

BOROUGH OF MOONACHIE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2018

BOROUGH OF MOONACHIE

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BOROUGH OF MOONACHIE
BERGEN COUNTY, NEW JERSEY

PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2018



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, 2018 and 2017, 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, 2018, 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, 2018 and 2017, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 18 of the financial statements, the financial statements – regulatory basis of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2018 and 2017. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 47 percent and 71 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2018 and 2017.

In addition, 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 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our opinion, disclosure of that information is required to conform with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited and for the omission of the note disclosures regarding the other post employment benefit obligations, as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Moonachie as of December 31, 2018 and 2017, 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, 2018 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

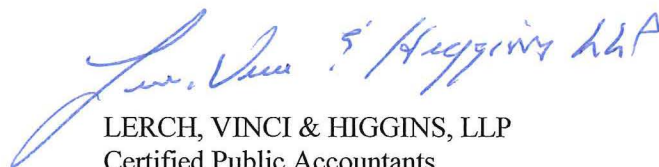
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Moonachie as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 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.

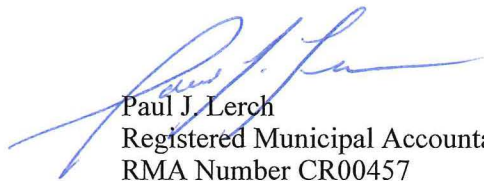
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 1, 2019 on our consideration of the Borough of Moonachie's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Moonachie's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Moonachie's internal control over financial reporting and compliance.



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
August 1, 2019

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017

ASSETS	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Cash	A-4	\$ 13,140,367	\$ 10,053,089
Cash - Change Funds	A-5		200
State and Federal Grant Receivables	A-22	59,696	59,696
Senior Citizens' and Veterans' Deductions	A-7	<u>269</u>	<u>43</u>
		<u>13,200,332</u>	<u>10,113,028</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	141,175	275,768
Tax Title Liens Receivable	A-9	585,953	517,399
Property Acquired for Taxes - Assessed Value	A-10	2,850	2,850
Revenue Accounts Receivable	A-11	6,102	22,405
Interlocal- Due from Borough of Teterboro	A-25	33,980	33,980
Due from Animal Control Trust Fund	B-8	2,268	2,173
Due from Other Trust Fund- Payroll	B-3	139	60
Due from Other Trust Fund- Flex Spending	B-12	1,932	1,877
Due from Other Trust Fund- Miscellaneous Reserves	B-13	344	
Due from Public Assistance	E-4	166	
Due from Sewer Utility Operating Fund	D-28	1,622	1,622
Due from General Capital Fund	C-4	<u>15,121</u>	<u>-</u>
		<u>791,652</u>	<u>858,134</u>
Deferred Charges:			
Special Emergency Authorizations	A-27	<u>-</u>	<u>67,334</u>
Total Assets		<u>\$ 13,991,984</u>	<u>\$ 11,038,496</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Liabilities			
Appropriation Reserves	A-3,A-12	\$ 1,137,516	\$ 1,377,377
Encumbrances Payable	A-13	257,172	237,248
Due to Other Trust Fund	B-2	2,637	4,441
Due to General Capital Fund	C-4		38,240
Due to Sewer Utility Capital Fund - FEMA	D-27		146,002
Tax Title Lien Redemption	A-20	11,454	11,575
Prepaid Taxes	A-17	797,863	1,199,877
Tax Overpayments	A-24	76,853	11,389
Local School Taxes Payable	A-16	1,051,407	817,304
County Taxes Payable	A-14	21,556	22,245
Appropriated Reserves- Grants	A-18	27,419	26,191
Unappropriated Reserve-Grants	A-19	62,159	5,619
Reserve for Hurricane Sandy Reimbursements	A-23	3,182,831	699,159
Miscellaneous Reserves	A-21	<u>1,645,088</u>	<u>2,015,184</u>
		8,273,955	6,611,851
Reserve for Receivables and Other Assets	A	791,652	858,134
Fund Balance	A-1	<u>4,926,377</u>	<u>3,568,511</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 13,991,984</u>	<u>\$ 11,038,496</u>

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>Year 2018</u>	<u>Year 2017</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,120,788	\$ 1,388,000
Miscellaneous Revenues Anticipated	A-2	2,252,558	1,549,335
Receipts from Delinquent Taxes	A-2	266,697	225,111
Receipts from Current Taxes	A-2	17,769,461	17,196,583
Non-Budget Revenue	A-2	147,100	184,641
Other Credits to Income			
Interfunds Returned - Net	A		17,292
Unexpended Balance of Appropriation Reserves	A-12	<u>1,355,189</u>	<u>1,085,837</u>
		<u>22,911,793</u>	<u>21,646,799</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,189,259	4,009,458
Other Expenses	A-3	3,517,937	3,365,674
Capital Improvements	A-3	250,000	150,000
Municipal Debt Service	A-3	1,117,463	841,118
Deferred Charges and Statutory Expenditures	A-3	1,091,380	1,470,536
County Taxes	A-14	1,845,834	1,907,943
County Open Space Tax	A-14	79,164	79,145
County Share of Added and Omitted Taxes	A-14	243	932
Local District School Taxes	A-16	8,325,950	7,857,751
Other Debits			
Interfunds Advanced- Net	A	15,860	
Prior Year Senior Citizens' Deductions Disallowed	A-7	<u>49</u>	<u>1,463</u>
		<u>20,433,139</u>	<u>19,684,020</u>
Excess in Revenue		2,478,654	1,962,779
Fund Balance, January 1	A	<u>3,568,511</u>	<u>2,993,732</u>
		6,047,165	4,956,511
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,120,788</u>	<u>1,388,000</u>
Fund Balance, December 31	A	<u>\$ 4,926,377</u>	<u>\$ 3,568,511</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, 2018

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE UTILIZED	A-1	\$ 1,120,788	\$ 1,120,788	-
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	A-11	6,000	6,944	\$ 944
Other	A-11	11,000	14,603	3,603
Fees and Permits	A-2	5,000	4,522	(478)
Fines and Costs				
Municipal Court	A-11	29,000	35,538	6,538
Interest and Costs on Taxes	A-11	55,000	39,077	(15,923)
Interest on Investments and Deposits	A-2	50,000	367,924	317,924
Energy Receipts Tax	A-11	449,979	449,979	-
Trailer Camp Fees	A-11	65,000	64,860	(140)
Port Authority of NY in Lieu of Taxes	A-11	16,335	16,335	-
Cellular One Lease	A-11	33,000	34,926	1,926
Uniform Fire Safety Act - Local Fees	A-11	15,000	14,539	(461)
Uniform Construction Code Fees	A-11	100,000	162,119	62,119
Borough of Teterboro - Police Services	A-11	800,000	800,000	-
Township of South Hackensack - DPW	A-11	60,000	60,000	-
Borough of Teterboro - Emergency Management Coordinator	A-11	2,000	2,000	-
Uniform Fire Safety Act - LEA	A-11	55,000	63,270	8,270
Recycling Tonnage Grant	A-22	42,969	42,969	-
Clean Communities Grant	A-19	5,619	5,619	-
FEMA - Hurricane Sandy	A-23	67,334	67,334	-
Total Miscellaneous Revenues	A-1	1,868,236	2,252,558	384,322
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	200,000	266,697	66,697
LOCAL TAX FOR MUNICIPAL PURPOSES	A-2	8,100,865	8,618,270	517,405
Total General Revenues	A-3	\$ 11,289,889	12,258,313	\$ 968,424
Non-Budget Revenue	A-1,A-2		147,100	
			<u>\$ 12,405,413</u>	

BOROUGH OF MOONACHIE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 18,119,461
Transfer to Reserve for Tax Appeals	A-21	<u>350,000</u>
Revenue Realized	A-1	17,769,461
Less: Allocated to School and County Taxes	A-14,A-16	<u>10,251,191</u>
Balance for Support of Municipal Budget Appropriations		7,518,270
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,100,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 8,618,270</u></u>
ANALYSIS OF FEES & PERMITS		
Board of Health	A-11	\$ 4,065
Police	A-11	<u>457</u>
	A-2	<u><u>\$ 4,522</u></u>
ANALYSIS OF INTEREST ON INVESTMENTS		
Due from General Capital Fund	C-4	\$ 173,127
Due from Other Trust Fund - Escrow	B-2	726
Due from Other Trust Fund - Payroll	B-3	1,434
Due from Other Trust Fund - Flexible Spending Account	B-12	55
Due from Other Trust Fund - Miscellaneous Reserves	B-13	344
Due from Animal Control Fund	B-8	95
Due from Public Assistance Fund	E-4	166
Cash Receipts	A-11	<u>191,977</u>
	A-2	<u><u>\$ 367,924</u></u>
NON-BUDGET REVENUE		
Recycling		\$ 1,670
Prior Year Police Outside Duty		<u>145,430</u>
	A-2,A-4	<u><u>\$ 147,100</u></u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 184,128	\$ 199,128	\$ 188,335	\$ 10,793	
Other Expenses	92,930	108,030	71,128	36,902	
Grant Consultant	21,000	21,000	20,790	210	
Sandy Consultant	115,800	115,800	104,100	11,700	
Mayor & Council					
Salaries & Wages	39,979	39,979	35,262	4,717	
Other Expenses	5,000	5,000	980	4,020	
Municipal Clerk					
Salaries & Wages	60,467	65,467	58,565	6,902	
Other Expenses	11,450	15,450	11,154	4,296	
Financial Administration					
Salaries & Wages	46,158	46,158	9,211	36,947	
Other Expenses	112,950	112,950	97,339	15,611	
Audit Services					
Annual Audit	30,000	30,000	30,000		
Revenue Administration					
Salaries & Wages	44,571	44,571	14,079	30,492	
Other Expenses	19,650	19,650	7,717	11,933	
Tax Assessment Administration					
Salaries & Wages	16,893	16,893	14,999	1,894	
Other Expenses	47,450	47,450	10,200	37,250	
Legal Services & Costs					
Salaries & Wages	42,000	42,000	32,000	10,000	
Other Expenses	55,500	55,500	11,805	43,695	
Engineering Services & Costs					
Other Expenses	14,000	19,000	14,183	4,817	
LAND USE ADMINISTRATION					
Planning Board					
Salaries & Wages	2,964	2,964	2,855	109	
Other Expenses	8,350	10,350	8,000	2,350	
Zoning Board of Adjustment					
Salaries & Wages	2,252	2,252		2,252	
Other Expenses	2,000	2,000		2,000	
INSURANCE					
Unemployment Contribution	10,000	10,000	10,000		
Surety Bond Premium	1,000	4,000	3,736	264	
Employee Group Health	1,075,000	1,025,400	997,279	28,121	
Health Benefit Waiver	34,750	34,750	31,657	3,093	
General Liability & Workers Compensation	352,170	349,170	245,639	103,531	
Police Department					
Salaries & Wages - Uniformed	2,060,426	1,903,926	1,730,174	173,752	
Salaries & Wages - Crossing Guards	65,476	65,476	60,435	5,041	
Other Expenses	117,740	151,940	111,684	40,256	

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, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Police Dispatch/911					
Salaries & Wages	\$ 244,494	\$ 244,494	\$ 187,657	\$ 56,837	
Other Expenses	9,500	9,500	2,606	6,894	
Emergency Management Services					
Salaries and Wages	5,547	5,547	2,297	3,250	
Other Expenses	3,500	3,500	2,503	997	
Municipal Court					
Salaries and Wages	34,229	76,229	72,643	3,586	
Other Expenses	6,400	6,400	5,665	735	
First Aid Organization					
Other Expenses-Contribution	17,000	17,000	17,000		
Other Expenses	9,000	9,000	1,041	7,959	
Fire Department					
Other Expenses	82,590	82,590	69,882	12,708	
Fire Hydrant Service	66,852	66,852	64,144	2,708	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Fire Official					
Salaries & Wages	17,689	17,689	15,847	1,842	
Other Expenses	10,000	11,600	7,699	3,901	
Life Hazard Use Fee Payments (P.L. 1983, C. 383)					
Salaries & Wages	39,820	39,820	19,600	20,220	
Other Expenses	3,500	3,500	3,500		
Municipal Prosecutor					
Salaries & Wages	7,200	7,200	6,043	1,157	
Occupational Safety and Health Act					
Hepatitis "B" Inoculations	2,850	2,850		2,850	
Fire Equipment	8,200	8,200	3,106	5,094	
First Aid Equipment	4,700	4,700		4,700	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries & Wages	261,595	276,595	244,982	31,613	
Other Expenses	32,000	53,000	44,266	8,734	
Solid Waste Collection					
Recycling-Salaries & Wages	44,348	44,348	34,065	10,283	
Recycling-Other Expenses	55,021	72,721	37,913	34,808	
Sanitation Contractual-Other Expenses	108,111	128,111	118,330	9,781	
Buildings and Grounds					
Other Expenses	139,450	139,450	88,681	50,769	
Vehicle Maintenance					
Other Expenses	140,000	140,000	95,654	44,346	

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries & Wages	\$ 4,904	\$ 4,904	\$ 3,998	\$ 906	
Other Expenses	37,330	37,330	27,716	9,614	
South Bergen Mental Health					
Other Expense-Contribution	1,200	1,200	1,200		
RECREATION & EDUCATION					
Recreation Services and Programs					
Salaries & Wages	44,652	44,652	36,668	7,984	
Other Expenses	21,480	21,480	9,040	12,440	
Community Affairs-Senior Citizens					
Salaries & Wages	7,075	7,075	6,786	289	
Other Expenses	16,100	16,100	14,601	1,499	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events, Anniversary or Holiday (RS 50:48-5.4)					
Other Expenses	19,900	19,900	16,084	3,816	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries & Wages	50,571	54,571	49,177	5,394	
Other Expenses	4,630	4,630	1,625	3,005	
Sub-Code Officials					
Building Inspector - Salaries & Wages	12,500	12,500	12,500		
Plumbing Inspector - Salaries & Wages	6,555	6,555	5,630	925	
Electrical Inspector - Salaries & Wages	9,017	9,017	5,561	3,456	
Fire Protection Inspector - Salaries & Wages	6,920	6,920	4,501	2,419	
Property Maintenance Official					
Salaries & Wages	7,579	7,579	5,202	2,377	
Rent Monitoring Board					
Other Expenses	7,770	7,770	6,627	1,143	

