

BOROUGH OF MOONACHIE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022**

LERCH, VINCI & BLISS, 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 Audit of the Financial Statements

Opinions

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, 2022 and 2021, 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, 2022, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, 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, 2022 and 2021, 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, 2022 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.

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 section of our report, 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, 2022 and 2021, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Moonachie and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 19 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2022 and 2021. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 50 percent and 56 percent of the assets and liabilities of the Borough's Trust Funds as of December 31, 2022 and 2021, respectively.

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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Moonachie's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Moonachie's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Moonachie's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Moonachie as a whole. 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.

Other Information


Management is responsible for the other information included in the report of audit. The other information comprises the supplementary data and letter of comments and recommendation section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 28, 2023 on our consideration of the Borough of Moonachie's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Moonachie's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Moonachie's internal control over financial reporting and compliance.


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


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2022 AND 2021

ASSETS	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Cash	A-4	\$ 15,147,308	\$ 14,315,757
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	139,472	254,099
Tax Title Liens Receivable	A-9	741,478	698,730
Property Acquired for Taxes - Assessed Value	A-10	2,850	2,850
Revenue Accounts Receivable	A-11	30,819	30,646
Interlocal- Due from Borough of Teterboro	A-24	33,980	33,980
Due from Animal Control Trust Fund	B-8	1,105	45
Due from Other Trust Fund- Payroll	B-3	337	3
Due from Other Trust Fund- Flex Spending	B-11	2,022	1,987
Due from Other Trust Fund- Storm Trust	B-12	894	-
Due from Public Assistance	E-4	53	5
Due from General Capital Fund	C-4	13,885	16
		<u>966,895</u>	<u>1,022,361</u>
Total Assets		<u>\$ 16,114,203</u>	<u>\$ 15,338,118</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2022 AND 2021

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Liabilities			
Appropriation Reserves	A-3,A-12	\$ 1,172,891	\$ 1,072,507
Encumbrances Payable	A-13	202,722	201,820
Accounts Payable	A-25	1,831	1,666
Senior Citizens' and Veterans' Deductions	A-7	3,351	3,111
Due to Other Trust Fund - Escrow	B-2	1,737	1,269
Due to Other Trust Fund- Miscellaneous Reserves	B-12	46,587	149,677
Prepaid Taxes	A-17	607,255	863,395
Tax Overpayments	A-23	39,053	38,988
Local School Taxes Payable	A-16	1,643,867	1,472,457
County Taxes Payable	A-14	1,531	26,407
Appropriated Reserves- Grants	A-18	42,538	51,217
Unappropriated Reserve-Grants	A-19	312,364	147,166
Reserve for Hurricane Sandy Reimbursements	A-22	150,871	498,206
Reserve for Tax Appeals	A-20	<u>2,538,263</u>	<u>2,647,699</u>
		6,764,861	7,175,585
Reserve for Receivables and Other Assets	A	966,895	1,022,361
Fund Balance	A-1	<u>8,382,447</u>	<u>7,140,172</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 16,114,203</u>	<u>\$ 15,338,118</u>

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>Year 2022</u>	<u>Year 2021</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,670,000	\$ 1,550,000
Miscellaneous Revenues Anticipated	A-2	2,330,541	1,810,628
Receipts from Delinquent Taxes	A-2	254,099	315,782
Receipts from Current Taxes	A-2	20,689,662	20,183,139
Non-Budget Revenue	A-2	410,803	305,086
Other Credits to Income			
Interfunds Returned - Net	A	-	569
Statutory Excess	B-7	1,070	-
Cancellation of County Tax Payable	A-14	21,314	-
Unexpended Balance of Appropriation Reserves	A-12	<u>985,757</u>	<u>1,194,431</u>
		<u>26,363,246</u>	<u>25,359,635</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,186,466	4,194,832
Other Expenses	A-3	3,977,594	3,881,769
Capital Improvements	A-3	800,000	984,963
Municipal Debt Service	A-3	1,199,686	817,520
Deferred Charges and Statutory Expenditures	A-3	1,339,140	1,314,560
County Taxes	A-14	2,323,047	2,306,148
County Open Space Tax	A-14	96,397	95,832
County Share of Added and Omitted Taxes	A-14	1,531	5,093
Local District School Taxes	A-16	9,510,870	9,168,049
Interfunds Advance - Net	A	<u>16,240</u>	<u>-</u>
		<u>23,450,971</u>	<u>22,768,766</u>
Excess in Revenue		2,912,275	2,590,869
Fund Balance, January 1	A	<u>7,140,172</u>	<u>6,099,303</u>
		10,052,447	8,690,172
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,670,000</u>	<u>1,550,000</u>
Fund Balance, December 31	A	<u>\$ 8,382,447</u>	<u>\$ 7,140,172</u>

BOROUGH OF MOONACHIE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE UTILIZED	A-1	\$ 1,670,000	\$ 1,670,000	-
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	A-11	6,000	6,895	\$ 895
Other	A-11	8,000	11,466	3,466
Fees and Permits	A-2	2,000	4,392	2,392
Fines and Costs				
Municipal Court	A-11	14,000	17,804	3,804
Interest and Costs on Taxes	A-11	30,000	57,901	27,901
Interest on Investments and Deposits	A-2	9,000	261,555	252,555
Energy Receipts Tax	A-11	449,979	449,979	-
Trailer Camp Fees	A-11	64,000	66,642	2,642
Port Authority of NY in Lieu of Taxes	A-11	16,335	16,335	-
Cellular One Lease	A-11	30,000	38,232	8,232
Uniform Fire Safety Act - Local Fees	A-11	1,500	1,627	127
Uniform Construction Code Fees	A-11	70,000	88,545	18,545
Borough of Teterboro - Police Services	A-11	898,966	898,966	-
Borough of Teterboro- Municipal Court Services	A-11	117,764	116,526	(1,238)
Uniform Fire Safety Act - LEA	A-11	50,000	75,541	25,541
Reserve for Payment of Bonds	C-9	200,000	200,000	-
Recycling Tonnage Grant	A-21	12,376	12,376	-
Clean Communities Grant - Reserve	A-19	5,759	5,759	-
Total Miscellaneous Revenues	A-1	<u>1,985,679</u>	<u>2,330,541</u>	<u>344,862</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	<u>150,000</u>	<u>254,099</u>	<u>104,099</u>
LOCAL TAX FOR MUNICIPAL PURPOSES	A-2	<u>8,922,207</u>	<u>9,982,817</u>	<u>1,060,610</u>
Total General Revenues	A-3	<u>\$ 12,727,886</u>	<u>14,237,457</u>	<u>\$ 1,509,571</u>
Non-Budget Revenue	A-1,A-2		<u>410,803</u>	
			<u>\$ 14,648,260</u>	

