

**BOROUGH OF MOONACHIE**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

# 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, 2016**



# 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, 2016 and 2015, 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, 2016, 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, 2016 and 2015, 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 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards 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, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 70 percent and 39 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2016 and 2015.

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

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects for the omission of the note disclosure regarding the other post employment benefit obligations and 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, 2016 and 2015, 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, 2016 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***

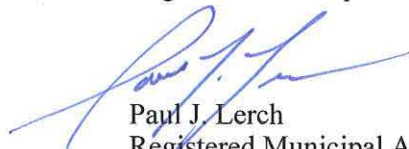
In accordance with Government Auditing Standards, we have also issued our report dated September 6, 2017 on our consideration of the Borough of Moonachie's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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  
September 6, 2017

**BOROUGH OF MOONACHIE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

ASSETS	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Cash	A-4	\$ 7,735,459	\$ 4,209,534
Cash - Change Funds	A-5	300	300
State and Federal Grant Receivables	A-21	294,686	536,999
Senior Citizens' and Veterans' Deductions	A-7	<u>2,194</u>	<u>1,507</u>
		<u>8,032,639</u>	<u>4,748,340</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	230,092	229,211
Tax Title Liens Receivable	A-9	469,661	393,626
Property Acquired for Taxes - Assessed Value	A-10	2,850	2,850
Revenue Accounts Receivable	A-11	4,108	4,108
Interlocal- Due from Borough of Teterboro	A-24	33,980	33,980
Due from Animal Control Trust Fund	B-8	2,173	6,480
Due from Other Trust Fund- Payroll	B-3	13	13
Due from Other Trust Fund- Police Outside Duty	B-13	-	3,750
Due from Other Trust Fund- Flex Spending	B-12	1,877	1,877
Due from Other Trust Fund- Escrow	B-2	-	485
Due from General Capital Fund	C-4	<u>18,961</u>	<u>597,999</u>
		<u>763,715</u>	<u>1,274,379</u>
Deferred Charges:			
Special Emergency Authorizations	A-26	<u>331,963</u>	<u>497,963</u>
Total Assets		<u>\$ 9,128,317</u>	<u>\$ 6,520,682</u>

**BOROUGH OF MOONACHIE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Liabilities			
Appropriation Reserves	A-3,A-12	\$ 1,298,325	\$ 710,447
Encumbrances Payable	A-13	449,303	192,161
Due to Other Trust Fund	B-2	176	
Due to Sewer Utility Operating Fund	D-28	1,025	
Due to Sewer Utility Capital Fund - FEMA	D-27	146,002	
Due to First Aid Squad	A-25	13,762	
Tax Title Lien Redemption	A-19	2,204	
Prepaid Taxes	A-17	685,560	294,179
Tax Overpayments	A-23	15,742	15,742
Local School Taxes Payable	A-16	560,806	488,753
County Taxes Payable	A-14	22,814	22,496
Emergency/Special Note Payable	A-27	331,963	497,963
Appropriated Reserves- Grants	A-18	18,944	18,944
Reserve for Hurricane Sandy Reimbursements	A-22	109,425	146,002
Miscellaneous Reserves	A-20	<u>1,714,819</u>	<u>1,154,899</u>
		5,370,870	3,541,586
Reserve for Receivables and Other Assets	A	763,715	1,274,379
Fund Balance	A-1	<u>2,993,732</u>	<u>1,704,717</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,128,317</u>	<u>\$ 6,520,682</u>

**BOROUGH OF MOONACHIE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>Year 2016</u>	<u>Year 2015</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 1,168,111	\$ 829,105
Miscellaneous Revenues Anticipated	A-2	1,656,426	2,085,636
Receipts from Delinquent Taxes	A-2	200,280	242,623
Receipts from Current Taxes	A-2	15,934,257	15,168,352
Non-Budget Revenue	A-2	1,042,745	95,931
Other Credits to Income			
Statutory Excess	B-7	2,173	1,284
Interfunds Returned	A	587,580	
Unexpended Balance of Appropriation Reserves	A-12	<u>671,103</u>	<u>587,172</u>
		<u>21,262,675</u>	<u>19,010,103</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	3,882,842	3,676,642
Other Expenses	A-3	3,546,623	3,092,987
Capital Improvements	A-3	100,000	
Municipal Debt Service	A-3	877,330	530,758
Deferred Charges and Statutory Expenditures	A-3	1,106,338	1,403,427
County Taxes	A-14	1,926,018	1,684,442
County Open Space Tax	A-14	20,148	20,351
County Share of Added and Omitted Taxes	A-14	1,501	1,183
Local District School Taxes	A-16	7,344,749	7,200,734
Other Debits			
Interfunds Advanced	A	<u>-</u>	<u>598,083</u>
		<u>18,805,549</u>	<u>18,208,607</u>
Excess in Revenue		2,457,126	801,496
Fund Balance, January 1	A	<u>1,704,717</u>	<u>1,732,326</u>
		4,161,843	2,533,822
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,168,111</u>	<u>829,105</u>
Fund Balance, December 31	A	<u>\$ 2,993,732</u>	<u>\$ 1,704,717</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, 2016**

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE UTILIZED	A-1	\$ 1,168,111	\$ 1,168,111	-
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	A-11	6,000	6,826	\$ 826
Other	A-11	12,000	12,689	689
Fees and Permits	A-11	6,000	5,532	(468)
Fines and Costs				
Municipal Court	A-11	35,000	34,897	(103)
Interest and Costs on Taxes	A-11	54,000	108,291	54,291
Interest on Investments and Deposits	A-2	14,000	31,289	17,289
Energy Receipts Tax	A-11	449,979	449,979	
Trailer Camp Fees	A-11	65,000	65,559	559
Port Authority of NY in Lieu of Taxes	A-11	16,335	16,335	
Cellular One Lease	A-11	38,000	33,115	(4,885)
Uniform Fire Safety Act - Local Fees	A-11	20,000	20,460	460
Uniform Construction Code Fees	A-11	100,000	140,066	40,066
Borough of Teterboro - Police Services	A-11	210,125	210,125	
Township of South Hackensack - DPW	A-11	52,000	52,000	
Township of Teterboro - Municipal Court	A-11	32,900	32,935	35
Uniform Fire Safety Act - LEA	A-11	55,000	64,533	9,533
Clean Communities Program	A-21	6,615	6,615	
Recycling Tonnage Grant	A-21	66,618	66,618	
Municipal Alliance	A-21	4,625	4,625	
Post Sandy Assistance Grants:				
Master Plan Re-Examinations	A-21	50,000	50,000	
Industrial Site Neighborhood Plans	A-21	15,000	15,000	
Mobile Home Site Plan	A-21	25,000	25,000	
Zoning Ordinance Update	A-21	20,000	20,000	
Design Standards Ordinance	A-21	25,000	25,000	
Debris Management Plan	A-21	20,000	20,000	
GIS Data Base	A-21	50,000	50,000	
Capital Improvement Plan	A-21	30,000	30,000	
Non- Federal Cost Shares (Match) Program	A-21	58,937	58,937	-
Total Miscellaneous Revenues	A-1	1,538,134	1,656,426	118,292
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8,A-9	200,000	200,280	280
LOCAL TAX FOR MUNICIPAL PURPOSES	A-2	7,606,888	7,641,841	34,953
Total General Revenues	A-3	\$ 10,513,133	10,666,658	\$ 153,525
Non-Budget Revenue	A-1,A-2		1,042,745	
			<u>\$ 11,709,403</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, 2016**

	<u>Reference</u>	<u>Realized</u>
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collection		
Revenue from Collections	A-1, A-8	\$ 16,634,257
Transfer to Reserve for Tax Appeals	A-20	<u>700,000</u>
Revenue Realized	A-1	15,934,257
Less: Allocated to School and County Taxes	A-14,A-16	<u>9,292,416</u>
Balance for Support of Municipal Budget Appropriations		6,641,841
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,000,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 7,641,841</u>
<b>ANALYSIS OF FEES &amp; PERMITS</b>		
Board of Health	A-11	\$ 4,780
Police	A-11	<u>752</u>
	A-2	<u>\$ 5,532</u>
<b>ANALYSIS OF INTEREST ON INVESTMENTS</b>		
Due from General Capital Fund	C-4	\$ 18,961
Due from Other Trust Fund - Escrow	B-2	343
Due from Other Trust Fund - Payroll	B-3	160
Cash Receipts	A-11	<u>11,825</u>
	A-2	<u>\$ 31,289</u>
<b>NON-BUDGET REVENUE</b>		
Sale of Vehicles		\$ 2,925
Recycling		3,995
Prior Year Police Outside Duty		1,013,900
Miscellaneous		6,161
County Reimbursement for Road Clean Up		11,323
Senior & Veterans' 2% Administrative Fee		436
Prior Year FICA Refunds		<u>4,005</u>
	A-2,A-4	<u>\$ 1,042,745</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, 2016**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b>OPERATIONS - WITHIN "CAPS"</b>				
<b>GENERAL GOVERNMENT</b>				
General Administration				
Salaries & Wages	\$ 178,939	\$ 178,939	\$ 73,065	\$ 105,874
Other Expenses	60,030	65,030	58,665	6,365
Grant Consultant	20,000	30,000	20,250	9,750
Sandy Consultant	48,750	48,750	48,750	
Mayor & Council				
Salaries & Wages	39,979	39,979	34,343	5,636
Other Expenses	750	750	609	141
Municipal Clerk				
Salaries & Wages	56,119	58,119	56,401	1,718
Other Expenses	11,450	11,450	8,084	3,366
Financial Administration				
Salaries & Wages	8,119	9,119	8,118	1,001
Other Expenses	95,950	95,950	59,377	36,573
Audit Services				
Annual Audit	30,000	30,000	30,000	
Revenue Administration				
Salaries & Wages	42,840	42,840	27,745	15,095
Other Expenses	19,650	19,650	6,061	13,589
Tax Assessment Administration				
Salaries & Wages	16,237	16,237	14,999	1,238
Other Expenses	67,450	67,450	18,932	48,518
Legal Services & Costs				
Salaries & Wages	41,616	41,616	32,000	9,616
Other Expenses	55,500	55,500	20,920	34,580
Engineering Services & Costs				
Other Expenses	14,000	14,000	11,828	2,172
<b>LAND USE ADMINISTRATION</b>				
Planning Board				
Salaries & Wages	2,849	2,849	2,744	105
Other Expenses	7,350	7,350	3,528	3,822
Zoning Board of Adjustment				
Salaries & Wages	2,165	2,165	2,058	107
Other Expenses	4,280	4,280		4,280
<b>INSURANCE</b>				
Unemployment Contribution	10,000	10,000	10,000	
Surety Bond Premium	1,000	1,000	1,000	
Employee Group Health	1,152,701	1,130,201	760,188	370,013
Health Benefit Waiver	28,232	28,232	25,900	2,332
General Liability & Workers Compensation	333,397	333,397	250,987	82,410
Police Department				
Salaries & Wages - Uniformed	2,339,467	2,339,467	2,297,871	41,596
Salaries & Wages - Crossing Guards	62,933	62,933	60,666	2,267
Other Expenses	80,000	80,000	53,700	26,300

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, 2016**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b>OPERATIONS - WITHIN "CAPS"</b>				
<b>PUBLIC SAFETY FUNCTIONS</b>				
Police Dispatch/911				
Salaries & Wages	\$ 239,700	\$ 239,700	\$ 233,398	\$ 6,302
Other Expenses	9,500	9,500	1,879	7,621
Emergency Management Services				
Salaries and Wages	5,438	5,438	4,504	934
Other Expenses	3,500	6,000	3,481	2,519
Municipal Court				
Salaries and Wages	32,300	32,900	32,900	
Other Expenses	6,400	6,400	3,268	3,132
First Aid Organization				
Other Expenses-Contribution	17,000	17,000	17,000	
Other Expenses	9,000	9,000	4,482	4,518
Fire Department				
Other Expenses	82,590	82,590	59,598	22,992
Fire Hydrant Service	72,068	72,068	66,621	5,447
Uniform Fire Safety Act (Ch. 383, P.L. 1983)				
Fire Official				
Salaries & Wages	17,002	17,002	13,254	3,748
Other Expenses	12,710	12,710	6,846	5,864
Life Hazard Use Fee Payments (P.L. 1983, C. 383)				
Salaries & Wages	37,294	37,294	18,650	18,644
Other Expenses	3,500	3,500	2,409	1,091
Municipal Prosecutor				
Salaries & Wages	7,005	7,005	5,809	1,196
Occupational Safety and Health Act				
Hepatitis "B" Inoculations	2,850	2,850		2,850
Fire Equipment	8,200	8,200	1,290	6,910
First Aid Equipment	4,700	4,700		4,700
<b>PUBLIC WORKS FUNCTIONS</b>				
Streets and Road Maintenance				
Salaries & Wages	271,044	271,044	199,771	71,273
Other Expenses	30,765	30,765	22,298	8,467
Solid Waste Collection				
Recycling-Salaries & Wages	43,469	43,469	32,418	11,051
Recycling-Other Expenses	55,021	55,021	15,421	39,600
Sanitation Contractual-Other Expenses	70,111	70,111	44,555	25,556
Buildings and Grounds				
Other Expenses	64,450	64,450	54,789	9,661
Vehicle Maintenance				
Other Expenses	135,000	135,000	134,307	693



**BOROUGH OF MOONACHIE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b>OPERATIONS - WITHIN "CAPS"</b>				
<b>HEALTH AND HUMAN SERVICES FUNCTIONS</b>				
Public Health Services				
Salaries & Wages	\$ 4,714	\$ 4,714	\$ 4,170	\$ 544
Other Expenses	37,330	37,330	31,916	5,414
South Bergen Mental Health				
Other Expense-Contribution	1,200	1,200	1,200	
<b>RECREATION &amp; EDUCATION</b>				
Recreation Services and Programs				
Salaries & Wages	42,918	42,918	38,308	4,610
Other Expenses	21,480	21,480	11,401	10,079
Community Affairs-Senior Citizens				
Salaries & Wages	6,800	6,800	4,567	2,233
Other Expenses	11,900	13,900	12,974	926
<b>OTHER COMMON OPERATING FUNCTIONS</b>				
Celebration of Public Events, Anniversary or Holiday (RS 50:48-5.4)				
Other Expenses	15,200	15,200	12,466	2,734
<b>UNIFORM CONSTRUCTION CODE APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4-17)</b>				
Construction Code Official				
Salaries & Wages	48,587	48,587	41,119	7,468
Other Expenses	4,630	4,630	1,985	2,645
Sub-Code Officials				
Building Inspector - Salaries & Wages	12,003	12,003	12,003	
Plumbing Inspector - Salaries & Wages	6,426	6,426	5,412	1,014
Electrical Inspector - Salaries & Wages	8,840	8,840	5,912	2,928
Fire Protection Inspector - Salaries & Wages	6,652	6,652	6,494	158
Property Maintenance Official				
Salaries & Wages	7,430	7,430	6,956	474
Rent Monitoring Board				
Other Expenses	7,770	7,770	6,333	1,437

**BOROUGH OF MOONACHIE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b>OPERATIONS - WITHIN "CAPS"</b>				
<b>UTILITY EXPENSES AND BULK PURCHASES</b>				
Electricity	\$ 63,221	\$ 63,221	\$ 36,791	\$ 26,430
Street Lighting	72,417	72,417	56,671	15,746
Telephone	38,082	38,082	35,937	2,145
Water	7,320	7,320	5,797	1,523
Natural Gas	33,031	33,031	20,662	12,369
Gasoline	86,012	86,012	43,576	42,436
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>				
Sanitary Landfill Tax - Tipping Fee	<u>84,000</u>	<u>84,000</u>	<u>55,498</u>	<u>28,502</u>
<b>Total Operations Within "CAPS"</b>	<u>6,700,333</u>	<u>6,700,933</u>	<u>5,435,885</u>	<u>1,265,048</u>
Contingent	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
<b>Total Operations including Contingent Within "CAPS"</b>	<u>6,701,333</u>	<u>6,701,933</u>	<u>5,435,885</u>	<u>1,266,048</u>
<b>Detail:</b>				
Salaries & Wages	3,617,117	3,620,717	3,301,555	319,162
Other Expenses (Including Contingent)	<u>3,084,216</u>	<u>3,081,216</u>	<u>2,134,330</u>	<u>946,886</u>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>				
<b>Statutory Expenditures</b>				
Social Security System (O.A.S.I.)	268,041	268,041	248,420	19,621
Police and Firemen's Retirement System	524,539	524,539	524,539	
Public Employees Retirement System	<u>141,758</u>	<u>141,758</u>	<u>141,758</u>	<u>-</u>
<b>Total Deferred Charges &amp; Statutory Expenditures - Municipal within "CAPS"</b>	<u>934,338</u>	<u>934,338</u>	<u>914,717</u>	<u>19,621</u>
<b>Total General Appropriations for Municipal Purposes within "CAPS"</b>	<u>7,635,671</u>	<u>7,636,271</u>	<u>6,350,602</u>	<u>1,285,669</u>