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	\$ 63,221	\$ 63,221	\$ 63,221		
Street Lighting	72,417	72,417	64,712	\$ 7,705	
Telephone	38,082	42,082	37,878	4,204	
Water	7,320	7,820	7,637	183	
Natural Gas	33,031	33,031	17,993	15,038	
Gasoline	86,012	86,012	29,031	56,981	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill Tax - Tipping Fee	84,000	84,000	75,415	8,585	-
Total Operations Within "CAPS"	<u>6,687,916</u>	<u>6,687,916</u>	<u>5,581,233</u>	<u>1,106,683</u>	<u>-</u>
Contingent	1,000	1,000	-	1,000	-
Total Operations including Contingent Within "CAPS"	<u>6,688,916</u>	<u>6,688,916</u>	<u>5,581,233</u>	<u>1,107,683</u>	<u>-</u>
Detail:					
Salaries & Wages	3,404,759	3,329,259	2,890,729	438,530	-
Other Expenses (Including Contingent)	3,284,157	3,359,657	2,690,504	669,153	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Social Security System (O.A.S.I.)	276,726	276,726	266,867	9,859	
Police and Firemen's Retirement System	608,932	608,932	608,932		
Public Employees Retirement System	132,388	132,388	132,388	-	-
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>1,018,046</u>	<u>1,018,046</u>	<u>1,008,187</u>	<u>9,859</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>7,706,962</u>	<u>7,706,962</u>	<u>6,589,420</u>	<u>1,117,542</u>	<u>-</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Fire Department - LOSAP	\$ 46,042	\$ 46,042	\$ 46,042		
First Aid - LOSAP	45,000	45,000	45,000		
LANDFILL/SOLID WASTE DISPOSAL					
Recycling Tax	11,500	11,500	3,526	\$ 7,974	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
PUBLIC SAFETY FUNCTIONS					
"911" Telecommunication Agreement	2,000	2,000		2,000	
Shooting Range Agreement - Wood-Ridge	27,000	27,000	3,150		\$ 23,850
Borough of Teterboro-Police Salaries and Wags	800,000	800,000	800,000		
Township of South Hackensack - DPW Salaries	60,000	60,000	52,000	8,000	
Borough of Teterboro-Emergency Management Coordinator	2,000	2,000	-	2,000	-
Total Other Operations Excluded from "CAPS"	<u>993,542</u>	<u>993,542</u>	<u>949,718</u>	<u>19,974</u>	<u>23,850</u>
PUBLIC AND PRIVATE OFFSET BY REVENUES					
Clean Communities Grant	5,619	5,619	5,619	-	
Recycling Tonnage Grant	<u>42,969</u>	<u>42,969</u>	<u>42,969</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs					
Offset by Revenues	<u>48,588</u>	<u>48,588</u>	<u>48,588</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	<u>1,042,130</u>	<u>1,042,130</u>	<u>998,306</u>	<u>19,974</u>	<u>23,850</u>
Detail:					
Salaries & Wages	862,000	860,000	852,000	8,000	
Other Expenses	<u>180,130</u>	<u>182,130</u>	<u>146,306</u>	<u>11,974</u>	<u>23,850</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
CAPITAL IMPROVEMENT EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 250,000	\$ 250,000	\$ 250,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	145,000	145,000	145,000		
Payment of Bond Anticipation Notes and Capital Notes	776,979	776,979	776,979		
Interest on Bonds	8,800	8,800	8,800		
Interest on Notes	186,684	186,684	186,684	-	-
Total Municipal Debt Service - Excluded from "CAPS"	1,117,463	1,117,463	1,117,463	-	-
DEFERRED CHARGES					
Emergency - Superstorm Sandy - DLGS Approval	67,334	67,334	67,334	-	-
Total Deferred Charges	67,334	67,334	67,334	-	-
Judgements	6,000	6,000	6,000	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,482,927	2,482,927	2,439,103	\$ 19,974	\$ 23,850
Subtotal General Appropriations	10,189,889	10,189,889	9,028,523	1,137,516	23,850
Reserve for Uncollected Taxes	1,100,000	1,100,000	1,100,000	-	-
Total General Appropriations	\$ 11,289,889	\$ 11,289,889	\$ 10,128,523	\$ 1,137,516	\$ 23,850
Reference	A-2			A	

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Reference</u>	<u>Appropriations Budget After Modification</u>	<u>Expended Paid or Charged</u>
Budget as Adopted	A-3	<u>\$ 11,289,889</u>	
Cash Disbursed	A-4		\$ 8,704,017
Encumbrances Payable	A-13		257,172
Deferred Charges- Special Emergency Authorization	A-27		67,334
Reserve for Uncollected Taxes	A-2		<u>1,100,000</u>
			<u>\$ 10,128,523</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 4,924	\$ 3,102
OTHER TRUST FUND			
Cash	B-1	864,419	279,816
Due from Current Fund - Escrow	B-2	2,637	4,441
		<u>867,056</u>	<u>284,257</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	44,623	49,537
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	746,836	748,250
Contribution Receivable	B	60,664	59,709
		<u>807,500</u>	<u>807,959</u>
Total Assets		<u>\$ 1,724,103</u>	<u>\$ 1,144,855</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Due to Current Fund	B-8	\$ 2,268	\$ 2,173
Due to State of New Jersey	B-6	41	41
Reserve for Animal Control Expenditures	B-7	2,615	888
		<u>4,924</u>	<u>3,102</u>
OTHER TRUST FUND			
Escrow Deposits	B-5	34,479	48,353
Reserve for Miscellaneous Deposits	B-4	817,846	226,640
Reserve for Payroll Salaries and Deductions Payable	B-10	12,316	7,327
Due to Current Fund- Miscellaneous Reserves	B-13	344	
Due to Current Fund- Flexible Spending	B-12	1,932	1,877
Due to Current Fund- Payroll	B-3	139	60
		<u>867,056</u>	<u>284,257</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Reserve for Unemployment Insurance	B-9	44,623	49,537
TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	807,500	807,959
Total Liabilities and Reserves		<u>\$ 1,724,103</u>	<u>\$ 1,144,855</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, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Cash	C-2, C-3	\$ 6,734,815	\$ 11,603,339
Grant and Other Receivables	C-12	464,745	320,321
Due from Board of Education	C-16		98,292
Due from Current Fund	C-4		38,240
Deferred Charges to Future Taxation			
Funded	C-5	7,965,000	440,000
Unfunded	C-6	<u>7,782,644</u>	<u>14,734,757</u>
 Total Assets		 <u>\$ 22,947,204</u>	 <u>\$ 27,234,949</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-10	\$ 7,965,000	\$ 440,000
Bond Anticipation Notes Payable	C-11	6,068,000	14,816,154
Contracts Payable	C-8	4,942,971	6,608,446
Due to Current Fund	C-4	15,121	
Improvement Authorization			
Funded	C-7	912,767	584,222
Unfunded	C-7	1,399,320	3,487,996
Reserve for Payment of Debt	C-9	100,603	65,161
Reserve for Construction of DPW Building	C-15	272,484	272,484
Reserve for Municipal Building - FEMA	C-17	373,265	373,265
Reserve for Preliminary Costs	C-14	2,095	2,095
Capital Improvement Fund	C-13	378,660	198,660
Reserve for Federal and State Grant Receivables	C-12	408,433	264,009
Fund Balance	C-1	<u>108,485</u>	<u>122,457</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 22,947,204</u>	 <u>\$ 27,234,949</u>

There were bonds and notes authorized but not issued on December 31, 2018 and 2017 of \$1,714,644 and \$105,353, 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, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, January 1	C	\$ 122,457	\$ 104,502
Increased by:			
Cancellation of Ord. #08-09	C-1		17,955
Premium on Sale of Bonds	C-2	<u>2,928</u>	<u>-</u>
		125,385	122,457
Decreased by:			
Appropriated to Finance Improvement Authorization	C-7	<u>16,900</u>	<u>-</u>
Balance, December 31	C	<u>\$ 108,485</u>	<u>\$ 122,457</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Cash	D-5	\$ 377,698	\$ 1,381,841
Due from Sewer Utility Capital Fund	D-14	<u>118,896</u>	<u>-</u>
		<u>496,594</u>	<u>1,381,841</u>
Receivables With Full Reserves			
Sewer Utility Rents Receivable	D-7	<u>289,072</u>	<u>194,065</u>
Deferred Charges:			
Over-Expenditure Budget Appropriation	D-4,D-26	2,592	
Operating Deficit	D-1, D-26	<u>331,919</u>	<u>-</u>
		<u>334,511</u>	<u>-</u>
Total Assets		<u>\$ 1,120,177</u>	<u>\$ 1,575,906</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Due to Sewer Utility Capital Fund	D-14		\$ 65,625
Due to Current Fund	D-28	\$ 1,622	1,622
Appropriation Reserves	D-4,D-12	124,577	131,857
Encumbrances Payable	D-9	8,834	15,002
Miscellaneous Reserves - Terminal Leave	D-21		152,665
Prepaid Rent	D-29	16,059	16,059
Due to Lien Holder	D-11	292	292
Sewer Rent Overpayments	D-30	2,822	5,770
Accrued Interest Payable	D-24	<u>7,149</u>	<u>4,891</u>
		161,355	393,783
Reserve for Receivables	D	289,072	194,065
Fund Balance	D-1	<u>669,750</u>	<u>988,058</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,120,177</u>	<u>\$ 1,575,906</u>

Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
AS OF DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Cash	D-5,D-6	\$ 1,078,366	\$ 721,106
Grants Receivable	D-8	11,510	11,510
Due from Current Fund	D-27		146,002
Due from Sewer Utility Operating Fund	D-14		65,625
Fixed Capital	D-13	3,491,793	3,491,793
Fixed Capital Authorized and Uncompleted	D-19	<u>2,264,000</u>	<u>2,184,000</u>
 Total Assets		 <u>\$ 6,845,669</u>	 <u>\$ 6,620,036</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Due to Sewer Utility Operating Fund	D-14	\$ 118,896	
Encumbrances Payable	D-10	151,843	\$ 51,805
Bonds Payable	D-25	190,000	235,000
Bond Anticipation Notes Payable	D-23	1,400,000	1,239,846
Improvement Authorization			
Funded	D-18	7,071	5,568
Unfunded	D-18	1,173,684	1,256,749
Reserve for Grants Receivable	D-8	11,510	11,510
Reserve for Amortization	D-16	3,295,864	3,250,864
Reserve for Deferred Amortization	D-20	362,618	311,615
Reserve for Payment of Bonds	D-17		118,896
Capital Improvement Fund	D-15	96,215	100,215
Fund Balance	D-2	<u>37,968</u>	<u>37,968</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 6,845,669</u>	 <u>\$ 6,620,036</u>

There were bonds and notes authorized but not issued on December 31, 2018 and 2017 of 507,311 and \$737,650, 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, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
REVENUES AND OTHER INCOME			
Surplus Anticipated	D-3	\$ 318,308	\$ 441,047
Rents	D-3	910,893	1,428,123
Reserve for Payment of Bonds/Notes	D-3	118,896	160,557
Non-Budget Revenue	D-3	78,695	38,286
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-12	<u>106,616</u>	<u>144,828</u>
		<u>1,533,408</u>	<u>2,212,841</u>
EXPENDITURES			
Budget Appropriations			
Operating	D-4	1,721,211	1,721,766
Deferred Charges and Statutory Expenditures	D-4	32,000	39,333
Capital Improvements - Capital Outlay	D-4	-	41,000
Debt Service	D-4	<u>114,708</u>	<u>301,622</u>
		<u>1,867,919</u>	<u>2,103,721</u>
Excess/(Deficit) in Revenue		<u>(334,511)</u>	109,120
Adjustment to Income before Surplus:			
Expenditures included above which are by Statute Deferred Charges to the Budget of Succeeding Year	D-4,D-26	<u>2,592</u>	
Operating Deficit to be Raised in Budget of Succeeding Year	D	<u>\$ (331,919)</u>	
Statutory Excess to Surplus			109,120
Fund Balance, January 1	D	<u>\$ 988,058</u>	<u>1,319,985</u>
		988,058	1,429,105
Decreased by:			
Utilized in Sewer Operating Budget	D-1	<u>318,308</u>	<u>441,047</u>
Fund Balance, December 31	D	<u>\$ 669,750</u>	<u>\$ 988,058</u>

Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, January 1, 2018	D	\$ 37,968	\$ 37,968
Balance, December 31, 2018	D	<u>\$ 37,968</u>	<u>\$ 37,968</u>

STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 318,308	\$ 318,308	
Rents	D-1,D-7	1,428,123	910,893	\$ (517,230)
Reserve for Payment of Bonds/Notes	D-1,D-14	<u>118,896</u>	<u>118,896</u>	<u>-</u>
	D-4	<u>\$ 1,865,327</u>	1,348,097	<u>\$ (517,230)</u>
Non-Budget Revenue	D-1,D-3		<u>78,695</u>	
			<u>\$ 1,426,792</u>	

ANALYSIS OF NON-BUDGET REVENUE

Due from Sewer Capital Fund	D-14	\$ 17,004
Cash Receipts	D-5	<u>61,691</u>
	D-3	<u>\$ 78,695</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>	<u>Over- Expended</u>
	<u>Budget</u>	Budget After Modifications	Paid or Charged	Reserved		
OPERATING						
Salaries and Wages	\$ 486,084	\$ 486,084	\$ 466,773	\$ 19,311		
Other Expenses	540,000	539,500	436,335	103,165		
Bergen County Utilities Authority	695,127	695,627	695,615	12		
DEFERRED CHARGES AND AND STATUTORY EXPENDITURES						
Social Security System (O.A.S.I.)	32,000	32,000	29,911	2,089		
DEBT SERVICE						
Payment of Bond Principal	45,000	45,000	45,000			
Payment of Bond Anticipation Note Principal	47,003	47,003	47,003			
Interest on Bonds	4,488	4,488	4,488			
Interest on Notes	<u>15,625</u>	<u>15,625</u>	<u>18,217</u>	-	-	\$ (2,592)
	<u>\$ 1,865,327</u>	<u>\$ 1,865,327</u>	<u>\$ 1,743,342</u>	<u>\$ 124,577</u>	<u>\$ -</u>	<u>\$ (2,592)</u>
Reference	D-3			D		
	<u>Reference</u>					
Budget as Adopted	D-3	<u>\$ 1,865,827</u>				
Disbursed	D-5		\$ 1,711,803			
Encumbrances Payable	D-9		8,834			
Accrued Interest	D-24		<u>22,705</u>			
			<u>\$ 1,743,342</u>			

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Cash	E-1	\$ <u>9,673</u>	\$ <u>9,507</u>
LIABILITIES AND RESERVES			
Due to Current Fund	E-4	\$ 166	
Reserve for Public Assistance Expenditures	E-2	<u>9,507</u>	\$ <u>9,507</u>
Total Liabilities, Reserves and Fund Balance		\$ <u>9,673</u>	\$ <u>9,507</u>

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSET ACCOUNT GROUP -
REGULATORY BASIS
AS OF DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Construction in Progress	\$ 6,937,934	\$ 2,145,235
Land	1,617,100	1,617,100
Buildings and Building Improvements	1,067,130	1,067,130
Machinery and Equipment	<u>5,609,182</u>	<u>5,357,954</u>
	<u>\$ 15,231,346</u>	<u>\$ 10,187,419</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 15,231,346</u>	<u>\$ 10,187,419</u>

NOTES TO FINANCIAL STATEMENTS

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

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, 2018 AND 2017

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, 2018 AND 2017**

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, 2017 balances to conform to the December 31, 2018 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, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2018 and 2017 the Current Fund and Sewer Utility Operating Fund budgets were not increased. However, the governing body approved several budget transfers during 2018 and 2017.

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>2018</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Sewer Utility Operating Fund			
Debt Service			
Interest on Notes	\$15,625	\$18,217	\$2,592

2017

There were none.

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

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2018 and 2017, the book value of the Borough's deposits were \$22,254,885 and \$24,101,537 and bank and brokerage firm balances of the Borough's deposits amounted to \$23,669,418 and \$25,264,227, 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>2018</u>	<u>2017</u>
Insured	\$ 23,669,418	\$ 25,264,227

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, 2018 and 2017, the Borough's bank balances were not exposed to custodial credit risk.

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2018 and 2017, the Borough had the following investments:

2018

Lincoln Financial Group (LOSAP)	
Investment Fund (Unaudited)	\$ <u>746,836</u>

2017

Lincoln Financial Group (LOSAP)	
Investment Fund (Unaudited)	\$ <u>748,250</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, 2018 and 2017, \$746,836 and \$748,250 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>2018</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>746,836</u>
<u>2017</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>748,250</u>

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2018 and 2017, the Borough's investment in Lincoln Financial Group was rated Baa1 by Moody's Investor Services.