BOROUGH OF MOONACHIE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 20,689,662
Less: Allocated to School and County Taxes	A-14,A-16	<u>11,931,845</u>
Balance for Support of Municipal Budget Appropriations		8,757,817
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,225,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 9,982,817</u>
ANALYSIS OF FEES & PERMITS		
Board of Health	A-11	\$ 4,392
Police	A-11	<u>-</u>
	A-2	<u>\$ 4,392</u>
ANALYSIS OF INTEREST ON INVESTMENTS		
Due from General Capital Fund	C-4	\$ 60,270
Due from Other Trust Fund - Escrow	B-2	925
Due from Other Trust Fund - Payroll	B-3	337
Due from Other Trust Fund - Flexible Spending Account	B-11	35
Due from Other Trust Fund - Miscellaneous Reserves	B-12	9,218
Due from Animal Control Fund	B-8	59
Due from Public Assistance Fund	E-4	121
Cash Receipts	A-11	<u>190,590</u>
	A-2	<u>\$ 261,555</u>
NON-BUDGET REVENUE		
Recycling		\$ 2,188
Cancel Old Outstanding Checks		5,127
Franchise Fees		30,514
Police Outside Duty- Admin Fees		59,287
Prior Year Police Outside Duty Fees		239,466
Insurance Dividend		66,367
Other		<u>7,854</u>
	A-2,A-4	<u>\$ 410,803</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS"				
GENERAL GOVERNMENT				
General Administration				
Salaries & Wages	\$ 204,000	\$ 210,000	\$ 195,512	\$ 14,488
Other Expenses	117,600	117,600	42,828	74,772
Grant Consultant	50,000	44,000	18,810	25,190
Mayor & Council				
Salaries & Wages	43,300	43,300	39,440	3,860
Other Expenses	5,000	5,000	1,143	3,857
Municipal Clerk				
Salaries & Wages	90,000	90,000	84,977	5,023
Other Expenses	24,300	24,300	17,843	6,457
Financial Administration				
Salaries & Wages	14,500	14,500	13,953	547
Other Expenses	150,050	150,050	73,905	76,145
Audit Services				
Annual Audit	45,000	45,000	45,000	
Revenue Administration				
Salaries & Wages	20,200	20,200	12,920	7,280
Other Expenses	19,000	19,000	6,649	12,351
Tax Assessment Administration				
Salaries & Wages	15,000	15,000	14,999	1
Other Expenses	43,000	43,000	14,502	28,498
Legal Services & Costs				
Salaries & Wages	41,000	41,000	40,000	1,000
Other Expenses	29,500	29,500	1,055	28,445
Engineering Services & Costs				
Other Expenses	21,000	21,000	4,505	16,495
LAND USE ADMINISTRATION				
Planning Board				
Salaries & Wages	3,200	3,200	3,150	50
Other Expenses	10,200	10,200	103	10,097
INSURANCE				
Unemployment Contribution	10,000	10,000	10,000	-
Surety Bond Premium	4,000	4,000	3,267	733
Employee Group Health	1,311,041	1,291,941	1,250,762	41,179
Health Benefit Waiver	38,000	38,000	34,889	3,111
General Liability & Workers Compensation	360,800	360,800	335,733	25,067
Police Department				
Salaries & Wages - Uniformed	1,780,500	1,780,500	1,614,531	165,969
Salaries & Wages - Crossing Guards	66,000	66,000	57,804	8,196
Other Expenses	158,500	158,500	85,386	73,114

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS"				
PUBLIC SAFETY FUNCTIONS				
Police Dispatch/911				
Salaries & Wages	\$ 227,000	\$ 227,000	\$ 180,785	\$ 46,215
Other Expenses	3,000	3,000	-	3,000
Emergency Management Services				
Salaries and Wages	2,600	2,600	2,486	114
Other Expenses	3,500	3,500	870	2,630
Municipal Court				
Salaries and Wages	62,500	62,500	55,164	7,336
Other Expenses	13,300	13,300	7,353	5,947
First Aid Organization				
Other Expenses-Contribution	17,000	17,000	17,000	
Other Expenses	16,000	16,000	6,505	9,495
Fire Department				
Other Expenses	115,100	115,100	71,853	43,247
Fire Hydrant Service	63,278	63,278	63,277	1
Uniform Fire Safety Act (Ch. 383, P.L. 1983)				
Fire Official				-
Salaries & Wages	18,500	18,500	17,491	1,009
Other Expenses	13,000	13,000	7,543	5,457
Life Hazard Use Fee Payments (P.L. 1983, C. 383)				
Salaries & Wages	26,000	26,000	20,930	5,070
Other Expenses	6,300	6,300	-	6,300
Municipal Prosecutor				
Salaries & Wages	6,800	6,800	6,800	-
Occupational Safety and Health Act				
Hepatitis "B" Inoculations	2,850	2,850	-	2,850
Fire Equipment	8,200	8,200	-	8,200
First Aid Equipment	4,700	4,700	-	4,700
PUBLIC WORKS FUNCTIONS				
Streets and Road Maintenance				
Salaries & Wages	454,000	454,000	425,146	28,854
Other Expenses	61,200	61,200	41,500	19,700
Solid Waste Collection				
Recycling-Salaries & Wages	6,500	6,500	6,000	500
Recycling-Other Expenses	82,500	93,500	61,935	31,565
Sanitation Contractual-Other Expenses	115,000	115,000	110,051	4,949
Buildings and Grounds				
Salaries & Wages	23,000	23,000	21,357	1,643
Other Expenses	118,000	118,000	87,364	30,636
Vehicle Maintenance				
Other Expenses	132,000	132,000	76,534	55,466

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS"				
HEALTH AND HUMAN SERVICES FUNCTIONS				
Public Health Services				
Salaries & Wages	\$ 4,500	\$ 4,500	\$ 4,414	\$ 86
Other Expenses	38,500	38,500	28,268	10,232
South Bergen Mental Health				
Other Expense-Contribution	1,200	1,200	1,200	
RECREATION & EDUCATION				
Recreation Services and Programs				
Salaries & Wages	45,000	45,000	42,709	2,291
Other Expenses	18,500	18,500	5,200	13,300
Community Affairs-Senior Citizens				
Salaries & Wages	17,000	17,000	12,610	4,390
Other Expenses	14,500	14,500	6,379	8,121
OTHER COMMON OPERATING FUNCTIONS				
Celebration of Public Events, Anniversary or				
Holiday (RS 50:48-5.4)				
Other Expenses	19,900	19,900	15,286	4,614
UNIFORM CONSTRUCTION CODE				
APPROPRIATIONS OFFSET BY				
DEDICATED REVENUES				
(N.J.A.C. 5:23-4-17)				
Construction Code Official				
Salaries & Wages	54,500	54,500	52,542	1,958
Other Expenses	4,500	4,500	1,842	2,658
Sub-Code Officials				
Building Inspector - Salaries & Wages	14,600	14,600	14,433	167
Plumbing Inspector - Salaries & Wages	6,300	6,400	6,339	61
Electrical Inspector - Salaries & Wages	6,100	6,100	5,803	297
Fire Protection Inspector - Salaries & Wages	7,800	7,800	7,320	480
Property Maintenance Official				
Salaries & Wages	6,000	6,000	5,741	259
Rent Monitoring Board				-
Other Expenses	10,200	10,200	6,561	3,639