**BOROUGH OF MOONACHIE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - EXCLUDED FROM "CAPS"				
INSURANCE				
Employee Group Health	\$ 19,699	\$ 19,699	19,699	
PUBLIC SAFETY FUNCTIONS				
Fire Department - LOSAP	46,042	46,042	46,042	
First Aid - LOSAP	45,000	45,000	45,000	
LANDFILL/SOLID WASTE DISPOSAL				
Recycling Tax	3,652	3,652	2,603	\$ 1,049
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS				
PUBLIC SAFETY FUNCTIONS				
"911" Telecommunication Agreement	2,000	2,000	1,760	240
Shooting Range Agreement - Wood-Ridge	2,700	2,700	2,700	
Borough of Teterboro-Police Salaries and Wags	210,125	210,125	210,125	
Township of South Hackensack - DPW Salaries	52,000	52,000	52,000	
Borough of Teterboro-Municipal Court - Salaries	32,900	32,300	28,665	3,635
Total Other Operations Excluded from "CAPS"	<u>414,118</u>	<u>413,518</u>	<u>408,594</u>	<u>4,924</u>
PUBLIC AND PRIVATE OFFSET BY REVENUES				
Municipal Alliance Grant - County Share	4,625	4,625	4,625	-
Municipal Alliance Grant - Local Match	1,156	1,156	466	690
Recycling Tonnage Grant	66,618	66,618	65,791	827
Clean Communities Program	6,615	6,615	400	6,215
Post Sandy Assistance Grant - Master Plan Re-Exam	50,000	50,000	50,000	-
Post Sandy Assistance Grant - Industrial Site Neighborh	15,000	15,000	15,000	-
Post Sandy Assistance Grant - Mobile Home Site Plan	25,000	25,000	25,000	-
Post Sandy Assistance Grant - Zoning Ordinance Update	20,000	20,000	20,000	-
Post Sandy Assistance Grant - Design Standards Ordinari	25,000	25,000	25,000	-
Post Sandy Assistance Grant - Debris Management Plan	20,000	20,000	20,000	-
Post Sandy Assistance Grant - GIS Data Base	50,000	50,000	50,000	-
Post Sandy Assistance Grant - Capital Improvement Plat	30,000	30,000	30,000	-
Total Public and Private Programs				
Offset by Revenues	<u>314,014</u>	<u>314,014</u>	<u>306,282</u>	<u>7,732</u>
Total Operations - Excluded from "CAPS"	<u>728,132</u>	<u>727,532</u>	<u>714,876</u>	<u>12,656</u>
Detail:				
Salaries & Wages	295,025	262,125	262,125	
Other Expenses	433,107	465,407	452,751	12,656

**BOROUGH OF MOONACHIE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b>CAPITAL IMPROVEMENT EXCLUDED FROM "CAPS"</b>				
Capital Improvement Fund	\$ 100,000	\$ 100,000	\$ 100,000	-
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>				
Payment of Bond Principal	435,000	435,000	435,000	
Payment of Bond Anticipation Notes and Capital Notes	241,545	241,545	241,545	
Interest on Bonds	36,385	36,385	36,385	
Interest on Notes	164,400	164,400	164,400	-
Total Municipal Debt Service - Excluded from "CAPS"	877,330	877,330	877,330	-
<b>DEFERRED CHARGES</b>				
Emergency - Superstorm Sandy - DLGS Approval	166,000	166,000	166,000	-
Total Deferred Charges	166,000	166,000	166,000	-
Judgements	6,000	6,000	6,000	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,877,462	1,876,862	1,864,206	\$ 12,656
Subtotal General Appropriations	9,513,133	9,513,133	8,214,808	1,298,325
Reserve for Uncollected Taxes	1,000,000	1,000,000	1,000,000	-
Total General Appropriations	\$ 10,513,133	\$ 10,513,133	\$ 9,214,808	\$ 1,298,325
Reference	A-2			A

**BOROUGH OF MOONACHIE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Reference</u>	<u>Appropriations Budget After Modification</u>	<u>Expended Paid or Charged</u>
Budget as Adopted	A-3	<u>\$ 10,513,133</u>	
 Cash Disbursed	 A-4		 \$ 7,599,505
Encumbrances Payable	A-13		449,303
Deferred Charges- Special Emergency Authorization	A-26		166,000
Reserve for Uncollected Taxes	A-2		<u>1,000,000</u>
			 <u>\$ 9,214,808</u>

**BOROUGH OF MOONACHIE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-1	\$ 5,231	\$ 9,988
<b>OTHER TRUST FUND</b>			
Cash	B-1	237,042	484,792
Due from Current Fund - Escrow	B-2	176	
Due from Vendor- Police Outside Duty	B-14	-	419,025
		<u>237,218</u>	<u>903,817</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Cash	B-1	50,278	51,566
<b>LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)</b>			
Investments	B	614,460	559,628
Contribution Receivable	B	79,260	44,492
		<u>693,720</u>	<u>604,120</u>
Total Assets		<u>\$ 986,447</u>	<u>\$ 1,569,491</u>
<b>LIABILITIES AND RESERVES</b>			
<b>ANIMAL CONTROL FUND</b>			
Due to Current Fund	B-8	\$ 2,173	\$ 6,480
Due to State of New Jersey	B-6	41	41
Reserve for Animal Control Expenditures	B-7	3,017	3,467
		<u>5,231</u>	<u>9,988</u>
<b>OTHER TRUST FUND</b>			
Escrow Deposits	B-5	40,404	37,569
Reserve for Miscellaneous Deposits	B-4	187,586	853,396
Reserve for Payroll Salaries and Deductions Payable	B-10	7,338	6,727
Due to Current Fund- Police Outside Duty	B-13		3,750
Due to Current Fund- Flexible Spending	B-12	1,877	1,877
Due to Current Fund- Payroll	B-3	13	13
Due to Current Fund- Escrow	B-2	-	485
		<u>237,218</u>	<u>903,817</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Reserve for Unemployment Insurance	B-9	50,278	51,566
		<u>50,278</u>	<u>51,566</u>
<b>LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)</b>			
Reserve for LOSAP	B	693,720	604,120
Total Liabilities and Reserves		<u>\$ 986,447</u>	<u>\$ 1,569,491</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, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash	C-2, C-3	\$ 9,634,835	\$ 7,098,056
Grant and Other Receivables	C-12	546,742	598,086
Due from Board of Education	C-16	98,292	
Deferred Charges to Future Taxation			
Funded	C-5	891,000	1,326,000
Unfunded	C-6	<u>14,603,532</u>	<u>12,770,626</u>
 Total Assets		 <u>\$ 25,774,401</u>	 <u>\$ 21,792,768</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Serial Bonds Payable	C-10	\$ 891,000	\$ 1,326,000
Bond Anticipation Notes Payable	C-11	11,772,562	7,722,000
Contracts Payable	C-8	7,663,968	331,697
Due to Sewer Utility Capital Fund	C-9		9,079
Due to Current Fund	C-4	18,961	597,999
Improvement Authorization			
Funded	C-7	827,806	632,848
Unfunded	C-7	3,535,615	10,062,146
Reserve for Payment of DPW Building	C-15	272,484	272,484
Reserve for Municipal Building - FEMA	C-17	373,265	373,265
Reserve for Preliminary Costs	C-14	2,095	2,095
Capital Improvement Fund	C-13	88,268	108,518
Reserve for Federal and State Grant Receivables	C-12	223,875	250,135
Fund Balance	C-1	<u>104,502</u>	<u>104,502</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 25,774,401</u>	 <u>\$ 21,792,768</u>

There were bonds and notes authorized but not issued on December 31, 2016 and 2015 of \$2,905,970 and \$5,048,626, 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, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Balance, January 1	C	\$ 104,502	\$ 52,609
Increased by:			
Premium on Sale of Notes	C-1	<u>-</u>	<u>94,393</u>
		104,502	147,002
Decreased by:			
Appropriated to Finance Improvement Authorization	C-1	<u>-</u>	<u>42,500</u>
Balance, December 31	C	<u>\$ 104,502</u>	<u>\$ 104,502</u>



**BOROUGH OF MOONACHIE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash	D-5	\$ 1,667,632	\$ 1,765,546
Due from Current Fund	D-28	1,025	
Due from Sewer Utility Capital Fund	D-14	<u>2,274</u>	<u>10,704</u>
		<u>1,670,931</u>	<u>1,776,250</u>
Receivables With Full Reserves			
Sewer Utility Rents Receivable	D-7	<u>431,083</u>	<u>50,848</u>
Deferred Charges:			
Operating Deficit	D-1, D-26	7,333	
Overexpenditure- Budget Appropriations	D-26	<u>-</u>	<u>23,961</u>
		<u>7,333</u>	<u>23,961</u>
Total Assets		<u>\$ 2,109,347</u>	<u>\$ 1,851,059</u>

**LIABILITIES, RESERVES AND FUND BALANCE**

Appropriation Reserves	D-4,D-12	\$ 161,566	\$ 151,466
Encumbrances Payable	D-9	21,995	17,942
Miscellaneous Reserves - Terminal Leave	D-21	152,665	152,665
Prepaid Rent	D-29	16,059	
Reserve for Sewer Lien Redemption	D-30	528	
Due to Lien Holder	D-11	292	292
Accrued Interest	D-24	<u>5,174</u>	<u>7,861</u>
		358,279	330,226
Reserve for Receivables	D	431,083	50,848
Fund Balance	D-1	<u>1,319,985</u>	<u>1,469,985</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,109,347</u>	<u>\$ 1,851,059</u>

**BOROUGH OF MOONACHIE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**SEWER UTILITY CAPITAL FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash	D-5,D-6	\$ 996,715	\$ 864,000
Grants Receivable	D-8	11,510	11,510
Due from Current Fund	D-27	146,002	
Due from General Capital Fund	C-9		9,079
Fixed Capital	D-13	2,625,546	2,625,546
Fixed Capital Authorized and Uncompleted	D-19	<u>2,493,310</u>	<u>2,493,310</u>
Total Assets		<u>\$ 6,273,083</u>	<u>\$ 6,003,445</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Due to Sewer Utility Operating Fund	D-14	\$ 2,274	\$ 10,704
Encumbrances Payable	D-10	1,244	
Bonds Payable	D-25	280,000	325,000
Bond Anticipation Notes Payable	D-23	1,475,475	1,363,037
Improvement Authorization			
Funded	D-18	150,072	151,349
Unfunded	D-18	693,132	693,132
Reserve for Grants Receivable	D-8	11,510	11,510
Reserve for Amortization	D-16	2,714,788	2,669,788
Reserve for Deferred Amortization	D-20	632,694	613,033
Reserve for Payment of Bonds	D-17	160,557	14,555
Capital Improvement Fund	D-15	113,369	113,369
Fund Balance	D-2	<u>37,968</u>	<u>37,968</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,273,083</u>	<u>\$ 6,003,445</u>

There were bonds and notes authorized but not issued on December 31, 2016 and 2015 of \$15,899 and \$147,998, respectively (Exhibit D-22).

**BOROUGH OF MOONACHIE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS - SEWER UTILITY OPERATING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>REVENUES AND OTHER INCOME</b>			
Surplus Anticipated	D-3	\$ 150,000	\$ 144,607
Rents	D-3	1,509,376	2,183,075
Non-Budget Revenue	D-3	13,172	28,420
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-12	<u>138,128</u>	<u>34,506</u>
		<u>1,810,676</u>	<u>2,390,608</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operating	D-4	1,653,188	1,625,883
Deferred Charges and Statutory Expenditures	D-4	68,961	49,020
Debt Service	D-4	<u>95,860</u>	<u>72,076</u>
		<u>1,818,009</u>	<u>1,746,979</u>
Excess/(Deficit) in Revenue		(7,333)	643,629
Adjustment to Income before Surplus:			
Expenditures included above which are by Statute Deferred			
Charges to budget of Succeeding Year	D-1,D-26	<u>-</u>	<u>2,372</u>
Operating Deficit to be Revised in Budget of Succeeding Year		<u>7,333</u>	
Statutory Excess to Surplus		-	646,001
Fund Balance, January 1	D	<u>1,469,985</u>	<u>968,591</u>
		1,469,985	1,614,592
Decreased by:			
Utilized in Sewer Operating Budget	D-1	<u>150,000</u>	<u>144,607</u>
Fund Balance, December 31	D	<u>\$ 1,319,985</u>	<u>\$ 1,469,985</u>

**BOROUGH OF MOONACHIE**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS**  
**SEWER UTILITY CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Balance, January 1, 2016	D	\$ 37,968	\$ 21,653
Increased by:			
Premium on Sale of Notes	D-2	<u>-</u>	<u>16,315</u>
Balance, December 31, 2016	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, 2016**

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 150,000	\$ 150,000	
Rents	D-1,D-7	<u>1,672,529</u>	<u>1,509,376</u>	<u>\$ (163,153)</u>
	D-4	<u>\$ 1,822,529</u>	1,659,376	<u>\$ (163,153)</u>
Non-Budget Revenue	D-1,D-3		<u>13,172</u>	
			<u>\$ 1,672,548</u>	

**ANALYSIS OF NON-BUDGET REVENUE**

Due from Sewer Capital Fund	D-14	\$ 2,274
Due from Current Fund	D-28	1,025
Cash Receipts	D-5	<u>9,873</u>
	D-3	<u>\$ 13,172</u>

**BOROUGH OF MOONACHIE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATING</b>					
Salaries and Wages	\$ 486,084	\$ 486,084	\$ 426,880	\$ 59,204	
Other Expenses	525,000	525,000	440,302	84,698	
Bergen County Utilities Authority	642,104	642,104	642,104		
<b>DEFERRED CHARGES AND AND STATUTORY EXPENDITURES</b>					
Overexpenditure of Appropriations	23,961	23,961	23,961		
Social Security System (O.A.S.I.)	45,000	45,000	27,336	17,664	
<b>DEBT SERVICE</b>					
Payment of Bond Principal	45,000	45,000	45,000		
Payment of Bond Anticipation Note Principal	19,661	19,661	19,661		
Interest on Bonds	8,435	8,435	6,288		\$ 2,147
Interest on Notes	27,284	27,284	24,911	-	2,373
	<u>\$ 1,822,529</u>	<u>\$ 1,822,529</u>	<u>\$ 1,656,443</u>	<u>\$ 161,566</u>	<u>\$ 4,520</u>
Reference	D-3			D	
	<u>Reference</u>				
Budget as Adopted	D-3	<u>\$ 1,822,529</u>			
Disbursed	D-5		\$ 1,579,288		
Encumbrances Payable	D-9		21,995		
Deferred Charges -	D-26		23,961		
Accrued Interest	D-24		31,199		
			<u>\$ 1,656,443</u>		

**BOROUGH OF MOONACHIE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash	E-1	<u>\$ 9,432</u>	<u>\$ 9,408</u>
<b>LIABILITIES AND RESERVES</b>			
Reserve for Public Assistance Expenditures	E-2	<u>\$ 9,432</u>	<u>\$ 9,408</u>

**BOROUGH OF MOONACHIE**  
**COMPARATIVE STATEMENTS OF GENERAL FIXED ASSET ACCOUNT GROUP -**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Construction in Process	\$ 864,894	
Land	1,617,100	\$ 1,617,100
Buildings and Building Improvements	1,067,130	1,067,130
Machinery and Equipment	<u>5,150,295</u>	<u>5,212,828</u>
	<u>\$ 8,699,419</u>	<u>\$ 7,897,058</u>
 <b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 8,699,419</u>	<u>\$ 7,897,058</u>

## **NOTES TO FINANCIAL STATEMENTS**



**BOROUGH OF MOONACHIE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, 2016 AND 2015**

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

**C. Basis of Presentation – Financial Statements**

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

The Borough has the following funds and account group:

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

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

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

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

Unemployment Insurance 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, 2016 AND 2015**

**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, 2015 balances to conform to the December 31, 2016 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, 2016 AND 2015**

**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.

**BOROUGH OF MOONACHIE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

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

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

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

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

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

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

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated 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, 2016 AND 2015**

**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 estimated fair market 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	Estimated 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, 2016 AND 2015**

**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 Fund  
 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 2016 and 2015 the Current Fund budget was not increased. In addition, the governing body approved several budget transfers during 2016 and 2015.

