex Spending	B-12	1,975	1,932
Due from Other Trust Fund- Miscellaneous Reserves	B-13	-	344
Due from Public Assistance	E-4	209	166
Due from Sewer Utility Operating Fund	D-28	-	1,622
Due from General Capital Fund	C-4	<u>17,958</u>	<u>15,121</u>
		<u>871,582</u>	<u>791,652</u>
Total Assets		<u>\$ 12,861,553</u>	<u>\$ 13,991,984</u>

**BOROUGH OF MOONACHIE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2019 AND 2018**

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Liabilities			
Appropriation Reserves	A-3,A-12	\$ 970,056	\$ 1,137,516
Encumbrances Payable	A-13	251,659	257,172
Senior Citizens' and Veterans' Deductions	A-7	2,056	
Due to Other Trust Fund	B-2	2,108	2,637
Due to Other Trust Fund- Miscellaneous Reserves	B-13	60,812	
Due to Other Trust Fund- Payroll	B-3	32	
Tax Title Lien Redemption	A-20	11,454	11,454
Prepaid Taxes	A-17	865,184	797,863
Tax Overpayments	A-24	80,530	76,853
Local School Taxes Payable	A-16	1,211,445	1,051,407
County Taxes Payable	A-14	21,313	21,556
Accounts Payable	A-26	56,101	
Appropriated Reserves- Grants	A-18	23,103	27,419
Unappropriated Reserve-Grants	A-19	73,851	62,159
Reserve for Hurricane Sandy Reimbursements	A-23	584,811	3,182,831
Miscellaneous Reserves	A-21	<u>2,370,197</u>	<u>1,645,088</u>
		6,584,712	8,273,955
Reserve for Receivables and Other Assets	A	871,582	791,652
Fund Balance	A-1	<u>5,405,259</u>	<u>4,926,377</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 12,861,553</u>	<u>\$ 13,991,984</u>

**BOROUGH OF MOONACHIE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>Year 2019</u>	<u>Year 2018</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 1,200,000	\$ 1,120,788
Miscellaneous Revenues Anticipated	A-2	2,251,601	2,252,558
Receipts from Delinquent Taxes	A-2	152,036	266,697
Receipts from Current Taxes	A-2	18,449,836	17,769,461
Non-Budget Revenue	A-2	76,079	147,100
Other Credits to Income			
Interfunds Returned - Net	A	1,335	
Cancellation of Miscellaneous Reserve	A-21	7,500	
Unexpended Balance of Appropriation Reserves	A-12	<u>1,063,661</u>	<u>1,355,189</u>
		<u>23,202,048</u>	<u>22,911,793</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,090,652	4,189,259
Other Expenses	A-3	3,665,755	3,517,937
Capital Improvements	A-3	590,694	250,000
Municipal Debt Service	A-3	1,236,058	1,117,463
Deferred Charges and Statutory Expenditures	A-3	1,269,169	1,091,380
County Taxes	A-14	1,882,301	1,845,834
County Open Space Tax	A-14	81,537	79,164
County Share of Added and Omitted Taxes	A-14	278	243
Local District School Taxes	A-16	8,646,025	8,325,950
Other Debits			
Interfunds Advanced- Net	A	-	15,860
Cancellation of Grants Receivable	A-22	58,947	
Prior Year Senior Citizens' Deductions Disallowed	A-7	<u>1,750</u>	<u>49</u>
		<u>21,523,166</u>	<u>20,433,139</u>
Excess in Revenue		1,678,882	2,478,654
Fund Balance, January 1	A	<u>4,926,377</u>	<u>3,568,511</u>
		6,605,259	6,047,165
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,200,000</u>	<u>1,120,788</u>
Fund Balance, December 31	A	<u>\$ 5,405,259</u>	<u>\$ 4,926,377</u>

Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF MOONACHIE**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE UTILIZED	A-1	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>-</u>
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	A-11	6,000	6,850	\$ 850
Other	A-11	11,000	15,858	4,858
Fees and Permits	A-2	4,000	4,166	166
Fines and Costs				
Municipal Court	A-11	29,000	28,199	(801)
Interest and Costs on Taxes	A-11	35,000	80,725	45,725
Interest on Investments and Deposits	A-2	175,000	414,821	239,821
Energy Receipts Tax	A-11	449,979	449,979	-
Trailer Camp Fees	A-11	64,000	70,206	6,206
Port Authority of NY in Lieu of Taxes	A-11	16,335	16,335	-
Cellular One Lease	A-11	33,000	30,000	(3,000)
Uniform Fire Safety Act - Local Fees	A-11	14,000	13,136	(864)
Uniform Construction Code Fees	A-11	100,000	119,024	19,024
Borough of Teterboro - Police Services	A-11	800,000	800,000	-
Township of South Hackensack - DPW	A-11	61,200	61,200	-
Borough of Teterboro - Emergency Management Coordinator	A-11	2,000	2,000	-
Uniform Fire Safety Act - LEA	A-11	55,000	67,844	12,844
Recycling Tonnage Grant - Reserve	A-19	51,568	51,568	-
Clean Communities Grant - Reserve	A-19	5,377	5,377	-
Highway Safety Grant - Reserve	A-19	5,214	5,214	-
Bergen County Community Development - Senior Art Prog.	A-22	<u>9,099</u>	<u>9,099</u>	<u>-</u>
Total Miscellaneous Revenues	A-1	<u>1,926,772</u>	<u>2,251,601</u>	<u>324,829</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	<u>100,000</u>	<u>152,036</u>	<u>52,036</u>
LOCAL TAX FOR MUNICIPAL PURPOSES	A-2	<u>8,775,557</u>	<u>8,989,695</u>	<u>214,138</u>
Total General Revenues	A-3	<u>\$ 12,002,329</u>	<u>12,593,332</u>	<u>\$ 591,003</u>
Non-Budget Revenue	A-1,A-2		<u>76,079</u>	
			<u>\$ 12,669,411</u>	

**BOROUGH OF MOONACHIE**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Reference</u>	<u>Realized</u>
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 19,149,836
Transfer to Reserve for Tax Appeals	A-21	<u>700,000</u>
Revenue Realized	A-1	18,449,836
Less: Allocated to School and County Taxes	A-14,A-16	<u>10,610,141</u>
Balance for Support of Municipal Budget Appropriations		7,839,695
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,150,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 8,989,695</u>
<b>ANALYSIS OF FEES &amp; PERMITS</b>		
Board of Health	A-11	\$ 3,809
Police	A-11	<u>357</u>
	A-2	<u>\$ 4,166</u>
<b>ANALYSIS OF INTEREST ON INVESTMENTS</b>		
Due from General Capital Fund	C-4	\$ 131,193
Due from Other Trust Fund - Escrow	B-2	633
Due from Other Trust Fund - Payroll	B-3	1,568
Due from Other Trust Fund - Flexible Spending Account	B-12	43
Due from Other Trust Fund - Miscellaneous Reserves	B-13	14,188
Due from Animal Control Fund	B-8	115
Due from Public Assistance Fund	E-4	209
Cash Receipts	A-11	<u>266,872</u>
	A-2	<u>\$ 414,821</u>
<b>NON-BUDGET REVENUE</b>		
Recycling		\$ 617
Franchise Fees		34,365
Police Outside Duty- Admin Fees		22,800
Cancel Old O/S Checks		11,546
Other		<u>6,751</u>
	A-2,A-4	<u>\$ 76,079</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, 2019**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 202,000	\$ 202,000	\$ 198,400	\$ 3,600	
Other Expenses	103,100	104,100	78,541	25,559	
Grant Consultant	21,000	21,000	19,260	1,740	
Sandy Consultant	115,800	115,800	98,710	17,090	
Mayor & Council					
Salaries & Wages	42,422	42,422	36,447	5,975	
Other Expenses	5,000	5,000	951	4,049	
Municipal Clerk					
Salaries & Wages	64,000	64,000	59,859	4,141	
Other Expenses	17,200	17,200	8,991	8,209	
Financial Administration					
Salaries & Wages	39,400	39,400	9,454	29,946	
Other Expenses	121,550	121,550	59,553	61,997	
Audit Services					
Annual Audit	30,000	30,000	30,000		
Revenue Administration					
Salaries & Wages	16,000	16,000	12,207	3,793	
Other Expenses	14,200	14,700	6,130	8,570	
Tax Assessment Administration					
Salaries & Wages	15,000	15,000	14,999	1	
Other Expenses	47,000	47,000	15,305	31,695	
Legal Services & Costs					
Salaries & Wages	50,000	50,000	40,000	10,000	
Other Expenses	44,500	39,500	19,575	19,925	
Engineering Services & Costs					
Other Expenses	16,000	21,000	15,412	5,588	
LAND USE ADMINISTRATION					
Planning Board					
Salaries & Wages	3,000	3,000	2,859	141	
Other Expenses	10,400	10,400	2,549	7,851	
INSURANCE					
Unemployment Contribution	10,000	10,000	10,000	-	
Surety Bond Premium	4,000	4,000	3,675	325	
Employee Group Health	1,144,534	1,051,714	989,977	61,737	
Health Benefit Waiver	34,750	36,750	36,504	246	
General Liability & Workers Compensation	321,000	321,000	272,179	48,821	
Police Department					
Salaries & Wages - Uniformed	1,883,780	1,883,780	1,855,944	27,836	
Salaries & Wages - Crossing Guards	66,000	66,000	56,064	9,936	
Other Expenses	155,500	155,500	75,519	79,981	

**BOROUGH OF MOONACHIE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - WITHIN "CAPS"</b>					
<b>PUBLIC SAFETY FUNCTIONS</b>					
Police Dispatch/911					
Salaries & Wages	\$ 218,000	\$ 224,000	\$ 211,382	\$ 12,618	
Other Expenses	5,500	5,500	2,834	2,666	
Emergency Management Services					
Salaries and Wages	2,350	2,350	2,301	49	
Other Expenses	4,500	4,500	1,074	3,426	
Municipal Court					
Salaries and Wages	77,300	77,300	72,530	4,770	
Other Expenses	7,100	9,100	7,506	1,594	
First Aid Organization					
Other Expenses-Contribution	17,000	17,000	17,000		
Other Expenses	8,000	8,000	3,959	4,041	
Fire Department					
Other Expenses	83,600	91,600	80,095	11,505	
Fire Hydrant Service	63,241	63,241	62,825	416	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Fire Official					
Salaries & Wages	16,700	16,700	16,167	533	
Other Expenses	11,000	11,000	6,161	4,839	
Life Hazard Use Fee Payments (P.L. 1983, C. 383)					
Salaries & Wages	27,000	27,000	22,760	4,240	
Other Expenses	4,300	6,300	4,846	1,454	
Municipal Prosecutor					
Salaries & Wages	6,700	6,700	6,165	535	
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	
<b>PUBLIC WORKS FUNCTIONS</b>					
Streets and Road Maintenance					
Salaries & Wages	261,500	269,500	252,368	17,132	
Other Expenses	52,900	52,900	34,039	18,861	
Solid Waste Collection					
Recycling-Salaries & Wages	35,000	35,000	34,898	102	
Recycling-Other Expenses	56,600	65,600	45,541	20,059	
Sanitation Contractual-Other Expenses	129,000	124,000	118,330	5,670	
Buildings and Grounds					
Salaries & Wages	19,500	14,500	9,288	5,212	
Other Expenses	130,500	135,500	112,666	22,834	
Vehicle Maintenance					
Other Expenses	132,000	132,000	103,612	28,388	



**BOROUGH OF MOONACHIE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries & Wages	\$ 4,100	\$ 4,100	\$ 4,004	\$ 96	
Other Expenses	35,300	35,300	28,499	6,801	
South Bergen Mental Health					
Other Expense-Contribution	1,200	1,200	1,200		
RECREATION & EDUCATION					
Recreation Services and Programs					
Salaries & Wages	40,000	49,000	46,857	2,143	
Other Expenses	20,500	20,500	11,646	8,854	
Community Affairs-Senior Citizens					
Salaries & Wages	7,500	7,500	6,973	527	
Other Expenses	16,000	16,000	14,231	1,769	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events, Anniversary or Holiday (RS 50:48-5.4)					
Other Expenses	19,900	19,900	18,077	1,823	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries & Wages	51,850	46,050	42,997	3,053	
Other Expenses	4,600	4,600	2,762	1,838	
Sub-Code Officials					
Building Inspector - Salaries & Wages	14,600	20,400	20,196	204	
Plumbing Inspector - Salaries & Wages	6,300	6,300	5,639	661	
Electrical Inspector - Salaries & Wages	5,900	5,900	5,546	354	
Fire Protection Inspector - Salaries & Wages	7,400	7,400	5,912	1,488	
Property Maintenance Official					
Salaries & Wages	5,900	5,900	5,381	519	
Rent Monitoring Board					
Other Expenses	8,100	10,800	9,461	1,339	

**BOROUGH OF MOONACHIE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<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	\$ 128,000	\$ 128,000	\$ 48,502	\$ 79,498	
Street Lighting	70,000	70,000	46,276	23,724	
Telephone	88,000	88,000	54,947	33,053	
Water	18,000	18,000	9,005	8,995	
Natural Gas	60,000	60,000	14,832	45,168	
Gasoline	60,000	80,000	54,798	25,202	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill Tax - Tipping Fee	<u>84,000</u>	<u>84,000</u>	<u>67,379</u>	<u>16,621</u>	<u>-</u>
Total Operations Within "CAPS"	<u>6,739,327</u>	<u>6,711,707</u>	<u>5,782,531</u>	<u>929,176</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>6,740,327</u>	<u>6,712,707</u>	<u>5,782,531</u>	<u>930,176</u>	<u>-</u>
Detail:					
Salaries & Wages	3,204,452	3,229,452	3,084,813	144,639	-
Other Expenses (Including Contingent)	<u>3,535,875</u>	<u>3,483,255</u>	<u>2,697,718</u>	<u>785,537</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Social Security System (O.A.S.I.)	280,000	294,000	287,535	6,465	
Police and Firemen's Retirement System	638,428	638,428	638,428	-	
Public Employees Retirement System	201,272	201,272	201,272	-	
DCRP	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>1,124,700</u>	<u>1,138,700</u>	<u>1,127,235</u>	<u>11,465</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>7,865,027</u>	<u>7,851,407</u>	<u>6,909,766</u>	<u>941,641</u>	<u>-</u>

**BOROUGH OF MOONACHIE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<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	12,000	12,000	3,189	\$ 8,811	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
PUBLIC SAFETY FUNCTIONS					
"911" Telecommunication Agreement	2,000	2,000		2,000	
Shooting Range Agreement - Wood-Ridge	4,200	4,200	4,200		
Borough of Teterboro-Police Salaries and Wags	800,000	800,000	800,000		
Township of South Hackensack - DPW Salaries	61,200	61,200	61,200	-	
Borough of Teterboro-Emergency Management Coordinator	2,000	2,000	2,000	-	-
Total Other Operations Excluded from "CAPS"	<u>972,442</u>	<u>972,442</u>	<u>961,631</u>	<u>10,811</u>	<u>-</u>
PUBLIC AND PRIVATE OFFSET BY REVENUES					
Highway Safety Grant	5,214	5,214		5,214	
Bergen County Comm. Dev. Senior Arts Program	9,099	9,099	9,099	-	
Clean Communities Grant	5,377	5,377	120	5,257	
Recycling Tonnage Grant	51,568	51,568	44,435	7,133	-
Total Public and Private Programs					
Offset by Revenues	<u>71,258</u>	<u>71,258</u>	<u>53,654</u>	<u>17,604</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	<u>1,043,700</u>	<u>1,043,700</u>	<u>1,015,285</u>	<u>28,415</u>	<u>-</u>
Detail:					
Salaries & Wages	863,200	861,200	861,200	-	
Other Expenses	180,500	182,500	154,085	28,415	-

**BOROUGH OF MOONACHIE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<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	\$ 590,694	\$ 590,694	\$ 590,694	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	395,000	395,000	395,000		
Payment of Bond Anticipation Notes and Capital Notes	235,797	235,797	235,797		
Interest on Bonds	290,719	290,719	290,719		
Interest on Notes	121,360	121,360	121,360		
CDL Loan Re-Payment	179,563	193,183	193,182	-	1
Total Municipal Debt Service - Excluded from "CAPS"	1,222,439	1,236,059	1,236,058	-	1
DEFERRED CHARGES - UNFUNDED ORDINANCES					
Ordinance #13-11	33,974	33,974	33,974	-	-
Ordinance #14-05	19,245	19,245	19,245	-	-
Ordinance #18-11	71,250	71,250	71,250	-	-
Total Deferred Charges	124,469	124,469	124,469	-	-
Judgements	6,000	6,000	6,000	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,987,302	3,000,922	2,972,506	\$ 28,415	\$ 1
Subtotal General Appropriations	10,852,329	10,852,329	9,882,272	970,056	1
Reserve for Uncollected Taxes	1,150,000	1,150,000	1,150,000	-	-
Total General Appropriations	\$ 12,002,329	\$ 12,002,329	\$ 11,032,272	\$ 970,056	\$ 1
Reference	A-2			A	