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS"				
UTILITY EXPENSES AND BULK PURCHASES				
Electricity	\$ 92,500	\$ 80,334	\$ 48,622	\$ 31,712
Street Lighting	62,000	62,000	51,917	10,083
Telephone	88,000	88,000	67,332	20,668
Water	18,000	18,000	13,268	4,732
Natural Gas	57,000	57,000	23,920	33,080
Gasoline	83,000	91,000	79,881	11,119
LANDFILL/SOLID WASTE DISPOSAL COSTS				
Sanitary Landfill Tax - Tipping Fee	<u>85,000</u>	<u>85,000</u>	<u>78,279</u>	<u>6,721</u>
Total Operations Within "CAPS"	<u>7,031,119</u>	<u>7,018,953</u>	<u>5,891,476</u>	<u>1,127,477</u>
Contingent	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Operations including Contingent Within "CAPS"	<u>7,032,119</u>	<u>7,019,953</u>	<u>5,891,476</u>	<u>1,128,477</u>
Detail:				
Salaries & Wages	3,281,400	3,287,500	2,978,888	308,612
Other Expenses (Including Contingent)	<u>3,750,719</u>	<u>3,732,453</u>	<u>2,912,588</u>	<u>819,865</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"				
Statutory Expenditures				
Social Security System (O.A.S.I.)	318,000	318,000	294,903	23,097
Police and Firemen's Retirement System	816,030	817,785	817,785	-
Public Employees Retirement System	184,194	194,605	194,605	-
DCRP	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>1,323,224</u>	<u>1,335,390</u>	<u>1,307,293</u>	<u>28,097</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>8,355,343</u>	<u>8,355,343</u>	<u>7,198,769</u>	<u>1,156,574</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - EXCLUDED FROM "CAPS"				
PUBLIC SAFETY FUNCTIONS				
Fire Department - LOSAP	\$ 46,042	\$ 46,042	\$ 46,042	
First Aid - LOSAP	45,000	45,000	45,000	
LANDFILL/SOLID WASTE DISPOSAL				
Recycling Tax	12,000	12,000	2,812	\$ 9,188
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS				
PUBLIC SAFETY FUNCTIONS				
"911" Telecommunication Agreement	2,000	2,000	-	2,000
Shooting Range Agreement - Wood-Ridge	4,200	4,200	3,800	400
Borough of Teterboro-Police Salaries and Wages	898,966	898,966	898,966	
Borough of Teterboro-Municipal Court	117,764	117,764	117,763	1
Total Other Operations Excluded from "CAPS"	<u>1,125,972</u>	<u>1,125,972</u>	<u>1,114,383</u>	<u>11,589</u>
PUBLIC AND PRIVATE OFFSET BY REVENUES				
Clean Communities Grant	5,759	5,759	1,106	4,653
Recycling Tonnage Grant	<u>12,376</u>	<u>12,376</u>	<u>12,301</u>	<u>75</u>
Total Public and Private Programs				
Offset by Revenues	<u>18,135</u>	<u>18,135</u>	<u>13,407</u>	<u>4,728</u>
Total Operations - Excluded from "CAPS"	<u>1,144,107</u>	<u>1,144,107</u>	<u>1,127,790</u>	<u>16,317</u>
Detail:				
Salaries & Wages	898,966	898,966	898,966	-
Other Expenses	<u>245,141</u>	<u>245,141</u>	<u>228,824</u>	<u>16,317</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
CAPITAL IMPROVEMENT EXCLUDED FROM "CAPS"				
Capital Improvement Fund	\$ 800,000	\$ 800,000	\$ 800,000	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"				
Payment of Bond Principal	505,000	505,000	505,000	
Payment of Bond Anticipation Notes and Capital Notes	385,532	385,532	385,532	
Interest on Bonds	281,950	281,950	281,950	
Interest on Notes	27,204	27,204	27,204	-
Total Municipal Debt Service - Excluded from "CAPS"	1,199,686	1,199,686	1,199,686	-
Deferred Charges- Unfunded Ordinance #15-07	3,750	3,750	3,750	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,147,543	3,147,543	3,131,226	\$ 16,317
Subtotal General Appropriations	11,502,886	11,502,886	10,329,995	1,172,891
Reserve for Uncollected Taxes	1,225,000	1,225,000	1,225,000	-
Total General Appropriations	\$ 12,727,886	\$ 12,727,886	\$ 11,554,995	\$ 1,172,891
Reference	A-2			A

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Reference</u>	<u>Appropriations</u> Budget After <u>Modification</u>	<u>Expended</u> Paid or <u>Charged</u>
Budget as Adopted	A-3	\$ <u>12,727,886</u>	
Cash Disbursed	A-4		\$ 10,127,273
Encumbrances Payable	A-13		202,722
Reserve for Uncollected Taxes	A-2		<u>1,225,000</u>
			<u>\$ 11,554,995</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 4,659	\$ 3,213
OTHER TRUST FUND			
Cash	B-1	1,103,625	928,838
Due from Current Fund - Escrow	B-2	1,737	1,269
Due from Current Fund - Miscellaneous Reserves	B-12	45,693	149,677
		<u>1,151,055</u>	<u>1,079,784</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	<u>78,475</u>	<u>63,370</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	1,140,199	1,388,427
Contribution Receivable	B	<u>91,042</u>	<u>91,042</u>
		<u>1,231,241</u>	<u>1,479,469</u>
Total Assets		<u>\$ 2,465,430</u>	<u>\$ 2,625,836</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Due to Current Fund	B-8	\$ 1,105	\$ 45
Due to State of New Jersey	B-6	25	41
Reserve for Animal Control Expenditures	B-7	<u>3,529</u>	<u>3,127</u>
		<u>4,659</u>	<u>3,213</u>
OTHER TRUST FUND			
Escrow Deposits	B-5	37,088	41,621
Reserve for Miscellaneous Deposits	B-4	1,085,677	1,010,131
Reserve for Payroll Salaries and Deductions Payable	B-10	25,931	26,042
Due to Current Fund- Flexible Spending	B-11	2,022	1,987
Due to Current Fund- Payroll	B-3	<u>337</u>	<u>3</u>
		<u>1,151,055</u>	<u>1,079,784</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Reserve for Unemployment Insurance	B-9	<u>78,475</u>	<u>63,370</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	<u>1,231,241</u>	<u>1,479,469</u>
Total Liabilities and Reserves		<u>\$ 2,465,430</u>	<u>\$ 2,625,836</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, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	C-2, C-3	\$ 4,595,193	\$ 5,056,852
Grant and Other Receivables	C-12	444,668	388,328
Deferred Charges to Future Taxation			
Funded	C-5	7,950,000	8,455,000
Unfunded	C-6	<u>2,389,420</u>	<u>2,811,431</u>
Total Assets		<u>\$ 15,379,281</u>	<u>\$ 16,711,611</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-10	\$ 7,950,000	\$ 8,455,000
Bond Anticipation Notes Payable	C-11	2,334,000	2,720,332
Contracts Payable	C-8	634,351	1,025,197
Due to Current Fund	C-4	13,885	16
Improvement Authorization			
Funded	C-7	1,550,951	1,553,970
Unfunded	C-7	468,212	730,420
Reserve for Payment of Debt	C-9	271,853	471,853
Reserve for Preliminary Costs	C-14		2,095
Capital Improvement Fund	C-13	1,714,714	1,259,714
Reserve for Federal and State Grant Receivables	C-12	289,668	354,598
Fund Balance	C-1	<u>151,647</u>	<u>138,416</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 15,379,281</u>	<u>\$ 16,711,611</u>