**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>2016</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
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There were none.

<u>2015</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
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**Sewer Utility Operating Fund**

Debt Service

Interest on Notes	\$ 17,517	\$ 19,889	\$ (2,372)
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Appropriation Reserves - Operating

Other Expenses	7,363	28,952	(21,589)
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In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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.

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, 2016 and 2015, the book value of the Borough's deposits were \$20,336,924 and \$14,493,190 and bank and brokerage firm balances of the Borough's deposits amounted to \$20,873,746 and \$15,454,933, 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>2016</u>	<u>2015</u>
Insured	\$ 20,873,746	\$ 15,454,993

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, 2016 and 2015, the Borough's bank balances were not exposed to custodial credit risk.

**B. Investments**

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.



**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

As of December 31, 2016 and 2015, the Borough had the following investments:

	<u>Fair Value</u>
<b><u>2016</u></b>	
Lincoln Financial Group (LOSAP) Investment Fund (Unaudited)	\$ <u>614,460</u>
<b><u>2015</u></b>	
Lincoln Financial Group (LOSAP) Investment Fund (Unaudited)	\$ <u>559,628</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, 2016 and 2015, \$614,460 and \$559,628 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<b><u>2016</u></b>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>614,460</u>
<b><u>2015</u></b>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>559,628</u>

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2016 and 2015, the Borough's investment in Lincoln Financial Group was rated Baa2 by Moody's Investor Service.

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

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

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

**BOROUGH OF MOONACHIE**  
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**NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE**

Receivables at December 31, 2016 consisted of the following:

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

In 2016, the Borough collected \$200,280 and \$50,848 from delinquent taxes and utility charges and fees, which represented 87% and 100% of the delinquent tax and sewer charges receivable at December 31, 2015.

Receivables at December 31, 2015 consisted of the following:

	<u>Current Fund</u>	<u>Sewer Utility Operating Fund</u>	<u>Total</u>
<b><u>2015</u></b>			
Property Taxes	\$ 229,211		\$ 229,211
Tax Title Liens	393,626		393,626
Utility Charges and Fees	-	\$ 50,848	50,848
	<u>\$ 622,837</u>	<u>\$ 50,848</u>	<u>\$ 673,685</u>

In 2015, the Borough collected \$242,623 and \$447,802 from delinquent taxes and utility charges and fees, which represented 97% and 100% of the delinquent tax and sewer charges receivable at December 31, 2014.

**BOROUGH OF MOONACHIE**  
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**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>2016</u>		<u>2015</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 23,024	\$ 147,203	\$ 610,604	
Trust Fund:				
Animal Control Fund		2,173		\$ 6,480
Other Trust Fund- Police O/S Duty				3,750
Other Trust Fund- Flexible Spend		1,877		1,877
Other Trust Fund - Escrow	176			485
Other Trust Fund - Payroll		13		13
General Capital Fund		18,961		607,078
Sewer Utility Operating Fund	3,299		10,704	
Sewer Utility Capital Fund	<u>146,002</u>	<u>2,274</u>	<u>9,079</u>	<u>10,704</u>
Total	<u>\$ 172,501</u>	<u>\$ 172,501</u>	<u>\$ 630,387</u>	<u>\$ 630,387</u>

The above balances are the result of revenues earned in one fund due to another fund.

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

**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:

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding Budgets
<u>2016</u>			
Current Fund			
Special Emergency Authorization	\$ 331,963	\$ 166,000	\$ 165,963
	<u>\$ 331,963</u>	<u>\$ 166,000</u>	<u>\$ 165,963</u>
	Balance	Subsequent Year	Balance to
	<u>December 31,</u>	Budget	Succeeding
		<u>Appropriation</u>	Budgets
<u>2015</u>			
Current Fund			
Special Emergency Authorization	\$ 497,963	\$ 166,000	\$ 331,963
	<u>\$ 497,963</u>	<u>\$ 166,000</u>	<u>\$ 331,963</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS (Continued)**

	Balance December 31,	Subsequent Year Budget Appropriation	Balance to Succeeding Budgets
<b><u>2016</u></b>			
Sewer Utility Operating Fund			
Operating Deficit	\$ 7,333	\$ 7,333	\$ -
	<u>\$ 7,333</u>	<u>\$ 7,333</u>	<u>\$ -</u>
	Balance December 31,	Subsequent Year Budget Appropriation	Balance to Succeeding Budgets
<b><u>2015</u></b>			
Sewer Utility Operating Fund			
Over-Expenditures of Budget Appropriation	\$ 2,372	\$ 2,372	
Over-Expenditures of Appropriation Reserves	<u>21,589</u>	<u>21,589</u>	\$ -
	<u>\$ 23,961</u>	<u>\$ 23,961</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 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, 2016 and 2015 are as follows:

	<b><u>2016</u></b> Local District School	<b><u>2015</u></b> Local District School
Balance of Tax Deferred	\$ 3,664,616 <u>3,103,810</u>	\$ 3,592,563 <u>3,103,810</u>
Taxes Payable	<u>\$ 560,806</u>	<u>\$ 488,753</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 8 FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Fund(s) 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>2016</b>		<b>2015</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	\$ 2,696,852	\$ 1,388,000	\$ 1,166,211	\$ 1,168,111
Non-Cash Surplus	<u>296,880</u>	<u>-</u>	<u>538,506</u>	<u>-</u>
	<u>\$ 2,993,732</u>	<u>\$ 1,388,000</u>	<u>\$ 1,704,717</u>	<u>\$ 1,168,111</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 1,312,652	\$ 441,047	\$ 1,446,024	\$ 150,000
Non-Cash Surplus	<u>7,333</u>	<u>-</u>	<u>23,961</u>	<u>-</u>
	<u>\$ 1,319,985</u>	<u>\$ 441,047</u>	<u>\$ 1,469,985</u>	<u>\$ 150,000</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, 2016 and 2015.

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2016</u>
<b><u>2016</u></b>				
Construction in Process		\$ 864,894		\$ 864,894
Land	\$ 1,617,100			1,617,100
Buildings and Building Improvements	1,067,130			1,067,130
Machinery and Equipment	<u>5,212,828</u>	<u>82,471</u>	<u>\$ (145,004)</u>	<u>5,150,295</u>
	<u>\$ 7,897,058</u>	<u>\$ 947,365</u>	<u>\$ (145,004)</u>	<u>\$ 8,699,419</u>
	Balance January 1, <u>2015</u> (Restated)	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>				
Land	\$ 1,617,100			\$ 1,617,100
Buildings and Building Improvements	1,067,130			1,067,130
Machinery and Equipment	<u>4,416,505</u>	<u>\$ 796,323</u>	<u>\$ -</u>	<u>5,212,828</u>
	<u>\$ 7,100,735</u>	<u>\$ 796,323</u>	<u>\$ -</u>	<u>\$ 7,897,058</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, 2016 and 2015.

	Balance January 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2016</u>
<b><u>2016</u></b>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 2,625,546	-	-	\$ 2,625,546
	<u>\$ 2,625,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,625,546</u>
	Balance January 1, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2015</u>
<b><u>2015</u></b>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 2,625,546	-	-	\$ 2,625,546
	<u>\$ 2,625,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,625,546</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT**

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

The Borough's debt is summarized as follows:

	<u>2016</u>	<u>2015</u>
Issued		
General		
Bonds, Notes and Loans	\$ 12,663,562	\$ 9,048,000
Sewer Utility		
Bonds, Notes and Loans	<u>1,755,475</u>	<u>1,688,037</u>
	14,419,037	10,736,037
Less Funds Temporarily Held to Pay Bonds and Notes	<u>235,557</u>	<u>14,555</u>
Net Debt Issued	<u>14,183,480</u>	<u>10,721,482</u>
Authorized But Not Issued		
General		
Bonds and Notes	2,905,970	5,048,626
Sewer Utility		
Bonds and Notes	<u>15,899</u>	<u>147,998</u>
	<u>2,921,869</u>	<u>5,196,624</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 17,105,349</u>	<u>\$ 15,918,106</u>



**BOROUGH OF MOONACHIE**  
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**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 1.830% and 1.551% at December 31, 2016 and 2015, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2016</u></b>			
General Debt	\$ 15,569,532	\$ 75,000	\$ 15,494,532
Utility Debt	<u>1,771,374</u>	<u>1,639,269</u>	<u>132,105</u>
Total	<u>\$ 17,340,906</u>	<u>\$ 1,714,269</u>	<u>\$ 15,626,637</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2015</u></b>			
General Debt	\$ 14,096,626	\$ 705,000	\$ 13,391,626
Utility Debt	<u>1,836,035</u>	<u>1,836,035</u>	<u>-</u>
Total	<u>\$ 15,932,661</u>	<u>\$ 2,541,035</u>	<u>\$ 13,391,626</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>2016</u>	<u>2015</u>
3% of Equalized Valuation Basis (Municipal)	\$ 25,612,477	\$ 25,895,233
Less: Net Debt	<u>15,626,637</u>	<u>13,391,626</u>
Remaining Borrowing Power	<u>\$ 9,985,840</u>	<u>\$ 12,503,607</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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>2016</u>	<u>2015</u>
\$3,011,000, 2004 Bonds, due in annual installment of \$310,000 through October, 2017, interest at 3.60%	\$ 326,000	\$ 636,000
\$965,000, 2012 Bonds, due in annual installments of \$125,000 to \$150,000 through August, 2020, interest at 2.00%	<u>565,000</u>	<u>690,000</u>
	<u>\$ 891,000</u>	<u>\$ 1,326,000</u>

**Utility Bonds**

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

**Sewer Utility**

	<u>2016</u>	<u>2015</u>
\$460,000, 2012 Bonds, due in annual installments of \$45,000 to \$50,000 through August, 2022, interest at 2.00% through 2.5%	<u>\$ 280,000</u>	<u>\$ 325,000</u>
	<u>\$ 280,000</u>	<u>\$ 325,000</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, 2016 is as follows:

Calendar Year	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 451,000	\$ 23,036	\$ 45,000	\$ 5,725	\$ 524,761
2018	145,000	8,800	45,000	4,825	203,625
2019	145,000	5,900	45,000	3,925	199,825
2020	150,000	3,000	45,000	3,025	201,025
2021			50,000	2,125	52,125
2022	-	-	50,000	1,125	51,125
	<u>\$ 891,000</u>	<u>\$ 40,736</u>	<u>\$ 280,000</u>	<u>\$ 20,750</u>	<u>\$ 1,232,486</u>

**Changes in Long-Term Municipal Debt**

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

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

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

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

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

	Balance, January 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<b><u>2015</u></b>					
General Capital Fund Bonds Payable	\$ 1,751,000	\$ -	\$ 425,000	\$ 1,326,000	\$ 435,000
General Capital Fund Long-Term Liabilities	\$ 1,751,000	\$ -	\$ 425,000	\$ 1,326,000	\$ 435,000
Sewer Utility Capital Fund Bonds Payable	\$ 370,000	\$ -	45,000	\$ 325,000	\$ 45,000
Sewer Utility Capital Fund Long-Term Liabilities	\$ 370,000	\$ -	\$ 45,000	\$ 325,000	\$ 45,000

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

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

**Bond Anticipation Notes**

<u>2016</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>January 1,</u> <u>2016</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>December 31,</u> <u>2016</u>
<b><u>General Capital Fund</u></b>						
<u>Purpose</u>						
Hurricane Sandy Improvements	1.04%	10/20/2017	\$ 3,452,350	\$ 3,385,805	\$ 3,452,350	\$ 3,385,805
Hurricane Sandy Improvements	1.04%	10/20/2017	2,797,650	2,797,650	2,797,650	2,797,650
Curb and Ramp Improvements	1.04%	10/20/2017		59,357		59,357
Hurricane Sandy Improvements	1.04%	10/20/2017	23,000	23,000	23,000	23,000
Curb and Ramp Improvements	1.04%	10/20/2017	485,000	485,000	485,000	485,000
Preliminary Costs - New DPW Building	1.04%	10/20/2017	271,000	271,000	271,000	271,000
Tax Appeal Refunding	1.04%	10/20/2017	693,000	518,000	693,000	518,000
Acquisition of Ambulance	1.04%	10/20/2017		171,000		171,000
Construction of Municipal Building	1.04%	10/20/2017		4,000,000		4,000,000
Acq. & Install Financial Software	1.04%	10/20/2017	-	61,750	-	61,750
General Capital Bond Anticipation Notes Payable			<u>\$ 7,722,000</u>	<u>\$ 11,772,562</u>	<u>\$ 7,722,000</u>	<u>\$ 11,772,562</u>
<b><u>Sewer Utility Capital Fund</u></b>						
<u>Purpose</u>						
Hurricane Sandy Improvements	1.04%	10/20/2017	\$ 1,020,000	\$ 984,827	\$ 1,020,000	\$ 984,827
Sewer Capital Improvements	1.04%	10/20/2017	181,918	181,918	181,918	181,918
Sewer Capital Improvements	1.04%	10/20/2017	161,119	161,119	161,119	161,119
Impvt. To Sanitary Sewer System	1.04%	10/20/2017		71,101	-	71,101
Imp. To Moonachie Ave Sanitary Sewer Pump	1.04%	10/20/2017	-	76,510	-	76,510
Sewer Utility Capital Bond Anticipation Notes Payable			<u>\$ 1,363,037</u>	<u>\$ 1,475,475</u>	<u>\$ 1,363,037</u>	<u>\$ 1,475,475</u>
Total Bond Anticipation Notes Payable			<u>\$ 9,085,037</u>	<u>\$ 13,248,037</u>	<u>\$ 9,085,037</u>	<u>\$ 13,248,037</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

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

**Bond Anticipation Notes (Continued)**

<u>2015</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>January 1,</u> <u>2015</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>December 31,</u> <u>2015</u>
<b><u>General Capital Fund</u></b>						
<u>Purpose</u>						
Hurricane Sandy Improvements	2.00%	10/21/2016	\$ 3,452,350	\$ 3,452,350	\$ 3,452,350	\$ 3,452,350
Hurricane Sandy Improvements	2.00%	10/21/2016		2,797,650		2,797,650
Hurricane Sandy Improvements	2.00%	10/21/2016		23,000		23,000
Curb and Ramp Improvements	2.00%	10/21/2016		485,000		485,000
Preliminary Costs - New DPW Building	2.00%	10/21/2016		271,000		271,000
Hurricane Sandy Improvements	2.00%	10/21/2016	-	693,000	-	693,000
General Capital Bond Anticipation Notes Payable			<u>\$ 3,452,350</u>	<u>\$ 7,722,000</u>	<u>\$ 3,452,350</u>	<u>\$ 7,722,000</u>
<b><u>Sewer Utility Capital Fund</u></b>						
<u>Purpose</u>						
Hurricane Sandy Improvements	2.00%	10/21/2016	\$ 1,020,000	\$ 1,020,000	\$ 1,020,000	\$ 1,020,000
Sewer Capital Improvements	2.00%	10/21/2016	181,918	181,918	181,918	181,918
Sewer Capital Improvements	2.00%	10/21/2016	-	161,119	-	161,119
Sewer Utility Capital Bond Anticipation Notes Payable			<u>\$ 1,201,918</u>	<u>\$ 1,363,037</u>	<u>\$ 1,201,918</u>	<u>\$ 1,363,037</u>
Total Bond Anticipation Notes Payable			<u>\$ 4,654,268</u>	<u>\$ 9,085,037</u>	<u>\$ 4,654,268</u>	<u>\$ 9,085,037</u>

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

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

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

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

**Bond Anticipation Notes (Continued)**

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2016 and 2015 as follows:

**Emergency Notes**

Any local unit may borrow money and issue its negotiable notes to meet an emergency appropriation. All emergency notes, and any renewals thereof, shall mature not later than the last day of the fiscal year following the fiscal year in which the notes were issued and the emergency appropriation authorized.