**BOROUGH OF MOONACHIE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<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>\$ 12,002,329</u>	
Cash Disbursed	A-4		\$ 9,630,613
Encumbrances Payable	A-13		251,659
Reserve for Uncollected Taxes	A-2		<u>1,150,000</u>
			<u>\$ 11,032,272</u>

**BOROUGH OF MOONACHIE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-1	\$ 2,881	\$ 4,924
<b>OTHER TRUST FUND</b>			
Cash	B-1	877,774	864,419
Due from Current Fund - Escrow	B-2	2,108	2,637
Due from Current Fund - Miscellaneous Reserves	B-13	60,812	
Due from Current Fund - Payroll	B-3	32	-
		<u>940,726</u>	<u>867,056</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Cash	B-1	<u>40,822</u>	<u>44,623</u>
<b>LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)</b>			
Investments	B	904,580	746,836
Contribution Receivable	B	<u>106,416</u>	<u>60,664</u>
		<u>1,010,996</u>	<u>807,500</u>
Total Assets		<u>\$ 1,995,425</u>	<u>\$ 1,724,103</u>
<b>LIABILITIES AND RESERVES</b>			
<b>ANIMAL CONTROL FUND</b>			
Due to Current Fund	B-8	\$ 115	\$ 2,268
Due to State of New Jersey	B-6	41	41
Reserve for Animal Control Expenditures	B-7	<u>2,725</u>	<u>2,615</u>
		<u>2,881</u>	<u>4,924</u>
<b>OTHER TRUST FUND</b>			
Escrow Deposits	B-5	53,414	34,479
Reserve for Miscellaneous Deposits	B-4	857,088	817,846
Reserve for Payroll Salaries and Deductions Payable	B-10	28,249	12,316
Due to Current Fund- Miscellaneous Reserves	B-13	-	344
Due to Current Fund- Flexible Spending	B-12	1,975	1,932
Due to Current Fund- Payroll	B-3	<u>-</u>	<u>139</u>
		<u>940,726</u>	<u>867,056</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Reserve for Unemployment Insurance	B-9	<u>40,822</u>	<u>44,623</u>
		<u>40,822</u>	<u>44,623</u>
<b>LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)</b>			
Reserve for LOSAP	B	<u>1,010,996</u>	<u>807,500</u>
Total Liabilities and Reserves		<u>\$ 1,995,425</u>	<u>\$ 1,724,103</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, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
Cash	C-2, C-3	\$ 5,722,329	\$ 6,734,815
Grant and Other Receivables	C-12	704,171	464,745
Deferred Charges to Future Taxation			
Funded	C-5	7,570,000	7,965,000
Unfunded	C-6	<u>5,501,380</u>	<u>7,782,644</u>
 Total Assets		 <u>\$ 19,497,880</u>	 <u>\$ 22,947,204</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Serial Bonds Payable	C-10	\$ 7,570,000	\$ 7,965,000
Bond Anticipation Notes Payable	C-11	4,330,103	6,068,000
Contracts Payable	C-8	2,696,191	4,942,971
Due to Current Fund	C-4	17,958	15,121
Improvement Authorization			
Funded	C-7	1,031,369	912,767
Unfunded	C-7	1,825,472	1,399,320
Reserve for Payment of Debt	C-9	100,603	100,603
Reserve for Construction of DPW Building	C-15	272,484	272,484
Reserve for Police Vehicle	C-16	18,875	
Reserve for Municipal Building - FEMA	C-17	-	373,265
Reserve for Preliminary Costs	C-14	2,095	2,095
Capital Improvement Fund	C-13	916,249	378,660
Reserve for Federal and State Grant Receivables	C-12	670,441	408,433
Fund Balance	C-1	<u>46,040</u>	<u>108,485</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 19,497,880</u>	 <u>\$ 22,947,204</u>

There were bonds and notes authorized but not issued on December 31, 2019 and 2018 of \$1,279,920 and \$1,714,644, 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, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Balance, January 1	C	\$ 108,485	\$ 122,457
Increased by:			
Refund on Ordinance #2018-04	C-2	\$ 55	
Premium on Sale of Bonds	C-1	<u>-</u>	<u>2,928</u>
		108,540	125,385
Decreased by:			
Appropriated to Finance Improvement Authorization	C-7	<u>62,500</u>	<u>16,900</u>
Balance, December 31	C	<u>\$ 46,040</u>	<u>\$ 108,485</u>



**BOROUGH OF MOONACHIE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**AS OF DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
Cash	D-5	\$ 1,227,142	\$ 377,698
Due from Sewer Utility Capital Fund	D-14	<u>3,427</u>	<u>118,896</u>
		<u>1,230,569</u>	<u>496,594</u>
Receivables With Full Reserves			
Sewer Utility Rents Receivable	D-7	<u>346,783</u>	<u>289,072</u>
Deferred Charges:			
Over-Expenditure Budget Appropriation	D-24	-	2,592
Operating Deficit	D-24	<u>-</u>	<u>331,919</u>
		<u>-</u>	<u>334,511</u>
Total Assets		<u>\$ 1,577,352</u>	<u>\$ 1,120,177</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Due to Current Fund	D-25		\$ 1,622
Appropriation Reserves	D-4,D-12	\$ 113,533	124,577
Encumbrances Payable	D-9	11,671	8,834
Prepaid Rent	D-26	16,059	16,059
Accounts Payable	D-28	32	
Due to Lien Holder	D-11	292	292
Sewer Rent Overpayments	D-27	27,042	2,822
Accrued Interest Payable	D-22	<u>5,296</u>	<u>7,149</u>
		173,925	161,355
Reserve for Receivables	D	346,783	289,072
Fund Balance	D-1	<u>1,056,644</u>	<u>669,750</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,577,352</u>	<u>\$ 1,120,177</u>

**BOROUGH OF MOONACHIE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**SEWER UTILITY CAPITAL FUND**  
**AS OF DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
Cash	D-5,D-6	\$ 741,069	\$ 1,078,366
Grants Receivable	D-8	-	11,510
Fixed Capital	D-13	3,491,793	3,491,793
Fixed Capital Authorized and Uncompleted	D-18	<u>2,264,000</u>	<u>2,264,000</u>
 Total Assets		 <u>\$ 6,496,862</u>	 <u>\$ 6,845,669</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Due to Sewer Utility Operating Fund	D-14	\$ 3,427	\$ 118,896
Encumbrances Payable	D-10	171,107	\$ 151,843
Bonds Payable	D-23	145,000	190,000
Bond Anticipation Notes Payable	D-21	1,425,897	1,400,000
Improvement Authorization			
Funded	D-17	80,860	7,071
Unfunded	D-17	788,820	1,173,684
Reserve for Grants Receivable	D-8	-	11,510
Reserve for Amortization	D-16	3,343,503	3,295,864
Reserve for Deferred Amortization	D-19	404,065	362,618
Capital Improvement Fund	D-15	96,215	96,215
Fund Balance	D-2	<u>37,968</u>	<u>37,968</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 6,496,862</u>	 <u>\$ 6,845,669</u>

There were bonds and notes authorized but not issued on December 31, 2019 and 2018 of \$437,328 and \$507,311 respectively (Exhibit D-20).

**BOROUGH OF MOONACHIE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS - SEWER UTILITY OPERATING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>REVENUES AND OTHER INCOME</b>			
Surplus Anticipated	D-1		\$ 318,308
Rents	D-3	\$ 2,335,479	910,893
Reserve for Payment of Bonds/Notes	D-1	-	118,896
Non-Budget Revenue	D-3	77,998	78,695
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-12	<u>111,874</u>	<u>106,616</u>
		<u>2,525,351</u>	<u>1,533,408</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operating	D-4	1,652,788	1,721,211
Deferred Charges and Statutory Expenditures	D-4	366,511	32,000
Debt Service	D-4	<u>119,158</u>	<u>114,708</u>
		<u>2,138,457</u>	<u>1,867,919</u>
Excess/(Deficit) in Revenue		<u>386,894</u>	(334,511)
Adjustment to Income Before Surplus:			
Expenditures Included Above Which are by Statute Deferred Charges to the Budget of Succeeding Year	D-24	<u>-</u>	<u>2,592</u>
Operating Deficit to be Raised in Budget of Succeeding Year	D		<u>\$ (331,919)</u>
Statutory Excess to Surplus		386,894	
Fund Balance, January 1	D	<u>669,750</u>	<u>\$ 988,058</u>
		1,056,644	988,058
Decreased by:			
Utilized in Sewer Operating Budget	D-1	<u>-</u>	<u>318,308</u>
Fund Balance, December 31	D	<u>\$ 1,056,644</u>	<u>\$ 669,750</u>

**BOROUGH OF MOONACHIE**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS**  
**SEWER UTILITY CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Balance, January 1, 2019	D	\$ 37,968	\$ 37,968
Balance, December 31, 2019	D	<u>\$ 37,968</u>	<u>\$ 37,968</u>

## EXHIBIT D-3

**STATEMENT OF REVENUES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	Excess or (Deficit)
Rents	D-1,D-7	\$ 2,140,969	2,335,479	\$ 194,510
	D-4	<u>\$ 2,140,969</u>	2,335,479	<u>\$ 194,510</u>
Non-Budget Revenue	D-1		77,998	
			<u>\$ 2,413,477</u>	

## ANALYSIS OF NON-BUDGET REVENUE

Due from Sewer Capital Fund	D-14	\$ 24,537
Cash Receipts	D-5	<u>53,461</u>
	D-3	<u>\$ 77,998</u>

**BOROUGH OF MOONACHIE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	Budget After Modifications	Paid or Charged	<u>Reserved</u>	
OPERATING					
Salaries and Wages	\$ 480,000	\$ 480,000	\$ 453,274	\$ 26,726	
Other Expenses	464,100	463,600	378,230	85,370	
Bergen County Utilities Authority	708,688	709,188	708,688	500	
DEFERRED CHARGES AND AND STATUTORY EXPENDITURES					
Social Security System (O.A.S.I.)	32,000	32,000	31,063	937	
Operating Deficit	331,919	331,919	331,919		
Over-Expenditures of Appropriation	2,592	2,592	2,592		
DEBT SERVICE					
Payment of Bond Principal	45,000	45,000	45,000		
Payment of Bond Anticipation Note Principal	44,086	44,086	44,086		
Interest on Bonds	3,588	3,588	3,588		
Interest on Notes	28,996	28,996	26,484	-	\$ 2,512
	<u>\$ 2,140,969</u>	<u>\$ 2,140,969</u>	<u>\$ 2,024,924</u>	<u>\$ 113,533</u>	<u>\$ 2,512</u>

Reference

D-3

D

Reference

Budget as Adopted	D-3	<u>\$ 2,140,969</u>
Disbursed	D-5	\$ 1,648,040
Encumbrances Payable	D-9	11,671
Accrued Interest	D-22	30,702
Deferred Charges	D-24	<u>334,511</u>
		<u>\$ 2,024,924</u>

**BOROUGH OF MOONACHIE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
AS OF DECEMBER 31, 2019 AND 2018**

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
Cash	E-1	\$ <u>9,716</u>	\$ <u>9,673</u>
<b>LIABILITIES AND RESERVES</b>			
Due to Current Fund	E-4	\$ 209	\$ 166
Reserve for Public Assistance Expenditures	E-2	<u>9,507</u>	<u>9,507</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,716</u>	<u>\$ 9,673</u>

**BOROUGH OF MOONACHIE**  
**COMPARATIVE STATEMENTS OF GENERAL FIXED ASSET ACCOUNT GROUP -**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Construction in Progress	\$ 989,097	\$ 6,937,934
Land	1,617,100	1,617,100
Buildings and Building Improvements	9,832,162	1,067,130
Machinery and Equipment	<u>6,137,327</u>	<u>5,609,182</u>
	<u>\$ 18,575,686</u>	<u>\$ 15,231,346</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 18,575,686</u>	<u>\$ 15,231,346</u>

## **NOTES TO FINANCIAL STATEMENTS**



**BOROUGH OF MOONACHIE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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, 2019 AND 2018**

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

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

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 Awards 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, 2019 AND 2018**

**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, 2018 balances to conform to the December 31, 2019 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, 2019 AND 2018**

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

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

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

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

**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.

**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.

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

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

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

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

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

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

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

**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, 2019 AND 2018**

**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, 2019 AND 2018**

**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 2019 and 2018 the Current Fund and Sewer Utility Operating Fund budgets were not increased. However, the governing body approved several budget transfers during 2019 and 2018.

**B. Excess Expenditures Over Appropriations**

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

<u>2019</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
There were none.			
<u>2018</u>			
Sewer Utility Operating Fund			
Debt Service			
Interest on Notes	\$15,625	\$18,217	\$2,592

In accordance with the regulatory basis of accounting, the above variance or overexpenditure was recorded as deferred charges on the balance sheet of the sewer utility operating fund at year end and is required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

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

**A. Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2019 and 2018, the book value of the Borough's deposits were \$20,611,704 and \$22,254,885 and bank and brokerage firm balances of the Borough's deposits amounted to \$21,284,935 and \$23,669,418, 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>2019</u>	<u>2018</u>
Insured	\$ 21,284,935	\$ 23,669,418

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, 2019 and 2018, 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, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). 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.



**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

**B. Investments (Continued)**

As of December 31, 2019 and 2018, the Borough had the following investments:

	<u>Fair Value</u>
<b><u>2019</u></b>	
Lincoln Financial Group (LOSAP) Investment Fund (Unaudited)	<u>\$ 904,580</u>
<b><u>2018</u></b>	
Lincoln Financial Group (LOSAP) Investment Fund (Unaudited)	<u>\$ 746,836</u>

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, 2019 and 2018, \$904,580 and \$746,836 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<b><u>2019</u></b>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	<u>\$ 904,580</u>
<b><u>2018</u></b>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	<u>\$ 746,836</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 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2019 and 2018, the Borough's investment in Lincoln Financial Group was rated Baal 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, Animal Control 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, 2019 AND 2018**

**NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE**

Receivables at December 31, 2019 consisted of the following:

	<u>Current Fund</u>	<u>Sewer Utility Operating Fund</u>	<u>Total</u>
<b><u>2019</u></b>			
Property Taxes	\$ 182,994		\$ 182,994
Tax Title Liens	625,608		625,608
Utility Charges and Fees	-	\$ 346,783	346,783
	<u>\$ 808,602</u>	<u>\$ 346,783</u>	<u>\$ 1,155,385</u>

In 2019, the Borough collected \$266,697 and \$190,702 from delinquent taxes and utility charges and fees, which represented 21% and 98% of the delinquent tax and sewer charges receivable at December 31, 2018.

Receivables at December 31, 2018 consisted of the following:

	<u>Current Fund</u>	<u>Sewer Utility Operating Fund</u>	<u>Total</u>
<b><u>2018</u></b>			
Property Taxes	\$ 141,175		\$ 141,175
Tax Title Liens	585,953		585,953
Utility Charges and Fees	-	\$ 289,072	289,072
	<u>\$ 727,128</u>	<u>\$ 289,072</u>	<u>\$ 1,016,200</u>

In 2018, the Borough collected \$266,697 and \$190,702 from delinquent taxes and utility charges and fees, which represented 34% and 98% of the delinquent tax and sewer charges receivable at December 31, 2017.