There were bonds and notes authorized but not issued on December 31, 2022 and 2021 of \$75,800 and \$91,099, respectively (Exhibit C-15).

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, January 1, 2022	C	\$ 138,416	\$ 120,846
Increased by:			
Permanently Funded Improvement Authorizations Cancelled	C-7	11,136	
Cancel Reserve for Preliminary Costs	C-14	2,095	
Premium on Bond Anticipation Notes Issued	C	<u>-</u>	<u>17,570</u>
		<u>13,231</u>	<u>17,570</u>
Balance, December 31, 2022	C	<u>\$ 151,647</u>	<u>\$ 138,416</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	D-5	\$ 997,305	\$ 1,072,611
Due from Sewer Capital Fund	D-12	<u>2,622</u>	<u>-</u>
		<u>999,927</u>	<u>1,072,611</u>
Receivables With Full Reserves			
Sewer Utility Rents Receivable	D-8	<u>53,278</u>	<u>152,074</u>
Total Assets		<u>\$ 1,053,205</u>	<u>\$ 1,224,685</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	D-4,D-7	\$ 289,558	\$ 139,227
Encumbrances Payable	D-9	22,239	14,145
Sewer Rent Overpayments	D-23	3,719	6,141
Accrued Interest Payable	D-20	<u>3,560</u>	<u>5,573</u>
		319,076	165,086
Reserve for Receivables	D	53,278	152,074
Fund Balance	D-1	<u>680,851</u>	<u>907,525</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,053,205</u>	<u>\$ 1,224,685</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	D-5,D-6	\$ 864,929	\$ 1,209,780
Due from Sewer Utility Operating Fund	D-12		
Fixed Capital	D-11	4,374,471	3,532,001
Fixed Capital Authorized and Uncompleted	D-16	<u>1,585,100</u>	<u>2,637,100</u>
Total Assets		<u>\$ 6,824,500</u>	<u>\$ 7,378,881</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Encumbrances Payable	D-9		\$ 150,222
Bonds Payable	D-21	\$ 990,000	1,155,000
Bond Anticipation Notes Payable	D-19	-	576,635
Due to Sewer Utility Operating Fund	D-12	2,622	
Improvement Authorization			
Funded	D-15	743,445	604,479
Unfunded	D-15	6,923	359,370
Reserve for Amortization	D-14	4,458,767	3,632,001
Reserve for Deferred Amortization	D-17	503,881	783,030
Capital Improvement Fund	D-13	64,933	64,215
Fund Balance	D-2	<u>53,929</u>	<u>53,929</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,824,500</u>	<u>\$ 7,378,881</u>

There were bonds and notes authorized but not issued on December 31, 2022 and 2021 of \$6,923 and \$22,435 respectively (Exhibit D-18).

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
REVENUES AND OTHER INCOME			
Surplus Anticipated	D-3	\$ 320,525	\$ 287,655
Rents	D-3	1,330,757	1,424,987
Non-Budget Revenue	D-3	59,234	59,782
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-7	<u>127,524</u>	<u>121,273</u>
		<u>1,838,040</u>	<u>1,893,697</u>
EXPENDITURES			
Budget Appropriations			
Operating	D-4	1,485,999	1,519,497
Deferred Charges and Statutory Expenditures	D-4	33,500	37,658
Debt Service	D-4	<u>224,690</u>	<u>229,255</u>
		<u>1,744,189</u>	<u>1,786,410</u>
Excess in Revenue		<u>93,851</u>	<u>107,287</u>
Statutory Excess to Surplus		93,851	107,287
Fund Balance, January 1	D	<u>907,525</u>	<u>1,087,893</u>
Decreased by:			
Utilization as Anticipated Revenue	D-1	<u>320,525</u>	<u>287,655</u>
Fund Balance, December 31	D	<u>\$ 680,851</u>	<u>\$ 907,525</u>

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, January 1, 2022	D	\$ 53,929	\$ 50,205
Increased by:			
Premium on Sale of Notes and Bonds	D-5	<u>-</u>	<u>3,724</u>
Balance, December 31, 2022	D	<u>\$ 53,929</u>	<u>\$ 53,929</u>

EXHIBIT D-3

STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	D-1,D-7	\$ 320,525	\$ 320,525	
Rents	D-1,D-7	<u>1,424,900</u>	<u>1,330,757</u>	<u>\$ (94,143)</u>
	D-4	<u>\$ 1,745,425</u>	<u>1,651,282</u>	<u>\$ (94,143)</u>
Non-Budget Revenue	D-1		<u>59,234</u>	
			<u>\$ 1,710,516</u>	

ANALYSIS OF NON-BUDGET REVENUE

Due from Sewer Capital Fund	D-12	\$ 13,834
Cash Receipts	D-5	<u>45,400</u>
	D-3	<u>\$ 59,234</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATING					
Salaries and Wages	\$ 357,200	\$ 357,200	\$ 254,816	\$ 102,384	
Other Expenses	467,500	467,500	294,572	172,928	
Bergen County Utilities Authority	661,299	661,299	661,298	1	
DEFERRED CHARGES AND AND STATUTORY EXPENDITURES					
Social Security System (O.A.S.I.)	33,500	33,500	19,255	14,245	
DEBT SERVICE					
Payment of Bond Principal	165,000	165,000	165,000		
Payment of Bond Anticipation Note Principal	36,000	36,000	36,000		
Interest on Bonds	19,160	19,160	19,156		\$ 4
Interest on Notes	<u>5,766</u>	<u>5,766</u>	<u>4,534</u>	<u>-</u>	<u>1,232</u>
	<u>\$ 1,745,425</u>	<u>\$ 1,745,425</u>	<u>\$ 1,454,631</u>	<u>\$ 289,558</u>	<u>\$ 1,236</u>
Reference	D-3			D	D-1
	<u>Reference</u>				
Budget as Adopted	D-3	<u>\$ 1,745,425</u>			
Disbursed	D-5		\$ 1,408,702		
Encumbrances Payable	D-8		22,239		
Accrued Interest	D-20		<u>23,690</u>		
			<u>\$ 1,454,631</u>		

**BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	E-1	\$ 9,560	\$ 9,512
LIABILITIES AND RESERVES			
Due to Current Fund	E-4	\$ 53	\$ 5
Reserve for Public Assistance Expenditures	E-2	9,507	9,507
Total Liabilities, Reserves and Fund Balance		\$ 9,560	\$ 9,512

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSET ACCOUNT GROUP -
REGULATORY BASIS
AS OF DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Construction in Progress	\$ 48,047	\$ 2,752,967
Land	1,902,745	1,612,000
Buildings and Building Improvements	13,159,620	10,319,710
Machinery and Equipment	<u>6,909,489</u>	<u>6,466,941</u>
	<u>\$ 22,019,901</u>	<u>\$ 21,151,618</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 22,019,901</u>	<u>\$ 21,151,618</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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 or 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, 2022 AND 2021

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 fund. The Borough's infrastructure is not reported in the account group.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2021 balances to conform to the December 31, 2022 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, 2022 AND 2021

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 and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Sewer Utility Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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.

Incurred But Not Reported (IBNR) Reserves and Claims Payable - The Borough has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the Borough has not received notices or report of losses (i.e. IBNR). Additionally, the Borough has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). 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 potential claims are recorded as a long-term obligation in the government-wide financial statements.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

Reserve for Uncollected Taxes - Reserve for Uncollected Taxes is a non-spending budget appropriation account required to provide assurance that cash collected for property taxes levied in the current year will provide sufficient cash flow to meet expected budgetary obligations. The minimum amount required to be budgeted in Reserve for Uncollected Taxes is determined utilizing the actual percentage of property taxes collected in the immediate preceding budget year, unless allowable alternative methods are utilized with the approval of the Division. A Reserve for Uncollected Taxes is not established or required under GAAP.

Pensions - The Borough appropriates in its annual budget the amount required to be paid for pension contributions as determined by the State administered pension systems. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements its share of the actuarially determined net pension liabilities, deferred outflow of resources, deferred inflow of resources and pension expense (benefit) related to the State administered pension system. GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

Other Post-Employment Benefits (OPEB) - The Borough funds its employer paid post-retirement medical benefits on a pay-as-you-go basis. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements its actuarially determined net OPEB liability, deferred outflow of resources, deferred inflow of resources and OPEB expense (benefit). GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

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 \$3,000 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.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

The Borough must prepare its budget in compliance with applicable laws limiting or capping the amounts by which both the budget appropriations and the municipal tax levy can increase in the annual budget.

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the Borough is permitted to increase its overall appropriations (with certain exceptions) by 2.5% or the "cost of living adjustment" (COLA), whichever is less. The COLA is calculated based on the Implicit Price Deflator for Local Governments computed by the U.S. Department of Commerce. The Borough can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap appropriations to 3.5%, upon adoption of a COLA Rate Ordinance by the governing body and beyond 3.5% upon voter passage of a referendum.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It established limits on the increase in the total amount to be raised by taxation for municipal purposes (municipal tax levy). The core of the levy cap formula is a 2% increase to the previous year's amount to be raised by taxation for municipal purposes, exclusive of certain appropriations and allowable adjustments and extraordinary costs related to a declared emergency. Voter approval may be requested to increase the municipal tax levy by more than the allowable adjusted tax levy.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

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 2022 and 2021 the Current Fund and Sewer Utility Operating Fund budgets were not increased. However, the governing body approved several budget transfers during 2022 and 2021.

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 deposits in excess of the FDIC or NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, bail funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

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, 2022 and 2021, the book value of the Borough's deposits were \$22,801,054 and \$22,659,933 and bank and brokerage firm balances of the Borough's deposits amounted to \$22,796,570 and \$22,957,500, 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>2022</u>	<u>2021</u>
Insured	\$ 22,344,105	\$ 22,647,476
Uninsured and Collateralized	<u>452,465</u>	<u>310,026</u>
	<u>\$ 22,796,570</u>	<u>\$ 22,957,502</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

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, 2022 and 2021, the Borough’s bank balances were not exposed to custodial credit risk.

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2022</u>	<u>2021</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>452,465</u>	\$ <u>310,026</u>

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.

As of December 31, 2022 and 2021 the Borough had the following investments:

	<u>Fair Value</u>
<u>2022</u>	
Lincoln Financial Group (LOSAP)	
Investment Fund (Unaudited)	\$ <u>1,140,199</u>
<u>2021</u>	
Lincoln Financial Group (LOSAP)	
Investment Fund (Unaudited)	\$ <u>1,388,427</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial credit risk. As of December 31, 2022 and 2021, \$1,140,199 and \$1,388,427 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>2022</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	<u>\$ 1,140,199</u>
<u>2021</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	<u>\$ 1,388,427</u>

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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, 2022 and 2021, the Borough's investment in Lincoln Financial Group was rated Baa1 by Moody's Investors Services.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough's investment in a single issuer. 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.

Fair Value of Investments. The Borough of Moonachie measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2022 and 2021 are categorized as Level 2.

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, 2022 AND 2021

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2022 consisted of the following:

	<u>Current Fund</u>	<u>Sewer Utility Operating Fund</u>	<u>Total</u>
<u>2022</u>			
Property Taxes	\$ 139,472		\$ 139,472
Tax Title Liens	741,478		741,478
Sewer Utility Charges and Fees	-	\$ 53,278	53,278
	<u>\$ 880,950</u>	<u>\$ 53,278</u>	<u>\$ 934,228</u>

In 2022, the Borough collected \$254,009 and \$152,074 from delinquent taxes and sewer utility charges and fees, which represented 27% and 100% of the delinquent tax and sewer charges receivable at December 31, 2021.

Receivables at December 31, 2021 consisted of the following:

	<u>Current Fund</u>	<u>Sewer Utility Operating Fund</u>	<u>Total</u>
<u>2021</u>			
Property Taxes	\$ 254,099		\$ 254,099
Tax Title Liens	698,730		698,730
Sewer Utility Charges and Fees	-	\$ 152,074	152,074
	<u>\$ 952,829</u>	<u>\$ 152,074</u>	<u>\$ 1,104,903</u>

In 2021, the Borough collected \$315,782 and \$147,476 from delinquent taxes and sewer utility charges and fees, which represented 32% and 68% of the delinquent tax and sewer charges receivable at December 31, 2020.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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>2022</u>		<u>2021</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	\$ 18,296	\$ 48,324	\$ 2,056	\$ 150,946
Trust Fund:				
Animal Control Fund		1,105		45
Other Trust Fund- Flexible Spending		2,022		1,987
Other Trust Fund - Escrow	1,737		1,269	
Other Trust Fund - Payroll		337		3
Other Trust Fund - Miscellaneous Reserves	46,587	894	149,677	
General Capital Fund		13,885	-	16
Sewer Utility Operating Fund	2,622			-
Sewer Utility Capital Fund	-	2,622	-	
Public Assistance Fund	-	53	-	5
Total	<u>\$ 69,242</u>	<u>\$ 69,242</u>	<u>\$ 153,002</u>	<u>\$ 153,002</u>

The above balances are the result of expenditures being paid by one fund on behalf of another.