<u>2016</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance</u> <u>January 1,</u> <u>2016</u>	<u>Renewed/</u> <u>Issued</u>	<u>Transferred/</u> <u>Retired/</u> <u>Redeemed</u>	<u>Balance</u> <u>December 31,</u> <u>2016</u>
There were none.						
<u>2015</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance</u> <u>January 1,</u> <u>2015</u>	<u>Renewed/</u> <u>Issued</u>	<u>Transferred/</u> <u>Retired/</u> <u>Redeemed</u>	<u>Balance</u> <u>December 31,</u> <u>2015</u>
<u>Purpose</u>						
Tax Appeals			\$ 850,000	\$ -	\$ 850,000	\$ -
Total Emergency Notes			\$ 850,000	\$ -	\$ 850,000	\$ -

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

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

**Special Emergency Notes**

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

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

<b><u>2015</u></b>	<b>Rate (%)</b>	<b>Maturity Date</b>	<b>Balance January 1, 2015</b>	<b>Renewed/ Issued</b>	<b>Retired/ Redeemed</b>	<b>Balance December 31, 2015</b>
<b><u>Purpose</u></b>						
Hurricane Sandy	2.00%	10/21/2016	\$ 850,732	\$ 497,963	\$ 850,732	\$ 497,963
Total Special Emergency Notes			<u>\$ 850,732</u>	<u>\$ 497,963</u>	<u>\$ 850,732</u>	<u>\$ 497,963</u>

**NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

<b><u>2016</u></b>	<b><u>Capital Project</u></b>	<b><u>Construction Commitment</u></b>	<b><u>Estimated Date of Completion</u></b>
	NJDOT Road Program	\$ 11,230	12/31/2016
	Municipal Building Complex	7,244,880	12/31/2018
	DPW Facility	51,293	12/31/2017
<b><u>2015</u></b>	NJDOT Road Program	\$ 299,653	12/31/2016



**BOROUGH OF MOONACHIE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 12 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 \$704,730 and \$725,193 at December 31, 2016 and 2015, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2016 and 2015, the Borough has reserved in the Current Fund and Sewer Utility Fund \$476,910 and \$479,948, 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. As of the date of the audit opinions the loan cancellation review has not been finalized.

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)**

**C. Deferred Pension Obligation**

**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, 2016 and 2015 were as follows:

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2016</u>	Due Within <u>One Year</u>
<b><u>2016</u></b>					
Community Disaster Loan	\$ 2,212,128			\$ 2,212,128	
Compensated Absences	725,193	\$ 62,575	\$ 83,038	704,730	
Net Pension Liability - PERS	3,701,367	1,069,644	138,942	4,632,069	
Net Pension Liability - PFRS	<u>10,748,579</u>	<u>1,905,039</u>	<u>517,813</u>	<u>12,135,805</u>	<u>-</u>
Other Long Term Liabilities	<u>\$ 17,387,267</u>	<u>\$ 3,037,258</u>	<u>\$ 739,793</u>	<u>\$ 19,684,732</u>	<u>\$ -</u>
	Balance January 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2015</u>	Due Within <u>One Year</u>
<b><u>2015</u></b>					
Community Disaster Loan	\$ 2,208,020	\$ 4,108		\$ 2,212,128	
Compensated Absences	666,478	58,715		725,193	
Net Pension Liability - PERS	3,122,032	721,093	\$ 141,758	3,701,367	
Net Pension Liability - PFRS	<u>7,755,283</u>	<u>3,517,835</u>	<u>524,539</u>	<u>10,748,579</u>	<u>-</u>
Other Long Term Liabilities	<u>\$ 13,751,813</u>	<u>\$ 4,301,751</u>	<u>\$ 666,297</u>	<u>\$ 17,387,267</u>	<u>\$ -</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS**

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

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

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

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.

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

**Other Pension Funds**

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

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

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

**BOROUGH OF MOONACHIE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Other Pension Funds (Continued)**

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).

**Basis of Accounting**

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

**Investment Valuation**

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

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

**Funded Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, which was rolled forward to June 30, 2016, the aggregate funded ratio for all the State administered retirement systems, including CPFPF, local PERS and local PFRS is 45.7 percent with an unfunded actuarial accrued liability of \$50.3 billion. The CPFPF system is 19.15 percent funded with an unfunded actuarial accrued liability of \$8.0 million. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 40.14 percent and \$29.6 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 52.01 percent and \$20.7 billion, respectively.

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

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

**BOROUGH OF MOONACHIE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2015 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.65% for investment rate of return for all the retirement systems except CPFPE ( 2.85%) and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 7.06% for PERS and 5.50% for DCRP of employee's annual compensation for fiscal year 2016.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2016 and 2015 for CPFPE, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2016, 2015 and 2014, 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>
2016	\$ 524,539	\$ 141,758
2015	473,532	137,467
2014	423,924	115,749

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

**Public Employees Retirement System (PERS)**

At December 31, 2016 and 2015, the Borough reported a liability of \$4,632,069 and \$3,701,367, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2016, the Borough's proportionate share was .01564 percent, which was a decrease of .00085 percent from its proportionate share measured as of June 30, 2015 of .01649 percent.

**BOROUGH OF MOONACHIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

For the year ended December 31, 2016 and 2015, the pension system has determined the Borough's pension expense to be \$440,660 and \$275,504, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$141,758 and \$137,467, respectively. At December 31, 2016 and 2015, 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:

	2016		2015	
	<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	\$ 86,142		\$ 88,302	
Changes of Assumptions	959,517		397,497	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	176,625			\$ 59,511
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>134,057</u>	<u>\$ 161,668</u>	<u>173,027</u>	<u>29,617</u>
Total	<u>\$ 1,356,341</u>	<u>\$ 161,668</u>	<u>\$ 658,826</u>	<u>\$ 89,128</u>

At December 31, 2016 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>
2017	\$ 292,122
2018	292,122
2019	292,122
2020	252,760
2021	65,547
Thereafter	<u>-</u>
	<u>\$ 1,194,673</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

*Actuarial Assumptions*

The Borough's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases: 2012-2021		2.15-4.40% Based on Age
Through 2026	1.65-4.15% Based on Age	
Thereafter	2.65-5.15% Based on Age	3.15-5.40% Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF MOONACHIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 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, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</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>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

***Discount Rate***

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2016	3.98%
2015	June 30, 2015	4.90%



**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)****Public Employees Retirement System (PERS) (Continued)**

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**BOROUGH OF MOONACHIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 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, 2016 and 2015, the Borough reported a liability of \$12,135,805 and \$10,748,579, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2016, the Borough's proportionate share was .06351 percent, which was a decrease of .00102 percent from its proportionate share measured as of June 30, 2015 of .06453 percent.

For the years ended December 31, 2016 and 2015, the pension system has determined the Borough pension expense to be \$1,418,519 and \$1,073,595, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$524,539 and \$473,532, respectively. At December 31, 2016 and 2015, 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:

	2016		2015	
	<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		\$ 79,526		\$ 92,710
Changes of Assumptions	\$ 1,680,355		\$ 1,984,455	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	850,051			187,070
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	488,303	117,562	634,426	-
Total	<u>\$ 3,018,709</u>	<u>\$ 197,088</u>	<u>\$ 2,618,881</u>	<u>\$ 279,780</u>

**BOROUGH OF MOONACHIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 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, 2016 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:

Year Ending December 31,	Total
2017	\$ 709,953
2018	709,953
2019	908,479
2020	491,513
2021	1,723
Thereafter	-
	<u>\$ 2,821,621</u>

***Actuarial Assumptions***

The Borough's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

**PFRS**

	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.60-9.48%
		Based on Age
Through 2026	2.10-8.98%	
	Based on Age	
Thereafter	3.10-9.98%	3.60-10.48%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%

Mortality Rate Table                      RP-2000                      RP-2000

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

The actuarial assumptions used in the July 1, 2015 and July 1, 2014 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**BOROUGH OF MOONACHIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 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, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</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>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

***Discount Rate***

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2016	5.55%
2015	June 30, 2015	5.79%



**BOROUGH OF MOONACHIE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 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 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, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,018,771 and \$942,614, respectively. For the years ended December 31, 2016 and 2015, 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 \$130,121 and \$117,577, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$39,036 and \$49,068, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

***Pension Plan Fiduciary Net Position***

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

**NOTE 14 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 Benefits 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 THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 14 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>
2016	\$ 10,000	\$ 11,458	\$ 50,278
2015	10,000	10,104	51,566
2014	10,000	11,777	51,521

**NOTE 15 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, 2016 and 2015. 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, 2016 and 2015, the Borough reserved \$1,314,511 and \$658,504, 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, 2016 AND 2015**

**NOTE 15 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, 2016 and 2015, 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 16 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, 2016 and 2015, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 17 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 \$1,271 for 2016 and 2015, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The Borough also contributed \$1,271 for 2016 and 2015, respectively for each eligible volunteer first aid squad members into the Plan. The total Borough contributions were \$79,260 and \$44,492 for 2016 and 2015, 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.



**BOROUGH OF MOONACHIE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)**

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.

**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 18 HURRICANE SANDY**

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2016. As of December 31, 2016, the Borough has received \$1,235,345 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

**NOTE 19 SUBSEQUENT EVENTS**

**Debt Authorized**

To date, the Borough has adopted a bond ordinance authorizing the issuance of \$855,000 in Bonds or Bond Anticipation Notes to fund various capital projects and a bond ordinance authorizing the issuance of \$513,000 for electrical rehabilitation of the Moonachie Avenue pump station. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

**CURRENT FUND**

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

Balance, January 1, 2016		\$ 4,209,534
Increased by Receipts		
Taxes Receivable	\$ 16,317,578	
Receipts from Delinquent Taxes	200,280	
Non-Budget Revenue	1,042,745	
Grants Receivable	614,108	
Due from State of NJ - Senior Citizens' and Veterans' Deductions	21,813	
Revenue Accounts Receivable	1,265,167	
Due to State of New Jersey	11,342	
Prepaid Taxes	685,560	
Received From General Capital Fund	597,999	
Received From Animal Control Fund	6,480	
Received From Other Trust Fund	16,823	
Deposits Due to Sewer Operating Fund	1,025	
Reserve for Hurricane Sandy Reimbursements	109,425	
Receipts Due to First Aid Squad	13,762	
Tax Title Lien Redemption	7,562	
Emergency Note Payable	331,963	
Petty Cash Returned	100	
		<u>21,243,732</u>
		25,453,266
Decreased by Disbursements:		
2016 Budget Appropriations	7,599,505	
2015 Appropriation Reserves	151,505	
County Taxes Payable	1,947,349	
Local School District Taxes Payable	7,272,696	
Due to State of New Jersey	11,342	
Miscellaneous Reserves	220,080	
Payments to Other Trust Fund	11,909	
Tax Title Lien Redemption	5,358	
Special Emergency Note Payable	497,963	
Petty Cash Advance	100	
		<u>17,717,807</u>
Balance, December 31, 2016		<u>\$ 7,735,459</u>

**BOROUGH OF MOONACHIE  
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, January 1, <u>2016</u>	Balance, December 31, <u>2016</u>
Tax Collector	\$ 200	\$ 200
Municipal Court	<u>100</u>	<u>100</u>
	<u>\$ 300</u>	<u>\$ 300</u>

**STATEMENT OF PETTY CASH FUND**

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

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

Balance, January 1, 2016	\$ 1,507
Increased by:	
Senior Citizens' Deductions Per Tax Duplicate	\$ 6,000
Veterans' Deductions Per Tax Duplicate	<u>16,500</u>
	<u>22,500</u>
	24,007
Decreased by:	
Cash Received from State of New Jersey	<u>21,813</u>
Balance, December 31, 2016	<u>\$ 2,194</u>

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

<u>Year</u>	<u>Balance,</u> <u>January 1,</u> <u>2016</u>	<u>2016</u> <u>Levy</u>	<u>Added</u> <u>Taxes</u>	Senior Citizens' and Veterans Deductions <u>Disallowed</u>	<u>Collected In</u>		Senior Citizens' and Veterans' Deductions <u>Allowed</u>	<u>Remitted</u> <u>or</u> <u>Cancelled</u>	<u>Transferred</u> <u>to Tax</u> <u>Title</u> <u>Liens</u>	<u>Balance,</u> <u>December 31,</u> <u>2016</u>
2015	\$ 229,211					\$ 200,280			\$ 28,931	
2016	-	\$ 16,897,935	\$ 13,518	\$ -	\$ 294,179	16,317,578	\$ 22,500	-	47,104	\$ 230,092
	<u>\$ 229,211</u>	<u>\$ 16,897,935</u>	<u>\$ 13,518</u>	<u>\$ -</u>	<u>\$ 294,179</u>	<u>\$ 16,517,858</u>	<u>\$ 22,500</u>	<u>\$ -</u>	<u>\$ 76,035</u>	<u>\$ 230,092</u>

Analysis of 2016 Property Tax Levy

Tax Yield

General Purpose Tax

\$ 16,897,935

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

13,518

\$ 16,911,453

Tax Levy

Local District School Tax (Abstract)

\$ 7,344,749

County Taxes

County Taxes (Abstract)

\$ 1,926,018

County Open Space

20,148

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

1,501

1,947,667

Local Tax for Municipal Purposes

7,606,888

Add Additional Tax Levied

12,149

7,619,037

\$ 16,911,453

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

Balance, January 1, 2016		\$ 393,626
Increased by:		
Transfer from Taxes Receivable - 2015	\$ 28,931	
Transfer from Taxes Receivable - 2016	<u>47,104</u>	
		<u>76,035</u>
Balance, December 31, 2016		<u>\$ 469,661</u>

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

Balance, January 1, 2016	<u>\$ 2,850</u>
Balance, December 31, 2016	<u>\$ 2,850</u>

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

	Balance, January 1, <u>2016</u>	Accrued in 2016	Collected in 2016 <u>Treasurer</u>	Balance, December 31, <u>2016</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 6,826	\$ 6,826	
Other		12,689	12,689	
Construction Code Official				
Fees and Permits		140,066	140,066	
Board of Health				
Fees and Permits		4,780	4,780	
Police Department				
Fees and Permits		752	752	
Municipal Court				
Fines and Costs		34,897	34,897	
Uniform Fire Safety Act - LEA		64,533	64,533	
Uniform Fire Safety Act - Local Fees		20,460	20,460	
Interest and Costs on Taxes		108,291	108,291	
Interest on Investments		11,825	11,825	
Energy Receipts Tax		449,979	449,979	
CDL Award	\$ 4,108			\$ 4,108
Interboro Services - Borough of Teterboro				
Police Services		210,125	210,125	
Township of South Hackensack - DPW		52,000	52,000	
Township of Teterboro - Municipal Court		32,935	32,935	
Trailer Camp Fees		65,559	65,559	
Port Authority of NY in Lieu of Taxes		16,335	16,335	
Cellular One Lease	-	33,115	33,115	-
	<u>\$ 4,108</u>	<u>\$ 1,265,167</u>	<u>\$ 1,265,167</u>	<u>\$ 4,108</u>

**BOROUGH OF MOONACHIE**  
**STATEMENT OF 2015 APPROPRIATION RESERVES**

	Balance, January 1, <u>2016</u>	Budget After <u>Modification</u>	<u>Expended</u>	Transferred to Compensated <u>Absences</u>	Balance <u>Lapsed</u>
<b>Salaries and Wages</b>					
General Administration	\$ 9,515	\$ 9,515			\$ 9,515
Mayor & Council	5,523	5,523			5,523
Municipal Clerk	351	351			351
Revenue Administration	14,688	14,688			14,688
Tax Assessment	1,496	1,496			1,496
Legal Services	8,800	11,870			11,870
Planning Board	207	207			207
Zoning Board	1	1			1
Police	37,775	37,775		\$ 35,000	2,775
Crossing Guards	4,099	4,099			4,099
Police- Dispatch 911	23,683	23,683		20,000	3,683
Emergency Management Services	915	915			915
Municipal Court	32,246	32,246			32,246
Fire Official	1,735	1,735			1,735
Life Hazard Use Fee Payments	8,762	8,762			8,762
Streets & Roads	25,087	25,087		25,000	87
Solid Waste Collection	353	353			353
Public Health Services	483	483			483
Parks & Recreation	109	109			109
Sub-Code Officials-					
Building Inspector	733	733			733
Plumbing Inspector	994	994			994
Electrical Inspector	19	19			19
Fire Inspector	154	154			154
Property Maintenance Official	20	20			20
Community Affairs-Senior Citizens	6,528	6,528			6,528
Construction Code Official	6,628	6,628			6,628
Municipal Prosecutor	3,070				
Health Benefit Waiver	8,053				
<b>Other Expenses</b>					
General Administration		8,836	\$ 8,743		93
Grant Consultant	524	524			524
Mayor & Council		1,936			1,936
Municipal Clerk	4,255	4,407	152		4,255
Financial Administration	9,232	58,459	14,981		43,478
Audit Services		40,000	30,331		9,669
Revenue Administration	5,289	8,516	2,501		6,015
Tax Assessment Administration	17,024	26,324	9,300		17,024
Legal Services & Costs	20,956	20,956			20,956
Engineering Services Cost	5,284	5,284			5,284
Planning Board	7,270	7,270	112		7,158
Zoning Board of Adjustment	4,280	4,280			4,280
Vehicle Maintenance	14,147	19,119	1,196		17,923
Aid to Volunteer Fire Companies	-	13,590	2,445		11,145
First Aid Organization	2,367	2,367	659		1,708
Fire Department	9,067	7,347	170		7,177
Fire Hydrant	6,054	6,054			6,054
Fire Official	6,894				