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

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

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

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2018 consisted of the following:

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

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

Receivables at December 31, 2017 consisted of the following:

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

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

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

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>2018</u>		<u>2017</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 21,592	\$ 2,637	\$ 5,732	\$ 188,683
Trust Fund:				
Animal Control Fund		2,268		2,173
Other Trust Fund- Flexible Spending		1,932		1,877
Other Trust Fund - Escrow	2,637		4,441	
Other Trust Fund - Payroll		139		60
Other Trust Fund - Miscellaneous Reserves		344		
General Capital Fund		15,121	38,240	
Sewer Utility Operating Fund	118,896	1,622		67,247
Sewer Utility Capital Fund		118,896	211,627	
Public Assistance Fund	-	166	-	-
	<u>-</u>	<u>166</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 143,125</u>	<u>\$ 143,125</u>	<u>\$ 260,040</u>	<u>\$ 260,040</u>

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

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

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

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:

2018

Current Fund
There are none

2017

Current Fund
Special Emergency Authorization

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
	\$ 67,334	\$ 67,334	\$ -
	<u>\$ 67,334</u>	<u>\$ 67,334</u>	<u>\$ -</u>

2018

Sewer Utility Operating Fund
Overexpenditure of Appropriations
Operating Deficit

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

2017

Sewer Utility Operating Fund
There are none

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

NOTE 7 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual school levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
	Local District School	Local District School
Balance of Tax	\$ 4,155,217	\$ 3,921,114
Deferred	<u>3,103,810</u>	<u>3,103,810</u>
Taxes Payable	<u>\$ 1,051,407</u>	<u>\$ 817,304</u>

NOTE 8 FUND BALANCES APPROPRIATED

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

	<u>2018</u>		<u>2017</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 4,866,412	\$ 1,200,000	\$ 3,441,438	\$ 1,120,788
Non-Cash Surplus	<u>59,965</u>	<u>-</u>	<u>127,073</u>	<u>-</u>
	<u>\$ 4,926,377</u>	<u>\$ 1,200,000</u>	<u>\$ 3,568,511</u>	<u>\$ 1,120,788</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 216,343		\$ 988,058	\$ 318,308
Non-Cash Surplus	<u>453,407</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
	<u>\$ 669,750</u>	<u>\$ -</u>	<u>\$ 988,058</u>	<u>\$ 318,308</u>

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

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, 2018 and 2017.

	Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2018</u>
<u>2018</u>				
Construction in Progress	\$ 2,145,235	\$ 4,792,699		\$ 6,937,934
Land	1,617,100			1,617,100
Buildings and Building Improvements	1,067,130			1,067,130
Machinery and Equipment	5,357,954	251,228	\$ -	5,609,182
	<u>\$ 10,187,419</u>	<u>\$ 5,043,927</u>	<u>\$ -</u>	<u>\$ 15,231,346</u>
	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2017</u>
<u>2017</u>				
Construction in Progress	\$ 864,894	\$ 1,280,341		\$ 2,145,235
Land	1,617,100			1,617,100
Buildings and Building Improvements	1,067,130			1,067,130
Machinery and Equipment	5,150,295	207,659	\$ -	5,357,954
	<u>\$ 8,699,419</u>	<u>\$ 1,488,000</u>	<u>\$ -</u>	<u>\$ 10,187,419</u>

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

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, 2018 and 2017.

	Balance January 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2018</u>
<u>2018</u>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 3,491,793	\$ -	\$ -	\$ 3,491,793
	<u>\$ 3,491,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,491,793</u>
	Balance January 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2017</u>
<u>2017</u>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 2,625,546	\$ 866,247	\$ -	\$ 3,491,793
	<u>\$ 2,625,546</u>	<u>\$ 866,247</u>	<u>\$ -</u>	<u>\$ 3,491,793</u>

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

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>2018</u>	<u>2017</u>
Issued		
General		
Bonds, Notes and Loans	\$ 14,033,000	\$ 15,256,154
Sewer Utility		
Bonds, Notes and Loans	<u>1,590,000</u>	<u>1,474,846</u>
	15,623,000	16,731,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>100,603</u>	<u>370,807</u>
Net Debt Issued	<u>15,522,397</u>	<u>16,360,193</u>
Authorized But Not Issued		
General		
Bonds and Notes	1,714,644	105,353
Sewer Utility		
Bonds and Notes	<u>507,311</u>	<u>737,650</u>
	<u>2,221,955</u>	<u>843,003</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 17,744,352</u>	<u>\$ 17,203,196</u>

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

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 2.200% and 1.792% at December 31, 2018 and 2017, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	\$ 15,747,644	\$ 100,603	\$ 15,647,041
Utility Debt	<u>2,097,311</u>	<u>-</u>	<u>2,097,311</u>
Total	<u>\$ 17,844,955</u>	<u>\$ 100,603</u>	<u>\$ 17,744,352</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 15,361,507	\$ 251,911	\$ 15,109,596
Utility Debt	<u>2,212,496</u>	<u>2,212,496</u>	<u>-</u>
Total	<u>\$ 17,574,003</u>	<u>\$ 2,464,407</u>	<u>\$ 15,109,596</u>

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>2018</u>	<u>2017</u>
3.5% of Equalized Valuation Basis (Municipal)	\$ 28,223,952	\$ 29,504,459
Less: Net Debt	<u>17,744,352</u>	<u>15,109,596</u>
Remaining Borrowing Power	<u>\$ 10,479,600</u>	<u>\$ 14,394,863</u>

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

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>2018</u>	<u>2017</u>
\$965,000, 2012 Bonds, due in annual installments of \$145,000 to \$150,000 through August 15, 2020, interest at 2.00%	\$ 295,000	\$ 440,000
\$7,670,000, 2018 Bonds, due in annual installments of \$250,000 to \$500,000 through October 15, 2038, interest at 3.00% to 5.00%	<u>7,670,000</u>	<u>-</u>
	<u>\$ 7,965,000</u>	<u>\$ 440,000</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>2018</u>	<u>2017</u>
\$460,000, 2012 Bonds, due in annual installments of \$45,000 to \$50,000 through August 15, 2022, interest at 2.00% through 2.5%	<u>\$ 190,000</u>	<u>\$ 235,000</u>
	<u>\$ 190,000</u>	<u>\$ 235,000</u>

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

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, 2018 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>	
2019	\$ 395,000	\$ 290,719	\$ 45,000	\$ 3,925	\$ 734,644
2020	400,000	282,713	45,000	3,025	730,738
2021	250,000	269,713	50,000	2,125	571,838
2022	295,000	257,213	50,000	1,125	603,338
2023	305,000	242,463			547,463
2024-2028	1,770,000	977,863			2,747,863
2029-2033	2,110,000	641,037			2,751,037
2034-2038	2,440,000	262,473	-	-	2,702,473
	<u>\$ 7,965,000</u>	<u>\$ 3,224,194</u>	<u>\$ 190,000</u>	<u>\$ 10,200</u>	<u>\$ 11,389,394</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2018 and 2017 were as follows:

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

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

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

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

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2018 and 2017 was as follows:

Bond Anticipation Notes

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

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

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>2018</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>January 1,</u> <u>2018</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>December 31,</u> <u>2018</u>
<u>Sewer Utility Capital Fund</u>						
<u>Purpose</u>						
Hurricane Sandy Improvements	2.00%	10/18/2019	\$ 755,223	\$ 720,050	\$ 755,223	\$ 720,050
Sewer Capital Improvements	2.00%	10/18/2019	337,012	325,182	337,012	325,182
Impvt. To Sanitary Sewer System	2.00%	10/18/2019	71,101		71,101	
Acquisition of Generators	2.00%	10/18/2019		109,000		109,000
Imp. To Moonachie Ave Sanitary Sewer Pump	2.00%	10/18/2019	<u>76,510</u>	<u>245,768</u>	<u>76,510</u>	<u>245,768</u>
Sewer Utility Capital Bond Anticipation Notes Payable			<u>\$ 1,239,846</u>	<u>\$ 1,400,000</u>	<u>\$ 1,239,846</u>	<u>\$ 1,400,000</u>
Total Bond Anticipation Notes Payable			<u>\$ 16,056,000</u>	<u>\$ 7,468,000</u>	<u>\$ 16,056,000</u>	<u>\$ 7,468,000</u>
<u>2017</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>January 1,</u> <u>2017</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance,</u> <u>December 31,</u> <u>2017</u>
<u>General Capital Fund</u>						
<u>Purpose</u>						
Hurricane Sandy Improvements	1.26%	10/19/2018	\$ 6,183,455	\$ 6,236,910	\$ 6,183,455	\$ 6,236,910
Road Improvements	1.26%	10/19/2018	59,357	59,742	59,357	59,742
Curb and Ramp Improvements	1.26%	10/19/2018	23,000	28,500	23,000	28,500
Various Acquisitions and Improvements	1.26%	10/19/2018	485,000	1,615,252	485,000	1,615,252
Preliminary Costs - New DPW Building	1.26%	10/19/2018	271,000	475,000	271,000	475,000
Tax Appeal Refunding	1.26%	10/19/2018	518,000	343,000	518,000	343,000
Acquisition of Ambulance	1.26%	10/19/2018	171,000	96,000	171,000	96,000
Construction of Municipal Building	1.26%	10/19/2018	4,000,000	4,000,000	4,000,000	4,000,000
Acq. & Install Financial Software	1.26%	10/19/2018	61,750	61,750	61,750	61,750
Construction of DPW Building	1.26%	10/19/2018	<u>-</u>	<u>1,900,000</u>	<u>-</u>	<u>1,900,000</u>
General Capital Bond Anticipation Notes Payable			<u>\$ 11,772,562</u>	<u>\$ 14,816,154</u>	<u>\$ 11,772,562</u>	<u>\$ 14,816,154</u>

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

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

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

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance special emergency appropriations. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2018 and 2017 as follows:

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

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Special Emergency Notes

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

<u>2018</u>	Rate (%)	Maturity Date	Balance January 1, <u>2018</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance December 31, <u>2018</u>
<u>Purpose</u>						
There are none						
<u>2017</u>	Rate (%)	Maturity Date	Balance January 1, <u>2017</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance December 31, <u>2017</u>
<u>Purpose</u>						
Hurricane Sandy	1.04%	10/20/2017	\$ 331,963	\$ -	\$ 331,963	\$ -
Total Special Emergency Notes			<u>\$ 331,963</u>	<u>\$ -</u>	<u>\$ 331,963</u>	<u>\$ -</u>

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

NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2018</u>			
	Municipal Building Complex	\$ 1,599,869	12/31/2019
	Purchase of Police Console and Communication Equipment	179,573	12/31/2019
	Purchase of Equipment at Municipal Building Complex	380,886	12/31/2019
	DPW Facility	2,512,000	12/31/2019
	Moonachie Ave Pump Station	39,108	12/31/2019
	Purchase of Generator at Pump Station	109,093	12/31/2019
	Pavilion for Park	52,542	12/31/2019
	ADA Compliant Curb Ramps	65,000	12/31/2019
<u>2017</u>			
	Municipal Building Complex	\$ 6,131,062	12/31/2018
	DPW Facility	39,273	12/31/2018
	Purchase of International Hook Lift Truck	199,700	12/31/2018
	Purchase of Portable Radios	41,225	12/31/2018

NOTE 12 OPERATING LEASES

The Borough leases copiers under noncancelable operating leases. Lease payments for the years ended December 31, 2018 and 2017 were \$7,620 and \$6,935, respectively. The future minimum lease payments for these leases are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2019	\$ 7,620
2020	3,915
2021	<u>490</u>
Total	<u>\$ 12,025</u>

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

NOTE 13 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$693,496 and \$679,943 at December 31, 2018 and 2017, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2018, the Borough has reserved in the Other Trust Fund \$607,586 to fund compensated absences in accordance with NJSA 40A:4-39. As of December 31, 2017, the Borough has reserved in the Current Fund and Sewer Utility Fund \$625,230 to fund compensated absences in accordance with NJSA 40A:4-39.

B. Community Disaster Loan

On May 23, 2013, the Federal Emergency Management Agency (FEMA), under the provisions of the Community Disaster Loan Act of 2005, approved the Borough's application for a disaster loan in response to the losses incurred as a result of Hurricane Sandy. The State of New Jersey recommended a Community Disaster Loan ("CDL") in the amount of \$2,212,128 for the Borough. The purpose of the loan was to allow the Borough to carry on existing governmental functions and to expand such functions to meet disaster-related needs. The term of the loan is for five years with an interest rate that is based on the five year Treasury rate on the date of the Promissory Note as signed by FEMA. The rate for this loan is undeterminable. The terms of this loan provides for no principal or interest payments for five years from the date of loan proceeds and these deferrals may be further extended by FEMA for an additional five years. However, interest accrues on a simple interest basis from date of receipt of loan proceeds. The loan is collateralized with the Borough's future revenue after provision has been made for payments required in connection with any outstanding bond indebtedness in existence at the time of the CDL loan. In January 2018, the Borough received notification from FEMA that the Borough is eligible to cancel a principal amount of the CDL totaling \$1,138,947 plus accrued interest on the cancelled principal. In addition, the Borough has appealed the remaining \$1,073,181 in principal plus accrued interest on the principal. Also, the Borough has requested a five-year extension of time to repay. The Borough has not received approval from FEMA as of the date of audit relating to their appeal for the remaining \$1,073,181 in principal plus accrued interest on the principal and their request of a five-year extension of time to repay.

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

NOTE 13 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2018 and 2017 were as follows:

	Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
Community Disaster Loan	\$ 2,212,128			\$ 2,212,128	
Compensated Absences	679,943	\$ 13,553		693,496	
Net Pension Liability - PERS	3,326,645		\$ 418,501	2,908,144	
Net Pension Liability - PFRS	<u>10,622,075</u>	<u>-</u>	<u>1,785,572</u>	<u>8,836,503</u>	<u>-</u>
Other Long Term Liabilities	<u>\$ 16,840,791</u>	<u>\$ 13,553</u>	<u>\$ 2,204,073</u>	<u>\$ 14,650,271</u>	<u>\$ -</u>
	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
Community Disaster Loan	\$ 2,212,128			\$ 2,212,128	
Compensated Absences	704,730		\$ 24,787	679,943	
Net Pension Liability - PERS	4,632,069		1,305,424	3,326,645	
Net Pension Liability - PFRS	<u>12,135,805</u>	<u>-</u>	<u>1,513,730</u>	<u>10,622,075</u>	<u>-</u>
Other Long Term Liabilities	<u>\$ 19,684,732</u>	<u>\$ -</u>	<u>\$ 2,843,941</u>	<u>\$ 16,840,791</u>	<u>\$ -</u>

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The following represents the membership tiers for PFRS:

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

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

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

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

The following represents the membership tiers for PERS:

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

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

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

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Other Pension Funds

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation (Continued)

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for PERS at June 30, 2018 and 2017 is \$43.4 billion and \$48.9 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 40.45% and 36.78%, respectively. The collective net pension liability of the participating employers for PFRS at June 30, 2018 and 2017 is \$19.7 billion and \$21.6 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 57.91% and 54.52%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017, respectively.

Actuarial Methods and Assumptions

In the July 1, 2017 and 2016 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

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

For the years ended December 31, 2018 and 2017 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. All contributions made by the Borough for 2018, 2017 and 2016 were equal to the required contributions.