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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>2019</u>		<u>2018</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	\$ 20,257	\$ 62,952	\$ 21,592	\$ 2,637
Trust Fund:				
Animal Control Fund		115		2,268
Other Trust Fund- Flexible Spending		1,975		1,932
Other Trust Fund - Escrow	2,108		2,637	
Other Trust Fund - Payroll	32			139
Other Trust Fund - Miscellaneous Reserves	60,812	-		344
General Capital Fund		17,958		15,121
Sewer Utility Operating Fund	3,427	-	118,896	1,622
Sewer Utility Capital Fund		3,427		118,896
Public Assistance Fund	-	209	-	166
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 86,636</u>	<u>\$ 86,636</u>	<u>\$ 143,125</u>	<u>\$ 143,125</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**  
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**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

**2019**

Current Fund  
There are none

**2018**

Current Fund  
There are none

**2019**

Sewer Utility Operating Fund  
There are none

**2018**

Sewer Utility Operating Fund  
Overexpenditure of Appropriations  
Operating Deficit

	<u>Balance</u> <u>December 31,</u>	<u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
	\$ 2,592	\$ 2,592	
	<u>331,919</u>	<u>331,919</u>	<u>\$ -</u>
	<u>\$ 334,511</u>	<u>\$ 334,511</u>	<u>\$ -</u>

**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 school 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, 2019 and 2018 are as follows:

	<u>2019</u> Local District <u>School</u>	<u>2018</u> Local District <u>School</u>
Balance of Tax	\$ 4,315,255	\$ 4,155,217
Deferred	<u>3,103,810</u>	<u>3,103,810</u>
Taxes Payable	<u>\$ 1,211,445</u>	<u>\$ 1,051,407</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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:

	<b>2019</b>		<b>2018</b>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 5,405,259	\$ 1,466,000	\$ 4,866,412	\$ 1,200,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>59,965</u>	<u>-</u>
	<u>\$ 5,405,259</u>	<u>\$ 1,466,000</u>	<u>\$ 4,926,377</u>	<u>\$ 1,200,000</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 1,053,217		\$ 216,343	
Non-Cash Surplus	<u>3,427</u>	<u>\$ -</u>	<u>453,407</u>	<u>\$ -</u>
	<u>\$ 1,056,644</u>	<u>\$ -</u>	<u>\$ 669,750</u>	<u>\$ -</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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, 2019 and 2018.

	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance, December 31, <u>2019</u>
<b><u>2019</u></b>					
Construction in Progress	\$ 6,937,934	\$ 2,027,809		\$ (7,976,646)	\$ 989,097
Land	1,617,100				1,617,100
Buildings and Building Improvements	1,067,130	946,151	\$ 157,765	7,976,646	9,832,162
Machinery and Equipment	<u>5,609,182</u>	<u>844,990</u>	<u>316,845</u>	<u>-</u>	<u>6,137,327</u>
	<u>\$ 15,231,346</u>	<u>\$ 3,818,950</u>	<u>\$ 474,610</u>	<u>\$ -</u>	<u>\$ 18,575,686</u>
		Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2018</u>
<b><u>2018</u></b>					
Construction in Progress		\$ 2,145,235	\$ 4,792,699		\$ 6,937,934
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>251,228</u>	<u>\$ -</u>	<u>5,609,182</u>
		<u>\$ 10,187,419</u>	<u>\$ 5,043,927</u>	<u>\$ -</u>	<u>\$ 15,231,346</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 9 FIXED ASSETS (Continued)**

**B. Sewer Utility Fund Fixed Assets**

The following is a summary of changes in the utility fund fixed assets for the years ended December 31, 2019 and 2018.

	Balance January 1, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2019</u>
<b><u>2019</u></b>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 3,491,793	\$ -	\$ -	\$ 3,491,793
	<u>\$ 3,491,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,491,793</u>
	Balance January 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2018</u>
<b><u>2018</u></b>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 3,491,793	\$ -	\$ -	\$ 3,491,793
	<u>\$ 3,491,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,491,793</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 MUNICIPAL DEBT**

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and sewer utility capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, 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><b>2019</b></u>	<u><b>2018</b></u>
Issued		
General		
Bonds, Notes and Loans	\$ 11,900,103	\$ 14,033,000
Sewer Utility		
Bonds, Notes and Loans	<u>1,570,897</u>	<u>1,590,000</u>
	13,471,000	15,623,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>209,246</u>	<u>100,603</u>
Net Debt Issued	<u>13,261,754</u>	<u>15,522,397</u>
Authorized But Not Issued		
General		
Bonds and Notes	1,279,920	1,714,644
Sewer Utility		
Bonds and Notes	<u>437,328</u>	<u>507,311</u>
	<u>1,717,248</u>	<u>2,221,955</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 14,979,002</u>	<u>\$ 17,744,352</u>



**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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 1.481% and 2.200% at December 31, 2019 and 2018, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2019</u></b>			
General Debt	\$ 13,180,023	\$ 209,246	\$ 12,970,777
Utility Debt	<u>2,008,225</u>	<u>2,008,225</u>	<u>-</u>
Total	<u>\$ 15,188,248</u>	<u>\$ 2,217,471</u>	<u>\$ 12,970,777</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2018</u></b>			
General Debt	\$ 15,747,644	\$ 100,603	\$ 15,647,041
Utility Debt	<u>2,097,311</u>	<u>-</u>	<u>2,097,311</u>
Total	<u>\$ 17,844,955</u>	<u>\$ 100,603</u>	<u>\$ 17,744,352</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>2019</u>	<u>2018</u>
3.5% of Equalized Valuation Basis (Municipal)	\$ 30,649,620	\$ 28,223,952
Less: Net Debt	<u>12,970,777</u>	<u>17,744,352</u>
Remaining Borrowing Power	<u>\$ 17,678,843</u>	<u>\$ 10,479,600</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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><b>2019</b></u>	<u><b>2018</b></u>
\$965,000, 2012 Bonds, due in annual installment of \$150,000 through August 15, 2020, interest at 2.00%	\$ 150,000	\$ 295,000
\$7,670,000, 2018 Bonds, due in annual installments of \$250,000 to \$500,000 through October 15, 2038, interest at 3.00% to 5.00%	<u>7,420,000</u>	<u>7,670,000</u>
	<u><b>\$7,570,000</b></u>	<u><b>\$7,965,000</b></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><b>2019</b></u>	<u><b>2018</b></u>
\$460,000, 2012 Bonds, due in annual installments of \$45,000 to \$50,000 through August 15, 2022, interest at 2.00% through 2.5%	<u>\$ 145,000</u>	<u>\$ 190,000</u>
	<u><b>\$ 145,000</b></u>	<u><b>\$ 190,000</b></u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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, 2019 is as follows:

<u>Calendar Year</u>	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 400,000	\$ 282,713	\$ 45,000	\$ 3,025	\$ 730,738
2021	250,000	269,713	50,000	2,125	571,838
2022	295,000	257,213	50,000	1,125	603,338
2023	305,000	242,463			547,463
2024	320,000	227,213			547,213
2025-2028	1,450,000	750,650			2,200,650
2029-2033	2,110,000	641,037	-	-	2,751,037
2034-2038	2,440,000	262,473	-	-	2,702,473
	<u>\$ 7,570,000</u>	<u>\$ 2,933,475</u>	<u>\$ 145,000</u>	<u>\$ 6,275</u>	<u>\$ 10,654,750</u>

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2019 and 2018 were as follows:

	<u>Balance, January 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2019</u>	<u>Due Within One Year</u>
<b><u>2019</u></b>					
General Capital Fund					
Bonds Payable	<u>\$ 7,965,000</u>	<u>\$ -</u>	<u>\$ 395,000</u>	<u>\$ 7,570,000</u>	<u>\$ 400,000</u>
General Capital Fund Long-Term					
Liabilities	<u>\$ 7,965,000</u>	<u>\$ -</u>	<u>\$ 395,000</u>	<u>\$ 7,570,000</u>	<u>\$ 400,000</u>
Sewer Utility Capital Fund					
Bonds Payable	<u>\$ 190,000</u>	<u>\$ -</u>	<u>45,000</u>	<u>\$ 145,000</u>	<u>\$ 45,000</u>
Sewer Utility Capital Fund Long-Term					
Liabilities	<u>\$ 190,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 145,000</u>	<u>\$ 45,000</u>

**BOROUGH OF MOONACHIE**  
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**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt (Continued)**

	Balance, January 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<b><u>2018</u></b>					
General Capital Fund Bonds Payable	\$ 440,000	\$ 7,670,000	\$ 145,000	\$ 7,965,000	\$ 395,000
General Capital Fund Long-Term Liabilities	\$ 440,000	\$ 7,670,000	\$ 145,000	\$ 7,965,000	\$ 395,000
Sewer Utility Capital Fund Bonds Payable	\$ 235,000	\$ -	45,000	\$ 190,000	\$ 45,000
Sewer Utility Capital Fund Long-Term Liabilities	\$ 235,000	\$ -	\$ 45,000	\$ 190,000	\$ 45,000

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2019 and 2018 was as follows:

**Bond Anticipation Notes**

	Rate (%)	Maturity Date	Balance, January 1, <u>2019</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2019</u>
<b><u>2019</u></b>						
<b><u>General Capital Fund</u></b>						
<u>Purpose</u>						
Tax Appeal Refunding			\$ 168,000		\$ 168,000	
Construction of Municipal Building	1.42%	10/16/2020	4,000,000	871,353	4,000,000	\$ 871,353
Construction of DPW Building	1.42%	10/16/2020	1,900,000	1,900,000	1,900,000	1,900,000
Various Acquisitions and Improvements	1.42%	10/16/2020		783,750		783,750
Construction of New Municipal Building	1.42%	10/16/2020		475,000		475,000
Moonachie Road Streetscape Project PH III	1.42%	10/16/2020	-	300,000	-	300,000
General Capital Bond Anticipation Notes Payable			\$ 6,068,000	\$ 4,330,103	\$ 6,068,000	\$ 4,330,103

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

<u>2019</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>January 1,</u> <u>2019</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>December 31,</u> <u>2019</u>
<b><u>Sewer Utility Capital Fund</u></b>						
<u>Purpose</u>						
Hurricane Sandy Improvements	1.42%	10/16/2020	\$ 720,050	\$ 684,877	\$ 720,050	\$ 684,877
Sewer Capital Improvements	1.42%	10/16/2020	325,182	313,352	325,182	313,352
Acquisition of Generators	1.42%	10/16/2020	109,000	109,000	109,000	109,000
Imp. To Moonachie Ave Sanitary Sewer Pump	1.42%	10/16/2020	245,768	318,668	245,768	318,668
Sewer Utility Capital Bond Anticipation Notes Payable			<u>\$ 1,400,000</u>	<u>\$ 1,425,897</u>	<u>\$ 1,400,000</u>	<u>\$ 1,425,897</u>
Total Bond Anticipation Notes Payable			<u>\$ 7,468,000</u>	<u>\$ 5,756,000</u>	<u>\$ 7,468,000</u>	<u>\$ 5,756,000</u>

<u>2018</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>January 1,</u> <u>2018</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>December 31,</u> <u>2018</u>
<b><u>General Capital Fund</u></b>						
<u>Purpose</u>						
Hurricane Sandy Improvements			\$ 6,236,910		\$ 6,236,910	
Road Improvements			59,742		59,742	
Curb and Ramp Improvements			28,500		28,500	
Various Acquisitions and Improvements			1,615,252		1,615,252	
Preliminary Costs - New DPW Building			475,000		475,000	
Tax Appeal Refunding	2.00%	10/18/2019	343,000	\$ 168,000	343,000	\$ 168,000
Acquisition of Ambulance			96,000		96,000	
Construction of Municipal Building	2.00%	10/18/2019	4,000,000	4,000,000	4,000,000	4,000,000
Acq. & Install Financial Software			61,750		61,750	
Construction of DPW Building	2.00%	10/18/2019	1,900,000	1,900,000	1,900,000	1,900,000
General Capital Bond Anticipation Notes Payable			<u>\$ 14,816,154</u>	<u>\$ 6,068,000</u>	<u>\$ 14,816,154</u>	<u>\$ 6,068,000</u>

**BOROUGH OF MOONACHIE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

<u>2018</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>January 1,</u> <u>2018</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>December 31,</u> <u>2018</u>
<b><u>Sewer Utility Capital Fund</u></b>						
<u>Purpose</u>						
Hurricane Sandy Improvements	2.00%	10/18/2019	\$ 755,223	\$ 720,050	\$ 755,223	\$ 720,050
Sewer Capital Improvements	2.00%	10/18/2019	337,012	325,182	337,012	325,182
Impvt. To Sanitary Sewer System	2.00%	10/18/2019	71,101		71,101	
Acquisition of Generators	2.00%	10/18/2019		109,000		109,000
Imp. To Moonachie Ave Sanitary Sewer Pump	2.00%	10/18/2019	<u>76,510</u>	<u>245,768</u>	<u>76,510</u>	<u>245,768</u>
Sewer Utility Capital Bond Anticipation Notes Payable			<u>\$ 1,239,846</u>	<u>\$ 1,400,000</u>	<u>\$ 1,239,846</u>	<u>\$ 1,400,000</u>
Total Bond Anticipation Notes Payable			<u>\$ 16,056,000</u>	<u>\$ 7,468,000</u>	<u>\$ 16,056,000</u>	<u>\$ 7,468,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by the Local Bond Law NJSA 40A:2 et. seq. The amounts issued for 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 2019 and 2018 as follows:

**BOROUGH OF MOONACHIE**  
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**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>
<b><u>2019</u></b>			
	Municipal Building Complex	\$ 678,688	12/31/2020
	Purchase of Police Console and Communication Equipment	51,743	12/31/2020
	DPW Facility	1,759,349	12/31/2020
	ADA Compliant Curb Ramps	67,000	12/31/2020
	John Deere Tractor	169,361	12/31/2020
<b><u>2018</u></b>			
	Municipal Building Complex	\$ 1,599,869	12/31/2019
	Purchase of Police Console and Communication Equipment	179,573	12/31/2019
	Purchase of Equipment at Municipal Building Complex	380,886	12/31/2019
	DPW Facility	2,512,000	12/31/2019
	Moonachie Ave Pump Station	39,108	12/31/2019
	Purchase of Generator at Pump Station	109,093	12/31/2019
	Pavilion for Park	52,542	12/31/2019
	ADA Compliant Curb Ramps	65,000	12/31/2019

**NOTE 12 OPERATING LEASES**

The Borough leases copiers under noncancelable operating leases. Lease payments for the years ended December 31, 2019 and 2018 were \$7,620 and \$7,620, respectively. The future minimum lease payments for these leases are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2020	\$ 3,915
2021	490
2022	-
Total	<u>\$ 4,405</u>

**BOROUGH OF MOONACHIE  
NOTES TO FINANCIAL STATEMENTS  
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**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 \$713,625 and \$693,496 at December 31, 2019 and 2018, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2019 and 2018, the Borough has reserved in the Other Trust Fund \$682,586 and \$607,586, 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 has appealed the remaining \$1,073,181 in principal plus accrued interest on the principal. The Borough has received approval from FEMA on the appeal which was reduced to \$193,182 this amount was paid off in 2019 and there no longer exists a "CDL" liability.



**BOROUGH OF MOONACHIE**  
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**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 13 OTHER LONG-TERM LIABILITIES (Continued)**

**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.

The Borough's changes in other long-term liabilities for the years ended December 31, 2019 and 2018 were as follows:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
<b><u>2019</u></b>					
Community Disaster Loan	\$ 2,212,128		\$ 2,212,128		
Compensated Absences	693,496	\$ 20,129		\$ 713,625	
Net Pension Liability - PERS	2,908,144		119,824	2,788,320	
Net Pension Liability - PFRS	8,836,503	-	304,782	8,531,721	-
Net OPEB Liability	9,876,565	2,099,113	-	11,975,678	-
	<u>\$ 24,526,836</u>	<u>\$ 2,119,242</u>	<u>\$ 2,636,734</u>	<u>\$ 24,009,344</u>	<u>\$ -</u>
Other Long Term Liabilities					
	<u>\$ 24,526,836</u>	<u>\$ 2,119,242</u>	<u>\$ 2,636,734</u>	<u>\$ 24,009,344</u>	<u>\$ -</u>
	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
<b><u>2018</u></b>					
Community Disaster Loan	\$ 2,212,128			\$ 2,212,128	
Compensated Absences	679,943	\$ 13,553		693,496	
Net Pension Liability - PERS	3,326,645		\$ 418,501	2,908,144	
Net Pension Liability - PFRS	10,622,075	-	1,785,572	8,836,503	-
	<u>\$ 16,840,791</u>	<u>\$ 13,553</u>	<u>\$ 2,204,073</u>	<u>\$ 14,650,271</u>	<u>\$ -</u>
Other Long Term Liabilities					
	<u>\$ 16,840,791</u>	<u>\$ 13,553</u>	<u>\$ 2,204,073</u>	<u>\$ 14,650,271</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. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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**NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

The following represents the membership tiers for PFRS:

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

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

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

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

The following represents the membership tiers for PERS:

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

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

**BOROUGH OF MOONACHIE**  
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**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](http://www.state.nj.us/treasury/pensions).

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

**BOROUGH OF MOONACHIE**  
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**NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Investment Valuation (Continued)**

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

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2019 and 2018 is \$18.1 billion and \$19.7 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 56.27% and 53.60% respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2019 and 2018 is \$14.2 billion and \$15.4 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 65.00% and 62.48%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018, respectively.

**Actuarial Methods and Assumptions**

In the July 1, 2018 and 2017 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2019 and 2018 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS of employee's annual compensation.

For the years ended December 31, 2019 and 2018 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. All contributions made by the Borough for 2019, 2018 and 2017 were equal to the required contributions.