**BOROUGH OF MOONACHIE**  
**STATEMENT OF 2015 APPROPRIATION RESERVES**

	Balance, January 1, <u>2016</u>	Budget After <u>Modification</u>	<u>Expended</u>	Transferred to Compensated <u>Absences</u>	Balance <u>Lapsed</u>
<b>Other Expenses (Continued)</b>					
Life Hazard Use Fees		\$ 3,894			\$ 3,894
Police Department		2,903	\$ 1,009		1,894
Police Dispatch - 911	\$ 6,009	6,899			6,899
Emergency Management Services	986	986			986
Streets & Roads	8,975	13,291	4,243		9,048
Recycling	2,854	6,126			6,126
Sanitation - Contractual	25,557	25,557			25,557
Public Health	10,656	10,731	88		10,643
OSHA - Fire Equipment	7,854	7,854			7,854
OSHA - First Aid Equipment	4,700	4,700			4,700
Hepatitis "B" Inoculations	2,850	2,850			2,850
Building & Grounds	15,256	15,498	179		15,319
Recreation	222	740			740
Community Affairs- Senior Citizens	178	3,178	326		2,852
Construction Code Official	3,471	3,724	421		3,303
Celebration of Public Events	2,589	4,840	1,251		3,589
Rent Monitoring Board	1,261	1,261			1,261
Electricity	23,625	23,625			23,625
Street Lighting	17,461	17,461			17,461
Telephone	5,768	5,768			5,768
Water	1,409	1,409			1,409
Natural Gas	14,109	14,109			14,109
Gasoline	39,583	39,583			39,583
Sanitary Landfill Tax - Tipping Fee	32,111	32,111			32,111
Recycling Tax	1,155	1,155			1,155
Social Security System (O.A.S.I.)	4,203	4,203			4,203
Contingent	1,000	1,000			1,000
Municipal Court	3,809	3,809	60		3,749
Surety Bond Premium	1,000				
Employee Group Health	67,752	21,805			21,805
General Liability & Workers Compensation	88,903	89,903			89,903
Fire Department- LOSAP		51,042	44,492		6,550
First Aid Organization- LOSAP		50,000	27,966		22,034
"911" Telecommunications Agreement	240	1,120	880		240
Shooting Range Agreement- Wood-Ridge	150	150			150
Clean Communities Program	1				
Recycling Tonnage Grant	80	80	-	-	80
	<u>\$ 710,447</u>	<u>\$ 902,608</u>	<u>\$ 151,505</u>	<u>\$ 80,000</u>	<u>\$ 671,103</u>
Encumbrances - Prior Year		\$ 192,161			
Appropriation Reserves		<u>710,447</u>			
		<u>\$ 902,608</u>			
Cash Disbursed			<u>\$ 151,505</u>		

**BOROUGH OF MOONACHIE  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2016	\$ 192,161
Increased by:	
Charges to 2016 Budget Appropriations	<u>449,303</u>
	641,464
Decreased by:	
Transfer to 2015 Appropriation Reserves	<u>192,161</u>
Balance, December 31, 2016	<u>\$ 449,303</u>

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, January 1, 2016	\$ 22,496
Increased by:	
2016 Tax Levy	\$ 1,926,018
County Open Space Preservation	20,148
Added and Omitted Taxes	<u>1,501</u>
	<u>1,947,667</u>
	1,970,163
Decreased by:	
Payments	<u>1,947,349</u>
Balance, December 31, 2016	<u>\$ 22,814</u>

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

	Balance, January 1, <u>2016</u>	Increase by Fees <u>Collected</u>	Decrease by <u>Payments</u>	Balance, December 31, <u>2016</u>
DCA Training Fees		\$ 10,868	\$ 10,868	
Marriage License		450	450	
Liquor License	-	24	24	-
	<u>\$ -</u>	<u>\$ 11,342</u>	<u>\$ 11,342</u>	<u>\$ -</u>

EXHIBIT A-16

**STATEMENT OF LOCAL DISTRICT SCHOOL TAXES**

Balance, January 1, 2016	
School Tax Deferred	\$ 3,103,810
School Tax Payable	<u>488,753</u>
	\$ 3,592,563
Increased by:	
Levy - School Year July 1, 2016 to June 30, 2017	<u>7,344,749</u>
	10,937,312
Decreased by:	
Payments	<u>7,272,696</u>
Balance, December 31, 2016	
School Tax Deferred	3,103,810
School Tax Payable	<u>560,806</u>
	<u>\$ 3,664,616</u>
2016 Liability for Local School Tax	
Tax Paid	\$ 7,272,696
Tax Payable December 31, 2016	<u>560,806</u>
	7,833,502
Less Tax Payable December 31, 2015	<u>488,753</u>
Amount Charged to 2016 Operations	<u>\$ 7,344,749</u>

**BOROUGH OF MOONACHIE  
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2016	\$ 294,179
Increased by:	
Collection of 2017 Taxes	<u>685,560</u>
	979,739
Decreased by:	
Applied in 2016 Taxes Receivable	<u>294,179</u>
Balance, December 31, 2016	<u>\$ 685,560</u>

**STATEMENT OF APPROPRIATED RESERVES**

	Balance, January 1, <u>2016</u>	Transfer from Appropriation <u>Reserve</u>	Balance, December 31, <u>2016</u>
Municipal Alliance Grant	\$ 5,608		\$ 5,608
Recycling Tonnage Grant	3,975		3,975
Clean Communities Grant	1,861		1,861
Confiscated Funds	<u>7,500</u>	<u>-</u>	<u>7,500</u>
	<u>\$ 18,944</u>	<u>\$ -</u>	<u>\$ 18,944</u>

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

Increased by:	
Cash Receipts	\$ 7,562
Decreased by:	
Cash Disbursements	<u>5,358</u>
Balance, December 31, 2016	<u>\$ 2,204</u>

**STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, January 1, <u>2015</u>	Transfer from Current Tax <u>Collections</u>	Transfer From Appropriation <u>Reserves</u>	Cash <u>Disbursed</u>	Balance, December 31, <u>2016</u>
Terminal Leave	\$ 327,283		\$ 80,000	\$ 83,038	\$ 324,245
LOSAP	7,500				7,500
Reserve for Sandy Emergency	161,612			93,049	68,563
Reserve for Tax Appeals	<u>658,504</u>	\$ 700,000	<u>-</u>	<u>43,993</u>	<u>1,314,511</u>
	<u>\$ 1,154,899</u>	<u>\$ 700,000</u>	<u>\$ 80,000</u>	<u>\$ 220,080</u>	<u>\$ 1,714,819</u>

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

<u>Purpose</u>	Balance, January 1, <u>2016</u>	<u>Accruals</u>	Cash <u>Receipt</u>	Balance, December 31, <u>2016</u>
Clean Communities		\$ 6,615	\$ 6,615	
Recycling Tonnage		66,618	66,618	
Municipal Alliance	\$ 1,107	4,625	4,983	\$ 749
Essential Services	535,892		535,892	
Non-Federal Cost Share (Match) Program		58,937		58,937
Post Assistance Sandy Grants:				
Master Plan Re-Examinations		50,000		50,000
Industrial Site Neighborhood Plans		15,000		15,000
Mobiel Home site Plan		25,000		25,000
Zoning Ordinance Update		20,000		20,000
Design Standards Ordinance		25,000		25,000
Debris Management Plan		20,000		20,000
FIS Data Base		50,000		50,000
Capital Improvement Plan	-	30,000	-	30,000
	<u>\$ 536,999</u>	<u>\$ 371,795</u>	<u>\$ 614,108</u>	<u>\$ 294,686</u>

EXHIBIT A-22

**STATEMENT OF RESERVE FOR HURRICANE SANDY REIMBURSEMENTS**

Balance, January 1, 2016	\$ 146,002
Increase by:	
Cash Receipts	<u>109,425</u>
	255,427
Decreased by:	
Transfer to Sewer Utility Capital Fund	<u>146,002</u>
Balance, December 31, 2016	<u>\$ 109,425</u>

**BOROUGH OF MOONACHIE  
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2016	\$ 15,742
Increased by:	
Cash Receipts	_____ -
	15,742
Decreased by:	
Cash Disbursements	_____ -
Balance, December 31, 2016	<u>\$ 15,742</u>

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

Balance, January 1, 2016	<u>\$ 33,980</u>
Balance, December 31, 2016	<u>\$ 33,980</u>

**STATEMENT OF DUE TO FIRST AID SQUAD**

Increased by:	
Cash Receipts for Insurance Reimbursements	<u>\$ 13,762</u>
Balance, December 31, 2016	<u>\$ 13,762</u>

**BOROUGH OF MOONACHIE**  
**STATEMENT OF DEFERRED CHARGES-SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	<u>1/5 of Net</u> <u>Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>January 1,</u> <u>2016</u>	<u>Reduced in</u> <u>2016 Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2016</u>
7/1/2013	Hurricane Sandy	\$ 1,375,000	\$ 275,000	\$ 202,369	\$ 38,740	\$ 163,629
12/11/2014	Hurricane Sandy	505,000	101,000	295,594	127,260	168,334
		<u>\$ 1,880,000</u>	<u>\$ 376,000</u>	<u>\$ 497,963</u>	<u>\$ 166,000</u>	<u>\$ 331,963</u>

**STATEMENT OF EMERGENCY/SPECIAL EMERGENCY NOTE PAYABLE**

<u>Purpose</u>	<u>Issued of</u> <u>Original</u> <u>Note</u>	<u>Date of</u> <u>Issue</u>	<u>Date of</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>January 1,</u> <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>December 31,</u> <u>2016</u>
Hurricane Sandy	\$ 1,355,000	10/21/2015	10/21/2015	2.00%	\$ 497,963		\$ 497,963	
		10/21/2016	10/20/2017	1.04%	-	\$ 331,963	-	\$ 331,963
					<u>\$ 497,963</u>	<u>\$ 331,963</u>	<u>\$ 497,963</u>	<u>\$ 331,963</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, 2016	\$ 9,988	\$ 484,792	\$ 51,566
Increased by Receipts:			
Budget Appropriation			\$ 10,000
Due to State of NJ	\$ 449		
Animal License Fees	2,059		
Miscellaneous Reserves		\$ -	
Payroll Salaries & Deductions Payable		5,100,570	
Receipts from Current Fund		11,909	
Escrow Deposits		7,000	
Police Outside Service Receipts		419,025	
Interest on Investments and Deposits	28	503	170
	<u>2,536</u>	<u>5,539,007</u>	<u>10,170</u>
	12,524	6,023,799	61,736
Decreased by Disbursements:			
Payments to State of NJ - State Registration Fees	449		
Expenditures under R.S. 4:19-15.11	364		
Escrow Deposits		4,165	
Disbursements Current Fund	6,480	16,823	
Payroll Salaries & Deductions Payable		5,099,959	
Miscellaneous Reserves		1,221,070	
Payments to State of NJ - Unemployment Ins. Benefits	-	-	11,458
	<u>7,293</u>	<u>6,342,017</u>	<u>11,458</u>
Balance, December 31, 2016	<u>\$ 5,231</u>	<u>\$ (318,218)</u>	<u>\$ 50,278</u>

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

Balance, January 1, 2016 (Due to)	\$ 485
Increased by:	
Receipts from Current Fund	\$ 11,909
Interest on Investments and Deposits	<u>343</u>
	<u>12,252</u>
	12,737
Decreased by:	
Cash Disbursements	<u>12,913</u>
Balance, December 31, 2016 (Due from)	<u>\$ 176</u>

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

Balance, January 1, 2016	\$ 13
Increased by:	
Interest on Investments and Deposits	<u>160</u>
	173
Decreased by:	
Cash Disbursements	<u>160</u>
Balance, December 31, 2016	<u>\$ 13</u>

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

	Balance January 1, <u>2016</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2016</u>
Parking Offence Adjudication Act	\$ 2,037	\$ 168		\$ 2,205
Fire Prevention Fees - Penalty	81,828			81,828
Fire Prevention Fees - Fines	10,151			10,151
Municipal Alliance	5,154	2,457	\$ 4,745	2,866
Celebration of Public Events	6,890			6,890
Charitable Contributions	409			409
Secure Child Program	224			224
Premium on Tax Sale	3,864	6,200	1,500	8,564
Centennial Celebration	6,793			6,793
Police Outside Duty	704,462	530,887	1,201,275	34,074
Flex Spending	287	2,257	1,854	690
Summer Recreation	25,794	12,406	11,301	26,899
Basketball	3,612	611		4,223
Soccer	1,516	274	395	1,395
Miscellaneous	375	-	-	375
	<u>\$ 853,396</u>	<u>\$ 555,260</u>	<u>\$ 1,221,070</u>	<u>\$ 187,586</u>

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

Balance, January 1, 2016	\$ 37,569
Increased by:	
Cash Receipts	<u>7,000</u>
	44,569
Decreased by:	
Escrow Deposits Refunded	<u>4,165</u>
Balance, December 31, 2016	<u>\$ 40,404</u>

## EXHIBIT B-6

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

Balance, January 1, 2016	\$ 41
Increased by:	
State Fees Collected	<u>449</u>
	490
Decreased by:	
Payments to State Treasurer	<u>449</u>
Balance, December 31, 2016	<u>\$ 41</u>

## EXHIBIT B-7

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

Balance, January 1, 2016	\$ 3,467
Increased by:	
Animal Control License Fees Collected	\$ 2,059
Interest on Investments and Deposits	<u>28</u>
	<u>2,087</u>
	5,554
Decreased by:	
Cash Disbursements	364
Statutory Excess Due to Current Fund	<u>2,173</u>
	<u>2,537</u>
Balance, December 31, 2016	<u>\$ 3,017</u>

**License Fees Collected**

<u>Year</u>	<u>Amount</u>
2014	\$ 1,733
2015	<u>1,284</u>
	<u>\$ 3,017</u>

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

Balance, January 1, 2016	\$ 6,480
Increased by:	
Statutory Excess	<u>2,173</u>
Decreased by:	
Payments	<u>6,480</u>
Balance, December 31, 2016	<u>\$ 2,173</u>

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

Balance, January 1, 2016	\$ 51,566
Increased by:	
Budget Appropriation	\$ 10,000
Interest on Investments and Deposits	<u>170</u>
	<u>10,170</u>
	61,736
Decreased by:	
Unemployment Claims	<u>11,458</u>
Balance, December 31, 2016	<u>\$ 50,278</u>

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

Balance, January 1, 2016	\$ 6,727
Increased by:	
Cash Receipts	<u>5,100,570</u>
	5,107,297
Decreased by:	
Payments	<u>5,099,959</u>
Balance, December 31, 2016	<u>\$ 7,338</u>

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

Increased by:	
Unemployment Claims	<u>\$ 11,458</u>
Decreased by:	
Payments	<u>\$ 11,458</u>

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

Balance, January 1, 2016	<u>\$ 1,877</u>
Balance, December 31, 2016	<u>\$ 1,877</u>

**STATEMENT OF DUE TO CURRENT FUND  
OTHER TRUST- POLICE OUTSIDE DUTY**

Balance, January 1, 2016	<u>\$ 3,750</u>
Decreased by:	
Payments	<u>3,750</u>
Balance, December 31, 2016	<u>\$ -</u>

**STATEMENT OF DUE FROM VENDOR  
OTHER TRUST- POLICE OUTSIDE DUTY**

Balance, January 1, 2016	<u>\$ 419,025</u>
Decreased by:	
Cash Receipts	<u>419,025</u>
Balance, December 31, 2016	<u>\$ -</u>

**GENERAL CAPITAL FUND**



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

Balance, January 1, 2016		\$ 7,098,056
Increased by Receipts:		
Deferred Charges Unfunded - Grant Proceeds	\$ 23,549	
Grant Receipts	211,834	
Interest Earnings	18,961	
Capital Improvement Fund	100,000	
Bond Anticipation Notes	<u>11,772,562</u>	
		<u>12,126,906</u>
		19,224,962
Decreased by Disbursements:		
Cash Disbursements to Current Fund	597,999	
Payments to Sewer Capital	9,079	
Improvement Authorizations	1,088,343	
Contracts Payable	315,959	
Payments Made on Behalf of Board of Education	98,292	
Bond Anticipation Notes	<u>7,480,455</u>	
		<u>9,590,127</u>
Balance, December 31, 2016		<u>\$ 9,634,835</u>

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

Balance,  
December 31,  
2016

Grants and Other Receivables	\$ (322,867)
Due from Board of Education	(98,292)
Contracts Payable	7,663,968
Due to Current Fund	18,961
Reserve for DPW Building	272,484
Reserve for Municipal Building	373,265
Reserve for Preliminary Costs	2,095
Capital Improvement Fund	88,268
Fund Balance	104,502
Excess Note Proceeds	75,000

Ord.