During the years ended December 31, 2018, 2017 and 2016, 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>
2018	\$ 608,932	\$ 132,388
2017	517,813	138,942
2016	524,539	141,758

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

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2018 and 2017, the Borough reported a liability of \$2,908,144 and \$3,326,645, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, 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, 2018, the Borough's proportionate share was .00014 percent, which was an decrease of .01415 percent from its proportionate share measured as of June 30, 2017 of .01429 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough's pension expense to be \$129,167 and \$188,697, respectively, for PERS based on the actuarial valuations. The Borough's pension expense for the year ended December 31, 2018 was less than the actual contribution reported in the Borough's financial statements of \$132,388. The Borough's pension expense for the year ended December 31, 2017 was more than the actual contribution reported in the Borough's financial statements of \$138,942. At December 31, 2018 and 2017, 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:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 55,459	\$ 14,995	\$ 78,331	
Changes of Assumptions	479,214	929,870	670,204	\$ 667,747
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		27,279	22,652	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	145,028	275,374	95,087	365,589
Total	<u>\$ 679,701</u>	<u>\$ 1,247,518</u>	<u>\$ 866,274</u>	<u>\$ 1,033,336</u>

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

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2018 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:

Year Ending <u>December 31,</u>	<u>Total</u>
2019	\$ (2,841)
2020	(77,096)
2021	(261,400)
2022	(183,953)
2023	(42,527)
Thereafter	<u>-</u>
	<u>\$ (567,817)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

2018 and 2017

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65%-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

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

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018 and 2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equity	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	5.66%
2017	June 30, 2017	5.00%

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

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2046	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2046 and Thereafter	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 4.66% and 4.00%, respectively or 1-percentage-point higher 6.66% and 6.00%, respectively than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
<u>2018</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,656,656</u>	<u>\$ 2,908,144</u>	<u>\$ 2,280,190</u>
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
<u>2017</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,126,929</u>	<u>\$ 3,326,645</u>	<u>\$ 2,659,909</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

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

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2018 and 2017, the Borough reported a liability of \$8,836,503 and \$10,622,075, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, 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, 2018, the Borough's proportionate share was .06530 percent, which was a decrease of .0035 percent from its proportionate share measured as of June 30, 2017 of .06880 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough pension expense to be \$853,913 and \$1,228,212, respectively, for PFRS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$608,932 and \$517,813, respectively. At December 31, 2018 and 2017, 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:

	<u>2018</u>		<u>2017</u>	
	<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	\$ 89,900	\$ 36,568	\$ 68,910	\$ 62,343
Changes of Assumptions	758,495	2,264,643	1,309,820	1,739,585
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		48,344	202,694	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>714,479</u>	<u>521,773</u>	<u>1,005,010</u>	<u>91,894</u>
Total	<u>\$ 1,562,874</u>	<u>\$ 2,871,328</u>	<u>\$ 2,586,434</u>	<u>\$ 1,893,822</u>

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

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2018 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 <u>December 31,</u>	<u>Total</u>
2019	\$ 231,959
2020	(185,005)
2021	(674,799)
2022	(468,052)
2023	(212,557)
Thereafter	<u>-</u>
	<u>\$ (1,308,454)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

2018 and 2017

Inflation Rate	2.25%
Salary Increases:	
Through 2026	2.10%-8.98% Based on Age
Thereafter	3.10%-9.98% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	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, 2017 and July 1, 2016 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, 2018 AND 2017

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018 and 2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.87%
US Equity	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	6.51%
2017	June 30, 2017	6.14%

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

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2062	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2062 and Thereafter	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
<u>2018</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 11,826,563</u>	<u>\$ 8,836,503</u>	<u>\$ 6,370,248</u>
	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 13,995,459</u>	<u>\$ 10,622,075</u>	<u>\$ 7,850,457</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

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

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

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

At December 31, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,200,293 and \$1,189,762, respectively. For the years ended December 31, 2018 and 2017, 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 \$142,173 and \$145,535, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$71,086 and \$59,493, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Borough was .06530 percent, which was a decrease of .0035 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .06880 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

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

NOTE 15 RISK MANAGEMENT

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

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

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

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018	\$ 10,000	\$ 16,037	\$ 44,623
2017	10,000	11,275	49,537
2016	10,000	11,458	50,278

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

NOTE 16 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2018 and 2017. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2018 and 2017, the Borough reserved \$1,637,588 and \$1,535,119, 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.

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, 2018 and 2017, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 17 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2018 and 2017, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

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

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

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

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

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

The Borough of Moonachie has contributed \$1,319 and \$1,298 for 2018 and 2017, respectively, for each eligible volunteer fire department and volunteer first aid squad member into the Plan. The total Borough contributions were \$60,664 and \$59,709 for 2018 and 2017, respectively.

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 19 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the cleanup and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2018. As of December 31, 2018, the Borough has received \$4,492,175 cumulative in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

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

NOTE 20 TAX ABATEMENTS

For the years ended December 31, 2018 and 2017, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law").

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the years ended December 31, 2018 and 2017 the Borough abated property taxes totaling \$4,638,792 and \$4,615,819, respectively under the LTTE program. The Borough received \$16,335 and \$16,335 in PILOT payments under this program for the years ended December 31, 2018 and 2017, respectively.

CURRENT FUND

BOROUGH OF MOONACHIE
STATEMENT OF CURRENT CASH - TREASURER

Balance, January 1, 2018		\$ 10,053,089
Increased by Receipts		
Taxes Receivable	\$ 17,166,281	
Non-Budget Revenue	147,100	
Grants Receivable	42,969	
Due from State of NJ - Senior Citizens' and Veterans' Deductions	19,725	
Revenue Accounts Receivable	1,960,689	
Due to State of New Jersey	14,819	
Prepaid Taxes	797,863	
Received from General Capital Fund	186,311	
Received from Other Trust Fund - Escrow	13,862	
Received from Other Trust Fund - Payroll	1,355	
Reserve for Hurricane Sandy Reimbursements	2,551,006	
Unappropriated Grant Reserves	62,159	
Tax Overpayments	76,085	
Change Fund Returned	200	
Petty Cash Returned	100	
		<u>23,040,524</u>
		33,093,613
Decreased by Disbursements:		
2018 Budget Appropriations	8,704,017	
2017 Appropriation Reserves	258,208	
County Taxes Payable	1,925,930	
Local School District Taxes Payable	8,091,847	
Due to State of New Jersey	14,819	
Miscellaneous Reserves	247,531	
Payments to Other Trust Fund - Escrow	14,940	
Payments to Other Trust Fund - Miscellaneous Reserves	472,565	
Payments to General Capital Fund	66,545	
Payments to Sewer Utility Capital Fund	146,002	
Tax Overpayments	10,621	
Tax Title Lien Redemption	121	
Petty Cash Advance	100	
		<u>19,953,246</u>
Balance, December 31, 2018		<u>\$ 13,140,367</u>

**BOROUGH OF MOONACHIE
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, January 1, <u>2018</u>	Change Fund <u>Returned</u>	Balance, December 31, <u>2018</u>
Tax Collector	\$ <u>200</u>	\$ <u>200</u>	\$ <u>-</u>
	\$ <u>200</u>	\$ <u>200</u>	\$ <u>-</u>

STATEMENT OF PETTY CASH FUND

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

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

Balance, January 1, 2018		\$ 43
Increased by:		
Senior Citizens' Deductions Per Tax Duplicate	\$ 5,250	
Veterans' Deductions Per Tax Duplicate	<u>14,750</u>	
		<u>20,000</u>
		20,043
Decreased by:		
Senior Citizens' Deductions Disallowed by Collector- 2017	49	
Cash Received from State of New Jersey	<u>19,725</u>	
		<u>19,774</u>
Balance, December 31, 2018		\$ <u>269</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>2018</u>	<u>Levy</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>2018</u>
				<u>2017</u>	<u>2018</u>				
2016	\$ 6,444				\$ 6,444				
2017	269,324		\$ 49		260,253			\$ 9,120	
2018	-	\$ 18,356,235	-	\$ 1,199,877	16,899,584	\$ 20,000	\$ 36,165	59,434	\$ 141,175
	<u>\$ 275,768</u>	<u>\$ 18,356,235</u>	<u>\$ 49</u>	<u>\$ 1,199,877</u>	<u>\$ 17,166,281</u>	<u>\$ 20,000</u>	<u>\$ 36,165</u>	<u>\$ 68,554</u>	<u>\$ 141,175</u>

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax	\$ 18,353,918
Added Taxes (54:4-63.1 et seq.)	<u>2,317</u>
	<u>\$ 18,356,235</u>

Tax Levy

Local District School Tax (Abstract)	\$ 8,325,950
County Taxes	
County Taxes (Abstract)	\$ 1,845,834
County Open Space	79,164
Due County for Added Taxes (54:63.1 et seq.)	<u>243</u>
	1,925,241

Local Tax for Municipal Purposes

Add Additional Tax Levied	<u>8,100,865</u>
	<u>4,179</u>
	<u>8,105,044</u>

\$ 18,356,235

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

Balance, January 1, 2018		\$ 517,399
Increased by:		
Transfer from Taxes Receivable - 2018	\$ 59,434	
Transfer from Taxes Receivable - 2017	<u>9,120</u>	
		<u>68,554</u>
Balance, December 31, 2018		<u>\$ 585,953</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, January 1, 2018	<u>\$ 2,850</u>
Balance, December 31, 2018	<u>\$ 2,850</u>

BOROUGH OF MOONACHIE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2018</u>	Accrued in 2018	Collected in 2018 <u>Treasurer</u>	Balance, December 31, <u>2018</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 6,944	\$ 6,944	
Other		14,603	14,603	
Construction Code Official				
Fees and Permits		162,119	162,119	
Board of Health				
Fees and Permits		4,065	4,065	
Police Department				
Fees and Permits		457	457	
Municipal Court				
Fines and Costs	\$ 18,297	19,235	35,538	\$ 1,994
Uniform Fire Safety Act - LEA		63,270	63,270	
Uniform Fire Safety Act - Local Fees		14,539	14,539	
Interest and Costs on Taxes		39,077	39,077	
Interest on Investments		191,977	191,977	
Energy Receipts Tax		449,979	449,979	
CDL Award	4,108			4,108
Interboro Services - Borough of Teterboro				
Police Services		800,000	800,000	
Township of South Hackensack - DPW		60,000	60,000	
Borough of Teterboro - Emergency Management Coordinator		2,000	2,000	
Trailer Camp Fees		64,860	64,860	
Port Authority of NY in Lieu of Taxes		16,335	16,335	
Cellular One Lease	-	34,926	34,926	-
	<u>\$ 22,405</u>	<u>\$ 1,944,386</u>	<u>\$ 1,960,689</u>	<u>\$ 6,102</u>

BOROUGH OF MOONACHIE
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance, January 1, <u>2018</u>	Budget After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Salaries and Wages				
General Administration	\$ 3,947	\$ 3,947	\$ 1,940	\$ 2,007
Mayor & Council	13,533	13,533		13,533
Municipal Clerk	3,064	3,064	1,110	1,954
Financial Administration	7,561	7,561		7,561
Revenue Administration	28,788	28,788		28,788
Tax Assessment	1,564	1,564		1,564
Legal Services	10,448	10,448		10,448
Planning Board	107	107		107
Zoning Board	308	308		308
Police	304,069	304,069		304,069
Crossing Guards	5,315	5,540		5,540
Police- Dispatch 911	31,049	31,049		31,049
Emergency Management Services	3,919	3,919		3,919
Municipal Court	1,133			
Fire Official	1,798	1,798		1,798
Life Hazard Use Fee Payments	11,230	11,230		11,230
Streets & Roads	25,018	25,018		25,018
Solid Waste Collection	9,308	9,308		9,308
Public Health Services	1,756	1,756		1,756
Parks & Recreation	3,983	3,983		3,983
Sub-Code Officials-				
Plumbing Inspector	1,027	1,027		1,027
Electrical Inspector	3,917	3,917		3,917
Fire Inspector	160	160		160
Property Maintenance Official	2,338	2,338		2,338
Community Affairs-Senior Citizens	530	530		530
Construction Code Official	2,938	2,938		2,938
Municipal Prosecutor	980	980	480	500
Public Defender		700		700
Heath Benefit Waiver	416	416		416
Interlocal South Hackensack		4,000		4,000
Township of South Hackensack-DPW	4,000	1,133		1,133
Other Expenses				
General Administration	16,360	29,491	16,468	13,023
Grant Consultant	630	630		630
Sandy Consultant	14,250	14,250	2,592	11,658
Mayor & Council	2,531	7,305	4,774	2,531
Municipal Clerk	556	556	556	
Financial Administration	30,300	56,104	29,278	26,826
Audit Services		30,000	30,000	
Revenue Administration	12,837	12,992	1,359	11,633
Tax Assessment Administration	36,803	39,833	18,125	21,708
Legal Services & Costs	34,291	35,019	678	34,341
Engineering Services Cost	1,618	2,785	900	1,885
Planning Board	834	1,834	1,146	688
Zoning Board of Adjustment	4,280	4,280		4,280
Vehicle Maintenance	42,353	53,928	9,901	44,027
First Aid Organization	5,116	7,211		7,211
Fire Department	13,113	19,786	5,319	14,467
Fire Hydrant	5,216	5,216		5,216
Fire Official	7,054	7,564	4,216	3,348

BOROUGH OF MOONACHIE
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance, January 1, <u>2018</u>	Budget After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)				
Life Hazard Use Fees	\$ 717	\$ 717		\$ 717
Police Department	3,057	7,651	\$ 4,269	3,382
Police Dispatch - 911	2,269	7,382	2,127	5,255
Emergency Management Services	2,402	2,402		2,402
Streets & Roads	2,497	12,982	7,830	5,152
Recycling	36,229	37,814	1,068	36,746
Sanitation - Contractual	4,612	4,612		4,612
Public Health	9,597	9,597	114	9,483
OSHA - Fire Equipment	8,200	8,200		8,200
OSHA - First Aid Equipment	4,700	4,700		4,700
Hepatitis "B" Inoculations	2,850	2,850		2,850
Building & Grounds	16,265	22,883	15,985	6,898
Recreation	11,624	11,624		11,624
Community Affairs- Senior Citizens	3,136	3,136		3,136
Construction Code Official	2,031	2,044	1,363	681
Celebration of Public Events	4,242	4,696	1,260	3,436
Rent Monitoring Board	1,629	1,629	17	1,612
Electricity	14,017	30,495	16,557	13,938
Street Lighting	24,384	29,326	5,719	23,607
Telephone	2,213	2,213	1,124	1,089
Water	1,335	1,335		1,335
Natural Gas	18,623	21,243	1,862	19,381
Gasoline	34,749	34,749		34,749
Sanitary Landfill Tax - Tipping Fee	28,896	28,896	7,242	21,654
Recycling Tax	707	707	333	374
Social Security System (O.A.S.I.)	9,388	9,388	525	8,863
Contingent	1,000	1,000		1,000
LOSAP- Volunteer Fire		46,042	38,941	7,101
LOSAP- First Aid		45,000	20,768	24,232
Municipal Court	811	3,069	978	2,091
Employee Group Health	327,965	310,543	1,284	309,259
General Liability & Workers Compensation	82,353	88,559		88,559
Municipal Alliance Grant - Local Match	2,000			
"911" Telecommunications Agreement		2,000		2,000
Recycling Tonnage Grant	533	1,228	1,228	-
	<u>\$ 1,377,377</u>	<u>\$ 1,614,625</u>	<u>\$ 259,436</u>	<u>\$ 1,355,189</u>
Encumbrances - Prior Year		\$ 237,248		
Appropriation Reserves		<u>1,377,377</u>		
		<u>\$ 1,614,625</u>		
Cash Disbursed			\$ 258,208	
Transferred to Appropriated Reserves			<u>1,228</u>	
			<u>\$ 259,436</u>	