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

NOTE 6 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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
	<u>Local District School</u>	<u>Local District School</u>
Balance of Tax	\$ 4,747,677	\$ 4,576,267
Deferred	<u>3,103,810</u>	<u>3,103,810</u>
Taxes Payable	<u>\$ 1,643,867</u>	<u>\$ 1,472,457</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7 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:

	2022		2021	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 8,382,447	\$ 1,740,000	\$ 7,140,172	\$ 1,670,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,382,447</u>	<u>\$ 1,740,000</u>	<u>\$ 7,140,172</u>	<u>\$ 1,670,000</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 680,851	\$ 362,115	\$ 907,525	\$ 320,525
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 680,851</u>	<u>\$ 362,115</u>	<u>\$ 907,525</u>	<u>\$ 320,525</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 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, 2022 and 2021.

	Balance January 1, <u>2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance, December 31, <u>2022</u>
<u>2022</u>					
Construction in Progress	\$ 2,752,967	\$ 130,990		\$ (2,835,910)	\$ 48,047
Land	1,612,000	290,745			1,902,745
Buildings and Building Improvements	10,319,710	4,000		2,835,910	13,159,620
Machinery and Equipment	6,466,941	442,548	-	-	6,909,489
	<u>\$ 21,151,618</u>	<u>\$ 868,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,019,901</u>
	Balance January 1, <u>2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance, December 31, <u>2021</u>
<u>2021</u>					
Construction in Progress	\$ 2,307,155	\$ 445,812			\$ 2,752,967
Land	1,617,100		\$ 5,100		1,612,000
Buildings and Building Improvements	10,154,710	165,000			10,319,710
Machinery and Equipment	6,521,540	120,401	175,000	-	6,466,941
	<u>\$ 20,600,505</u>	<u>\$ 731,213</u>	<u>\$ 180,100</u>	<u>\$ -</u>	<u>\$ 21,151,618</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 FIXED ASSETS (Continued)

B. Sewer Utility Fund Fixed Assets

The following is a summary of changes in the Sewer Utility Fund fixed assets for the years ended December 31, 2022 and 2021.

	January 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	December 31, <u>2022</u>
<u>2022</u>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 3,532,001	\$ 842,470	\$ -	\$ 4,374,471
	<u>\$ 3,532,001</u>	<u>\$ 842,470</u>	<u>\$ -</u>	<u>\$ 4,374,471</u>
	Balance January 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2021</u>
<u>2021</u>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 3,532,001	\$ -	\$ -	\$ 3,532,001
	<u>\$ 3,532,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,532,001</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects and acquisitions or other purposes permitted by the Local Bond Law, 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>2022</u>	<u>2021</u>
Issued		
General		
Bonds, Notes and Loans	\$ 10,284,000	\$ 11,175,332
Sewer Utility		
Bonds, Notes and Loans	<u>990,000</u>	<u>1,731,635</u>
	11,274,000	12,906,967
Less Funds Temporarily Held to Pay Bonds and Notes	<u>292,233</u>	<u>471,853</u>
Net Debt Issued	<u>10,981,767</u>	<u>12,435,114</u>
Authorized But Not Issued		
General		
Bonds and Notes	75,800	91,099
Sewer Utility		
Bonds and Notes	<u>6,923</u>	<u>22,435</u>
	<u>82,723</u>	<u>113,534</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 11,064,490</u>	<u>\$ 12,548,648</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of 0.970% and 1.085% at December 31, 2022 and 2021, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2022</u>			
General Debt	\$ 10,359,800	\$ 292,233	\$ 10,067,567
Utility Debt	<u>996,923</u>	<u>996,923</u>	<u>-</u>
Total	<u>\$ 11,356,723</u>	<u>\$ 1,289,156</u>	<u>\$ 10,067,567</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2021</u>			
General Debt	\$ 11,266,431	\$ 471,853	\$ 10,794,578
Utility Debt	<u>1,754,070</u>	<u>1,754,070</u>	<u>-</u>
Total	<u>\$ 13,020,501</u>	<u>\$ 2,225,923</u>	<u>\$ 10,794,578</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>2022</u>	<u>2021</u>
3.5% of Equalized Valuation Basis (Municipal)	\$ 36,321,031	\$ 34,821,209
Less: Net Debt	<u>10,067,567</u>	<u>10,794,578</u>
Remaining Borrowing Power	<u>\$ 26,253,464</u>	<u>\$ 24,026,631</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 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>2022</u>	<u>2021</u>
\$7,670,000, 2018 Bonds, due in annual installments of \$295,000 to \$500,000 through October 15, 2038, interest at 3.00% to 5.00%	\$ 6,625,000	\$ 6,920,000
\$1,790,000, 2020 Bonds, due in annual installments of \$210,000 to \$230,000 through October 15, 2028, interest at 1.00% to 2.00%	<u>1,325,000</u>	<u>1,535,000</u>
	<u>\$ 7,950,000</u>	<u>\$ 8,455,000</u>

Sewer 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:

	<u>2022</u>	<u>2021</u>
\$460,000, 2012 Bonds, due in an annual installment of \$50,000 through August 15, 2022, interest at 2.25%		\$ 50,000
\$1,255,000, 2020 Bonds, due in an annual installment of \$130,000 through October 15, 2030, interest at 1.50% through 2.00%	<u>\$ 990,000</u>	<u>1,105,000</u>
	<u>\$ 990,000</u>	<u>\$ 1,155,000</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 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, 2022 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>	
2023	\$ 520,000	\$ 264,050	\$ 115,000	\$ 17,088	\$ 916,138
2024	535,000	245,575	120,000	15,363	915,938
2025	560,000	226,350	120,000	13,563	919,913
2026	575,000	206,050	125,000	11,763	917,813
2027	595,000	188,550	125,000	9,888	918,438
2028	615,000	169,813	125,000	7,700	917,513
2029-2033	2,110,000	641,038	260,000	7,800	3,018,838
2034-2038	2,440,000	262,475	-	-	2,702,475
	<u>\$ 7,950,000</u>	<u>\$ 2,203,901</u>	<u>\$ 990,000</u>	<u>\$ 83,165</u>	<u>\$ 11,227,066</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2022 and 2021 were as follows:

	Balance, January 1, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
Bonds Payable	\$ 8,455,000	\$ -	\$ 505,000	\$ 7,950,000	\$ 520,000
General Capital Fund Long-Term Liabilities	<u>\$ 8,455,000</u>	<u>\$ -</u>	<u>\$ 505,000</u>	<u>\$ 7,950,000</u>	<u>\$ 520,000</u>
Sewer Utility Capital Fund Bonds Payable	\$ 1,155,000	\$ -	\$ 165,000	\$ 990,000	\$ 115,000
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 1,155,000</u>	<u>\$ -</u>	<u>\$ 165,000</u>	<u>\$ 990,000</u>	<u>\$ 115,000</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, January 1, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
General Capital Fund					
Bonds Payable	\$ 8,915,000	\$ -	\$ 460,000	\$ 8,455,000	\$ 505,000
General Capital Fund Long-Term					
Liabilities	\$ 8,915,000	\$ -	\$ 460,000	\$ 8,455,000	\$ 505,000
Sewer Utility Capital Fund					
Bonds Payable	\$ 1,320,000	\$ -	\$ 165,000	\$ 1,155,000	\$ 165,000
Sewer Utility Capital Fund Long-Term					
Liabilities	\$ 1,320,000	\$ -	\$ 165,000	\$ 1,155,000	\$ 165,000

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2022 and 2021 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, January 1, <u>2022</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2022</u>
<u>2022</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Construction of DPW Building	4.01%	7/13/2022	\$ 1,578,900	\$ 1,554,800	\$ 1,578,900	\$ 1,554,800
Construction of New Municipal Building	4.01%	7/13/2022	96,485		96,485	-
Construction of DPW Building	4.01%	7/13/2022	380,000	380,000	380,000	380,000
Various Acquisitions and Improvements	4.01%	7/13/2022	664,947	399,200	664,947	399,200
General Capital Bond Anticipation Notes Payable			\$ 2,720,332	\$ 2,334,000	\$ 2,720,332	\$ 2,334,000
	Rate (%)	Maturity Date	Balance, January 1, <u>2022</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2022</u>
<u>Sewer Utility Capital Fund</u>						
<u>Purpose</u>						
Hurricane Sandy Improvements	4.01%	7/13/2022	\$ 433,000		\$ 433,000	
Acquisition of Generators for Moonachie Ave Pump Station and Lincoln Place Pump Station	4.01%	7/13/2022	143,635	-	143,635	-
Sewer Utility Capital Bond Anticipation Notes Payable			\$ 576,635	\$ -	\$ 576,635	\$ -
Total Bond Anticipation Notes Payable			\$ 3,296,967	\$ 2,334,000	\$ 3,296,967	\$ 2,334,000

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>2021</u>	Rate (%)	Maturity Date	Balance, January 1, <u>2021</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2021</u>
<u>General Capital Fund</u>						
<u>Purpose</u>						
Construction of DPW Building	1.00%	10/14/2022	\$ 1,603,000	\$ 1,578,900	1,603,000	\$ 1,578,900
Construction of New Municipal Building	1.00%	10/14/2022	475,000	96,485	475,000	96,485
Construction of DPW Building	1.00%	10/14/2022	380,000	380,000	380,000	380,000
Various Acquisitions and Improvements	1.00%	10/14/2022	-	664,947	-	664,947
General Capital Bond Anticipation Notes Payable			<u>\$ 2,458,000</u>	<u>\$ 2,720,332</u>	<u>\$ 2,458,000</u>	<u>\$ 2,720,332</u>
<u>2021</u>	Rate (%)	Maturity Date	Balance, January 1, <u>2021</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2021</u>
<u>Sewer Utility Capital Fund</u>						
<u>Purpose</u>						
Hurricane Sandy Improvements	1.00%	10/14/2022	\$ 469,000	\$ 433,000	\$ 469,000	\$ 433,000
Acquisition of Generators for Moonachie Ave Pump Station and Lincoln Place Pump Station	1.00%	10/14/2022	-	143,635	-	143,635
Sewer Utility Capital Bond Anticipation Notes Payable			<u>\$ 469,000</u>	<u>\$ 576,635</u>	<u>\$ 469,000</u>	<u>\$ 576,635</u>
Total Bond Anticipation Notes Payable			<u>\$ 2,927,000</u>	<u>\$ 3,296,967</u>	<u>\$ 2,927,000</u>	<u>\$ 3,296,967</u>

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

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

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 10 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>2022</u>			
	Senior Center HVAC	\$ 118,770	12/31/2023
	Reconstruction of Grand St.	237,113	12/31/2023
<u>2021</u>			
	DPW Facility	\$ 108,959	12/31/2022
	Streetscape Improvements Phase III	272,975	12/31/2022
	Joseph Street Park Equipment & Install	524,491	12/31/2022

NOTE 11 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 \$782,951 at December 31, 2022 and 2021 respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2022 and 2021, the Borough has reserved in the Other Trust Fund \$695,321 and \$732,393, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

Changes in Other Long-Term Liabilities

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

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

The Borough's changes in other long-term liabilities for the years ended December 31, 2022 and 2021 were as follows:

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due Within One Year
2022					
Compensated Absences	\$ 782,951			\$ 782,951	
Net Pension Liability - PERS (1)	1,863,226			1,863,226	
Net Pension Liability - PFRS (1)	5,117,692			5,117,692	
Net OPEB Liability	10,648,893	\$ 3,887,119	-	14,536,012	-
Other Long Term Liabilities	<u>\$ 18,412,762</u>	<u>\$ 3,887,119</u>	<u>\$ -</u>	<u>\$ 22,299,881</u>	<u>\$ -</u>
	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Due Within One Year
2021					
Compensated Absences	\$ 777,849	\$ 60,103	\$ 55,001	\$ 782,951	
Net Pension Liability - PERS	2,778,093		914,867	1,863,226	
Net Pension Liability - PFRS	9,382,392		4,264,700	5,117,692	-
Net OPEB Liability	12,657,200	381,990	2,390,297	10,648,893	-
Other Long Term Liabilities	<u>\$ 25,595,534</u>	<u>\$ 442,093</u>	<u>\$ 7,624,865</u>	<u>\$ 18,412,762</u>	<u>\$ -</u>

- (1) GASB Statement Number 68 Pension financial information was not provided by the State's Division of Pensions and Benefits.

NOTE 12 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) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

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.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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) Annual Comprehensive Financial Report (ACFR) 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.

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.

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.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollment but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. 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.

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

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2022 was not available and for June 30, 2021 is \$12.0 billion, and the plan fiduciary net position as a percentage of the total pension liability is 70.33% at June 30, 2021. The collective net pension liability of the participating employers for local PFRS at June 30, 2022 was not available and for June 30, 2021 is \$9.4 billion and the plan fiduciary net position as a percentage of total pension liability is 77.26% at June 30, 2021.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 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 2022 and 2021 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

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. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2022, 2021 and 2020 were equal to the required contributions.