<u>No.</u>	<u>Improvement Authorization</u>	
01-03	Construction of Redneck Ave Pedestrian Way	(134)
02-17/03-06	Recreation Equipment	3,739
04-08	Various Capital Improvements	435,652
04-12	Acquisition and Installation of Generator	16,062
04-17	St. Joseph Street Park Imp	36,921
05-02	Road Improvements- Edstan Drive	13,447
08-04	Joseph Street Park Improvements	32,081
08-09	Tax Appeal Refunding	17,955
09-15	Improvements to Romeo Street and State Street	20,547
10-08	Streetscape and Park Improvements	14,785
11-13/12-06	Improvements to Firehouse Roof	(14,610)
12-07	Various Road Improvements	(38,076)
12-08	Joseph Street Park Improvements	(9,383)
12-09	Emergency Service Equipment	5,392
13-05	Hurricane Sandy Improvements	238,883
13-11	Senior Center Improvements	1,117
13-12	Road Improvements	30,172
13-13	Curb and Ramp Improvements	48
14-03	Various Acquisitions and Improvements	139,327
14-05	Improvements to Concord Street Park	(1,797)
14-06	Preliminary Costs - New DPW Building	101,698
15-03	Tax Appeal Refunding	3,424
15-08	Acquisition of Ambulance	14,425
15-09	Acquisition of Dual Rear Wheel DPW Truck	10,137
15-10	Construction of Municipal Building	139,911
16-02	Installation of Financial Software	25,757
16-06	Various Acquisitions and Improvements	121,762
16-07	Construction of the DPW Building	98,209
		<u>\$ 9,634,835</u>

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

Balance, January 1, 2016	\$ 597,999
Increased by:	
Interest Earnings	<u>18,961</u>
	616,960
Decrease by:	
Cash Disbursements	<u>597,999</u>
Balance, December 31, 2016	<u>\$ 18,961</u>

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

Balance, January 1, 2016	\$ 1,326,000
Decreased by:	
Budget Appropriation to Pay Bonds	<u>435,000</u>
Balance, December 31, 2016	<u>\$ 891,000</u>

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

Ordinance Number	Improvement Description	Balance, January 1, 2016	Authorized 2016	Funded by Budget Appropriation	Grant Proceeds	Balance, December 31, 2016	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Improvement Authorizations Unfunded
01-03	Construction of Redneck Ave Pedestrian Way	\$ 134				\$ 134		\$ 134	
04-08	Various Capital Improvements	185				185			\$ 185
08-09	Tax Appeal Refunding	192,567				192,567			192,567
11-13/12-06	Improvements to Fire House Roof	20,501				20,501		14,610	5,891
12-07	Various Road Improvements	108,500				108,500		38,076	70,424
12-08	Joseph Street Park Improvements	23,750			\$ 10,023	13,727		9,383	4,344
13-05	Hurricane Sandy Improvements	6,370,000		\$ 66,545		6,303,455	\$ 6,183,455		120,000
13-11	Senior Center Improvements	47,500			13,526	33,974			33,974
13-12	Road Improvements	59,742				59,742	59,357		385
13-13	Curb and Ramp Improvements	28,500				28,500	23,000		5,500
14-03	Various Acquisitions and Improvements	549,002				549,002	485,000		64,002
14-05	Improvements to Concord Street Park	19,245				19,245		1,797	17,448
14-06	Preliminary Costs - New DPW Building	475,000				475,000	271,000		204,000
15-03	Tax Appeal Refunding	705,000		175,000		530,000	518,000		12,000
15-08	Acquisition of Ambulance	171,000			75,000	96,000	96,000		
15-10	Construction of Municipal Building	4,000,000				4,000,000	4,000,000		
16-02	Installation of Financial Software		\$ 61,750			61,750	61,750		
16-06	Various Acquisitions and Improvements		323,000		111,750	211,250			211,250
16-07	Construction of the DPW Building	-	1,900,000	-	-	1,900,000	-	-	1,900,000
		<u>\$ 12,770,626</u>	<u>\$ 2,284,750</u>	<u>\$ 241,545</u>	<u>\$ 210,299</u>	<u>\$ 14,603,532</u>	<u>\$ 11,697,562</u>	<u>\$ 64,000</u>	<u>\$ 2,841,970</u>
				Grants Receivable	\$ 75,000				
				ABNI	135,299				
					<u>\$ 210,299</u>				
				Bond Anticipation Notes		\$ 11,772,562			
				Less: Excess Note Proceeds Ord. #15-08		<u>75,000</u>			
						<u>\$ 11,697,562</u>			
							Improvement Authorizations Unfunded		\$ 3,535,615
							Less: Unexpended Bond Anticipation Note		
							Proceeds		
							Ord. #13-05	\$ 238,883	
							Ord. #13-12	30,172	
							Ord. #13-13	48	
							Ord. #14-03	139,327	
							Ord. #14-06	101,698	
							Ord. #15-03	3,424	
							Ord. #15-08	14,425	
							Ord. #15-10	139,911	
							Ord. #16-02	<u>25,757</u>	
									\$ 693,645
									<u>\$ 2,841,970</u>

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

Ord. No.	Improvement Description	Ord. Amount	Balance, January 1, 2016		2016 Authorizations		Contract Payable Cancelled	Paid or Charged	Balance, December 31, 2016	
			Funded	Unfunded	Capital Impvt. Fund	Deferred Charges Unfunded			Funded	Unfunded
General Improvements										
02-17/03-6	Recreation Equipment	\$ 13,000	\$ 3,739						\$ 3,739	
04-08/08-03	Various Capital Improvements/Municipal Building Improvements	2,280,000	435,652	\$ 185					435,652	\$ 185
04-12	Acquisition and Installation of Generator	75,000	16,062						16,062	
04-17	Joseph Street Park Improvements	107,670	36,921						36,921	
05-02	Various Roads Improvements	175,000	13,447						13,447	
08-04	Joseph Street Park Improvements	75,000	31,423				\$ 658		32,081	
08-09	Tax Appeal Refunding	651,000	18,402	192,567				\$ 447	17,955	192,567
09-15	Improvements to Romeo Street and State Street	254,000	30,468					9,921	20,547	
10-08	Streetscape and Park Improvements	200,000	14,785						14,785	
11-13/12-06	Improvements to Fire House Roof	77,000		5,891						5,891
12-07/12-11	Various Road Improvements	255,000		70,424						70,424
12-08	Joseph Street Park Improvements	25,000		4,344						4,344
12-09	Emergency Service Equipment	65,000	5,392						5,392	
13-05	Hurricane Sandy Improvements	6,370,000		4,821,058				4,462,175		358,883
13-11	Senior Center Improvements	50,000	1,117	47,500				13,526	1,117	33,974
13-12	Road Improvements	165,000		30,557						30,557
13-13	Curb and Ramp Improvements	30,000		5,548						5,548
14-03	Various Acquisitions and Improvements	907,500		213,620				10,291		203,329
14-05	Improvements to Concord Street Park	35,000		15,868			1,580			17,448
14-06	Preliminary Costs - New DPW Building	500,000	6,898	475,000			13,500	189,700		305,698
15-03	Tax Appeal Refunding	875,000		15,424						15,424
15-08	Acquisition of Ambulance	180,000	8,405	171,000				164,980		14,425
15-09	Acquisition of Dual Rear Wheel DPW Truck	42,500	10,137						10,137	
15-10	Construction of Municipal Building	4,000,000	-	3,993,160				3,853,249	-	139,911
16-02	Installation of Financial Software	65,000			\$ 3,250	\$ 61,750		39,243		25,757
16-06	Various Acquisitions and Improvements	340,000			17,000	323,000		6,988	121,762	211,250
16-07	Construction of the DPW Building	2,000,000	-	-	100,000	1,900,000	-	1,791	98,209	1,900,000
			\$ 632,848	\$ 10,062,146	\$ 120,250	\$ 2,284,750	\$ 15,738	\$ 8,752,311	\$ 827,806	\$ 3,535,615
Cash Disbursed								\$ 1,088,343		
Contracts Payable								7,663,968		
								\$ 8,752,311		

**BOROUGH OF MOONACHIE**  
**STATEMENT OF CONTRACTS PAYABLE**

Balance, January 1, 2016		\$ 331,697
Increased by:		
Charges to Improvement Authorizations		<u>7,663,968</u>
		7,995,665
Decreased by:		
Cash Disbursements	\$ 315,959	
Cancellation	<u>15,738</u>	
		<u>331,697</u>
Balance, December 31, 2016		<u>\$ 7,663,968</u>

**STATEMENT OF DUE TO SEWER CAPITAL FUND**

Balance, January 1, 2016		<u>\$ 9,079</u>
Decreased by:		
Cash Disbursements		<u>9,079</u>
Balance, December 31, 2016		<u>\$ -</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2016</u>		<u>Interest Rate</u>		<u>Balance, January 1, 2016</u>	<u>Decreased</u>	<u>Balance, December 31, 2016</u>
			<u>Date</u>	<u>Amount</u>					
General Improvements	10/1/2004	\$ 3,011,000	10/1/2017	\$ 326,000	3.60	%	\$ 636,000	\$ 310,000	\$ 326,000
General Improvements	8/15/2012	965,000	8/15/2017	125,000	2.00	%			
			8/15/2018-2019	145,000	2.00				
			8/15/2020	150,000	2.00		<u>690,000</u>	<u>125,000</u>	<u>565,000</u>
							<u>\$ 1,326,000</u>	<u>\$ 435,000</u>	<u>\$ 891,000</u>
Budget Appropriation								<u>\$ 435,000</u>	

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

Ord. No.	Improvement Description	Date of Issue of Original Notes	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2016	Increased	Decreased	Balance, December 31, 2016
13-05	Hurricane Sandy Improvements	10/21/2013	10/21/2015	10/21/2016	2.00 %	\$ 3,452,350		\$ 3,452,350	
			10/21/2016	10/20/2017	1.04		\$ 3,385,805		\$ 3,385,805
13-05	Hurricane Sandy Improvements	10/21/2015	10/21/2015	10/21/2016	2.00	2,797,650		2,797,650	
			10/21/2016	10/20/2017	1.04		2,797,650		2,797,650
13-12	Curb and Ramp Improvements	10/21/2016	10/21/2016	10/20/2017	1.04		59,357		59,357
13-13	Curb and Ramp Improvements	10/21/2015	10/21/2015	10/21/2016	2.00	23,000		23,000	
			10/21/2016	10/20/2017	1.04		23,000		23,000
14-03	Various Acquisitions and Improvements	10/21/2015	10/21/2015	10/21/2016	2.00	485,000		485,000	
			10/21/2016	10/20/2017	1.04		485,000		485,000
14-06	Preliminary Costs- New DPW Building	10/21/2015	10/21/2015	10/21/2016	2.00	271,000		271,000	
			10/21/2016	10/20/2017	1.04		271,000		271,000
15-03	Tax Appeal Refunding	10/21/2015	10/21/2015	10/21/2016	2.00	693,000		693,000	
			10/21/2016	10/20/2017	1.04		518,000		518,000
15-08	Acquisition of Ambulance	10/21/2016	10/21/2016	10/20/2017	1.04		171,000		171,000
15-10	Construction of Municipal Building	10/21/2016	10/21/2016	10/20/2017	1.04		4,000,000		4,000,000
16-02	Acquisition & Installation of Financial Software	10/21/2016	10/21/2016	10/20/2017	1.04	-	61,750	-	61,750
						<u>\$ 7,722,000</u>	<u>\$ 11,772,562</u>	<u>\$ 7,722,000</u>	<u>\$ 11,772,562</u>
							\$ 7,480,455	\$ 7,480,455	
								241,545	
							<u>4,292,107</u>	<u>-</u>	
							<u>\$ 11,772,562</u>	<u>\$ 7,722,000</u>	



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

	<u>Total</u>	<u>Sub-Total Page 2</u>	<u>Safe Playgrounds Ord. 02-17 &amp; Ord. 03-6</u>	<u>Community Development Block Grant Ord. 13-11</u>	<u>Community Development Block Grant Ord. 16-06</u>	<u>County of Bergen-Cooperative Curb Construction Ord. 13-13</u>	<u>County of Bergen Ord. 15-08</u>	<u>Ord. 05-13</u>	<u>Ord. 04-17</u>	<u>Bergen Cty Open Space Recreation Ord. 08-04</u>	<u>Ord. 14-03</u>	<u>Ord. 14-05</u>
Balance, January 1, 2016	\$ 598,086	\$ 271,287	\$ 6,500	\$ 37,180		\$ 27,750	\$ 75,000	\$ 67,492	\$ 23,135	\$ 25,000	\$ 50,000	\$ 14,742
Increased by:												
Awards	<u>160,490</u>	<u>113,090</u>	<u>-</u>	<u>-</u>	<u>\$ 47,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	758,576	384,377	6,500	37,180	47,400	27,750	75,000	67,492	23,135	25,000	50,000	14,742
Decreased by:												
Collected	<u>211,834</u>	<u>128,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,430</u>
	<u>211,834</u>	<u>128,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,430</u>
Balance, December 31, 2016	<u>\$ 546,742</u>	<u>\$ 255,973</u>	<u>\$ 6,500</u>	<u>\$ 37,180</u>	<u>\$ 47,400</u>	<u>\$ 27,750</u>	<u>\$ -</u>	<u>\$ 67,492</u>	<u>\$ 23,135</u>	<u>\$ 25,000</u>	<u>\$ 50,000</u>	<u>\$ 6,312</u>
<u>Analysis of Balance</u>												
Reserve for Grant Receivable	\$ 223,875	\$ 111,545		\$ 37,180	\$ 47,400	\$ 27,750						
Receivable Without Offsetting Reserve	<u>\$ 322,867</u>	<u>144,428</u>	<u>\$ 6,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 67,492</u>	<u>\$ 23,135</u>	<u>\$ 25,000</u>	<u>\$ 50,000</u>	<u>\$ 6,312</u>
	<u>\$ 546,742</u>	<u>\$ 255,973</u>	<u>\$ 6,500</u>	<u>\$ 37,180</u>	<u>\$ 47,400</u>	<u>\$ 27,750</u>	<u>\$ -</u>	<u>\$ 67,492</u>	<u>\$ 23,135</u>	<u>\$ 25,000</u>	<u>\$ 50,000</u>	<u>\$ 6,312</u>

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

	Sub-Total Page 2	Department of Transportation							FEMA- Assistance to Firefighters Grant Ord. 14-03	NJMC Downtown Revitalization Ord. #08-08
		Ord. 05-05	Ord. 07-02	Ord. 08-01	Ord. 08-08	Ord. 09-15	Ord. 13-12	Ord. 16-06		
Balance, January 1, 2016	\$ 271,287	\$ 20,166	\$ 33,219	\$ 47,281	\$ 43,750	\$ 65,463	\$ 44,742		\$ 16,654	\$ 12
Increased by:										
Awards	113,090	-	-	-	-	-	-	\$ 113,090	-	-
	<u>384,377</u>	<u>20,166</u>	<u>33,219</u>	<u>47,281</u>	<u>43,750</u>	<u>65,463</u>	<u>44,742</u>	<u>113,090</u>	<u>16,654</u>	<u>12</u>
Decreased by:										
Collected	128,404	-	-	-	-	-	-	111,750	16,654	-
	<u>128,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,750</u>	<u>16,654</u>	<u>-</u>
Balance, December 31, 2016	<u>\$ 255,973</u>	<u>\$ 20,166</u>	<u>\$ 33,219</u>	<u>\$ 47,281</u>	<u>\$ 43,750</u>	<u>\$ 65,463</u>	<u>\$ 44,742</u>	<u>\$ 1,340</u>	<u>\$ -</u>	<u>\$ 12</u>
<u>Analysis of Balance</u>										
Reserve for Grant Receivable	\$ 111,545					\$ 65,463	\$ 44,742	\$ 1,340		
Receivable Without Offsetting Reserve	<u>144,428</u>	<u>\$ 20,166</u>	<u>\$ 33,219</u>	<u>\$ 47,281</u>	<u>\$ 43,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 12</u>
	<u>\$ 255,973</u>	<u>\$ 20,166</u>	<u>\$ 33,219</u>	<u>\$ 47,281</u>	<u>\$ 43,750</u>	<u>\$ 65,463</u>	<u>\$ 44,742</u>	<u>\$ 1,340</u>	<u>\$ -</u>	<u>\$ 12</u>