BOROUGH OF MOONACHIE
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2018	\$ 237,248
Increased by:	
Charges to 2018 Budget Appropriations	<u>257,172</u>
	494,420
Decreased by:	
Transfer to 2017 Appropriation Reserves	<u>237,248</u>
Balance, December 31, 2018	<u><u>\$ 257,172</u></u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, January 1, 2018	\$ 22,245
Increased by:	
2018 Tax Levy	\$ 1,845,834
County Open Space Preservation	79,164
Added and Omitted Taxes	<u>243</u>
	<u>1,925,241</u>
	1,947,486
Decreased by:	
Payments	<u>1,925,930</u>
Balance, December 31, 2018	<u><u>\$ 21,556</u></u>

BOROUGH OF MOONACHIE
STATEMENT OF DUE TO STATE OF NEW JERSEY

	Increase by Fees <u>Collected</u>	Decrease by <u>Payments</u>
DCA Training Fees	\$ 14,395	\$ 14,395
Marriage License	400	400
Liquor License	<u>24</u>	<u>24</u>
	<u>\$ 14,819</u>	<u>\$ 14,819</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES

Balance, January 1, 2018		
School Tax Deferred	\$ 3,103,810	
School Tax Payable	<u>817,304</u>	
		\$ 3,921,114
Increased by:		
Levy - School Year July 1, 2018 to June 30, 2019		<u>8,325,950</u>
		12,247,064
Decreased by:		
Payments		<u>8,091,847</u>
Balance, December 31, 2018		
School Tax Deferred	3,103,810	
School Tax Payable	<u>1,051,407</u>	
		<u>\$ 4,155,217</u>
2018 Liability for Local School Tax		
Tax Paid		\$ 8,091,847
Tax Payable December 31, 2018		<u>1,051,407</u>
		9,143,254
Less Tax Payable December 31, 2017		<u>817,304</u>
Amount Charged to 2018 Operations		<u>\$ 8,325,950</u>

**BOROUGH OF MOONACHIE
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2018	\$ 1,199,877
Increased by:	
Collection of 2019 Taxes	<u>797,863</u>
	1,997,740
Decreased by:	
Applied in 2018 Taxes Receivable	<u>1,199,877</u>
Balance, December 31, 2018	<u>\$ 797,863</u>

STATEMENT OF APPROPRIATED RESERVES

	Balance, January 1, <u>2018</u>	Transferred from 2017 Appropriation <u>Reserves</u>	Balance, December 31, <u>2018</u>
Municipal Alliance Grant	\$ 5,608		\$ 5,608
Recycling Tonnage Grant	5,007	\$ 1,228	6,235
Clean Communities Grant	8,076		8,076
Confiscated Funds	<u>7,500</u>	<u>-</u>	<u>7,500</u>
	<u>\$ 26,191</u>	<u>\$ 1,228</u>	<u>\$ 27,419</u>

STATEMENT OF UNAPPROPRIATED RESERVES

	Balance, January 1, <u>2018</u>	Anticipated as 2018 <u>Budget Revenue</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2018</u>
Recycling Tonnage Grant			\$ 51,568	\$ 51,568
Highway Safety Grant			5,214	5,214
Clean Communities Grant	<u>\$ 5,619</u>	<u>\$ 5,619</u>	<u>5,377</u>	<u>5,377</u>
	<u>\$ 5,619</u>	<u>\$ 5,619</u>	<u>\$ 62,159</u>	<u>\$ 62,159</u>

BOROUGH OF MOONACHIE
STATEMENT OF RESERVE LIEN REDEMPTION

Balance, January 1, 2018	\$ 11,575
Decreased by:	
Cash Disbursements	<u>121</u>
Balance, December 31, 2018	<u>\$ 11,454</u>

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, January 1, <u>2018</u>	Transfer from Current Tax <u>Collections</u>	Transfer to Other Trust Reserves - <u>Terminal Leave</u>	Cash <u>Disbursed</u>	Balance, December 31, <u>2018</u>
Terminal Leave	\$ 472,565		\$ 472,565		
LOSAP	7,500				\$ 7,500
Reserve for Tax Appeals	<u>1,535,119</u>	<u>\$ 350,000</u>	<u>-</u>	<u>\$ 247,531</u>	<u>\$ 1,637,588</u>
	<u>\$ 2,015,184</u>	<u>\$ 350,000</u>	<u>\$ 472,565</u>	<u>\$ 247,531</u>	<u>\$ 1,645,088</u>

BOROUGH OF MOONACHIE
STATEMENT OF STATE AND FEDERAL GRANT RECEIVABLES

<u>Purpose</u>	Balance, January 1, <u>2018</u>	<u>Accruals</u>	Cash <u>Receipt</u>	Balance, December 31, <u>2018</u>
Recycling Tonnage		\$ 42,969	\$ 42,969	
Municipal Alliance	\$ 749			\$ 749
Non-Federal Cost Share (Match) Program	58,937			58,937
Post Assistance Sandy Grants:				
FIS Data Base	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
	<u>\$ 59,696</u>	<u>\$ 42,969</u>	<u>\$ 42,969</u>	<u>\$ 59,696</u>

EXHIBIT A-23

STATEMENT OF RESERVE FOR HURRICANE SANDY REIMBURSEMENTS

Balance, January 1, 2018	\$ 699,159
Increase by:	
Cash Receipts	<u>2,551,006</u>
	3,250,165
Decreased by:	
Realized as Current Fund Budgeted Revenue	<u>67,334</u>
Balance, December 31, 2018	<u>\$ 3,182,831</u>

Analysis

Due to General Capital	\$ 3,066,100
Due to Sewer Utility Capital	11,351
Current Fund	<u>105,380</u>
	<u>\$ 3,182,831</u>

**BOROUGH OF MOONACHIE
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2018	\$ 11,389
Increased by:	
Cash Receipts	<u>76,085</u>
	87,474
Decreased by:	
Cash Disbursements	<u>10,621</u>
Balance, December 31, 2018	<u>\$ 76,853</u>

STATEMENT OF INTERLOCAL DUE FROM BOROUGH OF TETERBORO

Balance, January 1, 2018	<u>\$ 33,980</u>
Balance, December 31, 2018	<u>\$ 33,980</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>2018</u>	<u>Reduced in</u> <u>2018 Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2018</u>
12/11/2014	Hurricane Sandy	\$ 505,000	\$ 101,000	\$ 67,334	\$ 67,334	\$ -
		<u>\$ 505,000</u>	<u>\$ 101,000</u>	<u>\$ 67,334</u>	<u>\$ 67,334</u>	<u>\$ -</u>

TRUST FUNDS

**BOROUGH OF MOONACHIE
STATEMENT OF TRUST CASH**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Fund</u>
Balance, January 1, 2018	\$ 3,102	\$ 279,816	\$ 49,537
Increased by Receipts:			
Budget Appropriation			\$ 10,000
Due to State of NJ	\$ 473		
Animal License Fees	2,664		
Miscellaneous and Late Fees	803		
Miscellaneous Reserves		\$ 543,693	
Payroll Salaries & Deductions Payable		4,818,983	
Receipts from Current Fund		487,505	
Receipts from Sewer Utility Operating Fund		152,665	
Escrow Deposits		11,583	
Interest on Investments and Deposits	95	2,559	1,123
	<u>4,035</u>	<u>6,016,988</u>	<u>11,123</u>
	7,137	6,296,804	60,660
Decreased by Disbursements:			
Payments to State of NJ - State Registration Fees	473		
Expenditures under R.S. 4:19-15.11	1,740		
Escrow Deposits		25,457	
Disbursements Current Fund		15,217	
Payroll Salaries & Deductions Payable		4,813,994	
Miscellaneous Reserves		577,717	
Payments to State of NJ - Unemployment Ins. Benefits	-	-	16,037
	<u>2,213</u>	<u>5,432,385</u>	<u>16,037</u>
Balance, December 31, 2018	<u>\$ 4,924</u>	<u>\$ 864,419</u>	<u>\$ 44,623</u>

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

Balance, January 1, 2018	\$ 4,441
Increased by:	
Payments to Current Fund	<u>13,862</u>
	18,303
Decreased by:	
Receipts from Current Fund	\$ 14,940
Interest on Investments and Deposits	<u>726</u>
	<u>15,666</u>
Balance, December 31, 2018	<u>\$ 2,637</u>

EXHIBIT B-3

STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND - PAYROLL

Balance, January 1, 2018	\$ 60
Increased by:	
Interest on Investments and Deposits	<u>1,434</u>
	1,494
Decreased by:	
Payments to Current Fund	<u>1,355</u>
Balance, December 31, 2018	<u>\$ 139</u>

EXHIBIT B-4

STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	Balance January 1, 2018	Receipts	Disbursements	Balance December 31, 2018
Parking Offence Adjudication Act	\$ 2,317	\$ 200		\$ 2,517
Compensated Absences		625,267	\$ 17,681	607,586
Fire Prevention Fees - Penalty	88,545			88,545
Municipal Alliance	3,100	11,947	9,060	5,987
Celebration of Public Events	6,890			6,890
Charitable Contributions	409			409
Secure Child Program	224			224
Premium on Tax Sale	48,764		27,200	21,564
Tax Title Lien Redemption		18,944	18,944	
Centennial Celebration	6,793			6,793
Police Outside Duty	32,599	494,300	490,000	36,899
Flex Spending	309	2,250	1,202	1,357
Summer Recreation	30,443	14,823	13,630	31,636
Basketball	4,509	1,179		5,688
Soccer	1,405	13		1,418
Miscellaneous	<u>333</u>	<u>-</u>	<u>-</u>	<u>333</u>
	<u>\$ 226,640</u>	<u>\$ 1,168,923</u>	<u>\$ 577,717</u>	<u>\$ 817,846</u>
		Cash Receipts \$ 543,693		
		Transfer from Current Fund 472,565		
		Transfer from Sewer Utility Operating Fund <u>152,665</u>		
		<u>\$ 1,168,923</u>		

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

Balance, January 1, 2018	\$ 48,353
Increased by:	
Cash Receipts	<u>11,583</u>
	59,936
Decreased by:	
Cash Disbursements	<u>25,457</u>
Balance, December 31, 2018	<u>\$ 34,479</u>

EXHIBIT B-6

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

Balance, January 1, 2018	\$ 41
Increased by:	
State Fees Collected	<u>473</u>
	514
Decreased by:	
Payments to State Treasurer	<u>473</u>
Balance, December 31, 2018	<u>\$ 41</u>

EXHIBIT B-7

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

Balance, January 1, 2018	\$ 888
Increased by:	
Animal Control License Fees Collected	\$ 2,664
Miscellaneous and Late Fees	<u>803</u>
	<u>3,467</u>
	4,355
Decreased by:	
Cash Disbursements	<u>1,740</u>
	<u>1,740</u>
Balance, December 31, 2018	<u>\$ 2,615</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2016	\$ 2,059
2017	<u>2,262</u>
	<u>\$ 4,321</u>

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

Balance, January 1, 2018	\$ 2,173
Increased by:	
Interest on Investments and Deposits	<u>95</u>
Balance, December 31, 2018	<u>\$ 2,268</u>

EXHIBIT B-9

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

Balance, January 1, 2018	\$ 49,537
Increased by:	
Budget Appropriation	\$ 10,000
Interest on Investments and Deposits	<u>1,123</u>
	<u>11,123</u>
	60,660
Decreased by:	
Unemployment Claims	<u>16,037</u>
Balance, December 31, 2018	<u>\$ 44,623</u>

EXHIBIT B-10

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

Balance, January 1, 2018	\$ 7,327
Increased by:	
Cash Receipts	<u>4,818,983</u>
	4,826,310
Decreased by:	
Cash Disbursements	<u>4,813,994</u>
Balance, December 31, 2018	<u>\$ 12,316</u>

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

Increased by:	
Unemployment Claims	\$ <u>16,037</u>
Decreased by:	
Cash Disbursements	\$ <u>16,037</u>

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

Balance, January 1, 2018	\$ 1,877
Increased by:	
Interest on Investments and Deposits	<u>55</u>
Balance, December 31, 2018	\$ <u>1,932</u>

**STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST- MISCELLANEOUS RESERVES**

Increased by:	
Interest on Investments and Deposits	\$ <u>344</u>
Balance, December 31, 2018	\$ <u>344</u>

<u>Analysis of Balance</u>	
Recreation	\$ 286
Soccer	12
Basketball	<u>46</u>
	\$ <u>344</u>

GENERAL CAPITAL FUND

BOROUGH OF MOONACHIE
STATEMENT OF GENERAL CAPITAL CASH

Balance, January 1, 2018		\$ 11,603,339
Increased by Receipts:		
Grant Receipts	\$ 75,576	
Receipts from the Board of Education	98,292	
Receipts from Current Fund	66,545	
Interest Earnings	173,127	
Capital Improvement Fund	250,000	
Premium on Sale of Bonds	2,928	
Bond Proceeds	<u>7,765,000</u>	
		<u>8,431,468</u>
		20,034,807
Decreased by Disbursements:		
Improvement Authorizations	418,079	
Contracts Payable	4,724,427	
Payments to Current Fund	186,311	
Bond Anticipation Notes	<u>7,971,175</u>	
		<u>13,299,992</u>
Balance, December 31, 2018		<u>\$ 6,734,815</u>

BOROUGH OF MOONACHIE
ANALYSIS OF GENERAL CAPITAL CASH

Balance,
December 31,
2018

Grants and Other Receivables	\$ (56,312)
Due from Current Fund	15,121
Contracts Payable	4,942,971
Reserve for DPW Building	272,484
Reserve for Municipal Building - FEMA	373,265
Reserve for Preliminary Costs	2,095
Reserve for Payment of Debt	100,603
Capital Improvement Fund	378,660
Fund Balance	108,485

Ord.