During the years ended December 31, 2019, 2018 and 2017, the Borough was required to contribute for normal cost pension contributions, accrued liability pension contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2019	\$ 638,428	\$ 201,272
2018	608,932	132,388
2017	517,813	138,942

In addition for the years ended December 31, 2019, 2018 and 2017 the Borough contributed for long-term disability insurance premiums (LTDI) \$147, \$0 and \$0, respectively for PERS.

**BOROUGH OF MOONACHIE**  
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**NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

**Public Employees Retirement System (PERS)**

At December 31, 2019 and 2018, the Borough reported a liability of \$2,788,320 and \$2,908,144, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2019, the Borough's proportionate share was 0.01547 percent, which was an increase of 0.00070 percent from its proportionate share measured as of June 30, 2018 of .01477 percent.

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough's pension expense to be \$182,077 and \$129,167 respectively, for PERS based on the actuarial valuations. The Borough's pension expense for the year ended December 31, 2019 was less than the actual contribution reported in the Borough's financial statements of \$201,272. The Borough's pension expense for the year ended December 31, 2018 was less than the actual contribution reported in the Borough's financial statements of \$132,388. At December 31, 2019 and 2018, 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:

	<b>2019</b>		<b>2018</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 50,047	\$ 12,318	\$ 55,459	\$ 14,995
Changes of Assumptions	278,424	967,817	479,214	929,870
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		44,015		27,279
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>215,853</u>	<u>185,156</u>	<u>145,028</u>	<u>275,374</u>
Total	<u>\$ 544,324</u>	<u>\$ 1,209,306</u>	<u>\$ 679,701</u>	<u>\$ 1,247,518</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

At December 31, 2019 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>
2020	\$ (100,731)
2021	(285,035)
2022	(207,588)
2023	(66,162)
2024	(5,466)
Thereafter	-
	<u>\$ (664,982)</u>

***Actuarial Assumptions***

The Borough's total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	2.00-6.00% Based on Years of Service	1.65-4.15% Based on Age
Thereafter	3.00%-7.00% Based on Years of Service	2.65%-5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018 and July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF MOONACHIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</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>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.78%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	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%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

***Discount Rate***

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.28%
2018	June 30, 2018	5.66%

**BOROUGH OF MOONACHIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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:

	<u>2019</u>	<u>2018</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2057	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2057 and Thereafter	From July 1, 2046 and Thereafter

\* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, 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, 2019 and 2018 calculated using the discount rate of 6.28% and 5.66%, 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 5.28% and 4.66%, respectively or 1-percentage-point higher 7.28% and 6.66%, respectively than the current rate:

	<u>1% Decrease (5.28%)</u>	<u>Current Discount Rate (6.28%)</u>	<u>1% Increase (7.28%)</u>
<u>2019</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 3,522,101	\$ 2,788,320	\$ 2,170,005
	<u>1% Decrease (4.66%)</u>	<u>Current Discount Rate (5.66%)</u>	<u>1% Increase (6.66%)</u>
<u>2018</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 3,656,656	\$ 2,908,144	\$ 2,280,190

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2019 and 2018. 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**  
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**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](http://www.state.nj.us/treasury/pensions).

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

At December 31, 2019 and 2018, the Borough reported a liability of \$8,531,721 and \$8,836,503, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities, during the measurement period. As of the measurement date of June 30, 2019, the Borough's proportionate share was .06972 percent, which was an increase of .00442 percent from its proportionate share measured as of June 30, 2018 of .06530 percent.

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough pension expense to be \$1,048,789 and \$853,913, respectively, for PFRS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$638,428 and \$608,932, respectively. At December 31, 2019 and 2018, 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:

	2019		2018	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 72,019	\$ 54,016	\$ 89,900	\$ 36,568
Changes of Assumptions	292,343	2,757,374	758,495	2,264,643
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		115,602		48,344
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,004,609</u>	<u>399,795</u>	<u>714,479</u>	<u>521,773</u>
Total	<u>\$ 1,368,971</u>	<u>\$ 3,326,787</u>	<u>\$ 1,562,874</u>	<u>\$ 2,871,328</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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, 2019 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>
2020	\$ (265,960)
2021	(755,754)
2022	(549,007)
2023	(293,513)
2024	(93,582)
Thereafter	<u>-</u>
	<u>\$ (1,957,816)</u>

***Actuarial Assumptions***

The Borough's total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through	All Future Years 3.25%-15.25% Based on Years of Service	2026 2.10%-8.98% Based on Age
Thereafter	Not Applicable	3.10%-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub - 2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and July 1, 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018 and July 1, 2010 to June 30, 2013, respectively.

**BOROUGH OF MOONACHIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</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>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.87%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	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%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

***Discount Rate***

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.85%
2018	June 30, 2018	6.51%

**BOROUGH OF MOONACHIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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:

	<u><b>2019</b></u>	<u><b>2018</b></u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2076	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2076 and Thereafter	From July 1, 2062 and Thereafter

\* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, 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, 2019 and 2018 calculated using the discount rate of 6.85% and 6.51%, 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 5.85% and 5.51%, respectively or 1-percentage-point higher 7.85% and 7.51%, respectively than the current rate:

<u><b>2019</b></u>	<b>1% Decrease (5.85%)</b>	<b>Current Discount Rate (6.85%)</b>	<b>1% Increase (7.85%)</b>
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 11,531,778</u>	<u>\$ 8,531,721</u>	<u>\$ 6,048,742</u>
<u><b>2018</b></u>	<b>1% Decrease (5.51%)</b>	<b>Current Discount Rate (6.51%)</b>	<b>1% Increase (7.51%)</b>
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 11,826,563</u>	<u>\$ 8,836,503</u>	<u>\$ 6,370,248</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2019 and 2018. 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, 2019 AND 2018**

**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, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,347,175 and \$1,200,293, respectively. For the years ended December 31, 2019 and 2018, 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 \$156,531 and \$142,173, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$90,772 and \$71,086, respectively. At December 31, 2019 (measurement date June 30, 2019) the State's share of the PFRS net pension liability attributable to the Borough was .06972 percent, which was a decrease of .00442 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .06530 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

***Pension Plan Fiduciary Net Position***

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

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 15 POST-RETIREMENT MEDICAL BENEFITS**

**Plan Description**

The Borough provides a postemployment healthcare plan (OPEB) for its eligible retirees and their spouses. The plan is a single-employer defined benefit healthcare plan administered by the Bergen Municipal Employee Benefits Fund, on behalf of the Borough. In accordance with Borough ordinances, contracts and/or policies, the Borough can amend the benefit terms and financing requirements of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**Benefits Provided**

The Borough provides postretirement healthcare insurance benefits for retirees and their dependents who meet certain eligibility requirements at the time of retirement at the same cost to the retiree as there would be, if any, if they remained an employee. Coverage for a retiree's surviving spouse and/or dependents are eligible for subsidized coverage upon the death of the retiree. Police hired prior to January 1, 2019 who have at least twenty-five (25) years of service with the Borough at the time of retirement are eligible for life time employer provided post-retirement health coverage and end at age 65 for all others. Both the Department of Public Works and Police Dispatchers get health benefits until age 65 and all other employees are not eligible for employer provided post-retirement health coverage.

**Employees Covered by Postemployment Benefits**

At December 31, 2019 and 2018, the following employees were covered by postemployment health care benefits:

	<u>2019</u>	<u>2018</u>
Active Employees	32	32
Inactive Employees or Beneficiaries Currently Receiving Benefits	<u>18</u>	<u>18</u>
	<u>50</u>	<u>50</u>

At December 31, 2019 and 2018, the Borough's total OPEB liabilities were \$11,975,678 and \$9,876,565, respectively. Net OPEB liability was measured as of December 31, 2018 and December 31, 2017 respectively, and the OPEB liability was determined by an actuarial valuation as of those dates.

For the years ended December 31, 2019 the Borough has determined it's OPEB expense to be \$916,991 based on the actuarial valuations which is less than the actual contributions reported in the Borough's financial statements of \$1,335,323, respectively. At December 31, 2019 the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	<u>2019</u>	
	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Difference Between Expected and Actual Experience		
Changes of Assumptions	\$ 1,474,382	
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions		
Contributions made Subsequent to the Measurement Date	<u>-</u>	<u>-</u>
Total	<u>\$ 1,474,382</u>	<u>\$ -</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 15 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ 176,046
2021	176,046
2022	176,046
2023	176,046
2024	176,046
Thereafter	<u>594,152</u>
	<u>\$ 1,474,382</u>

***Actuarial Assumptions***

The Borough's total OPEB liability reported for the year ended December 31, 2019 was based on the December 31, 2019 measurement date as determined by an actuarial valuation as of December 31, 2019. The total OPEB liability reported for the year ended December 31, 2018 was based on the December 31, 2018 measurement date as determined by an actuarial valuation as of December 31, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

**December 31, 2019**

<i>Mortality</i>	<i>RP 2000 Combined Healthy Male Mortality Rates Set Forward One Year and Adjusted for Generational Improvement</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates – prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after the completion of 25 years of service Benefits payable for life for Police hired prior to January 1, 2019 and end at age 65 for all others</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>4.10% Bases on the Bond Buyer 20 Index December 31, 2018 2.74% Based on the Bond Buyer 20 Index December 31, 2019</i>
<i>CPI Increase</i>	<i>2.5%</i>
<i>Rate of Salary Increase</i>	<i>2.5%</i>
<i>Medical Trend</i>	<i>Medical: 5.7% in 2019, reducing by 0.1% per annum, leveling at 5% per annum in 2026 Drug: 9.5% in 2019, reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026 Dental: 3.5% per annum</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

- Attribution Period – The attribution period begins with the date of hire and ends with the full benefits eligibility date.
- Per Capita Cost Methods – The valuation reflects per capita net premium costs based on actual 2019 medical premiums and the plan option selected. The age specific cost was derived based on per person costs at the average age of the active population (44) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. When actual data is not available, post 65 costs are decreased using the assumption that Medicare picks up 66.7% of medical costs.
- Retiree Contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by the Township increased annually by the rate of medical trend.
- Actuarial Valuation Method – Entry Age Normal Funding Method based on a level percentage of salary. 2019 salaries were reported as \$2.640 million.

The actuarial assumptions used in the December 31, 2019 valuations were based on the results of an actuarial experience study of December 31, 2019.

***Changes in the Total OPEB Liability***

The change in the Borough's OPEB liability for the years ended December 31, 2019 based on measurement dates of December 31, 2019.

	<b>Total OPEB Liability 2019</b>
Balance - Beginning of Year	\$ 9,876,565
Changes for the Year:	
Service Cost	328,528
Interest on the Total OPEB Liability	412,417
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	
Changes in Assumptions	1,650,428
Benefit Payments	(292,260)
<b>Net Changes</b>	<b>2,099,113</b>
Balance - End of Year	\$ 11,975,678



**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 15 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

***Sensitivity of Net OPEB Liability to Changes in the Discount Rate***

The following presents the Borough's net OPEB liability as of December 31, 2019 calculated using the discount rate of 2.74%, as well as what the Borough's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 1.74% or 1-percentage-point higher 3.74% than the current rate:

	<b>1% Decrease (1.74%)</b>	<b>Current Discount Rate (2.74%)</b>	<b>1% Increase (3.74%)</b>
<b><u>2019</u></b>			
Net OPEB Liability	<u>\$ 12,381,264</u>	<u>\$ 11,975,678</u>	<u>\$ 11,666,956</u>

***Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate***

The following presents the Borough's net OPEB liability as of December 31, 2019 calculated using the healthcare trend rates as disclosed above as well as what the Borough's net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease (3.10%)</b>	<b>Healthcare Cost Trend Rates (4.10%)</b>	<b>1% Increase (5.10%)</b>
<b><u>2019</u></b>			
Net OPEB Liability	<u>\$ 11,335,834</u>	<u>\$ 11,975,678</u>	<u>\$ 12,692,057</u>

**NOTE 16 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.

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.

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 16 RISK MANAGEMENT (Continued)**

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>
2019	\$ 10,000	\$ 15,041	\$ 40,822
2018	10,000	16,037	44,623
2017	10,000	11,275	49,537

**NOTE 17 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, 2019 and 2018. 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, 2019 and 2018, the Borough reserved \$2,370,197 and \$1,637,588, 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, 2019 AND 2018**

**NOTE 17 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, 2019 and 2018, 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 18 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, 2019 and 2018, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 19 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 \$1,344 and \$1,319 for 2019 and 2018, respectively, for each eligible volunteer fire department and volunteer first aid squad member into the Plan. The total Borough contributions were \$84,067 and \$60,664 for 2019 and 2018, 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  
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**NOTE 19 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 20 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 cleanup 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, 2019. As of December 31, 2019, the Borough has received \$4,581,739 cumulative in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

**NOTE 21 TAX ABATEMENTS**

For the years ended December 31, 2019 and 2018, 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, 2019 and 2018 the Borough abated property taxes totaling \$4,424,370 and \$4,638,792, respectively under the LTTE program. The Borough received \$16,335 and \$16,335 in PILOT payments under this program for the years ended December 31, 2019 and 2018, respectively.

**BOROUGH OF MOONACHIE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 22 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

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

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

**NOTE 23 SUBSEQUENT EVENTS**

**Debt Authorized**

On September 24, 2020 the Borough adopted a bond ordinance authorizing the issuance \$375,000 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

**Serial Bonds**

On September 10, 2020 the Borough adopted a resolution for the issuance of \$1,790,000 General Improvement Bonds and \$1,255,000 Sewer Utility Bonds for the purpose of funding various capital and sewer improvements of the Borough. On October 1, 2020 the Borough awarded the sale of these bonds to Roosevelt’s Cross Inc. and Associates at interest rates of 1.00% to 2.00%. The Borough has not closed on the Bonds as of the date of this report.

**CURRENT FUND**

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

Balance, January 1, 2019		\$ 13,140,367
Increased by Receipts		
Taxes Receivable	\$ 18,478,889	
Non-Budget Revenue	76,079	
Grants Receivable	9,099	
Due from State of NJ - Senior Citizens' and Veterans' Deductions	16,575	
Revenue Accounts Receivable	2,032,394	
Due to State of New Jersey	9,871	
Prepaid Taxes	865,184	
Received from General Capital Fund	128,356	
Received from Other Trust Fund - Escrow	14,197	
Received from Other Trust Fund - Payroll	1,739	
Received from Other Trust Fund - Miscellaneous Trust	344	
Received from Animal Control Trust Fund	2,268	
Received from Sewer Operating Fund	1,622	
Received from Public Assistance Fund	166	
Reserve for Hurricane Sandy Reimbursements	89,564	
Unappropriated Grant Reserves	73,851	
Tax Overpayments	5,887	
Tax Title Leins	9,120	
Miscellaneous Reserves Refund	32,609	
Change Fund Returned	100	
Petty Cash Returned	100	
		<u>21,848,014</u>
		34,988,381
Decreased by Disbursements:		
2019 Budget Appropriations	9,630,613	
2018 Appropriation Reserves	199,926	
County Taxes Payable	1,964,359	
Local School District Taxes Payable	8,485,987	
Due to State of New Jersey	9,871	
Payments to Other Trust Fund - Escrow	14,093	
Payments to General Capital Fund	2,687,584	
Appropriated Reserves	3,567	
Tax Overpayments	2,210	
Change Fund Advance	100	
Petty Cash Advance	100	
		<u>22,998,410</u>
Balance, December 31, 2019		<u>\$ 11,989,971</u>

**BOROUGH OF MOONACHIE  
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Change Fund <u>Advanced</u>	Change Fund <u>Returned</u>	Balance, December 31, <u>2019</u>
Tax Collector	\$ <u>100</u>	\$ <u>100</u>	\$ <u>-</u>
	\$ <u>100</u>	\$ <u>100</u>	\$ <u>-</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/TO STATE OF NEW JERSEY  
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, January 1, 2019, Due From	\$ 269
Increased by:	
Senior Citizens' Deductions Per Tax Duplicate	\$ 4,750
Veterans' Deductions Per Tax Duplicate	<u>12,500</u>
	<u>17,250</u>
	17,519
Decreased by:	
Senior Citizens' and Veteran's Deductions Disallowed by Collector- 2019	1,250
Senior Citizens' and Veteran's Deductions Disallowed by Collector- 2018	1,750
Cash Received from State of New Jersey	<u>16,575</u>
	<u>19,575</u>
Balance, December 31, 2019, (Due To)	\$ <u>(2,056)</u>