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

Balance, January 1, 2016	\$ 108,518
Increased by:	
2016 Budget Appropriation	<u>100,000</u>
	208,518
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>120,250</u>
Balance, December 31, 2016	<u>\$ 88,268</u>

**STATEMENT OF RESERVE FOR PRELIMINARY COSTS**

Balance, January 1, 2016	<u>\$ 2,095</u>
Balance, December 31, 2016	<u>\$ 2,095</u>

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

Balance, January 1, 2016	<u>\$ 272,484</u>
Balance, December 31, 2016	<u>\$ 272,484</u>

**STATEMENT OF DUE FROM BOARD OF EDUCATION**

Increased by:	
Payments Made on Behalf of the Board of Education	<u>\$ 98,292</u>
Balance, December 31, 2016	<u>\$ 98,292</u>

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

Balance, January 1, 2016	<u>\$ 373,265</u>
Balance, December 31, 2016	<u>\$ 373,265</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, 2016</u>	<u>Authorized 2016</u>	<u>Grant Proceeds</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance, December 31, 2016</u>
01-03	Construction of Redneck Ave Pedestrian Way	\$ 134				\$ 134
04-08	Various Capital Improvements	185				185
08-09	Tax Appeal Refunding	192,567				192,567
11-13/12-06	Improvements to Fire House Roof	20,501				20,501
12-07	Various Road Improvements	108,500				108,500
12-08	Joseph Street Park Improvements	23,750		\$ 10,023		13,727
13-05	Hurricane Sandy Improvements	120,000				120,000
13-11	Senior Center Improvements	47,500		13,526		33,974
13-12	Road Improvements	59,742			\$ 59,357	385
13-13	Curb and Ramp Improvements	5,500				5,500
14-03	Various Acquisitions and Improvements	64,002				64,002
14-05	Improvements to Concord Street Park	19,245				19,245
14-06	Preliminary Costs - New DPW Building	204,000				204,000
15-03	Tax Appeal Refunding	12,000				12,000
15-08	Acquisition of Ambulance	171,000			171,000	-
15-10	Construction of Municipal Building	4,000,000			4,000,000	-
16-02	Installation of Financial Software		\$ 61,750		61,750	-
16-06	Various Acquisitions and Improvements		323,000	111,750		211,250
16-07	Construction of the DPW Building	-	1,900,000	-	-	1,900,000
		<u>\$ 5,048,626</u>	<u>\$ 2,284,750</u>	<u>\$ 135,299</u>	<u>\$ 4,292,107</u>	<u>\$ 2,905,970</u>

**SEWER UTILITY FUND**

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

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2016	\$ 1,765,546	\$ 864,000
Increased by Receipts:		
Sewer Utility Rents Receivable	\$ 1,509,376	
Receipts from Sewer Capital	10,704	
Receipts from General Capital		\$ 9,079
Interest on Investments and Deposits		2,274
Bond Anticipation Notes		147,611
Prepaid Rents	16,059	
Non-Budgeted Revenue	9,873	
Reserve for Sewer Lien Redemption	528	-
	<u>1,546,540</u>	<u>158,964</u>
	3,312,086	1,022,964
Decreased by Disbursements:		
2016 Budget Appropriations	1,579,288	
2015 Appropriation Reserves	31,280	
Improvement Authorizations		33
Bond Anticipation Notes		15,512
Disbursements to Sewer Capital		10,704
Accrued Interest	33,886	-
	<u>1,644,454</u>	<u>26,249</u>
Balance, December 31, 2016	<u>\$ 1,667,632</u>	<u>\$ 996,715</u>

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

	Balance, December 31, <u>2016</u>
Capital Improvement Fund	\$ 113,369
Due from Current Fund	(146,002)
Fund Balance	37,968
Reserve for Payment of Bonds	160,557
Due to Sewer Operating Fund	2,274
Encumbrance Payable	1,244
 Improvement Authorizations:	
Ord. No. 95-08 Impvt. to Sanitary Sewer System	71,550
Ord. No. 04-07/15 Sanitary Sewer Line	154
Ord. No. 06-04 Various Sewer Improvements	113,418
Ord. No. 09-06 Emergency Repairs to the Concord Pump Station	4,005
Ord. No. 09-11 Various Repairs to the Lincoln Place Stormwater Pump Station	200
Ord. No. 10-05 Repairs to Moonachie Road Stormwater Pump Station	3,934
Ord. No. 10-06 Emergency Repairs to Moonachie Ave Pump Station	16,707
Ord. No. 12-02 Improvements to the Moonachie Ave Sanitary Sewer Pump Station	28,081
Ord. No. 12-10 Re-Appropriation for Purchase of Sewer Van	4,875
Ord. No. 13-06 Hurricane Sandy Improvements	325,909
Ord. No. 14-04 Sewer Capital Improvements	252,142
Ord. No. 15-07 Acquisition of DPW Truck	<u>6,330</u>
	 <u>\$ 996,715</u>



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

<u>Year of Levy</u>	<u>Balance, January 1, 2016</u>	<u>Levy</u>	<u>Collected In 2016</u>	<u>Balance, December 31, 2016</u>
2015	\$ 50,848		\$ 50,848	
2016	<u>-</u>	<u>\$ 1,889,611</u>	<u>1,458,528</u>	<u>\$ 431,083</u>
	<u>\$ 50,848</u>	<u>\$ 1,889,611</u>	<u>\$ 1,509,376</u>	<u>\$ 431,083</u>

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

Balance, January 1, 2016 \$ 11,510

Balance, December 31, 2016 \$ 11,510

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

Balance, January 1, 2016	\$ 17,942
Increased by:	
Charges to 2016 Budget Appropriations	<u>21,995</u>
	39,937
Decreased by:	
Transfer to Appropriation Reserves	<u>17,942</u>
Balance, December 31, 2016	<u>\$ 21,995</u>

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

Increased by:	
Charges to Improvement Authorizations	<u>\$ 1,244</u>
Balance, December 31, 2016	<u>\$ 1,244</u>

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

Balance, January 1, 2016	\$ 292
Balance, December 31, 2016	<u>\$ 292</u>

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

	Balance, January 1, <u>2016</u>	Balance, After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING				
Salaries & Wages	\$ 68,036	\$ 68,036		\$ 68,036
Other Expenses	83,135	101,077	\$ 31,280	69,797
Social Security System (O.A.S.I.)	<u>295</u>	<u>295</u>	<u>-</u>	<u>295</u>
	<u>\$ 151,466</u>	<u>\$ 169,408</u>	<u>\$ 31,280</u>	<u>\$ 138,128</u>
Appropriation Reserves		\$ 151,466		
Encumbrances Payable		<u>17,942</u>		
		<u>\$ 169,408</u>		
Cash Disbursed			<u>\$ 31,280</u>	

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

	Balance, January 1, <u>2016</u>	Transfer from Authorized and <u>Uncompleted</u>	Balance, December 31, <u>2016</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	24,190		24,190
Moonachie Ave Sewer Pipeline	390,000	-	390,000
	<u>\$ 2,625,546</u>	<u>\$ -</u>	<u>\$ 2,625,546</u>

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

Balance, January 1, 2016	\$ 10,704
Increased by:	
Interest Earnings	<u>2,274</u>
	12,978
Decreased by:	
Payments to Sewer Utility Operating Fund	<u>10,704</u>
Balance, December 31, 2016	<u>\$ 2,274</u>

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

Balance, January 1, 2016	\$ <u>113,369</u>
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Balance, December 31, 2016	\$ <u>113,369</u>
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**STATEMENT OF RESERVE FOR AMORTIZATION  
SEWER UTILITY CAPITAL FUND**

Balance, January 1, 2016	\$ 2,669,788
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Increased by:	
Bonds Paid by Operating Budget	<u>45,000</u>

Balance, December 31, 2016	\$ <u>2,714,788</u>
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**STATEMENT OF RESERVE FOR PAYMENT OF BONDS/NOTES  
SEWER UTILITY CAPITAL FUND**

Balance, January 1, 2016	\$ 14,555
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Increased by:	
Hurricane Sandy Reimbursements Due from Current Fund	<u>146,002</u>

Balance, December 31, 2016	\$ <u>160,557</u>
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**BOROUGH OF MOONACHIE**  
**STATEMENT OF IMPROVEMENT AUTHORIZATIONS**  
**SEWER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Ordinance		Balance, January 1, 2016		2016 Authorizations	Contract Payable Cancelled	Paid or Charged	Balance, December 31, 2016	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
95-08	Improvement to Sanitary Sewer System	5/25/1995	\$ 450,000	\$ 449	\$ 71,101				\$ 449	\$ 71,101
04-07/15	Sanitary Sewer Line	5/27/2004	130,000	154					154	
06-04	Various Sewer Improvements	5/25/2006	260,000	113,418					113,418	
09-06	Emergency Repairs to the Concord Pump Station	4/23/2009	60,000	4,005					4,005	
09-11	Various Repairs to the Lincoln Place Stormwater Pump Station	9/24/2009	30,000	200					200	
10-05	Repairs to Moonachie Road Stormwater Pump Station	8/26/2010	5,810	3,934					3,934	
10-06	Emergency Repairs to Moonachie Ave Pump Station	8/26/2010	60,000	16,707					16,707	
12-02	Improvements to the Moonachie Ave Sanitary Sewer Pump Station	4/26/2012	146,000		28,081					28,081
12-10	Re-appropriation for Purchase of Sewer Van	9/27/2012	40,000	4,875					4,875	
13-06	Hurricane Sandy Improvements	8/22/2013	1,020,000		341,421					341,421
14-04	Sewer Capital Improvements	8/28/2014	361,500		252,529					252,529
15-07	Acquisition of DPW Truck	9/24/2015	42,500	7,607	-	-	-	\$ 1,277	6,330	-
				<u>\$ 151,349</u>	<u>\$ 693,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,277</u>	<u>\$ 150,072</u>	<u>\$ 693,132</u>
								Cash Disbursed Contracts Payable	\$ 33 1,244	
									<u>\$ 1,277</u>	

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

Ord. No.	Improvement Description	<u>Ordinance</u> Date	Amount	Balance, January 1, 2016	2016 Authorizations	Transfer to Fixed Capital	Balance, December 31, 2016
95-08	Improvements to Sanitary Sewer System	5/25/95	\$ 450,000	\$ 450,000			\$ 450,000
04-07/15	Sanitary Sewer Line	5/27/2004	130,000	130,000			130,000
06-04	Various Improvements	5/25/2006	260,000	177,500			177,500
09-06	Emergency Repairs to the Concord Pump Station	4/23/2009	60,000	60,000			60,000
10-05	Repairs to Moonachie Road Stormwater Pump Stations	8/26/2010	5,810	5,810			5,810
10-06	Emergency Repairs to Moonachie Ave Pump Stations	8/26/2010	60,000	60,000			60,000
12-02	Improvements to Moonachie Ave Sanitary Sewer Pump Station	4/26/2012	146,000	146,000			146,000
12-10	Re-appropriation for Purchase of of Sewer Van	9/27/2012	40,000	40,000			40,000
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
				<u>\$ 2,493,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,493,310</u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ord. Date</u>	<u>Balance, January 1, 2016</u>	<u>Funded by Note Payment</u>	<u>To Reserve for Amortization Fixed Capital</u>	<u>Balance, December 31, 2016</u>
95-08	Impvt. to Sanitary Sewer System	5/25/95	\$ 294,857			\$ 294,857
04-07/15	Sanitary Sewer Line	5/27/2004	83,200			83,200
06-04	Various Improvements	5/25/2006	21,600			21,600
09-06	Emergency Repairs to the Concord Pump Station	4/23/2009	60,000			60,000
10-05	Repairs to Moonachie Road Stormwater Pump Station	8/26/2010	5,810			5,810
10-06	Emergency Repairs to Moonachie Ave Pump Station	8/26/2010	60,000			60,000
12-02	Improvements to Moonachie Ave Sanitary Sewer Pump Station	4/26/2012	69,490			69,490
13-06	Hurricane Sandy Improvements	8/22/2013		\$ 19,661		19,661
14-04	Sewer Capital Improvements	7/1/2014	<u>18,076</u>	<u>-</u>	<u>-</u>	<u>18,076</u>
			<u>\$ 613,033</u>	<u>\$ 19,661</u>	<u>\$ -</u>	<u>\$ 632,694</u>



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

	Balance, January 1, <u>2016</u>	Balance, December 31, <u>2016</u>
Compensated Absences	\$ 152,665	\$ 152,665
	<u>\$ 152,665</u>	<u>\$ 152,665</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, January 1, <u>2016</u>	Notes Paid with Capital <u>Cash</u>	Notes <u>Issued</u>	Balance, December 31, <u>2016</u>
95-08	Impvt. to Sanitary Sewer System	\$ 71,101		\$ 71,101	
12-02	Improvements to the Moonachie Ave Sanitary Sewer Pump Station	76,510		76,510	
13-06	Hurricane Sandy Improvements		\$ 15,512		\$ 15,512
14-04	Sewer Capital Improvements	<u>387</u>	<u>-</u>	<u>-</u>	<u>387</u>
		<u>\$ 147,998</u>	<u>\$ 15,512</u>	<u>\$ 147,611</u>	<u>\$ 15,899</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, 2016	Increased	Decreased	Balance, December 31, 2016
13-06	Hurricane Sandy Improvements	10/21/2013	10/21/2015	10/21/2016	2.00 %	\$ 1,020,000		\$ 1,020,000	
			10/21/2016	10/20/2017	1.04 %		\$ 984,827		\$ 984,827
14-04	Sewer Capital Improvements	10/21/2014	10/21/2015	10/21/2016	2.00 %	181,918		181,918	
			10/21/2016	10/20/2017	1.04 %		181,918		181,918
14-04	Sewer Capital Improvements	10/21/2015	10/21/2015	10/21/2016	2.00 %	161,119	-	161,119	
			10/21/2016	10/20/2017	1.04 %		161,119		161,119
95-08	Impvt. to Sanitary Sewer System	10/21/2016	10/21/2016	10/20/2017	1.04 %		71,101		71,101
12-02	Improvements to the Moonachie Ave Sanitary Sewer Pump Station	10/21/2016	10/21/2016	10/20/2017	1.04 %	-	76,510	-	76,510
						<u>\$ 1,363,037</u>	<u>\$ 1,475,475</u>	<u>\$ 1,363,037</u>	<u>\$ 1,475,475</u>
						Renewals	\$ 1,327,864	\$ 1,327,864	
						Paid by Budget Appropriation		19,661	
						Paid with Capital Cash		15,512	
						Issued for Cash	<u>147,611</u>	<u>-</u>	
							<u>\$ 1,475,475</u>	<u>\$ 1,363,037</u>	

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

Balance, January 1, 2016	\$ 7,861
Increased by:	
2016 Budget Appropriation	<u>31,199</u>
	39,060
Decreased by:	
Interest Paid	<u>33,886</u>
Balance, December 31, 2016	<u>\$ 5,174</u>

Analysis of Accrued Interest, December 31, 2016

Principal Outstanding December 31, 2016		Interest				
		<u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
\$280,000	Bonds	2.00%	8/15/2016	2/15/2017	4 1/2 Months	\$ 2,147
\$1,475,475	Bond Anticipation Note	1.04%	10/21/2016	10/20/2017	72 Days	<u>3,027</u>
						<u>\$ 5,174</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, 2016</u>		<u>Interest Rate</u>		<u>Balance,</u>	<u>Decreased</u>	<u>Balance,</u>
			<u>Date</u>	<u>Amount</u>			<u>January 1, 2016</u>		<u>December 31, 2016</u>
Sewer Improvements	8/15/2013	\$ 460,000	8/15/2017-2020	\$ 45,000	2.00	%			
			8/15/2021-2022	50,000	2.0-2.5		\$ 325,000	\$ 45,000	\$ 280,000
							<u>\$ 325,000</u>	<u>\$ 45,000</u>	<u>\$ 280,000</u>
Paid by Budget Appropriation								<u>\$ 45,000</u>	

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

	<u>Balance, January 1, 2016</u>	<u>Amount Raised in 2016 Budget</u>	<u>Amount Resulting in 2016</u>	<u>Balance, December 31, 2016</u>
Operating Deficit			\$ 7,333	\$ 7,333
Overexpenditure- Budget Appropriations	\$ 2,372	\$ 2,372		
Overexpenditure- Appropriation Reserves	<u>21,589</u>	<u>21,589</u>	<u>-</u>	<u>-</u>
	<u>\$ 23,961</u>	<u>\$ 23,961</u>	<u>\$ 7,333</u>	<u>\$ 7,333</u>

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

Increased by:

Deposits Made in Current Fund-FEMA

\$ 146,002

Balance, December 31, 2016

\$ 146,002

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

Increased by:

Deposits Made in Current Fund

\$ 1,025

Balance, December 31, 2016

\$ 1,025

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

Increased by:

Cash Receipts

\$ 16,059

Balance, December 31, 2016

\$ 16,059

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

Increased by:

Deposits

\$ 528

Balance, December 31, 2016

\$ 528

**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, 2016	\$ 9,408	\$ 9,408	
Increased by:			
Cash Receipts	<u>24</u>	<u>24</u>	<u>-</u>
Balance, December 31, 2016	<u>\$ 9,432</u>	<u>\$ 9,432</u>	<u>\$ -</u>

**STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES**

	<u>Total</u>	<u>Account #1</u> (75%)	<u>Account #2</u> (100%)
Balance, January 1, 2016	\$ 9,408	\$ 9,408	
Increased by:			
Revenues	<u>24</u>	<u>24</u>	<u>-</u>
Balance, December 31, 2016	<u>\$ 9,432</u>	<u>\$ 9,432</u>	<u>\$ -</u>

**STATEMENT OF PUBLIC ASSISTANCE REVENUES**

	<u>Total</u>	<u>Account #1</u> (75%)	<u>Account #2</u> (100%)
Interest on Investments and Deposits	\$ 24	\$ 24	\$ -
Total Revenues/Receipts	<u>\$ 24</u>	<u>\$ 24</u>	<u>\$ -</u>



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

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**PART II**

**GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

## 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, 2016, and the related notes to the financial statements, and have issued our report thereon dated September 6, 2017. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the omission of Other Post Employment Benefits (“OPEB”) note disclosure and 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2016-001 that we consider to be a significant deficiency in internal control over financial reporting.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Moonachie's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and responses as item 2016-001.