<u>No.</u>	<u>Improvement Authorization</u>	
09-15	Improvements to Romeo Street and State Street	1,127
13-05	Hurricane Sandy Improvements	107,855
13-11	Senior Center Improvements	(18,883)
13-12	Road Improvements	15,057
13-13	Curb and Ramp Improvements	5,548
14-03	Various Acquisitions and Improvements	180,202
14-05	Improvements to Concord Street Park	(1,797)
15-03	Tax Appeal Refunding	3,424
15-09	Acquisition of Dual Rear Wheel DPW Truck	1,240
15-10	Construction of Municipal Building	13,527
16-02	Installation of Financial Software	1,934
16-06	Various Acquisitions and Improvements	61,367
16-07	Construction of the DPW Building	163,683
17-03	Various Acquisitions and Improvements	535,730
18-04	Falcon RME Asphalt Hot Patcher Dump Trailer	72
18-05	Various Acquisition and Improvements	(131,097)
18-09	Supplemental New Municipal Building	(343,065)
18-10	Moonachie Road Streetscape Project Phase III	(1,116)
18-11	Intersection Improvements	2,635
		<u>\$ 6,734,815</u>

BOROUGH OF MOONACHIE
STATEMENT OF DUE TO/FROM CURRENT FUND

Balance, January 1, 2018 (Due From)		\$ 38,240
Increased by:		
Payments to Current Fund		<u>186,311</u>
		224,551
Decrease by:		
Interest Earnings	\$ 173,127	
Cash Received from Current Fund	<u>66,545</u>	
		<u>239,672</u>
Balance, December 31, 2018 (Due To)		<u>\$ (15,121)</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, January 1, 2018		\$ 440,000
Increased by:		
Bonds Issued		<u>7,670,000</u>
		8,110,000
Decreased by:		
Budget Appropriation to Pay Bonds		<u>145,000</u>
Balance, December 31, 2018		<u>\$ 7,965,000</u>

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

Ordinance Number	Improvement Description	Balance, January 1, 2018	Authorized 2018	Notes Paid by Budget Appropriation	Grant Proceeds	Bond Proceeds	Balance, December 31, 2018	Analysis of Balance		Improvement Authorizations Unfunded
								Bond Anticipation Notes	Expenditures	
13-05	Hurricane Sandy Improvements	\$ 6,236,910		\$ 450,412		\$ 5,786,498				
13-11	Senior Center Improvements	33,974					\$ 33,974		\$ 18,883	\$ 15,091
13-12	Road Improvements	59,742		59,742						
13-13	Curb and Ramp Improvements	28,500		28,500						
14-03	Various Acquisitions and Improvements	437,252				437,252				
14-05	Improvements to Concord Street Park	19,245					19,245		1,797	17,448
14-06	Preliminary Costs - New DPW Building	475,000				475,000				
15-03	Tax Appeal Refunding	355,000		175,000			180,000	\$ 168,000		12,000
15-08	Acquisition of Ambulance	21,000		6,575			14,425			14,425
15-10	Construction of Municipal Building	4,000,000					4,000,000	4,000,000		
16-02	Installation of Financial Software	61,750		56,750			5,000			5,000
16-06	Various Acquisitions and Improvements	251,384			\$ 40,134	211,250				
16-07	Construction of the DPW Building	1,900,000					1,900,000	1,900,000		
17-03	Various Acquisitions and Improvements	855,000				855,000				
18-05	Various Acquisitions and Improvements		\$ 783,750				783,750		131,097	652,653
18-09	Construction of New Municipal Building		475,000				475,000		343,065	131,935
18-10	Moonachie Road Streetscape Project Phase III		300,000				300,000		1,116	298,884
18-11	Intersection Improvements	-	71,250	-	-	-	71,250	-	-	71,250
		<u>\$ 14,734,757</u>	<u>\$ 1,630,000</u>	<u>\$ 776,979</u>	<u>\$ 40,134</u>	<u>\$ 7,765,000</u>	<u>\$ 7,782,644</u>	<u>\$ 6,068,000</u>	<u>\$ 495,958</u>	<u>\$ 1,218,686</u>
				Bonds Issued		\$ 7,670,000				
				Premium on Bonds Issued		<u>95,000</u>				
						<u>\$ 7,765,000</u>				
								Improvement Authorizations Unfunded		\$ 1,399,320
								Less: Unexpended Bond Anticipation Note Proceeds		
								Ord. #16-07		<u>163,683</u>
										<u>\$ 1,235,637</u>

BOROUGH OF MOONACHIE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ord. Amount	Balance, January 1, 2018		2018 Authorizations			Contract Payable Cancelled	Paid or Charged	Balance, December 31, 2018	
			Funded	Unfunded	Capital Impvt. Fund	Capital Fund Balance	Deferred Charges Unfunded			Funded	Unfunded
General Improvements											
04-08/08-03	Various Capital Improvements/Municipal Building Improvements	\$ 2,280,000	\$ 435,837						\$ 435,837		
09-15	Improvements to Romeo Street and State Street	254,000	20,547						19,420	\$ 1,127	
13-05	Hurricane Sandy Improvements	6,370,000	66,545	\$ 12,406				\$ 1,844,746	1,815,842	107,855	
13-11	Senior Center Improvements	50,000	1,117	33,974					20,000		\$ 15,091
13-12	Road Improvements	165,000		30,557					15,500	15,057	
13-13	Curb and Ramp Improvements	30,000		5,548						5,548	
14-03	Various Acquisitions and Improvements	907,500		203,329					23,127	180,202	
14-05	Improvements to Concord Street Park	35,000		17,448							17,448
14-06	Preliminary Costs - New DPW Building	500,000		336,329					336,329		
15-03	Tax Appeal Refunding	875,000		15,424							15,424
15-08	Acquisition of Ambulance	180,000		14,425							14,425
15-09	Acquisition of Dual Rear Wheel DPW Truck	42,500	1,240							1,240	
15-10	Construction of Municipal Building	4,000,000		284,800					271,273	-	13,527
16-02	Installation of Financial Software	65,000		11,007					4,073	1,934	5,000
16-06	Various Acquisitions and Improvements	340,000		61,367						61,367	
16-07	Construction of the DPW Building	2,000,000	58,936	1,900,000				39,273	1,834,526		163,683
17-03	Various Acquisitions and Improvements	900,000		561,382					25,652	535,730	
18-04	Falcon RME Asphalt Hot Patcher Dump Trailer	16,900				\$ 16,900			16,828	72	
18-05	Various Acquisition and Improvements	825,000			\$ 41,250		\$ 783,750		172,347		652,653
18-09	Supplemental New Municipal Building	500,000			25,000		475,000		368,065		131,935
18-10	Moonachie Road Streetscape Project Phase III	300,000					300,000		1,116		298,884
18-11	Intersection Improvements	75,000			3,750		71,250		1,115	2,635	71,250
			<u>\$ 584,222</u>	<u>\$ 3,487,996</u>	<u>\$ 70,000</u>	<u>\$ 16,900</u>	<u>\$ 1,630,000</u>	<u>\$ 1,884,019</u>	<u>\$ 5,361,050</u>	<u>\$ 912,767</u>	<u>\$ 1,399,320</u>

**BOROUGH OF MOONACHIE
STATEMENT OF CONTRACTS PAYABLE**

Balance, January 1, 2018		\$ 6,608,446
Increased by:		
Charges to Improvement Authorizations		<u>4,942,971</u>
		11,551,417
Decreased by:		
Cash Disbursements	\$ 4,724,427	
Cancellation	<u>1,884,019</u>	
		<u>6,608,446</u>
Balance, December 31, 2018		<u>\$ 4,942,971</u>

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, January 1, 2018		\$ 65,161
Increased by:		
Excess Grant Proceeds on Ord. 16-06		<u>35,442</u>
Balance, December 31, 2018		<u>\$ 100,603</u>

Analysis of Balance

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

BOROUGH OF MOONACHIE
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturity of Bonds		Interest Rate		Balance, January 1, 2018	Increased	Decreased	Balance, December 31, 2018
			Outstanding							
			December 31, 2018							
			Date	Amount						
General Improvements	8/15/2012	\$ 965,000	8/15/2019	\$ 145,000	2.00	%	\$ 440,000		\$ 145,000	\$ 295,000
			8/15/2020	150,000	2.00					
General Improvements	10/18/2018	7,670,000	10/15/19-21	250,000	3.000-5.000	%				
			10/15/2022	295,000	5.000					
			10/15/2023	305,000	5.000					
			10/15/2024	320,000	5.000					
			10/15/2025	340,000	5.000					
			10/15/2026	355,000	4.000					
			10/15/2027	370,000	4.000					
			10/15/2028	385,000	3.000					
			10/15/2029	395,000	3.000					
			10/15/2030	410,000	3.125					
			10/15/2031	420,000	2.325					
			10/15/2032	435,000	3.375					
			10/15/2033	450,000	3.500					
			10/15/2034	465,000	3.500					
			10/15/2035	480,000	3.500					
			10/15/2036	495,000	3.500					
			10/15/2037-2038	500,000	3.625		-	\$ 7,670,000	-	7,670,000
							\$ 440,000	\$ 7,670,000	\$ 145,000	\$ 7,965,000

BOROUGH OF MOONACHIE
STATEMENT OF BOND ANTICIPATION NOTES

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Date of</u> <u>Issue of</u> <u>Original</u> <u>Notes</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>2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance,</u> <u>December 31,</u> <u>2018</u>
13-05	Hurricane Sandy Improvements	10/21/2013	10/19/2017	10/19/2018	1.26	\$ 3,319,260		\$ 3,319,260	
13-05	Hurricane Sandy Improvements	10/21/2015	10/19/2017	10/19/2018	1.26	2,797,650		2,797,650	
		10/19/2017	10/19/2017	10/19/2018	1.26	120,000		120,000	
13-12	Road Improvements	10/21/2016	10/19/2017	10/19/2018	1.26	59,357		59,357	
		10/19/2017	10/19/2017	10/19/2018	1.26	385		385	
13-13	Curb and Ramp Improvements	10/21/2015	10/19/2017	10/19/2018	1.26	23,000		23,000	
		10/19/2017	10/19/2017	10/19/2018	1.26	5,500		5,500	
14-03	Various Acquisitions and Improvements	10/21/2015	10/19/2017	10/19/2018	1.26	485,000		485,000	
		10/19/2017	10/19/2017	10/19/2018	1.26	64,002		64,002	
14-06	Preliminary Costs- New DPW Building	10/21/2015	10/19/2017	10/19/2018	1.26	271,000		271,000	
		10/19/2017	10/19/2017	10/19/2018	1.26	204,000		204,000	
15-03	Tax Appeal Refunding	10/21/2015	10/19/2017	10/19/2018	1.26	343,000		343,000	
			10/18/2018	10/18/2019	2.00		\$ 168,000		\$ 168,000
15-08	Acquisition of Ambulance	10/21/2016	10/19/2017	10/19/2018	1.26	96,000		96,000	
15-10	Construction of Municipal Building	10/21/2017	10/19/2017	10/19/2018	1.26	4,000,000		4,000,000	
			10/18/2018	10/18/2019	2.00		4,000,000		4,000,000
16-02	Acquisition & Installation of Financial Software	10/21/2017	10/21/2017	10/20/2018	1.26	61,750		61,750	

BOROUGH OF MOONACHIE
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Notes	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2018	Increased	Decreased	Balance, December 31, 2018
16-06	Various Acquisitions and Improvements	10/19/2017	10/19/2017	10/19/2018	1.26 %	\$ 211,250		\$ 211,250	
16-07	Construction of the DPW Building	10/19/2017	10/19/2017	10/19/2018	1.26	1,900,000		1,900,000	
			10/18/2018	10/18/2019	2.00		\$ 1,900,000		\$ 1,900,000
17-03	Various Acquisitions and Improvements	10/19/2017	10/19/2017	10/19/2018	1.26	855,000	-	855,000	-
						<u>\$ 14,816,154</u>	<u>\$ 6,068,000</u>	<u>\$ 14,816,154</u>	<u>\$ 6,068,000</u>
							\$ 6,068,000	\$ 6,068,000	
								7,670,000	
								95,000	
								776,979	
								186,750	
							-	19,425	
							<u>\$ 6,068,000</u>	<u>\$ 14,816,154</u>	

BOROUGH OF MOONACHIE
STATEMENT OF GRANT RECEIVABLES/OTHER RECEIVABLES

	<u>Total</u>	<u>Sub-Total Page 2</u>	<u>Community Development Block Grant Ord. 13-11</u>	<u>Community Development Block Grant Ord. 16-06</u>	<u>Community Development Block Grant Ord. 14-03</u>	<u>County of Bergen-Cooperative Curb Construction Ord. 13-13</u>	<u>Bergen County Open Space Recreation Ord. 14-05</u>
Balance, January 1, 2018	\$ 320,321	\$ 151,679	\$ 37,180	\$ 47,400	\$ 50,000	\$ 27,750	\$ 6,312
Increased by:							
Awards	<u>220,000</u>	<u>220,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	540,321	371,679	37,180	47,400	50,000	27,750	6,312
Decreased by:							
Collected	<u>75,576</u>	<u>28,176</u>	<u>-</u>	<u>47,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>75,576</u>	<u>28,176</u>	<u>-</u>	<u>47,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2018	<u>\$ 464,745</u>	<u>\$ 343,503</u>	<u>\$ 37,180</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 27,750</u>	<u>\$ 6,312</u>
<u>Analysis of Balance</u>							
Reserve for Grant Receivable	\$ 408,433	\$ 343,503	\$ 37,180			\$ 27,750	
Receivable Without Offsetting Reserve	<u>56,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 50,000</u>	<u>-</u>	<u>\$ 6,312</u>
	<u>\$ 464,745</u>	<u>\$ 343,503</u>	<u>\$ 37,180</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 27,750</u>	<u>\$ 6,312</u>

BOROUGH OF MOONACHIE
STATEMENT OF GRANT RECEIVABLES/OTHER RECEIVABLES

	Sub-Total Page 2	Ord. 09-15	Department of Transportation		Ord. 18-10
			Ord. 13-12	Ord. 16-06	
Balance, January 1, 2018	\$ 151,679	\$ 65,463	\$ 44,742	\$ 41,474	
Increased by:					
Awards	<u>220,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 220,000</u>
	<u>371,679</u>	<u>65,463</u>	<u>44,742</u>	<u>41,474</u>	<u>220,000</u>
Decreased by:					
Collected	<u>28,176</u>	<u>-</u>	<u>-</u>	<u>28,176</u>	<u>-</u>
	<u>28,176</u>	<u>-</u>	<u>-</u>	<u>28,176</u>	<u>-</u>
Balance, December 31, 2018	<u>\$ 343,503</u>	<u>\$ 65,463</u>	<u>\$ 44,742</u>	<u>\$ 13,298</u>	<u>\$ 220,000</u>

Analysis of Balance

Reserve for Grant Receivable	\$ 343,503	\$ 65,463	\$ 44,742	\$ 13,298	\$ 220,000
Receivable Without Offsetting Reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 343,503</u>	<u>\$ 65,463</u>	<u>\$ 44,742</u>	<u>\$ 13,298</u>	<u>\$ 220,000</u>

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

Balance, January 1, 2018	\$ 198,660
Increased by:	
2018 Budget Appropriation	<u>250,000</u>
	448,660
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>70,000</u>
Balance, December 31, 2018	<u>\$ 378,660</u>

STATEMENT OF RESERVE FOR PRELIMINARY COSTS

Balance, January 1, 2018	<u>\$ 2,095</u>
Balance, December 31, 2018	<u>\$ 2,095</u>

BOROUGH OF MOONACHIE
STATEMENT OF RESERVE FOR CONSTRUCTION OF DPW BUILDING

Balance, January 1, 2018	\$ <u>272,484</u>
Balance, December 31, 2018	\$ <u>272,484</u>

STATEMENT OF DUE FROM BOARD OF EDUCATION

Balance, January 1, 2018	\$ <u>98,292</u>
Decreased by:	
Cash Received	\$ <u>98,292</u>

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

Balance, January 1, 2018	\$ <u>373,265</u>
Balance, December 31, 2018	\$ <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, 2018</u>	<u>Authorized 2018</u>	<u>Grant Proceeds</u>	<u>Notes Paid from Capital Cash</u>	<u>Balance, December 31, 2018</u>
13-11	Senior Center Improvements	\$ 33,974				\$ 33,974
14-05	Improvements to Concord Street Park	19,245				19,245
15-03	Tax Appeal Refunding	12,000				12,000
15-08	Acquisition of Ambulance				\$ 14,425	14,425
16-02	Acquisition & Installation of Financial Software				5,000	5,000
16-06	Various Acquisitions and Improvements	40,134		\$ 40,134		
18-05	Various Acquisitions and Improvements		\$ 783,750			783,750
18-09	Construction of New Municipal Building		475,000			475,000
18-10	Moonachie Road Streetscape Project Phase III		300,000			300,000
18-11	Intersection Improvements	<u>-</u>	<u>71,250</u>	<u>-</u>	<u>-</u>	<u>71,250</u>
		<u>\$ 105,353</u>	<u>\$ 1,630,000</u>	<u>\$ 40,134</u>	<u>\$ 19,425</u>	<u>\$ 1,714,644</u>