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

<u>Year</u>	Balance, January 1, <u>2019</u>	<u>Levy</u>	Senior Citizens' and Veterans Deductions <u>Disallowed</u>	<u>Collected In</u>		Senior Citizens' and Veterans' Deductions <u>Allowed</u>	Remitted or <u>Cancelled</u>	Transferred to Tax Title <u>Liens</u>	Balance, December 31, <u>2019</u>
				<u>2018</u>	<u>2019</u>				
2018	\$ 141,175		\$ 1,750		\$ 142,916		\$ 9		-
2019	-	\$ 19,391,277	1,250	\$ 797,863	18,335,973	\$ 17,250	9,672	\$ 48,775	\$ 182,994
	<u>\$ 141,175</u>	<u>\$ 19,391,277</u>	<u>\$ 3,000</u>	<u>\$ 797,863</u>	<u>\$ 18,478,889</u>	<u>\$ 17,250</u>	<u>\$ 9,681</u>	<u>\$ 48,775</u>	<u>\$ 182,994</u>

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax	\$ 19,388,539
Added Taxes (54:4-63.1 et seq.)	<u>2,738</u>
	<u>\$ 19,391,277</u>

Tax Levy

Local District School Tax (Abstract)	\$ 8,646,025
County Taxes	
County Taxes (Abstract)	\$ 1,882,301
County Open Space	81,537
Due County for Added Taxes (54:63.1 et seq.)	<u>278</u>
	1,964,116

Local Tax for Municipal Purposes  
Add Additional Tax Levied

8,775,557
<u>5,579</u>
<u>8,781,136</u>
<u>\$ 19,391,277</u>

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

Balance, January 1, 2019	\$ 585,953
Increased by:	
Transfer from Taxes Receivable - 2019	<u>48,775</u>
	634,728
Decreased by:	
Cash Receipts	<u>9,120</u>
Balance, December 31, 2019	<u>\$ 625,608</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)**

Balance, January 1, 2019	<u>\$ 2,850</u>
Balance, December 31, 2019	<u>\$ 2,850</u>

**BOROUGH OF MOONACHIE**  
**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, January 1, <u>2019</u>	Accrued in 2019	Collected in 2019 <u>Treasurer</u>	Balance, December 31, <u>2019</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 6,850	\$ 6,850	
Other		15,858	15,858	
Construction Code Official				
Fees and Permits		119,024	119,024	
Board of Health				
Fees and Permits		3,809	3,809	
Police Department				
Fees and Permits		357	357	
Municipal Court				
Fines and Costs	\$ 1,994	27,990	28,199	\$ 1,785
Uniform Fire Safety Act - LEA		67,844	67,844	
Uniform Fire Safety Act - Local Fees		13,136	13,136	
Interest and Costs on Taxes		80,725	80,725	
Interest on Investments		266,872	266,872	
Energy Receipts Tax		449,979	449,979	
CDL Award	4,108			4,108
Interboro Services - Borough of Teterboro				
Police Services		800,000	800,000	
Township of South Hackensack - DPW		61,200	61,200	
Borough of Teterboro - Emergency Management Coordinator		2,000	2,000	
Trailer Camp Fees		70,206	70,206	
Port Authority of NY in Lieu of Taxes		16,335	16,335	
Cellular One Lease	-	30,000	30,000	-
	<u>\$ 6,102</u>	<u>\$ 2,032,185</u>	<u>\$ 2,032,394</u>	<u>\$ 5,893</u>

**BOROUGH OF MOONACHIE**  
**STATEMENT OF 2018 APPROPRIATION RESERVES**

	Balance, January 1, <u>2019</u>	Budget After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
<b>Salaries and Wages</b>				
General Administration	\$ 10,793	\$ 10,793	\$ 2,003	\$ 8,790
Mayor & Council	4,717	4,717	-	4,717
Municipal Clerk	6,902	6,902	1,140	5,762
Financial Administration	36,947	36,947		36,947
Revenue Administration	30,492	30,492		30,492
Tax Assessment	1,894	1,894		1,894
Legal Services	10,000	10,000		10,000
Planning Board	109	109		109
Zoning Board	2,252	2,252		2,252
Police	173,752	119,733	75,000	44,733
Crossing Guards	5,041	5,061		5,061
Police- Dispatch 911	56,837	56,837		56,837
Emergency Management Services	3,250	3,250		3,250
Municipal Court	3,586	3,716	130	3,586
Fire Official	1,842	1,842		1,842
Life Hazard Use Fee Payments	20,220	20,220	8,180	12,040
Streets & Roads	31,613	31,613	809	30,804
Solid Waste Collection	10,283	10,283		10,283
Public Health Services	906	906		906
Parks & Recreation	7,984	7,984		7,984
Sub-Code Officials-				-
Plumbing Inspector	925	925		925
Electrical Inspector	3,456	3,456		3,456
Fire Inspector	2,419	2,419		2,419
Property Maintenance Official	2,377	2,377		2,377
Community Affairs-Senior Citizens	289	289		289
Construction Code Official	5,394	5,394		5,394
Municipal Prosecutor	1,157	1,156	-	1,156
Public Defender		1,500		1,500
Heath Benefit Waiver	3,093	3,093		3,093
Borough of Teterboro - Emergency Mgt	2,000	2,000		2,000
Township of South Hackensack-DPW	8,000	8,000		8,000
<b>Other Expenses</b>				
General Administration	36,902	60,669	9,051	51,618
Grant Consultant	210	210		210
Sandy Consultant	11,700	19,800	8,625	11,175
Mayor & Council	4,020	4,176	155	4,021
Municipal Clerk	4,296	6,498	202	6,296
Financial Administration	15,611	69,806	29,208	40,598
Audit Services		30,000	30,000	-
Revenue Administration	11,933	11,933	-	11,933
Tax Assessment Administration	37,250	38,759	7,425	31,334
Legal Services & Costs	43,695	42,419	-	42,419
Engineering Services Cost	4,817	4,817	1,022	3,795
Planning Board	2,350	3,133	784	2,349
Zoning Board of Adjustment	2,000	2,000		2,000
Vehicle Maintenance	44,346	51,164	3,795	47,369
First Aid Organization	7,959	7,959		7,959
Fire Department	12,708	14,499	1,957	12,542
Fire Hydrant	2,708	2,708		2,708
Fire Official	3,901	3,901	-	3,901

**BOROUGH OF MOONACHIE**  
**STATEMENT OF 2018 APPROPRIATION RESERVES**

	Balance, January 1, <u>2019</u>	Budget After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
<b>Other Expenses (Continued)</b>				
Police Department	\$ 40,256	\$ 43,034	\$ 610	\$ 42,424
Police Dispatch - 911	6,894	6,939	1,987	4,952
Emergency Management Services	997	1,003		1,003
Streets & Roads	8,734	12,187	1,313	10,874
Recycling	34,808	41,716	14,820	26,896
Sanitation - Contractual	9,781	9,781		9,781
Public Health	9,614	9,614	-	9,614
OSHA - Fire Equipment	5,094	5,094		5,094
OSHA - First Aid Equipment	4,700	4,700		4,700
Hepatitis "B" Inoculations	2,850	2,850		2,850
Building & Grounds	50,769	57,385	7,371	50,014
Recreation	12,440	12,720	280	12,440
Community Affairs- Senior Citizens	1,499	1,499		1,499
Construction Code Official	3,005	3,075	519	2,556
Property Maintenance		1,188	44	1,144
Celebration of Public Events	3,816	5,837	996	4,841
Rent Monitoring Board	1,143	-	-	-
Electricity	-	37,349	14,838	22,511
Street Lighting	7,705	18,081	596	17,485
Telephone	4,204	4,204	-	4,204
Water	183	183	-	183
Natural Gas	15,038	20,544	6,679	13,865
Gasoline	56,981	56,981		56,981
Sanitary Landfill Tax - Tipping Fee	8,585	8,585	-	8,585
Recycling Tax	7,974	7,974	-	7,974
Social Security System (O.A.S.I.)	9,859	9,859	-	9,859
Contingent	1,000	1,000		1,000
LOSAP- Volunteer Fire		46,042	39,564	6,478
LOSAP- First Aid		45,000	45,000	-
Municipal Court	735	735	-	735
Surety Bond Premium	264	264		264
Employee Group Health	28,121	28,121	3,484	24,637
General Liability & Workers Compensation	103,531	103,531		103,531
"911" Telecommunications Agreement	2,000	2,000		2,000
Recycling Tonnage Grant	-	15,002	13,440	1,562
	<u>\$ 1,137,516</u>	<u>\$ 1,394,688</u>	<u>\$ 331,027</u>	<u>\$ 1,063,661</u>
Encumbrances - Prior Year		\$ 257,172		
Appropriation Reserves		<u>1,137,516</u>		
		<u>\$ 1,394,688</u>		
Cash Disbursed			\$ 199,926	
Transfer to Accounts Payable			56,101	
Transferred to Accumulated Leave			<u>75,000</u>	
			<u>\$ 331,027</u>	

**BOROUGH OF MOONACHIE  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2019	\$ 257,172
Increased by:	
Charges to 2019 Budget Appropriations	<u>251,659</u>
	508,831
Decreased by:	
Transfer to 2018 Appropriation Reserves	<u>257,172</u>
Balance, December 31, 2019	<u><u>\$ 251,659</u></u>

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, January 1, 2019	\$ 21,556
Increased by:	
2019 Tax Levy	\$ 1,882,301
County Open Space Preservation	81,537
Added and Omitted Taxes	<u>278</u>
	<u>1,964,116</u>
	1,985,672
Decreased by:	
Payments	<u>1,964,359</u>
Balance, December 31, 2019	<u><u>\$ 21,313</u></u>

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

	Increase by Fees <u>Collected</u>	Decrease by Payments <u>Payments</u>
DCA Training Fees	\$ 9,196	\$ 9,196
Marriage License	<u>675</u>	<u>675</u>
	<u>\$ 9,871</u>	<u>\$ 9,871</u>

**STATEMENT OF LOCAL DISTRICT SCHOOL TAXES**

Balance, January 1, 2019		
School Tax Deferred	\$ 3,103,810	
School Tax Payable	<u>1,051,407</u>	
		\$ 4,155,217
Increased by:		
Levy - School Year July 1, 2019 to June 30, 2020		<u>8,646,025</u>
		12,801,242
Decreased by:		
Payments		<u>8,485,987</u>
Balance, December 31, 2019		
School Tax Deferred	3,103,810	
School Tax Payable	<u>1,211,445</u>	
		<u>\$ 4,315,255</u>
2019 Liability for Local School Tax		
Tax Paid		\$ 8,485,987
Tax Payable December 31, 2019		<u>1,211,445</u>
		9,697,432
Less Tax Payable December 31, 2018		<u>1,051,407</u>
Amount Charged to 2019 Operations		<u>\$ 8,646,025</u>

**BOROUGH OF MOONACHIE  
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2019	\$ 797,863
Increased by:	
Collection of 2020 Taxes	<u>865,184</u>
	1,663,047
Decreased by:	
Applied in 2019 Taxes Receivable	<u>797,863</u>
Balance, December 31, 2019	<u>\$ 865,184</u>

**STATEMENT OF APPROPRIATED RESERVES**

	Balance, January 1, <u>2019</u>	Cash <u>Disbursements</u>	<u>Cancellation</u>	Balance, December 31, <u>2019</u>
Municipal Alliance Grant	\$ 5,608	\$ 3,567	\$ 749	\$ 1,292
Recycling Tonnage Grant	6,235			6,235
Clean Communities Grant	8,076			8,076
Confiscated Funds	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>7,500</u>
	<u>\$ 27,419</u>	<u>\$ 3,567</u>	<u>\$ 749</u>	<u>\$ 23,103</u>

**STATEMENT OF UNAPPROPRIATED RESERVES**

	Balance, January 1, <u>2019</u>	Anticipated as 2019 <u>Budget Revenue</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2019</u>
Recycling Tonnage Grant	\$ 51,568	\$ 51,568		
DOJ- COPS Grant			\$ 67,850	\$ 67,850
Highway Safety Grant	5,214	5,214		
Clean Communities Grant	<u>5,377</u>	<u>5,377</u>	<u>6,001</u>	<u>6,001</u>
	<u>\$ 62,159</u>	<u>\$ 62,159</u>	<u>\$ 73,851</u>	<u>\$ 73,851</u>



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

Balance, January 1, 2019	<u>\$ 11,454</u>
Balance, December 31, 2019	<u>\$ 11,454</u>

**STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, January 1, <u>2019</u>	Transfer from Current Tax <u>Collections</u>	<u>Cancellation</u>	Cash Receipt <u>Refund</u>	Balance, December 31, <u>2019</u>
LOSAP	\$ 7,500		\$ 7,500		
Reserve for Tax Appeals	<u>1,637,588</u>	\$ 700,000	<u>-</u>	\$ 32,609	<u>\$ 2,370,197</u>
	<u>\$ 1,645,088</u>	<u>\$ 700,000</u>	<u>\$ 7,500</u>	<u>\$ 32,609</u>	<u>\$ 2,370,197</u>

**BOROUGH OF MOONACHIE**  
**STATEMENT OF STATE AND FEDERAL GRANT RECEIVABLES**

<u>Purpose</u>	Balance, January 1, <u>2019</u>	<u>Accruals</u>	Cash <u>Receipt</u>	<u>Cancellation</u>	Balance, December 31, <u>2019</u>
CDBG- Senior Arts Program		\$ 9,099	\$ 9,099		
Municipal Alliance	\$ 749			\$ 749	
Non-Federal Cost Share (Match)	58,937			58,937	
Post Assistance Sandy Grants: FIS Data Base	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>
	<u>\$ 59,696</u>	<u>\$ 9,099</u>	<u>\$ 9,099</u>	<u>\$ 59,696</u>	<u>\$ -</u>

<u>Analysis</u>	
Appropriated Reserve	\$ 749
Operations	<u>58,947</u>
	<u>\$ 59,696</u>

EXHIBIT A-23

**STATEMENT OF RESERVE FOR HURRICANE SANDY REIMBURSEMENTS**

Balance, January 1, 2019	\$ 3,182,831
Increase by:	
Cash Receipts	<u>89,564</u>
	3,272,395
Decreased by:	
Payments to General Capital Fund	<u>2,687,584</u>
Balance, December 31, 2019	<u>\$ 584,811</u>

Analysis

Due to General Capital	\$ 378,515
Due to Sewer Utility Capital	11,351
Current Fund	<u>194,945</u>
	<u>\$ 584,811</u>

**BOROUGH OF MOONACHIE  
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2019	\$ 76,853
Increased by:	
Cash Receipts	<u>5,887</u>
	82,740
Decreased by:	
Cash Disbursements	<u>2,210</u>
Balance, December 31, 2019	<u>\$ 80,530</u>

**STATEMENT OF INTERLOCAL DUE FROM BOROUGH OF TETERBORO**

Balance, January 1, 2019	<u>\$ 33,980</u>
Balance, December 31, 2019	<u>\$ 33,980</u>

**STATEMENT OF ACCOUNTS PAYABLE**

Increased by:	
Transfer from Appropriation Reserves	<u>\$ 56,101</u>
Balance, December 31, 2019	<u>\$ 56,101</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, 2019	\$ 4,924	\$ 864,419	\$ 44,623
Increased by Receipts:			
Budget Appropriation			\$ 10,000
Due to State of NJ	\$ 424		
Animal License Fees	2,050		
Miscellaneous and Late Fees	490		
Miscellaneous Reserves		\$ 601,046	
Payroll Salaries & Deductions Payable		5,022,299	
Receipts from Current Fund		14,093	
Escrow Deposits		33,850	
Interest on Investments and Deposits	115	16,432	1,240
	<u>3,079</u>	<u>5,687,720</u>	<u>11,240</u>
	8,003	6,552,139	55,863
Decreased by Disbursements:			
Payments to State of NJ - State Registration Fees	424		
Expenditures under R.S. 4:19-15.11	2,430		
Escrow Deposits		14,915	
Disbursements Current Fund	2,268	2,083	
Payroll Salaries & Deductions Payable		5,006,366	
Miscellaneous Reserves		636,804	
Payments to State of NJ - Unemployment Ins. Benefits	-	-	15,041
Due from Current Fund - Escrow	<u>-</u>	<u>14,197</u>	<u>-</u>
	<u>5,122</u>	<u>5,674,365</u>	<u>15,041</u>
Balance, December 31, 2019	<u>\$ 2,881</u>	<u>\$ 877,774</u>	<u>\$ 40,822</u>

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

Balance, January 1, 2019		\$ 2,637
Increased by:		
Payments Made on Behalf of Current Fund		<u>14,197</u>
		16,834
Decreased by:		
Receipts from Current Fund	\$ 14,093	
Interest on Investments and Deposits	<u>633</u>	
		<u>14,726</u>
Balance, December 31, 2019		<u>\$ 2,108</u>

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

Balance, January 1, 2019 (Due To)		\$ 139
Increased by:		
Interest on Investments and Deposits		<u>1,568</u>
		1,707
Decreased by:		
Payments to Current Fund		<u>1,739</u>
Balance, December 31, 2019 (Due From)		<u>\$ (32)</u>