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

### **Borough of Moonachie's Responses to Findings**

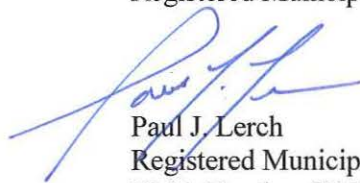
The Borough of Moonachie's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Borough of Moonachie's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express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

### **Purpose of this Report**

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



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



Paul J. Lerch  
Registered Municipal Accountant  
RMA Number CR00457

Fair Lawn, New Jersey  
September 6, 2017

**BOROUGH OF MOONACHIE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	CFDA Number	Grant Year	Grant Award Amount	2016 Receipts	Balance, January 1, 2016	Revenue Realized	Expenditures	Balance, December 31, 2016	Cumulative Expenditures
								*	
								*	
								*	
								*	
<b>Department of Transportation</b>									
Highway Planning and Construction									
Ordinance #09-15	20.205	2009	\$ 200,000		\$ 15,641		\$ 9,921	\$ 5,720	* \$ 194,280
Ordinance #13-12		2013	150,000		44,742			44,742	* 105,258
Ordinance #16-03		2015	111,750	\$ 113,090		\$ 111,750	6,988	104,762	* 6,988
									*
									*
									*
<b>Department of Law and Public Safety</b>									
Public Assistance Grants									
FEMA	97.036	2013	1,344,770	109,425				-	* 716,078
									*
									*
									*
<b>U.S. Department of Housing &amp; Urban Development</b>									
Community Development Block Grant									
Ordinance #13-11	14.218	2013	37,180		37,180	-		37,180	* 37,180
Ordinance #16-03		2016	47,400		-	47,400	-	47,400	* 47,400
									*
									*
					<u>\$ 97,563</u>	<u>\$ 159,150</u>	<u>\$ 16,909</u>	<u>\$ 239,804</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

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Amount Received</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2016</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Cancellations/ Adjustment</u>	<u>Balance, December 31, 2016</u>	<u>Cumulative Expenditures</u>
<b>Dept. of Human Services</b>										*
General Assistance	7500-150-158080-60	2000			\$ 7,442				\$ 7,442	*
<b>Department of Environmental Protection</b>										*
Solid Waste Administration										*
Clean Communities Grant	4900-765-004-178910	2013	\$ 4,323		803			\$ 611	1,414	* \$ 2,909
		2014	753		447				447	* 306
		2015	10,547		1			(1)	-	* 10,546
		2016	6,615	\$ 6,615		\$ 6,615	\$ 400		6,215	* *
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	66,618		66,618	65,791		827	* 65,791
Hazardous Waste	4910-100-224-238490	2014	32,975							* *
<b>Dept. of Environment Protection (Passed Through County of Bergen)</b>										* *
Municipal Alliance Grant	N/A	2013	9,520	1,107	5,608				5,608	* 3,912
(Passed Through County of Bergen)		2016	4,625	3,876	-	4,625	4,625		-	* 4,625
<b>N.J. Department of Community Affairs</b>										* *
Capital Improvement Grant	CIP-2016-0237-780	2016	30,000			30,000	30,000			* 30,000
Codes, Ordinance Standard Grant	COSR-2016-0237-771	2016	20,000			20,000	20,000			* 20,000
Community Development & Neighborhood Plan	CDNP-2016-0237-778	2016	40,000			40,000	40,000			* 40,000
Debris Management Grant	DMP-2016-0237-772	2016	20,000			20,000	20,000			* 20,000
Design Standards Grant	DS-2016-0237-779	2016	25,000			25,000	25,000			* 25,000
GIS Grant	GIS-2016-0237-763	2016	50,000			50,000	50,000			* 50,000
Master Plan Re-Examination Grant	REEX-2016-0237-777	2016	50,000			50,000	50,000			* 50,000
					-	-	-	-	-	* *
					\$ 18,276	\$ 312,858	\$ 305,816	\$ 610	\$ 25,928	* *

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, 2016**

**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	\$ 159,150	\$ 312,858	\$ 472,008
	<u>\$ 159,150</u>	<u>\$ 312,858</u>	<u>\$ 472,008</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 Uniform Guidance.

**BOROUGH OF MOONACHIE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

*Part I – Summary of Auditor's Results*

**Financial Statements**

Type of auditors' report issued on financial statements

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

Internal control over financial reporting:

1) Material weakness(es) identified

\_\_\_\_\_ yes        X   no

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

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

Noncompliance material to the financial  
statements noted?

  X   yes      \_\_\_\_\_ no

**Federal Awards Section**

NOT APPLICABLE

**State Awards Section**

NOT APPLICABLE



**BOROUGH OF MOONACHIE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

***Part II – Schedule of Financial Statement Findings***

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

**Finding 2016-001**

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

**Criteria or Specific Requirement**

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

**Condition**

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

**Context**

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

**Effect**

The liabilities associated with other postemployment benefits were not disclosed in the financial statements for the years ended December 31, 2016 and 2015.

**Cause**

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

**Recommendation**

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

**Views of Responsible Officials and Planned Corrective Action**

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

**BOROUGH OF MOONACHIE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

*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, 2016**

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 2015-001**

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

**Current Status**

See Finding 2016-001.

**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, 2016**

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

	<u>Year 2016</u>		<u>Year 2015</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,168,111	5.49 %	\$ 829,105	4.36 %
Miscellaneous - From Other Than Local				
Property Tax Levies	3,960,027	18.62	2,770,023	14.57
Collection of Delinquent Taxes				
and Tax Title Liens	200,280	0.94	242,623	1.28
Collection of Current Tax Levy	<u>15,934,257</u>	<u>74.94</u>	<u>15,168,352</u>	<u>79.79</u>
Total Income	<u>21,262,675</u>	<u>100.00</u> %	<u>19,010,103</u>	<u>100.00</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	9,513,133	50.59 %	8,703,814	47.80 %
Local School Taxes	7,344,749	39.06	7,200,734	39.55
County Taxes	1,947,667	10.36	1,705,976	9.37
Other Expenditures	<u>-</u>	<u>-</u>	<u>598,083</u>	<u>3.28</u>
Total Expenditures	<u>18,805,549</u>	<u>100.00</u> %	<u>18,208,607</u>	<u>100.00</u> %
Excess (Deficit) in Revenue	2,457,126		801,496	
Fund Balance, January 1	<u>1,704,717</u>		<u>1,732,326</u>	
	4,161,843		2,533,822	
Less Utilization as Anticipated Revenue	<u>1,168,111</u>		<u>829,105</u>	
Fund Balance, December 31	<u>\$ 2,993,732</u>		<u>\$ 1,704,717</u>	

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

	<u>Year 2016</u>			<u>Year 2015</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 150,000	8.28 %	\$	144,607	6.05 %
Collection of Sewer Rents	1,509,376	83.36		2,183,075	91.32
Miscellaneous - From Other Than Sewer	<u>151,300</u>	<u>8.36</u>		<u>62,926</u>	<u>2.63</u>
Total Income	<u>1,810,676</u>	<u>100.00 %</u>		<u>2,390,608</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Operating	1,653,188	90.93 %		1,625,883	93.07 %
Deferred Charges and Statutory Expenditures	68,961	3.79		49,020	2.81
Debt Service	<u>95,860</u>	<u>5.27</u>		<u>72,076</u>	<u>4.13</u>
Total Expenditures	<u>1,818,009</u>	<u>100.00 %</u>		<u>1,746,979</u>	<u>100.00 %</u>
Excess/ (Deficit) in Revenue	(7,333)			643,629	
Adjustments to Income Before Surplus:					
Expenditures included above which are by Statute Deferred					
Charges to budget of Succeeding Year	<u>-</u>			<u>2,372</u>	
Operating Deficit to be Reviewed in Budget of Succeeding Year	<u>7,333</u>				
Statutory Excess to Surplus	-			646,001	
Fund Balance, January 1	<u>1,469,985</u>			<u>968,591</u>	
	1,469,985			1,614,592	
Decreased by:					
Utilized in Sewer Operating Budget	<u>150,000</u>			<u>144,607</u>	
Fund Balance, December 31	<u>\$ 1,319,985</u>			<u>\$ 1,469,985</u>	

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	<u>\$2.379</u>	<u>\$2.111</u>	<u>\$2.001</u>

Apportionment of Tax Rate

Municipal	\$1.070	\$ .904	\$ 0.830
County	.275	.232	0.259
Local School	1.034	.975	0.912

Assessed Valuation

2016	<u>\$710,295,696</u>	
2015		<u>\$738,620,111</u>
2014		<u>\$774,143,074</u>

**COMPARISON OF SEWER UTILITY LEVIES**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections (1)</u>
2016	\$ 1,889,611	\$ 1,509,376
2015	1,786,121	2,183,075
2014	2,160,308	2,042,582

(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>
2016	\$ 16,911,453	\$ 16,634,257	98.36%
2015	15,602,684	15,168,352	97.22%
2014	15,497,592	14,949,645	96.46%

**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 Taxes	Amount of Tax Title Liens	Total Delinquent	Percentage of Tax Levy
2016	\$	230,092	\$ 469,661	\$ 699,753	4.14%
2015		229,211	393,626	622,837	3.99%
2014		245,611	365,424	611,035	3.94%

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

No properties have been acquired in 2016 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>
2016	\$2,850
2015	2,850
2014	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>	2016	\$2,995,732	\$1,388,000
	2015	1,704,717	1,168,111
	2014	1,732,326	829,105
<u>Sewer Utility Operating Fund</u>	2016	\$1,319,985	\$441,047
	2015	1,469,985	150,000
	2014	968,591	144,607



**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
Kathy Kinsella	Councilwoman - President
Robert Bauer	Councilman
Antonio Cirillo	Councilman
Manuel Martinez	Councilman
Lucille Miller	Councilwoman
Bruce Surak	Councilman
Anthony Ciannamea	Administrator Chief Finance Officer
Supriya Sanyal	Borough Clerk Assessment Search Officer & Registrar of Vital Statistics Planning Board Secretary
Jeff Kropiewnicki	Tax Collector/Search Officer
Lisa Ciannamea	Deputy Registrar of Vital Statistics Zoning Board Secretary
Frank Migliorino	Borough Attorney
Kevin Boswell	Borough Engineer
Philip N. Boggia	Judge
Anamarie Matos	Court Administrator
Deborah Benigno	Asst. to Tax Collector
Michael Sartori	Building Sub-Code Official Zoning Official and Construction Official
Armand Marini	Fire Sub-Code Official
Frederick J. Dressel IV	Fire Official
Bruce Kalogera	Electrical Sub-Code Official (January – March)
Ilarione Mario Patruno	Electrical Sub-Code Official (April – December)
Dominick Luminova	Plumbing Sub-Code Official

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

<u>Name</u>	<u>Title</u>
Lynn Rose	Building Department Control Clerk Fire Prevention Clerk
Jennifer Cooney	Board of Health Secretary
Paul Barbire	Tax Assessor
Michael Maguire	Chief of Police (January 1 – August 31, 2016)
Richard Behrens	Officer in Charge (September – December 31, 2016)
Walter Paul	Sewer Inspector

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

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

**GENERAL COMMENTS**

**Prior Year Unresolved Comments**

Our audit of the purchasing cycle revealed that there were numerous purchase orders issued subsequent to the invoice date. It is recommended that the purchase orders be issued at the time the order is placed for the goods and/or services.

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

Our audit of the cash disbursement cycle revealed that the Borough makes certain non-check payments; funds are electronically transferred from the Borough's bank account, however these payments are not entered into the budget system in the month that they occur. It is recommended that the non check payments be entered into the budget system in the month that they occur.

Our audit revealed that the 2015 Corrective Action Plan was not filed until calendar year 2017. It is recommended that the Corrective Action Plan be filed with the Division of Local Government Services in a timely manner.

**Current Year Comments**

Our audit of the Current Fund Bank Reconciliation and the Unemployment Trust Fund bank reconciliation revealed the following:

- There were three outstanding checks payable to Lincoln Financial in the amounts of \$30,508, \$31,201 and \$27,966 dated December 2015, August 2016 and December 2016, respectively and one check payable to Ryder Truck for a tax appeal in the amount of \$32,609 dated August 2016 that have not cleared the bank.
- There were two outstanding checks payable to the New Jersey Department of labor in the amounts of \$884.27 and \$8,565.51, dated August 2014, November 2015, respectively that have not cleared the bank.

It is recommended that these outstanding checks in the Current Fund and Unemployment Trust Fund are investigated to determine their validity.

Our audit revealed that the Sewer Utility Operating Fund incurred an operating deficit in 2016 in the amount of \$7,333. This deficit resulted from a shortfall in anticipated revenues and will be realized in future years' budgets', therefore, no recommendation is warranted.

Our audit of the compensated absences was limited to analytical procedures because the detail records were not available for our audit. It is recommended that the detail records supporting the compensated absence balances are available for audit.

Our audit of the fixed assets revealed that the report wasn't updated for the 2016 additions and disposals. The financial statements have been adjusted to include the fixed asset additions and disposals for 2016. It is recommended that the fixed asset report is updated on annual basis for all fixed asset additions and disposals.

Our audit of the Chapter 78 health benefit contributions revealed that there was an increase in the health benefit premium effective July 2016, however the employee's health benefit contributions for 2016 was not adjusted to reflect the health benefit premium increase. It is recommended that the Chapter 78 employee health benefit contributions are adjusted to reflect mid-year health benefit premium increases.

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

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

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

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

**DELINQUENT TAXES AND TAX TITLE LIENS**

The last tax sale was held on December 14, 2016.

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>
2016	2
2015	2
2014	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.

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

**COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS**

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

The Governing Body on January 3, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

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

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

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

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

**Suggestions to Management**

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

**APPRECIATION**

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

## BOROUGH OF MOONACHIE RECOMMENDATIONS

It is recommended that:


- \* 1. The Borough institute measures to ensure in future periods that the actuarial calculation on the other postemployment benefits would be available for audit.
- \* 2. The purchase orders are issued at the time the order is placed for the goods and/or services.
- \* 3. The Borough enroll the eligible employees into the Defined Contribution Retirement Plan (DCRP).
- \* 4. The non check payments be entered into the budget system in the month that they occur.
- \* 5. The Corrective Action Plan be filed with the Division of Local Government Services in a timely manner.
- 6. The outstanding checks in the Current Fund and Unemployment Trust Fund be investigated to determine their validity.
- 7. The detail records supporting the compensated absence balances are available for audit.
- 8. The fixed asset report is updated on an annual basis for all fixed asset additions and disposals.
- 9. The Chapter 78 employee health benefit contributions are adjusted to reflect mid-year health benefit premium increases.


### 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 recommendation 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