SEWER UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2018	\$ 1,381,841	\$ 721,106
Increased by Receipts:		
Sewer Utility Rents Receivable	\$ 910,893	
Receipts from Sewer Capital Fund	187,257	
Receipts from Sewer Operating Fund		\$ 235,878
Receipts from Current Fund		146,002
Interest on Investments and Deposits		17,004
Bond Anticipation Notes		306,339
Non-Budgeted Revenue	<u>61,691</u>	<u>-</u>
	<u>1,159,841</u>	<u>705,223</u>
	2,541,682	1,426,329
Decreased by Disbursements:		
2018 Budget Appropriations	1,711,803	
2017 Appropriation Reserves	40,243	
Improvement Authorizations		42,424
Encumbrances Payable		19,100
Bond Anticipation Notes		99,182
Payments to Sewer Operating Fund		187,257
Payments to Sewer Capital Fund	235,878	
Payments to Other Trust Fund		
Miscellaneous Reserves	152,665	
Rent Overpayments	2,948	
Accrued Interest	<u>20,447</u>	<u>-</u>
	<u>2,163,984</u>	<u>347,963</u>
Balance, December 31, 2018	<u>\$ 377,698</u>	<u>\$ 1,078,366</u>

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

	Balance, December 31, <u>2018</u>
Capital Improvement Fund	\$ 96,215
Due to Sewer Operating Fund	118,896
Fund Balance	37,968
Encumbrance Payable	151,843
 Improvement Authorizations:	
Ord. No. 13-06 Hurricane Sandy Improvements	320,895
Ord. No. 14-04 Sewer Capital Improvements	248,797
Ord. No. 15-07 Acquisition of DPW Truck	3,665
Ord. No. 17-04 Electrical Rehabilitation of the Moonachie Ave Pump Station	119,509
Ord. No. 17-06 Acquisition of Generators for Various Pump Stations	(22,828)
Ord. No. 18-06 Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	<u>3,406</u>
	<u><u>\$ 1,078,366</u></u>

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

<u>Year</u> <u>of</u> <u>Levy</u>	<u>Balance,</u> <u>January 1,</u> <u>2018</u>	<u>Levy</u>	<u>Collected</u> <u>In</u> <u>2018</u>	<u>Balance,</u> <u>December 31,</u> <u>2018</u>
2016	\$ 51,754		\$ 26,019	\$ 25,735
2017	142,311	\$ 420,520	475,683	87,148
2018	<u>-</u>	<u>585,380</u>	<u>409,191</u>	<u>176,189</u>
	<u>\$ 194,065</u>	<u>\$ 1,005,900</u>	<u>\$ 910,893</u>	<u>\$ 289,072</u>

EXHIBIT D-8

STATEMENT OF GRANT RECEIVABLE-CDBG
SEWER UTILITY CAPITAL FUND

Balance, January 1, 2018	<u>\$ 11,510</u>
Balance, December 31, 2018	<u>\$ 11,510</u>

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

Balance, January 1, 2018	\$ 15,002
Increased by:	
Charges to 2018 Budget Appropriations	<u>8,834</u>
	23,836
Decreased by:	
Transfer to Appropriation Reserves	<u>15,002</u>
Balance, December 31, 2018	<u><u>\$ 8,834</u></u>

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

Balance, January 1, 2018	\$ 51,805
Increased by:	
Charges to Improvement Authorizations	<u>151,843</u>
	203,648
Decreased by:	
Cash Disbursed	\$ 19,100
Cancelled	<u>32,705</u>
	<u>51,805</u>
Balance, December 31, 2018	<u><u>\$ 151,843</u></u>

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

Balance, January 1, 2018	\$ <u>292</u>
Balance, December 31, 2018	\$ <u><u>292</u></u>

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

	Balance, January 1, <u>2018</u>	Balance, After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING				
Salaries & Wages	\$ 91,468	\$ 91,468	\$ 2,197	\$ 89,271
Other Expenses	33,172	48,174	38,046	10,128
Capital Outlay	1,139	1,139		1,139
Social Security System (O.A.S.I.)	<u>6,078</u>	<u>6,078</u>	<u>-</u>	<u>6,078</u>
	<u>\$ 131,857</u>	<u>\$ 146,859</u>	<u>\$ 40,243</u>	<u>\$ 106,616</u>
Appropriation Reserves		\$ 131,857		
Encumbrances Payable		<u>15,002</u>		
		<u>\$ 146,859</u>		
Cash Disbursed			<u>\$ 40,243</u>	

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

	Balance, January 1, <u>2018</u>	Balance, December 31, <u>2018</u>
Sanitary Sewer Drains and Accessories		
Local Improvements Assessed	\$ 865,947	\$ 865,947
General Improvements	350,920	350,920
Storm Drain Improvements	96,500	96,500
Acq. of Vac-all and High Pressure Sewer Cleaner	64,221	64,221
Acquisition of a Dump Truck	34,576	34,576
Repairs to Sewer Lines	15,295	15,295
Various Improvements and Acquisition of Equipment	285,000	285,000
Improvements and Investigation of Sanitary Sewer System	229,265	229,265
Various Improvements and Acquisition of Equipment	221,885	221,885
Repair, Replacement & Public Improv. Of Sanitary Sewer System	47,747	47,747
Various Repairs to the Lincoln Place Stormwater Pump Station	23,990	23,990
Moonachie Ave Sewer Pipeline	390,000	390,000
Improvements to Sanitary Sewer System	378,450	378,450
Sanitary Sewer Line	129,846	129,846
Various Improvements	64,082	64,082
Storm Drain Improvements	55,995	55,995
Repairs to Moonachie Road Stormwater Pump Stations	1,876	1,876
Emergency Repairs to Moonachie Ave Pump Stations	43,293	43,293
Improvements to Moonachie Ave Sanitary Sewer Pump Station	117,919	117,919
Re-appropriation for Purchase of Sewer Van	35,125	35,125
Sanitary Sewer Improvements	<u>39,861</u>	<u>39,861</u>
	<u>\$ 3,491,793</u>	<u>\$ 3,491,793</u>

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

Balance, January 1, 2018 (Due From)		\$	65,625	
Increased by:				
Payments to Sewer Utility Operating Fund			<u>187,257</u>	
				252,882
Decreased by:				
Interest Earnings	\$	17,004		
Receipts from Sewer Utility Operating Fund		235,878		
Reserve for Payment of Debt- Realized as Budgeted Revenue		<u>118,896</u>		
				<u>371,778</u>
Balance, December 31, 2018 (Due To)	\$		<u>(118,896)</u>	

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

Balance, January 1, 2018	\$ 100,215
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>4,000</u>
Balance, December 31, 2018	<u>\$ 96,215</u>

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

Balance, January 1, 2018	\$ 3,250,864
Increased by:	
Bonds Paid by Operating Budget	<u>45,000</u>
Balance, December 31, 2018	<u>\$ 3,295,864</u>

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

Balance, January 1, 2018	<u>\$ 118,896</u>
Decreased by:	
Realized as Sewer Utility Operating Budgeted Revenue	<u>\$ 118,896</u>

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

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2018		2018 Authorizations	Contracts Payable Cancelled	Paid or Charged	Balance, December 31, 2018	
				Funded	Unfunded				Funded	Unfunded
13-06	Hurricane Sandy Improvements	8/22/2013	\$ 1,020,000		\$ 341,421			\$ 5,014	\$	336,407
14-04	Sewer Capital Improvements	8/28/2014	361,500		252,529			3,594		248,935
15-07	Acquisition of DPW Truck	9/24/2015	42,500	\$ 5,568				1,903	\$	3,665
17-04	Electrical Rehabilitation of the Moonachie Ave. Pump Station	9/28/2017	540,000		509,073			73,903		435,170
17-06	Acquisition of Generators for Various Pump Stations	11/29/2017	220,000		153,726		\$ 32,705	109,259		77,172
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	10/11/2018	80,000	-	-	\$ 80,000	-	594	3,406	76,000
				<u>\$ 5,568</u>	<u>\$ 1,256,749</u>	<u>\$ 80,000</u>	<u>\$ 32,705</u>	<u>\$ 194,267</u>	<u>\$ 7,071</u>	<u>\$ 1,173,684</u>
								Cash Disbursed	\$ 42,424	
								Contracts Payable	<u>151,843</u>	
									<u>\$ 194,267</u>	

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

Ord. No.	Improvement Description	Date	<u>Ordinance</u> Amount	Balance, January 1, 2018	2018 Authorizations	Balance, December 31, 2018
13-06	Hurricane Sandy Improvements	8/22/2013	\$ 1,020,000	\$ 1,020,000		\$ 1,020,000
14-04	Sewer Capital Improvements	7/1/2014	361,500	361,500		361,500
15-07	Acquisition of Truck	9/24/2015	42,500	42,500		42,500
17-04	Electrical Rehabilitation Moonachie Ave Pump Station	9/28/2017	540,000	540,000		540,000
17-06	Acq of Generators Various Pump Stations	11/29/2017	220,000	220,000		220,000
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	10/11/2018	80,000	-	\$ 80,000	80,000
				<u>\$ 2,184,000</u>	<u>\$ 80,000</u>	<u>\$ 2,264,000</u>

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Ord.</u> <u>Date</u>	Balance, January 1, <u>2018</u>	2018 <u>Authorization</u>	Funded by Note <u>Payment</u>	Balance, December 31, <u>2018</u>
13-06	Hurricane Sandy Improvements	8/22/2013	\$ 249,265		\$ 35,173	\$ 284,438
14-04	Sewer Capital Improvements	7/1/2014	24,350		11,830	36,180
17-04	Electrical Rehabilitation Moonachie Ave Pump Station	9/28/2017	27,000			27,000
17-06	Acq of Generators Various Pump Stations	11/29/2017	11,000			11,000
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	10/11/2018	-	\$ 4,000	-	4,000
			<u>\$ 311,615</u>	<u>\$ 4,000</u>	<u>\$ 47,003</u>	<u>\$ 362,618</u>

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

	Balance, January 1, <u>2018</u>	Transfer to Other <u>Trust Fund</u>	Balance, December 31, <u>2018</u>
Compensated Absences	\$ 152,665	\$ 152,665	\$ -
	<u>\$ 152,665</u>	<u>\$ 152,665</u>	<u>\$ -</u>

EXHIBIT D-22

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

Ord. <u>No.</u>	<u>Improvement Description</u>	Balance, January 1, <u>2018</u>	2018 <u>Authorization</u>	Notes <u>Issued</u>	Balance, December 31, <u>2018</u>
13-06	Hurricane Sandy Improvements	\$ 15,512			\$ 15,512
14-04	Sewer Capital Improvements	138			138
17-04	Electrical Rehabilitation Moonachie Ave Pump Station	513,000		\$ 197,339	315,661
17-06	Acquisition of Generators Various Pump Stations	209,000		109,000	100,000
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	<u>-</u>	<u>\$ 76,000</u>	<u>-</u>	<u>76,000</u>
		<u>\$ 737,650</u>	<u>\$ 76,000</u>	<u>\$ 306,339</u>	<u>\$ 507,311</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, 2018	Increased	Decreased	Balance, December 31, 2018
95-08	Impvt. to Sanitary Sewer System	10/21/2016	10/19/2017	10/19/2018	1.26 %	\$ 71,101		\$ 71,101	
12-02	Improvements to the Moonachie Ave Sanitary Sewer Pump Station	10/21/2016	10/19/2017 10/18/2018	10/19/2018 10/18/2019	1.26 2.00	76,510	\$ 48,429	76,510	\$ 48,429
13-06	Hurricane Sandy Improvements	10/21/2013	10/19/2017 10/18/2018	10/19/2018 10/18/2019	1.26 % 2.00	755,223	720,050	755,223	720,050
14-04	Sewer Capital Improvements	10/21/2014	10/19/2017 10/18/2018	10/19/2018 10/18/2019	1.26 % 2.00	175,644	163,814	175,644	163,814
14-04	Sewer Capital Improvements	10/21/2015	10/19/2017 10/18/2018	10/19/2018 10/18/2019	1.26 2.00	161,119	161,119	161,119	161,119
14-04	Sewer Capital Improvements	10/19/2017	10/19/2017 10/18/2018	10/19/2018 10/18/2019	1.26 2.00	249	249	249	249
17-04	Electrical Rehab Moonachie Ave Pump Station	10/18/2018	10/18/2018	10/18/2019	2.00		197,339		197,339
17-06	Acquisition of Generators	10/18/2018	10/18/2018	10/18/2019	2.00	-	109,000	-	109,000
						<u>\$ 1,239,846</u>	<u>\$ 1,400,000</u>	<u>\$ 1,239,846</u>	<u>\$ 1,400,000</u>
							\$ 1,093,661	\$ 1,093,661	
							306,339		
								47,003	
							-	99,182	
							<u>\$ 1,400,000</u>	<u>\$ 1,239,846</u>	

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

Balance, January 1, 2018	\$ 4,891
Increased by:	
2018 Budget Appropriation	<u>22,705</u>
	27,596
Decreased by:	
Interest Paid	<u>20,447</u>
Balance, December 31, 2018	<u>\$ 7,149</u>

Analysis of Accrued Interest, December 31, 2018

Principal Outstanding December 31, 2018	Interest Rate	From	To	Period	Amount
\$190,000	2.00%	8/15/2018	2/15/2019	4 1/2 Months	\$ 1,472
\$1,400,000	2.00%	10/18/2018	10/18/2019	74 Days	<u>5,677</u>
					<u>\$ 7,149</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, 2018</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2018</u>
			<u>Date</u>	<u>Amount</u>					
Sewer Improvements	8/15/2013	\$ 460,000	8/15/2019-2020	\$ 45,000	2.00 %				
			8/15/2021-2022	50,000	2.0-2.5	\$ 235,000	\$ -	\$ 45,000	\$ 190,000
						\$ 235,000	\$ -	\$ 45,000	\$ 190,000
Paid by Budget Appropriation								\$ 45,000	

STATEMENT OF DEFERRED CHARGES
SEWER UTILITY OPERATING FUND

	<u>Balance, January 1, 2018</u>	<u>Amount Resulting in 2018</u>	<u>Balance, December 31, 2018</u>
Over-Expenditure Budget Appropriation		\$ 2,592	\$ 2,592
Operating Deficit	\$ -	<u>331,919</u>	<u>331,919</u>
	<u>\$ -</u>	<u>\$ 334,511</u>	<u>\$ 334,511</u>

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

Balance, January 1, 2018	\$ <u>146,002</u>
Decreased by:	
Receipts from Current Fund	\$ <u>146,002</u>

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

Balance, January 1, 2018	\$ <u>1,622</u>
Balance, December 31, 2018	\$ <u>1,622</u>

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

Balance, January 1, 2018	\$ <u>16,059</u>
Balance, December 31, 2018	\$ <u>16,059</u>

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

Balance, January 1, 2018	\$ 5,770
Decreased by:	
Cash Disbursements	<u>2,948</u>
Balances, December 31, 2018	\$ <u>2,822</u>

PUBLIC ASSISTANCE FUND

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

	<u>Total</u>	<u>Account #1</u> (75%)	<u>Account #2</u> (100%)
Balance, January 1, 2018	\$ 9,507	\$ 9,507	
Increased by:			
Cash Receipts	<u>166</u>	<u>166</u>	<u>-</u>
Balance, December 31, 2018	<u>\$ 9,673</u>	<u>\$ 9,673</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, 2018	<u>\$ 9,507</u>	<u>\$ 9,507</u>	<u>\$ -</u>
Balance, December 31, 2018	<u>\$ 9,507</u>	<u>\$ 9,507</u>	<u>\$ -</u>

STATEMENT OF PUBLIC ASSISTANCE REVENUES

	<u>Total</u>	<u>Account #1</u> (75%)	<u>Account #2</u> (100%)
Interest on Investments and Deposits	<u>\$ 166</u>	<u>\$ 166</u>	<u>\$ -</u>
Total Revenues/Receipts	<u><u>\$ 166</u></u>	<u><u>\$ 166</u></u>	<u><u>\$ -</u></u>

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

Increased by:	
Interest on Investments and Deposits	<u>\$ 166</u>
Balance, December 31, 2018	<u><u>\$ 166</u></u>

BOROUGH OF MOONACHIE
BERGEN COUNTY, NEW JERSEY

PART II
GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2018



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Moonachie, as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated August 1, 2019. 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 the note disclosures regarding the other post-employment benefits obligations and related information and 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 questioned costs as item 2018-001 that we consider to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Moonachie's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2018-001.