**BOROUGH OF MOONACHIE**  
**STATEMENT OF MISCELLANEOUS RESERVES**  
**OTHER TRUST FUND**

	Balance January 1, <u>2019</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2019</u>
Parking Offence Adjudication Act	\$ 2,517	\$ 142		\$ 2,659
Compensated Absences	607,586	75,000		682,586
Fire Prevention Fees - Penalty	88,545	4,000		92,545
Municipal Alliance	6,320	3,555	\$ 4,747	5,128
Celebration of Public Events	6,890			6,890
Charitable Contributions	409			409
Secure Child Program	224			224
Premium on Tax Sale	21,564	14,600	21,500	14,664
Tax Title Lien Redemption		94,048	94,048	
Centennial Celebration	6,793			6,793
Police Outside Duty	36,899	459,600	487,450	9,049
Flex Spending	1,357	2,520	3,585	292
Summer Recreation	31,636	20,781	25,289	27,128
Basketball	5,688	1,769	154	7,303
Soccer	1,418	31	31	1,418
	<u>\$ 817,846</u>	<u>\$ 676,046</u>	<u>\$ 636,804</u>	<u>\$ 857,088</u>
		Cash Receipts \$ 601,046		
		Due from Current Fund <u>75,000</u>		
		<u>\$ 676,046</u>		
		Cash Disbursed	<u>\$ 636,804</u>	

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

Balance, January 1, 2019	\$ 34,479
Increased by:	
Cash Receipts	<u>33,850</u>
	68,329
Decreased by:	
Cash Disbursements	<u>14,915</u>
Balance, December 31, 2019	<u>\$ 53,414</u>

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

Balance, January 1, 2019	\$ 41
Increased by:	
State Fees Collected	<u>424</u>
	465
Decreased by:	
Payments to State Treasurer	<u>424</u>
Balance, December 31, 2019	<u>\$ 41</u>

EXHIBIT B-7

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

Balance, January 1, 2019	\$ 2,615
Increased by:	
Animal Control License Fees Collected	\$ 2,050
Miscellaneous and Late Fees	<u>490</u>
	<u>2,540</u>
	5,155
Decreased by:	
Cash Disbursements	<u>2,430</u>
	<u>2,430</u>
Balance, December 31, 2019	<u>\$ 2,725</u>

**License Fees Collected**

<u>Year</u>	<u>Amount</u>
2017	\$ 2,262
2018	<u>2,664</u>
	<u>\$ 4,926</u>



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

Balance, January 1, 2019	\$ 2,268
Increased by:	
Interest on Investments and Deposits	<u>115</u>
	2,383
Decreased by:	
Cash Disbursements	<u>2,268</u>
Balance, December 31, 2019	<u>\$ 115</u>

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

Balance, January 1, 2019	\$ 44,623
Increased by:	
Budget Appropriation	\$ 10,000
Interest on Investments and Deposits	<u>1,240</u>
	<u>11,240</u>
	55,863
Decreased by:	
Unemployment Claims	<u>15,041</u>
Balance, December 31, 2019	<u>\$ 40,822</u>

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

Balance, January 1, 2019	\$ 12,316
Increased by:	
Cash Receipts	<u>5,022,299</u>
	5,034,615
Decreased by:	
Cash Disbursements	<u>5,006,366</u>
Balance, December 31, 2019	<u>\$ 28,249</u>

EXHIBIT B-11

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

Increased by:	
Unemployment Claims	<u>\$ 15,041</u>
Decreased by:	
Cash Disbursements	<u>\$ 15,041</u>

EXHIBIT B-12

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

Balance, January 1, 2019	\$ 1,932
Increased by:	
Interest on Investments and Deposits	<u>43</u>
Balance, December 31, 2019	<u>\$ 1,975</u>

**BOROUGH OF MOONACHIE**  
**STATEMENT OF DUE TO/FROM CURRENT FUND**  
**OTHER TRUST- MISCELLANEOUS RESERVES**

Balance, January 1, 2019, Due To	\$ 344
Increased by:	
Interest on Investments and Deposits	<u>14,188</u>
	14,532
Decreased by:	
Payments to Current Fund	\$ 344
Transfer Due From Appropriation Reserves- Compensated Absences	<u>75,000</u>
	<u>75,344</u>
Balance, December 31, 2019, (Due From)	<u>\$ (60,812)</u>

<u>Analysis of Balance</u>	
Recreation (Due To)	715
Soccer (Due To)	31
Basketball (Due To)	154
Compensated Absences (Due From)	<u>(61,712)</u>
	<u>\$ (60,812)</u>

## **GENERAL CAPITAL FUND**

**BOROUGH OF MOONACHIE**  
**STATEMENT OF GENERAL CAPITAL CASH**

Balance, January 1, 2019		\$ 6,734,815
Increased by Receipts:		
Grant Receipts	\$ 131,225	
Receipt from Current Fund - FEMA Proceeds	2,687,585	
Raised By Budget/Deferred Charges Unfunded	124,469	
Reserve for Police Vehicles	18,875	
Interest Earnings	131,193	
Capital Improvement Fund	590,694	
Refund on Ordinance	55	
Bond Anticipation Notes	<u>1,558,750</u>	
		<u>5,242,846</u>
		11,977,661
Decreased by Disbursements:		
Improvement Authorizations	645,808	
Contracts Payable	2,420,318	
Payments to Current Fund	128,356	
Bond Anticipation Notes	<u>3,060,850</u>	
		<u>6,255,332</u>
Balance, December 31, 2019		<u><u>\$ 5,722,329</u></u>

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

Balance,  
December 31,  
2019

Grants and Other Receivables	\$ (33,730)
Due to Current Fund	17,958
Contracts Payable	2,696,191
Reserve for DPW Building	272,484
Reserve for Police Vehicle	18,875
Reserve for Preliminary Costs	2,095
Reserve for Payment of Debt	100,603
Capital Improvement Fund	916,249
Excess Note Proceeds	108,643
Fund Balance	46,040

Ord.

<u>No.</u>	<u>Improvement Authorization</u>	
09-15	Improvements to Romeo Street and State Street	1,127
13-05	Hurricane Sandy Improvements	11,055
13-11	Senior Center Improvements	15,091
13-12	Road Improvements	15,057
13-13	Curb and Ramp Improvements	5,548
14-03	Various Acquisitions and Improvements	178,740
14-05	Improvements to Concord Street Park	17,448
15-03	Tax Appeal Refunding	3,424
15-08	Acquisition of Ambulance	(3,750)
15-09	Acquisition of Dual Rear Wheel DPW Truck	1,240
16-02	Installation of Financial Software	1,934
16-06	Various Acquisitions and Improvements	61,367
17-03	Various Acquisitions and Improvements	535,730
18-04	Falcon RME Asphalt Hot Patcher Dump Trailer	72
18-05	Various Acquisition and Improvements	331,609
18-09	Supplemental New Municipal Building	24,786
18-10	Moonachie Road Streetscape Project Phase III	252,252
18-11	Intersection Improvements	47,348
19-05	Acquisition of Police Utility Vehicle	61,897
19-08	Construction New Municipal Building	14,000
19-09	Various Acquisitions and Improvements	16,541
19-10	Construction of the DPW Building	(59,345)
		<u>\$ 5,678,579</u>

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

Balance, January 1, 2019	\$ 15,121
Increased by:	
Interest Earnings	<u>131,193</u>
	146,314
Decrease by:	
Payments to Current Fund	<u>128,356</u>
Balance, December 31, 2019	<u>\$ 17,958</u>

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

Balance, January 1, 2019	\$ 7,965,000
Decreased by:	
Budget Appropriation to Pay Bonds	<u>395,000</u>
Balance, December 31, 2019	<u>\$ 7,570,000</u>

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

Ordinance Number	Improvement Description	Balance, January 1, 2019	Authorized 2019	Paid by Budget Appropriation	Notes Paid by Budget Appropriation	Grant Proceeds	FEMA Proceeds	Balance, December 31, 2019	Analysis of Balance		
									Bond Anticipation Notes	Expenditures	Improvement Authorizations Unfunded
13-11	Senior Center Improvements	\$ 33,974		\$ 33,974							
14-05	Improvements to Concord Street Park	19,245		19,245							
15-03	Tax Appeal Refunding	180,000			\$ 168,000			\$ 12,000			\$ 12,000
15-08	Acquisition of Ambulance	14,425						14,425		\$ 3,750	10,675
15-10	Construction of Municipal Building	4,000,000			67,797		\$ 3,060,850	871,353	\$ 871,353		
16-02	Installation of Financial Software	5,000						5,000			5,000
16-07	Construction of the DPW Building	1,900,000						1,900,000	1,900,000		
18-05	Various Acquisitions and Improvements	783,750				\$ 64,893		718,857	718,857		
18-09	Construction of New Municipal Building	475,000						475,000	475,000		
18-10	Moonachie Road Streetscape Project Phase III	300,000				43,750		256,250	256,250		
18-11	Intersection Improvements	71,250		71,250				-			
19-08	Construction New Municipal Building		\$ 285,000					285,000			285,000
19-09	Various Acquisitions and Improvements		583,495					583,495			583,495
19-10	Construction of the DPW Building	-	380,000	-	-	-	-	380,000	-	59,345	320,655
		<u>\$ 7,782,644</u>	<u>\$ 1,248,495</u>	<u>\$ 124,469</u>	<u>\$ 235,797</u>	<u>\$ 108,643</u>	<u>\$ 3,060,850</u>	<u>\$ 5,501,380</u>	<u>\$ 4,221,460</u>	<u>\$ 63,095</u>	<u>\$ 1,216,825</u>
Bond Anticipation Notes									\$ 4,330,103		
Less: Excess Note Proceeds											
Ord. #18-10								\$ 43,750			
Ord. #18-05								64,893			
									108,643		
									<u>\$ 4,221,460</u>		
Improvement Authorizations Unfunded											\$ 1,825,472
Less: Unexpended Bond Anticipation Note Proceeds											
Ord. #18-05										\$ 331,609	-
Ord. #18-09										24,786	
Ord. #18-10										252,252	
											608,647
											<u>\$ 1,216,825</u>



**BOROUGH OF MOONACHIE**  
**STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

2019 Authorizations											
Ord. No.	Improvement Description	Ord. Amount	Balance, January 1, 2019		Capital	Capital	Deferred	Contract	Paid or Charged	Balance, December 31, 2019	
			Funded	Unfunded	Impvt. Fund	Fund Balance	Charges Unfunded	Payable Cancelled		Funded	Unfunded
General Improvements											
04-08/08-03	Various Capital Improvements/Municipal Building Improvements	\$ 2,280,000						\$ 435,837	\$ 435,837		
09-15	Improvements to Romeo Street and State Street	254,000	\$ 1,127							\$ 1,127	
13-05	Hurricane Sandy Improvements	6,370,000	107,855					684,170	780,970	11,055	
13-11	Senior Center Improvements	50,000		\$ 15,091						15,091	
13-12	Road Improvements	165,000	15,057							15,057	
13-13	Curb and Ramp Improvements	30,000	5,548							5,548	
14-03	Various Acquisitions and Improvements	907,500	180,202						1,462	178,740	
14-05	Improvements to Concord Street Park	35,000		17,448						17,448	
14-06	Preliminary Costs - New DPW Building	500,000						325,240	325,240	-	
15-03	Tax Appeal Refunding	875,000		15,424						3,424	\$ 12,000
15-08	Acquisition of Ambulance	180,000		14,425					3,750		10,675
15-09	Acquisition of Dual Rear Wheel DPW Truck	42,500	1,240							1,240	
15-10	Construction of Municipal Building	4,000,000	-	13,527					13,527	-	-
16-02	Installation of Financial Software	65,000	1,934	5,000						1,934	5,000
16-06	Various Acquisitions and Improvements	340,000	61,367							61,367	
16-07	Construction of the DPW Building	2,000,000		163,683				1,077,406	1,241,089		-
17-03	Various Acquisitions and Improvements	900,000	535,730							535,730	
18-04	Falcon RME Asphalt Hot Patcher Dump Trailer	16,900	72							72	
18-05	Various Acquisition and Improvements	825,000		652,653					321,044		331,609
18-09	Supplemental New Municipal Building	500,000		131,935				-	107,149		24,786
18-10	Moonachie Road Streetscape Project Phase III	300,000		298,884					2,882	43750	252,252
18-11	Intersection Improvements	75,000	2,635	71,250					26,537	47,348	
19-05	Acquisition of Police Utility Vehicle	62,500				\$ 62,500			603	61,897	
19-08	Construction New Municipal Building	300,000			\$ 15,000		\$ 285,000		1,000	14,000	285,000
19-09	Various Acquisitions and Improvements	601,600			18,105		583,495		1,564	16,541	583,495
19-10	Construction of the DPW Building	400,000	-	-	20,000	-	380,000	-	79,345	-	320,655
			\$ 912,767	\$ 1,399,320	\$ 53,105	\$ 62,500	\$ 1,248,495	\$ 2,522,653	\$ 3,341,999	\$ 1,031,369	\$ 1,825,472

**BOROUGH OF MOONACHIE  
STATEMENT OF CONTRACTS PAYABLE**

Balance, January 1, 2019		\$ 4,942,971
Increased by:		
Charges to Improvement Authorizations		<u>2,696,191</u>
		7,639,162
Decreased by:		
Cash Disbursements	\$ 2,420,318	
Cancellation	<u>2,522,653</u>	
		<u>4,942,971</u>
Balance, December 31, 2019		<u>\$ 2,696,191</u>

**STATEMENT OF RESERVE FOR PAYMENT OF BONDS**

Balance, January 1, 2019		<u>\$ 100,603</u>
Balance, December 31, 2019		<u>\$ 100,603</u>
<u>Analysis of Balance</u>		
	Ord. #04-12	\$ 16,062
	Ord. #04-17	13,786
	Ord. #05-02	13,447
	Ord. #08-04	7,081
	Ord. #10-08	14,785
	Ord. #16-06	<u>35,442</u>
		<u>\$ 100,603</u>

**BOROUGH OF MOONACHIE**  
**STATEMENT OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturity of Bonds Outstanding December 31, 2019		Interest Rate		Balance,		Balance,		
			Date	Amount			January 1, 2019	Decreased	December 31, 2019		
General Improvements	8/15/2012	\$ 965,000	8/15/2020	\$ 150,000	2.00	%	\$ 295,000	\$ 145,000	\$ 150,000		
General Improvements	10/18/2018	7,670,000	10/15/20-21	250,000	3.000-5.000	%					
			10/15/2022	295,000	5.000						
			10/15/2023	305,000	5.000						
			10/15/2024	320,000	5.000						
			10/15/2025	340,000	5.000						
			10/15/2026	355,000	4.000						
			10/15/2027	370,000	4.000						
			10/15/2028	385,000	3.000						
			10/15/2029	395,000	3.000						
			10/15/2030	410,000	3.125						
			10/15/2031	420,000	2.325						
			10/15/2032	435,000	3.375						
			10/15/2033	450,000	3.500						
			10/15/2034	465,000	3.500						
			10/15/2035	480,000	3.500						
			10/15/2036	495,000	3.500						
			10/15/2037-2038	500,000	3.625		7,670,000	250,000	7,420,000		

**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, 2019	Increased	Decreased	Balance, December 31, 2019
15-03	Tax Appeal Refunding	10/21/2015	10/18/2018	10/18/2019	2.00 %	\$ 168,000		\$ 168,000	
15-10	Construction of New Municipal Building	10/21/2017	10/18/2018 10/17/2019	10/18/2019 10/16/2020	2.00 1.42	4,000,000	\$ 871,353	4,000,000	\$ 871,353
16-07	Construction of DPW Building	10/17/2019	10/17/2018 10/17/2019	10/18/2019 10/16/2020	2.00 1.42	1,900,000	1,900,000	1,900,000	1,900,000
18-05	Various Acquisitions and Improvements	10/17/2019	10/17/2019	10/16/2020	1.42		783,750		783,750
18-09	Construction of New Municipal Building	10/17/2019	10/17/2019	10/16/2020	1.42		475,000		475,000
18-10	Moonachie Road Streetscape Project PH III	10/17/2019	10/17/2019	10/16/2020	1.42	-	300,000	-	300,000
						<u>6,068,000</u>	<u>4,330,103</u>	<u>6,068,000</u>	<u>4,330,103</u>
				Renewals			\$ 2,771,353	\$ 2,771,353	
				Issued for Cash			1,558,750		
				Paid by Budget Appropriation				235,797	
				Paid with FEMA Proceeds			-	3,060,850	
							<u>\$ 4,330,103</u>	<u>\$ 6,068,000</u>	