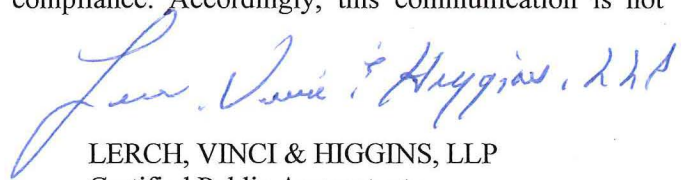
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Moonachie in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

Borough of Moonachie's Response to Finding

The Borough of Moonachie's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. 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
August 1, 2019



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY U.S. UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited the Borough of Moonachie's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Borough of Moonachie's major federal programs for the year ended December 31, 2018. The Borough of Moonachie's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Moonachie's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and U.S. Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough of Moonachie's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough of Moonachie's compliance.

Opinion on Each Major Federal Program

In our opinion, the Borough of Moonachie complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Borough of Moonachie is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Moonachie's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with U.S. Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Moonachie's internal control over compliance.

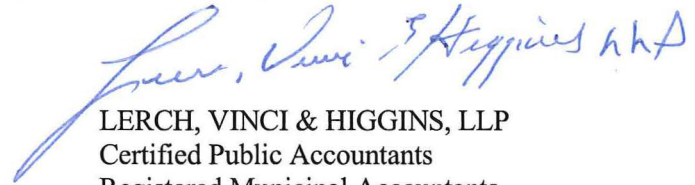
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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


The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance

We have audited the financial statements - regulatory basis of the Borough of Moonachie as of and for the year ended December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated August 1, 2019, which contained a modified opinion on those financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America and also contained a modified opinion on those financial statements prepared in accordance with the regulatory basis of accounting because of the omission of the note disclosures regarding the other post-employment benefits obligations and related information and the presentation of the unaudited LOSAP Trust Fund financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Uniform Guidance is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
August 1, 2019

BOROUGH OF MOONACHIE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>2018 Receipts</u>	<u>Balance, January 1, 2018</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Balance, December 31, 2018</u>	<u>Cumulative Expenditures</u>
U.S. Department of Transportation									
(Passed Through State Dept. of Transportation)									
Highway Planning and Construction									
Ordinance #09-15	20.205	2009	\$ 200,000		\$ 65,463			\$ 65,463	\$ 134,537
Ordinance #13-12		2013	150,000		44,742			44,742	105,258
Ordinance #18-10		2018	220,000			\$ 220,000		220,000	
U.S. Department of Transportation									
(Passed Through State Dept. of Law and Public Safety)									
Highway Safety Grant	20.600	2018	5,214	\$ 5,214					
U.S. Department of Homeland Security									
(Passed Through State Dept. of Law and Public Safety)									
Disaster Grants - Public Assistance									
FEMA - Hurricane Sandy	97.036	2013	4,492,175	2,551,006		2,551,006	\$ 2,551,006		4,492,175
U.S. Department of Housing & Urban Development									
(Passed Through State Dept. of Community Affairs)									
Community Development Block Grant	14.218								
Ordinance #13-11		2013	37,180		37,180			37,180	
Ordinance #16-06		2017	47,400	47,400	47,400	-	47,400	-	47,400
					<u>\$ 194,785</u>	<u>\$ 2,771,006</u>	<u>\$ 2,598,406</u>	<u>\$ 367,385</u>	

Note: This schedule is subject to Single Audit in accordance with U.S. Uniform Guidance.

See Accompanying Notes to Schedule of Expenditures of Federal Awards

BOROUGH OF MOONACHIE
SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2018</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Cancellation of Prior Year Encumbrance</u>	<u>Balance, December 31, 2018</u>	<u>Cumulative Expenditures</u>
Department of Environmental Protection										
Solid Waste Administration										
Clean Communities Grant	4900-765-004-178910	2013	\$ 4,323		\$ 1,414				\$ 1,414	\$ 2,909
		2014	753		447				447	306
		2016	6,615		6,215				6,215	200
		2017	5,619	\$ 5,619		\$ 5,619	\$ 5,619			5,619
		2018	5,377	5,377						
Recycling Tonnage Grant	4830-752-001-178810	2013	30,716		825				825	29,891
		2014	14,023		3,150				3,150	10,873
		2016	66,618		1,032				1,032	65,586
		2017	64,586		533			\$ 695	1,228	63,358
		2018	42,969	42,969		42,969	42,969			42,969
		2019	51,568	51,568						
Dept. of Environment Protection (Passed Through County of Bergen)										
Municipal Alliance Grant	N/A	2013	9,520		5,608				5,608	3,912
Dept. of Transportation										
Ordinance #16-06	2017-078-6320-480-AMF	2017	113,090	28,176	41,474	-	28,176	-	13,298	99,792
					<u>\$ 60,698</u>	<u>\$ 48,588</u>	<u>\$ 76,764</u>	<u>\$ 695</u>	<u>\$ 33,217</u>	

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

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

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

BOROUGH OF MOONACHIE
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2018

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	\$ 2,551,006	\$ 20,412	\$ 2,571,418
General Capital Fund	<u>220,000</u>	<u>28,176</u>	<u>248,176</u>
	<u>\$ 2,771,006</u>	<u>\$ 48,588</u>	<u>\$ 2,819,594</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

**BOROUGH OF MOONACHIE
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2018**

NOTE 5 FEDERAL LOANS OUTSTANDING

The Borough's federal loan outstanding at December 31, 2018, which is not required to be reported on the schedules of expenditures of federal awards, is as follows:

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

NOTE 6 DE MINIMIS INDIRECT COST RATE

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

**BOROUGH OF MOONACHIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements

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

Internal control over financial reporting:

1) Material weakness(es) identified

_____ yes X no

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

X yes _____ none reported

Noncompliance material to the financial
statements noted?

X yes _____ no

Federal Awards Section

Type of auditor's report used on compliance for
major programs

Unmodified

Internal Control over compliance:

1) Material weakness(es) identified

_____ yes X no

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

_____ yes X none reported

Any audit findings disclosed that are required to be
reported in accordance with U.S. Uniform Guidance?

_____ yes X no

Dollar threshold used to distinguish between
Type A and Type B Programs

\$750,000

Auditee qualified as low-risk auditee?

_____ yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

97.036

FEMA - Disaster Grants

State Awards Section

NOT APPLICABLE

**BOROUGH OF MOONACHIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 2018-001

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

Criteria or Specific Requirement

GASB Statement 75 – 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. 75.

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, 2018 and 2017.

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 QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

There are none.

CURRENT YEAR STATE AWARDS

Not Applicable.

**BOROUGH OF MOONACHIE
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 2017-001

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

Current Status

See Finding 2018-001.

BOROUGH OF MOONACHIE
BERGEN COUNTY, NEW JERSEY

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

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

	<u>Year 2018</u>			<u>Year 2017</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 1,120,788	4.89 %	\$ 1,388,000	6.41 %	
Miscellaneous - From Other Than Local					
Property Tax Levies	3,754,847	16.39	2,837,105	13.11	
Collection of Delinquent Taxes					
and Tax Title Liens	266,697	1.16	225,111	1.04	
Collection of Current Tax Levy	<u>17,769,461</u>	<u>77.56</u>	<u>17,196,583</u>	<u>79.44</u>	
Total Income	<u>22,911,793</u>	<u>100.00 %</u>	<u>21,646,799</u>	<u>100.00 %</u>	
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	10,166,039	49.75 %	9,836,786	49.97 %	
Local School Taxes	8,325,950	40.75	7,857,751	39.92	
County Taxes	1,925,241	9.42	1,988,020	10.10	
Other Expenditures	<u>15,909</u>	<u>0.08</u>	<u>1,463</u>	<u>0.01</u>	
Total Expenditures	<u>20,433,139</u>	<u>100.00 %</u>	<u>19,684,020</u>	<u>100.00 %</u>	
Excess (Deficit) in Revenue	2,478,654		1,962,779		
Fund Balance, January 1	<u>3,568,511</u>		<u>2,993,732</u>		
	6,047,165		4,956,511		
Less Utilization as Anticipated Revenue	<u>1,120,788</u>		<u>1,388,000</u>		
Fund Balance, December 31	<u>\$ 4,926,377</u>		<u>\$ 3,568,511</u>		

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

	<u>Year 2018</u>			<u>Year 2017</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 318,308	20.76 %	\$ 441,047	19.93 %	
Collection of Sewer Rents	910,893	59.40	1,428,123	64.54	
Miscellaneous - From Other Than Sewer	<u>304,207</u>	<u>19.84</u>	<u>343,671</u>	<u>15.53</u>	
Total Income	<u>1,533,408</u>	<u>100.00 %</u>	<u>2,212,841</u>	<u>100.00 %</u>	
EXPENDITURES					
Budget Expenditures					
Operating	1,721,211	92.15 %	1,721,766	81.84 %	
Deferred Charges and Statutory Expenditures	32,000	1.71	39,333	1.87	
Capital Improvements - Capital Outlay	-	-	41,000	1.95	
Debt Service	<u>114,708</u>	<u>6.14</u>	<u>301,622</u>	<u>14.34</u>	
Total Expenditures	<u>1,867,919</u>	<u>100.00 %</u>	<u>2,103,721</u>	<u>100.00 %</u>	
Excess/ (Deficit) in Revenue	<u>(334,511)</u>		109,120		
Adjustments to Income Before Surplus:					
Expenditures included above which are by Statute Deferred					
Charges to budget of Succeeding Year	<u>2,592</u>				
Operating Deficit to be Raised in Budget of Succeeding Year	<u>\$ 331,919</u>				
Statutory Excess to Surplus	-		109,120		
Fund Balance, January 1	<u>\$ 988,058</u>		<u>1,319,985</u>		
	988,058		1,429,105		
Decreased by:					
Utilized in Sewer Operating Budget	<u>318,308</u>		<u>441,047</u>		
Fund Balance, December 31	<u>\$ 669,750</u>		<u>\$ 988,058</u>		

BOROUGH OF MOONACHIE
COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rate</u>	<u>\$2.423</u>	<u>2.411</u>	<u>\$2.379</u>
<u>Apportionment of Tax Rate</u>			
Municipal	\$1.070	\$1.077	\$1.070
County	.254	.270	.275
Local School	1.099	1.064	1.034

Assessed Valuation

2018	<u>\$757,487,326</u>	
2017		<u>\$738,610,940</u>
2016		<u>\$710,295,696</u>

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections (1)</u>
2018	\$ 1,005,900	\$ 910,893
2017	1,191,105	1,428,123
2016	1,889,611	1,509,376

(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>
2018	\$ 18,356,235	\$ 18,119,461	98.71%
2017	17,807,910	17,496,583	98.25%
2016	16,911,453	16,634,257	98.36%

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
2018	\$ 141,175	\$ 585,953	\$ 727,128	3.96%
2017	275,768	517,399	793,167	4.45%
2016	230,092	469,661	699,753	4.14%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2018 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>
2018	\$2,850
2017	2,850
2016	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>	2018	\$4,926,377	\$1,200,000
	2017	3,568,511	1,120,788
	2016	2,993,732	1,388,000
<u>Sewer Utility Operating Fund</u>	2018	\$669,750	
	2017	988,058	\$318,308
	2016	1,319,985	441,047

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
Bruce Surak	Councilman - President
Antonio Cirillo	Councilman
Manuel Martinez	Councilman
Lucille Miller	Councilwoman (1/1/18-9/13/18)
Robert Bauer	Councilman
Kathy Kinsella	Councilwoman
John Wende	Councilman (9/13/18-Present)
Anthony Ciannamea	Administrator Chief Finance Officer
Supriya Sanyal	Borough Clerk Assessment Search Officer & Registrar of Vital Statistics Planning Board Secretary
Frank Santora	Part Time Tax Collector/Search Officer
Lisa Ciannamea	Deputy Registrar of Vital Statistics Asst. to Tax Collector
Frank Migliorino	Borough Attorney
Kevin Boswell	Borough Engineer
Philip N. Boggia	Judge
Brittany Demarest	Court Administrator
Michael Sartori	Building Sub-Code Official Zoning Official and Construction Official
Armand Marini	Fire Sub-Code Official (1/1/18-8/31/18)
Vacant	Fire Sub-Code Official (9/1/18-12/31/18)
Frederick J. Dressel IV	Fire Official
Ilarione Mario Patruno	Electrical Sub-Code Official
Dominick Luminova	Plumbing Sub-Code Official

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

<u>Name</u>	<u>Title</u>
Lynn Rose	Building Department Inspection Control Clerk Fire Prevention Clerk
Jennifer Cooney	Board of Health Secretary
Paul Barbire	Tax Assessor
Richard Behrens	Chief of Police and Emergency Management Coordinator
Walter Paul	Sewer Inspector

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

BOROUGH OF MOONACHIE LETTER OF COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Prior Year Unresolved Comments

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

Our audit of the fixed assets revealed that the report wasn't updated for the 2018 additions. The financial statements have been adjusted to include the fixed asset additions for 2018. It is recommended that the fixed asset report be updated on annual basis for all fixed asset additions and disposals.

Current Year Comments

Our audit noted that the sewer utility rents in the Sewer Utility Operating Fund were not being billed in a timely manner. As a result, this caused an operating deficit in the Sewer Utility Operating Fund in the amount of \$331,919 at year end. As of the date of audit the Borough has billed all the quarters pertaining to 2018. It is recommended that continued efforts be maintained to ensure the sewer utility rents are billed on a timely basis.

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

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

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

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

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

- DPW Building
- Electrical Improvements at Moonachie Ave. Pump Station

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

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

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

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

GENERAL COMMENTS

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on October 23, 2018.

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>
2018	2
2017	2
2016	2

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

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The Governing Body on January 3, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

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

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

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

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

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

GENERAL COMMENTS

Suggestions to Management

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

APPRECIATION

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

BOROUGH OF MOONACHIE RECOMMENDATIONS

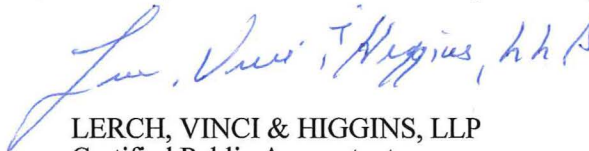
It is recommended that:

- * 1. The Borough institute measures to ensure in future periods that the actuarial calculation on the other postemployment benefits would be available for audit.
- * 2. The Borough enroll the eligible employees into the Defined Contribution Retirement Plan (DCRP).
- * 3. The fixed asset report be updated on an annual basis for all fixed asset additions and disposals.
- 4. Continued efforts be maintained to ensure the sewer utility rents are billed on a timely basis.


Status of Prior Years' Audit Findings/Recommendations

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

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



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457