**BOROUGH OF MOONACHIE**  
**STATEMENT OF GRANT RECEIVABLES/OTHER RECEIVABLES**

	<u>Total</u>	<u>Sub-Total</u> <u>Page 2</u>	Community Development Block Grant <u>Ord. 19-09</u>	Community Development Block Grant <u>Ord. 13-11</u>	Community Development Block Grant <u>Ord. 14-03</u>	County of Bergen-Cooperative Curb Construction <u>Ord. 13-13</u>	Bergen County Open Space Recreation <u>Ord. 19-09</u>
Balance, January 1, 2019	\$ 464,745	\$ 343,503		\$ 37,180	\$ 50,000	\$ 27,750	
Increased by:							
Awards	<u>305,758</u>	<u>217,090</u>	<u>\$ 47,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 41,168</u>
	764,191	560,593	47,500	37,180	50,000	27,750	41,168
Decreased by:							
Collected	<u>66,332</u>	<u>43,750</u>	<u>-</u>	<u>-</u>	<u>22,582</u>	<u>-</u>	<u>-</u>
	<u>66,332</u>	<u>43,750</u>	<u>-</u>	<u>-</u>	<u>22,582</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2019	<u>\$ 704,171</u>	<u>\$ 516,843</u>	<u>\$ 47,500</u>	<u>\$ 37,180</u>	<u>\$ 27,418</u>	<u>\$ 27,750</u>	<u>\$ 41,168</u>
<u>Analysis of Balance</u>							
Reserve for Grant Receivable	\$ 670,441	\$ 516,843	\$ 47,500	\$ 37,180		\$ 27,750	\$ 41,168
Receivable Without Offsetting Reserve	<u>33,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 27,418</u>	<u>-</u>	<u>-</u>
	<u>\$ 704,171</u>	<u>\$ 516,843</u>	<u>\$ 47,500</u>	<u>\$ 37,180</u>	<u>\$ 27,418</u>	<u>\$ 27,750</u>	<u>\$ 41,168</u>

**BOROUGH OF MOONACHIE**  
**STATEMENT OF GRANT RECEIVABLES/OTHER RECEIVABLES**

	Sub-Total Page 2	Ord. 09-15	Department of Transportation		Ord. 18-10	Ord. 19-09
			Ord. 13-12	Ord. 16-06		
Balance, January 1, 2019	\$ 343,503	\$ 65,463	\$ 44,742	\$ 13,298	\$ 220,000	
Increased by:						
Awards	<u>217,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 217,090</u>
	<u>560,593</u>	<u>65,463</u>	<u>44,742</u>	<u>13,298</u>	<u>220,000</u>	<u>217,090</u>
Decreased by:						
Collected	<u>43,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,750</u>	<u>-</u>
	<u>43,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,750</u>	<u>-</u>
Balance, December 31, 2019	<u>\$ 516,843</u>	<u>\$ 65,463</u>	<u>\$ 44,742</u>	<u>\$ 13,298</u>	<u>\$ 176,250</u>	<u>\$ 217,090</u>
<u>Analysis of Balance</u>						
Reserve for Grant						
Receivable	\$ 516,843	\$ 65,463	\$ 44,742	\$ 13,298	\$ 176,250	\$ 217,090
Receivable Without						
Offsetting Reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 516,843</u>	<u>\$ 65,463</u>	<u>\$ 44,742</u>	<u>\$ 13,298</u>	<u>\$ 176,250</u>	<u>\$ 217,090</u>

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

Balance, January 1, 2019	\$ 378,660
Increased by:	
2019 Budget Appropriation	<u>590,694</u>
	969,354
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>53,105</u>
Balance, December 31, 2019	<u>\$ 916,249</u>

EXHIBIT C-14

**STATEMENT OF RESERVE FOR PRELIMINARY COSTS**

Balance, January 1, 2019	<u>\$ 2,095</u>
Balance, December 31, 2019	<u>\$ 2,095</u>

**BOROUGH OF MOONACHIE**  
**STATEMENT OF RESERVE FOR CONSTRUCTION OF DPW BUILDING**

Balance, January 1, 2019	\$ <u>272,484</u>
Balance, December 31, 2019	\$ <u>272,484</u>

**STATEMENT OF RESERVE FOR POLICE VEHICLE**

Increased by:	
Cash Receipts	\$ <u>18,875</u>
Balance, December 31, 2019	\$ <u>18,875</u>

**STATEMENT OF RESERVE FOR CONSTRUCTION OF MUNICIPAL BUILDING-FEMA**

Balance, January 1, 2019	\$ 373,265
Decreased by:	
Apply Proceeds Deferred Charges Unfunded Ord. #15-10	<u>373,265</u>
Balance, December 31, 2019	\$ <u>-</u>



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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, January 1, 2019</u>	<u>Authorized 2019</u>	<u>Paid by Budget Appropriation</u>	<u>Notes Issued</u>	<u>Balance, December 31, 2019</u>
13-11	Senior Center Improvements	\$ 33,974		\$ 33,974		
14-05	Improvements to Concord Street Park	19,245		19,245		
15-03	Tax Appeal Refunding	12,000				\$ 12,000
15-08	Acquisition of Ambulance	14,425				14,425
16-02	Acquisition & Installation of Financial Software	5,000				5,000
18-05	Various Acquisitions and Improvements	783,750			\$ 783,750	-
18-09	Construction of New Municipal Building	475,000			475,000	-
18-10	Moonachie Road Streetscape Project Phase III	300,000			300,000	-
18-11	Intersection Improvements	71,250		71,250		-
19-08	Construction New Municipal Building		\$ 285,000			285,000
19-09	Various Acquisitions and Improvements		583,495			583,495
19-10	Construction of the DPW Building	-	380,000	-	-	380,000
		<u>\$ 1,714,644</u>	<u>\$ 1,248,495</u>	<u>\$ 124,469</u>	<u>\$ 1,558,750</u>	<u>\$ 1,279,920</u>

**SEWER UTILITY FUND**

**BOROUGH OF MOONACHIE**  
**STATEMENT OF CASH - TREASURER**  
**SEWER UTILITY FUND**

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2019	\$ 377,698	\$ 1,078,366
Increased by Receipts:		
Sewer Utility Rents Receivable	\$ 2,335,479	
Receipts from Sewer Capital Fund	140,006	
Interest on Investments and Deposits		\$ 24,537
Bond Anticipation Notes		75,539
Rent Overpayments	24,220	
Non-Budgeted Revenue	<u>53,461</u>	<u>-</u>
	<u>2,553,166</u>	<u>100,076</u>
	2,930,864	1,178,442
Decreased by Disbursements:		
2019 Budget Appropriations	1,648,040	
2018 Appropriation Reserves	21,505	
Improvement Authorizations		140,134
Encumbrances Payable		151,677
Bond Anticipation Notes		5,556
Payments to Sewer Operating Fund		140,006
Payments to Current Fund	1,622	
Accrued Interest	<u>32,555</u>	<u>-</u>
	<u>1,703,722</u>	<u>437,373</u>
Balance, December 31, 2019	<u>\$ 1,227,142</u>	<u>\$ 741,069</u>

**BOROUGH OF MOONACHIE**  
**ANALYSIS OF SEWER UTILITY CAPITAL CASH**

	Balance, December 31, <u>2019</u>
Capital Improvement Fund	\$ 96,215
Due to Sewer Operating Fund	3,427
Fund Balance	37,968
Encumbrance Payable	171,107
Improvement Authorizations:	
Ord. No. 13-06 Hurricane Sandy Improvements	200,218
Ord. No. 14-04 Sewer Capital Improvements	242,741
Ord. No. 15-07 Acquisition of DPW Truck	2,415
Ord. No. 17-04 Electrical Rehabilitation of the Moonachie Ave Pump Station	(55,478)
Ord. No. 17-06 Acquisition of Generators for Various Pump Stations	(35,989)
Ord. No. 18-06 Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	<u>78,445</u>
	<u>\$ 741,069</u>

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

<u>Year of Levy</u>	<u>Balance, January 1, 2019</u>	<u>Levy</u>	<u>Collected In 2019</u>	<u>Balance, December 31, 2019</u>
2016	\$ 25,735			\$ 25,735
2017	87,148		\$ 61,413	25,735
2018	176,189	\$ 1,181,024	1,249,817	107,396
2019	<u>-</u>	<u>1,212,166</u>	<u>1,024,249</u>	<u>187,917</u>
	<u>\$ 289,072</u>	<u>\$ 2,393,190</u>	<u>\$ 2,335,479</u>	<u>\$ 346,783</u>

EXHIBIT D-8

**STATEMENT OF GRANT RECEIVABLE-CDBG**  
**SEWER UTILITY CAPITAL FUND**

Balance, January 1, 2019	\$ 11,510
Decreased by:	
Cancelled by Resolution	<u>11,510</u>
Balance, December 31, 2019	<u>\$ -</u>

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

Balance, January 1, 2019	\$ 8,834
Increased by:	
Charges to 2019 Budget Appropriations	<u>11,671</u>
	20,505
Decreased by:	
Transfer to Appropriation Reserves	<u>8,834</u>
Balance, December 31, 2019	<u>\$ 11,671</u>

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

Balance, January 1, 2019	\$ 151,843
Increased by:	
Charges to Improvement Authorizations	<u>171,107</u>
	322,950
Decreased by:	
Cash Disbursed	\$ 151,677
Cancelled	<u>166</u>
	<u>151,843</u>
Balance, December 31, 2019	<u>\$ 171,107</u>

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

Balance, January 1, 2019	\$ 292
Balance, December 31, 2019	<u>\$ 292</u>

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

	Balance, January 1, <u>2019</u>	Balance, After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING				
Salaries & Wages	\$ 19,311	\$ 19,311	\$ 2,288	\$ 17,023
Other Expenses	103,165	111,511	19,249	92,262
Bergen County Utilities Authority	12	500		500
Social Security System (O.A.S.I.)	<u>2,089</u>	<u>2,089</u>	<u>-</u>	<u>2,089</u>
	<u>\$ 124,577</u>	<u>\$ 133,411</u>	<u>\$ 21,537</u>	<u>\$ 111,874</u>
Appropriation Reserves		\$ 124,577		
Encumbrances Payable		<u>8,834</u>		
		<u>\$ 133,411</u>		
Cash Disbursed			\$ 21,505	
Transfer to Accounts Payable			<u>32</u>	
			<u>\$ 21,537</u>	

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

	Balance, January 1, <u>2019</u>	Balance, December 31, <u>2019</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	39,861	39,861
	<u>\$ 3,491,793</u>	<u>\$ 3,491,793</u>



**BOROUGH OF MOONACHIE**  
**STATEMENT OF DUE TO SEWER UTILITY OPERATING FUND**  
**SEWER UTILITY CAPITAL FUND**

Balance, January 1, 2019	\$ 118,896
Increased by:	
Interest Earnings	<u>24,537</u>
	143,433
Decreased by:	
Payments to Sewer Utility Operating Fund	<u>140,006</u>
Balance, December 31, 2019	<u>\$ 3,427</u>

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

Balance, January 1, 2019		\$ <u>96,215</u>
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Balance, December 31, 2019		\$ <u>96,215</u>
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**STATEMENT OF RESERVE FOR AMORTIZATION  
SEWER UTILITY CAPITAL FUND**

Balance, January 1, 2019		\$ 3,295,864
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Increased by:

Bonds Paid by Operating Budget

\$ 45,000

Notes Paid by Operating Budget

2,639

47,639

Balance, December 31, 2019		\$ <u>3,343,503</u>
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**BOROUGH OF MOONACHIE  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS  
SEWER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Date	<u>Ordinance</u>		Balance, <u>January 1, 2019</u>		<u>Contracts Payable Cancelled</u>	<u>Paid or Charged</u>	Balance, <u>December 31, 2019</u>	
			<u>Date</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>			<u>Funded</u>	<u>Unfunded</u>
13-06	Hurricane Sandy Improvements	8/22/2013	\$	1,020,000		\$ 336,407		\$ 120,677		\$ 215,730
14-04	Sewer Capital Improvements	8/28/2014		361,500		248,935		500		248,435
15-07	Acquisition of DPW Truck	9/24/2015		42,500	\$ 3,665			1,250	\$ 2,415	
17-04	Electrical Rehabilitation of the Moonachie Ave Pump Station	9/28/2017		540,000		435,170		174,987		260,183
17-06	Acquisition of Generators for Various Pump Stations	11/29/2017		220,000		77,172	\$ 166	13,327		64,011
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	10/11/2018		80,000	<u>3,406</u>	<u>76,000</u>	<u>-</u>	<u>500</u>	<u>78,445</u>	<u>461</u>
					<u>\$ 7,071</u>	<u>\$ 1,173,684</u>	<u>\$ 166</u>	<u>\$ 311,241</u>	<u>\$ 80,860</u>	<u>\$ 788,820</u>
							Cash Disbursed	\$ 140,134		
							Contracts Payable	<u>171,107</u>		
								<u>\$ 311,241</u>		

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

Ord. No.	Improvement Description	Date	<u>Ordinance</u> Amount	Balance, January 1, 2019	Balance, December 31, 2019
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
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	10/11/2018	80,000	<u>80,000</u>	<u>80,000</u>
				<u>\$ 2,264,000</u>	<u>\$ 2,264,000</u>

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Ord.</u> <u>Date</u>	Balance, January 1, <u>2019</u>	2019 <u>Authorization</u>	Funded by Note <u>Payment</u>	Balance, December 31, <u>2019</u>
13-06	Hurricane Sandy Improvements	8/22/2013	\$ 284,438		\$ 35,173	\$ 319,611
14-04	Sewer Capital Improvements	7/1/2014	36,180		6,274	42,454
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
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	10/11/2018	<u>4,000</u>	<u>\$ -</u>	<u>-</u>	<u>4,000</u>
			<u>\$ 362,618</u>	<u>\$ -</u>	<u>\$ 41,447</u>	<u>\$ 404,065</u>

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

Ord. No.	Improvement Description	Balance, January 1, 2019	Notes Paid with Capital Cash	Notes Issued	Balance, December 31, 2019
13-06	Hurricane Sandy Improvements	\$ 15,512			\$ 15,512
14-04	Sewer Capital Improvements	138	\$ 5,556		5,694
17-04	Electrical Rehabilitation Moonachie Ave Pump Station	315,661			315,661
17-06	Acquisition of Generators Various Pump Stations	100,000			100,000
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	76,000	\$ -	\$ 75,539	- 461
		<u>\$ 507,311</u>	<u>\$ 5,556</u>	<u>\$ 75,539</u>	<u>\$ 437,328</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, 2019	Increased	Decreased	Balance, December 31, 2019
12-02	Improvements to the Moonachie Ave Sanitary Sewer Pump Station	10/21/2016	10/19/2018 10/17/2019	10/19/2019 10/16/2020	2.00 % 1.42	\$ 48,429	\$ 45,790	\$ 48,429	\$ 45,790
13-06	Hurricane Sandy Improvements	10/21/2013	10/18/2018 10/17/2019	10/18/2019 10/16/2020	2.00 % 1.42	720,050	684,877	720,050	684,877
14-04	Sewer Capital Improvements	10/21/2014	10/18/2018 10/17/2019	10/18/2019 10/16/2020	2.00 % 1.42	163,814	157,540	163,814	157,540
14-04	Sewer Capital Improvements	10/21/2015	10/18/2018 10/17/2019	10/18/2019 10/16/2020	2.00 % 1.42	161,119	155,563	161,119	155,563
14-04	Sewer Capital Improvements	10/19/2017	10/18/2018 10/17/2019	10/18/2019 10/16/2020	2.00 % 1.42	249	249	249	249
17-04	Electrical Rehab Moonachie Ave Pump Station	10/18/2018	10/18/2018 10/17/2019	10/18/2019 10/16/2020	2.00 % 1.42	197,339	197,339	197,339	- 197,339
17-06	Acquisition of Generators	10/18/2018	10/18/2018 10/17/2019	10/18/2019 10/16/2020	2.00 % 1.42	109,000 -	- 109,000	109,000 -	- 109,000
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	10/17/2019	10/17/2019	10/16/2020	1.42 %	-	75,539	-	75,539
						<u>\$ 1,400,000</u>	<u>\$ 1,425,897</u>	<u>\$ 1,400,000</u>	<u>\$ 1,425,897</u>
						Renewals	\$ 1,350,358	\$ 1,350,358	
						Issued for Cash	75,539		
						Paid by Budget Appropriation		44,086	
						Paid with Capital Cash	-	5,556	
							<u>\$ 1,425,897</u>	<u>\$ 1,400,000</u>	

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

Balance, January 1, 2019	\$ 7,149
Increased by:	
2019 Budget Appropriation	<u>30,702</u>
	37,851
Decreased by:	
Interest Paid	<u>32,555</u>
Balance, December 31, 2019	<u>\$ 5,296</u>

Analysis of Accrued Interest, December 31, 2019

Principal Outstanding December 31, <u>2019</u>	Interest <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
\$145,000	2.00%	8/15/2019	2/15/2020	4 1/2 Months	\$ 1,135
\$1,425,897	1.42%	10/17/2018	10/16/2020	74 Days	<u>4,161</u>
					<u>\$ 5,296</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, 2019</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2019</u>
			<u>Date</u>	<u>Amount</u>					
Sewer Improvements	8/15/2013	\$ 460,000	8/15/2020	\$ 45,000	2.00 %				
			8/15/2021-2022	50,000	2.0-2.5	\$ 190,000	\$ -	\$ 45,000	\$ 145,000
						<u>\$ 190,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 145,000</u>
Paid by Budget Appropriation								<u>\$ 45,000</u>	

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

	<u>Balance, January 1, 2019</u>	<u>Amount Resulting in 2019</u>	<u>Raised in 2019 Budget</u>	<u>Balance, December 31, 2019</u>
Over-Expenditure Budget Appropriation	\$ 2,592		\$ 2,592	
Operating Deficit	<u>331,919</u>	<u>-</u>	<u>331,919</u>	<u>-</u>
	<u>\$ 334,511</u>	<u>\$ -</u>	<u>\$ 334,511</u>	<u>\$ -</u>

**BOROUGH OF MOONACHIE  
STATEMENT OF DUE TO CURRENT FUND  
SEWER UTILITY OPERATING FUND**

Balance, January 1, 2019	\$ 1,622
Decreased by:	
Payments to Current Fund	<u>1,622</u>
Balance, December 31, 2019	<u>\$ -</u>

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

Balance, January 1, 2019	<u>\$ 16,059</u>
Balance, December 31, 2019	<u>\$ 16,059</u>

**STATEMENT OF SEWER RENT OVERPAYMENTS  
SEWER UTILITY OPERATING FUND**

Balance, January 1, 2019	\$ 2,822
Increased by:	
Cash Receipts	<u>24,220</u>
Balances, December 31, 2019	<u>\$ 27,042</u>

**STATEMENT OF ACCOUNTS PAYABLE  
SEWER UTILITY OPERATING FUND**

Increased by:	
Transfer from Appropriation Reserves	<u>\$ 32</u>
Balance, December 31, 2019	<u>\$ 32</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, 2019	\$ 9,673	\$ 9,673	
Increased by:			
Cash Receipts	<u>209</u>	<u>209</u>	<u>-</u>
	9,882	9,882	-
Decreased by:			
Cash Disbursements	<u>166</u>	<u>166</u>	<u>-</u>
Balance, December 31, 2019	<u>\$ 9,716</u>	<u>\$ 9,716</u>	<u>\$ -</u>

## EXHIBIT E-2

**STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES**

	<u>Total</u>	<u>Account #1</u> (75%)	<u>Account #2</u> (100%)
Balance, January 1, 2019	<u>\$ 9,507</u>	<u>\$ 9,507</u>	<u>\$ -</u>
Balance, December 31, 2019	<u>\$ 9,507</u>	<u>\$ 9,507</u>	<u>\$ -</u>

## EXHIBIT E-3

**STATEMENT OF PUBLIC ASSISTANCE REVENUES**

	<u>Total</u>	<u>Account #1</u> (75%)	<u>Account #2</u> (100%)
Interest on Investments and Deposits	<u>\$ 209</u>	<u>\$ 209</u>	<u>\$ -</u>
Total Revenues/Receipts	<u>\$ 209</u>	<u>\$ 209</u>	<u>\$ -</u>

## EXHIBIT E-4

**STATEMENT OF DUE TO CURRENT FUND  
PUBLIC ASSISTANCE FUND**

Balance, January 1, 2019	<u>\$ 166</u>
Increased by:	
Interest on Investments and Deposits	<u>209</u>
	375
Decreased by:	
Cash Disbursements	<u>166</u>
Balance, December 31, 2019	<u>\$ 209</u>

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

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**PART II**

**GOVERNMENT AUDITING STANDARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**



**LERCH, VINCI & HIGGINS, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
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MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRIS SOHN, 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, 2019, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2020. 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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 no 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.

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".

### **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  
October 14, 2020

**BOROUGH OF MOONACHIE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>2019 Receipts</u>	<u>Balance, January 1, 2019</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Balance, December 31, 2019</u>	<u>Cumulative Expenditures</u>
									*
									*
<b>U.S. Department of Transportation</b>									*
<b>(Passed Through State Dept. of Transportation)</b>									*
Highway Planning and Construction									*
Ordinance #09-15	20.205	2009	\$ 200,000		\$ 65,463			\$ 65,463	* \$ 134,537
Ordinance #13-12		2013	150,000		44,742			44,742	* 105,258
Ordinance #18-10		2018	220,000	\$ 43,750	220,000		\$ 43,750	176,250	* 43,750
Ordinance #19-09		2019	217,090			\$ 217,090		217,090	*
									*
<b>U.S. Department of Transportation</b>									*
<b>(Passed Through State Dept. of Law and Public Safety)</b>									*
Highway Safety Grant	20.600	2018	5,214			5,214	5,214		* 5,214
									*
<b>U.S. Department of Homeland Security</b>									*
<b>(Passed Through State Dept. of Law and Public Safety)</b>									*
Disaster Grants - Public Assistance									*
FEMA - Hurricane Sandy	97.036	2013	4,581,739	89,564		89,564	\$ 89,564		* 4,581,739
									*
<b>U.S. Department of Housing &amp; Urban Development</b>									*
<b>(Passed Through State Dept. of Community Affairs)</b>									*
Community Development Block Grant	14.218								*
Ordinance #13-11		2013	37,180		37,180			37,180	*
Ordinance #19-09		2019	47,500		-	47,500	-	47,500	* 47,500
									*
<b>U.S. Department of Justice</b>									*
<b>COPS Fast Grant</b>	16.71	2020	67,850	67,850	-	-	-	-	*
									*
					<u>\$ 367,385</u>	<u>\$ 359,368</u>	<u>\$ 138,528</u>	<u>\$ 588,225</u>	*

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, 2019**

<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, 2019</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Cancellation of Prior Year Encumbrance</u>	<u>Balance, December 31, 2019</u>	<u>Cumulative Expenditures</u>
<b>Department of Environmental Protection</b>										*
Solid Waste Administration										*
Clean Communities Grant	4900-765-004-178910	2013	\$ 4,323		\$ 1,414				\$ 1,414	* \$ 2,909
		2014	753		447				447	* 309
		2016	6,615		6,215				6,215	* 200
		2018	5,377			\$ 5,377	\$ 5,377			* 5,377
		2019	6,001	\$ 6,001						* *
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		1,032				1,032	* 65,586
		2017	64,586		1,228				1,228	* 63,358
		2019	51,568			51,568	51,568		-	* 51,568
		2020	43,508	43,508					-	* *
<b>Dept. of Environment Protection (Passed Through County of Bergen)</b>										* *
Municipal Alliance Grant	N/A	2013	9,520		5,608		3,567	\$ (749)	1,292	* 4,316
<b>Dept. of Transportation</b>										* *
Ordinance #16-06	2017-078-6320-480-AMF	2017	113,090		<u>13,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,298</u>	* 99,792
					<u>\$ 33,217</u>	<u>\$ 56,945</u>	<u>\$ 60,512</u>	<u>\$ (749)</u>	<u>\$ 28,901</u>	* *

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

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

**BOROUGH OF MOONACHIE**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2019**

**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	\$ 94,778		\$ 94,778
General Capital Fund	<u>264,590</u>	<u>\$ 56,945</u>	<u>321,535</u>
	<u>\$ 359,368</u>	<u>\$ 56,945</u>	<u>\$ 416,313</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.

**NOTE 5 DE MINIMIS INDIRECT COST RATE**

The Borough has not elected to use the 10 percent de minimis indirect cost rate allowed under the U.S. Uniform Guidance.

**BOROUGH OF MOONACHIE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

*Part I – Summary of Auditor's Results*

**Financial Statements**

Type of auditors' report issued on financial statements

Modified- Regulatory Basis and Unaudited  
LOSAP Trust Fund

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)?

\_\_\_\_\_ yes        X   none reported

Noncompliance material to the financial  
statements noted?

\_\_\_\_\_ yes        X   no

**Federal Awards Section**

NOT APPLICABLE

**State Awards Section**

NOT APPLICABLE

**BOROUGH OF MOONACHIE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

***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*.

There are none.

**BOROUGH OF MOONACHIE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

*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, 2019**

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 2018-001**

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

**Current Status**

Corrective action was taken.

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

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**PART III**

**SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**



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

	<u>Year 2019</u>			<u>Year 2018</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 1,200,000	5.17 %	\$	1,120,788	4.89 %
Miscellaneous - From Other Than Local					
Property Tax Levies	3,400,176	14.65		3,754,847	16.39
Collection of Delinquent Taxes and Tax Title Liens	152,036	0.66		266,697	1.16
Collection of Current Tax Levy	<u>18,449,836</u>	<u>79.52</u>		<u>17,769,461</u>	<u>77.56</u>
Total Income	<u>23,202,048</u>	<u>100.00</u> %		<u>22,911,793</u>	<u>100.00</u> %
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	10,852,328	50.42 %		10,166,039	49.75 %
Local School Taxes	8,646,025	40.17		8,325,950	40.75
County Taxes	1,964,116	9.13		1,925,241	9.42
Other Expenditures	<u>60,697</u>	<u>0.28</u>		<u>15,909</u>	<u>0.08</u>
Total Expenditures	<u>21,523,166</u>	<u>100.00</u> %		<u>20,433,139</u>	<u>100.00</u> %
Excess in Revenue	1,678,882			2,478,654	
Fund Balance, January 1	<u>4,926,377</u>			<u>3,568,511</u>	
	6,605,259			6,047,165	
Less Utilization as Anticipated Revenue	<u>1,200,000</u>			<u>1,120,788</u>	
Fund Balance, December 31	<u>\$ 5,405,259</u>			<u>\$ 4,926,377</u>	

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

	<u>Year 2019</u>		<u>Year 2018</u>		
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized			\$ 318,308	20.76	%
Collection of Sewer Rents	\$ 2,335,479	92.48	% 910,893	59.40	
Miscellaneous - From Other Than Sewer	<u>189,872</u>	<u>7.52</u>	<u>304,207</u>	<u>19.84</u>	
Total Income	<u>2,525,351</u>	<u>100.00</u>	% <u>1,533,408</u>	<u>100.00</u>	%
EXPENDITURES					
Budget Expenditures					
Operating	1,652,788	77.29	% 1,721,211	92.15	%
Deferred Charges and Statutory Expenditures	366,511	17.14	32,000	1.71	
Capital Improvements - Capital Outlay		-		-	
Debt Service	<u>119,158</u>	<u>5.57</u>	<u>114,708</u>	<u>6.14</u>	
Total Expenditures	<u>2,138,457</u>	<u>100.00</u>	% <u>1,867,919</u>	<u>100.00</u>	%
Excess/ (Deficit) in Revenue	<u>386,894</u>		<u>(334,511)</u>		
Adjustments to Income Before Surplus:					
Expenditures included above which are by Statute Deferred					
Charges to budget of Succeeding Year			<u>2,592</u>		
Operating Deficit to be Raised in Budget of Succeeding Year			<u>\$ 331,919</u>		
Statutory Excess to Surplus	386,894		-		
Fund Balance, January 1	<u>669,750</u>		<u>\$ 988,058</u>		
	1,056,644		988,058		
Decreased by:					
Utilized in Sewer Operating Budget	<u>-</u>		<u>318,308</u>		
Fund Balance, December 31	<u>\$ 1,056,644</u>		<u>\$ 669,750</u>		

**BOROUGH OF MOONACHIE**  
**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rate</u>	<u>\$2.311</u>	<u>2.423</u>	<u>\$2.411</u>
<u>Apportionment of Tax Rate</u>			
Municipal	\$1.045	\$1.070	\$1.077
County	.235	.254	.270
Local School	1.031	1.099	1.064

Assessed Valuation

2019	<u>\$838,967,490</u>	
2018	<u>\$757,587,326</u>	
2017		<u>\$738,610,940</u>

**COMPARISON OF SEWER UTILITY LEVIES**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections (1)</u>
2019	\$ 2,393,190	\$ 2,335,479
2018	1,005,900	910,893
2017	1,191,105	1,428,123

(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>
2019	\$ 19,391,277	\$ 19,149,836	98.75%
2018	18,356,235	18,119,461	98.71%
2017	17,807,910	17,496,583	98.25%

**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>	Amount of Delinquent <u>Taxes</u>	Amount of Tax Title <u>Liens</u>	Total <u>Delinquent</u>	Percentage of <u>Tax Levy</u>
2019	\$ 182,994	\$ 625,608	\$ 808,602	4.17%
2018	141,175	585,953	727,128	3.96%
2017	275,768	517,399	793,167	4.45%

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

No properties have been acquired in 2019 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>
2019	\$2,850
2018	2,850
2017	2,850

**COMPARATIVE SCHEDULE OF FUND BALANCES**

	<u>Year</u>	Balance, <u>December 31</u>	Utilized In Budget of <u>Succeeding Year</u>
<u>Current Fund</u>	2019	\$5,405,259	\$1,466,000
	2018	4,926,377	1,200,000
	2017	3,568,511	1,120,788
<u>Sewer Utility Operating Fund</u>	2019	\$1,056,644	
	2018	669,750	
	2017	988,058	\$318,308

**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
Kathy Kinsella	Councilwoman
Manuel Martinez	Councilman
Bruce Surak	Councilman
John Wende	Councilman
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
Lisa Ciannamea	Deputy Registrar of Vital Statistics Asst. to Tax Collector
Frank Migliorino	Borough Attorney
Kevin Boswell	Borough Engineer
Philip N. Boggia	Judge
Brittany DeOliveira	Court Administrator
Gino Tessaro	Zoning Official and Construction Official
Keith Dalton	Fire Sub-Code Official
Frederick J. Dressel IV	Fire Official
Ilarione Mario Patruno	Electrical Sub-Code Official
Dominick Luminova	Plumbing Sub-Code Official/Building Sub-Code Official

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

<u>Name</u>	<u>Title</u>
Lynn Rose	Building Department Inspection Control Clerk Fire Prevention Clerk
Jennifer Cooney	Board of Health Secretary
Paul Barbire	Tax Assessor
Richard Behrens	Chief of Police and Emergency Management Coordinator
Walter Paul	Sewer Inspector (1/1/19-2/28/19)
Dennis Williams	Sewer Inspector (3/1/19-12/31/19)

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).

#### **Current Year Comments**

Our audit of the borough's various bank reconciliations indicated various old outstanding checks are being reported. It is recommended that the old outstanding checks reported on the monthly bank account reconciliations are reviewed and appropriately cleared.

Our audit of the 2019 outstanding encumbrances and accounts payable revealed that the 2018 LOSAP contribution for the ambulance has not been liquidated as of the date of the audit. In addition, the 2017 ambulance payment remains listed on the Current Funds outstanding check register. It is recommended that the LOSAP contributions are paid timely once the certified list has been approved by the governing body.

Our audit noted that the sewer utility rents for the South Hackensack component in the Sewer Utility Operating Fund were not being billed in a timely manner. As of the date of audit the Borough hasn't billed the 2016, 2017, 2018 and 2019 years. It is also noted that a sewer rent payer has delinquencies that date back to 2017 that have not been put up for tax sale. It is recommended that continued efforts are maintained to ensure the sewer utility rents are billed and collected on a timely basis.

### **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 public advertising for the following items:

- Road Program
- Electrical Improvements at Moonachie Ave. Pump Station
- DPW Tractor

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

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

**GENERAL COMMENTS**

**CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR NJS 40A:11-4 (Continued)**

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.

**DELINQUENT TAXES AND TAX TITLE LIENS**

The last tax sale was held on December 10, 2019.

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>
2019	2
2018	2
2017	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 6, 2019 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.



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

**GENERAL COMMENTS**

**COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS (Continued)**

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.

**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.

Our audit of payroll revealed that the verification process for the state tax payments is not currently being performed. It is recommended that the Borough implement the state tax payment verification process.

**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 enroll the eligible employees into the Defined Contribution Retirement Plan (DCRP).
- 2. Old outstanding checks reported on the monthly bank account reconciliations are reviewed and appropriately cleared.
- 3. The LOSAP contributions are paid timely once the certified list has been approved by the governing body.
- 4. Continued efforts are maintained to ensure the sewer utility rents are billed and collected on a timely basis.

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