During the years ended December 31, 2022, 2021 and 2020, 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>
2022	\$ 817,785	\$ 194,605
2021	811,197	186,363
2020	704,209	150,524

In addition for the years ended December 31, 2022, 2021 and 2020 the Borough contributed for long-term disability insurance premiums (LTDI) \$-0-, \$-0- and \$306.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 12 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.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 68 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2022 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2023-10 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2022 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2021 and 2020. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2021, the Borough reported a liability of \$1,863,226 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2021, the Borough's proportionate share was 0.01573 percent, which was a decrease of .00131 percent from its proportionate share measured as of June 30, 2020 of 0.01704 percent.

For the year ended December 31, 2021, the pension system has determined the Borough's pension expense (benefit) to be \$113,019 for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$186,363. At December 31, 2020, 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:

	2021	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 29,385	\$ 13,338
Changes of Assumptions	9,704	663,320
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		490,823
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>314,248</u>	<u>2,553,787</u>
Total	<u>\$ 353,337</u>	<u>\$ 3,721,268</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2021 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

<u>Year</u> <u>Ending</u> <u>December 31,</u>	<u>Total</u>
2022	\$ (960,873)
2023	(823,147)
2024	(754,668)
2025	(751,561)
2026	(77,682)
Thereafter	<u>-</u>
	<u>\$ (3,367,931)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00%
	Based on Years of Service
Thereafter	3.00%-7.00%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, 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 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2021</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>2,537,336</u>	\$ <u>1,863,226</u>	\$ <u>1,291,148</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2021. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

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, 2021 the Borough reported a liability of \$5,117,692 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2021, the Borough's proportionate share was .07002 percent, which was a decrease of .00259 percent from its proportionate share measured as of June 30, 2020 of .07261 percent.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended December 31, 2021, the pension system has determined the Borough pension expense (benefit) to be \$(520,674) for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$811,197. At December 31, 2020, 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:

	2021	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 58,387	\$ 613,047
Changes of Assumptions	27,232	1,533,749
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		2,180,815
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>734,421</u>	<u>503,786</u>
Total	<u>\$ 820,040</u>	<u>\$ 4,831,397</u>

At December 31, 2021 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2022	\$ (1,227,095)
2023	(988,444)
2024	(760,397)
2025	(850,448)
2026	(158,095)
Thereafter	<u>(26,878)</u>
	<u>\$ (4,011,357)</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation Rate:	2.75%
Salary Increases	3.25%-15.25% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability for PFRS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, 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 6.00% or 1-percentage-point higher 8.00% than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>2021</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 7,771,055</u>	<u>\$ 5,117,692</u>	<u>\$ 2,909,054</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2021. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

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, 2021, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,439,350. For the year ended December 31, 2021, 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 \$160,302 which is more than the actual contribution the State made on behalf of the Borough of \$125,035. At December 31, 2021 (measurement date June 30, 2021) the State's share of the PFRS net pension liability attributable to the Borough was .07002 percent, which was a decrease of .00259 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of .07261 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, 2022 AND 2021

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

Plan Description

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

Benefits Provided

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

Employees Covered by Postemployment Benefits

At December 31, 2022 and 2021, the following employees were covered by postemployment health care benefits:

	<u>2022</u>	<u>2021</u>
Active Employees	30	28
Inactive Employees or Beneficiaries Currently Receiving Benefits	<u>27</u>	<u>22</u>
	<u>57</u>	<u>50</u>

At December 31, 2021 and 2020, the Borough's total OPEB liabilities were \$14,536,012 and \$10,648,893, respectively. Net OPEB liability was measured as of December 31, 2021 and December 31, 2020, respectively, and the OPEB liability was determined by an actuarial valuation as of those dates.

For the years ended December 31, 2022 and 2021, the Borough has determined it's OPEB expense to be \$811,343 and \$389,071, respectively, based on the actuarial valuations which are less than the actual contributions reported in the Borough's financial statements of \$1,593,793 and \$1,444,853, respectively. At December 31, 2022 and 2021, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	<u>2022</u>		<u>2021</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	\$ 4,218,915			
Changes of Assumptions	<u>1,390,928</u>	\$ (1,962,130)	\$ 1,646,541	\$ (1,649,905)
Total	<u>\$ 5,609,843</u>	<u>\$ (1,962,130)</u>	<u>\$ 1,646,541</u>	<u>\$ (1,649,905)</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Employees Covered by Postemployment Benefits (Continued)

At December 31, 2022 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2023	\$ 502,411
2024	502,411
2025	502,411
2026	502,411
2027	502,411
Thereafter	<u>1,135,658</u>
	<u>\$ 3,647,713</u>

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2022 was based on the December 31, 2022 measurement date as determined by an actuarial valuation as of December 31, 2022. The total OPEB liability reported for the year ended December 31, 2021 was based on the December 31, 2021 measurement date as determined by an actuarial valuation as of December 31, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<i>Mortality</i>	<i>December 31, 2021 - RP 2000 Combined Healthy Male Mortality Rates Set Forward One Year and Adjusted for Generational Improvement December 31, 2022 - PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates- prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after the completion of 25 years of service Benefits payable for life for Police hired prior to January 1, 2021 and end at age 65 for all others</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>2.12% Based on the Bond Buyer 20 Index December 31, 2021 2.06% Based on the Bond Buyer 20 Index December 31, 2022</i>
<i>CPI Increase</i>	<i>2.5%</i>
<i>Rate of Salary Increase</i>	<i>2.5%</i>
<i>Medical Trend</i>	<i>Medical: 5.3% in 2022, reducing by 0.2% per annum, leveling at 4.5% per annum in 2026 Drug: 6.5% in 2022, reducing by 0.5% per annum, leveling at 4.5% per annum in 2026 Medicare Advantage: 4.5% per annum Dental and Vision: 3.5% per annum</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Assumptions (Continued)

- Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2022 medical and dental premiums and the plan option selected. The age specific cost was derived based on per person costs at the average age of the active population (44) and scaled to each age based on the medical cost aging factors. At age 65 aging factors are no longer applied.
- Retiree Contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by The Borough increased annually by the rate of medical trend.
- Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of salary. 2022 salaries were reported as \$2.482 million.

The actuarial assumptions used in the December 31, 2022 and December 31, 2021 valuations were based on the results of an actuarial experience study for the period December 31, 2022 and December 31, 2021, respectively.

Changes in the Total OPEB Liability

The change in the Borough's OPEB liability for the years ended December 31, 2022 and 2021 based on measurement dates of December 31, 2022 and December 31, 2021, respectively are as follows:

	Total OPEB Liability 2022	Total OPEB Liability 2021
Balance - Beginning of Year	\$ 10,648,893	\$ 12,657,200
Changes for the Year:		
Service Cost	93,564	116,403
Interest on the Total OPEB Liability	215,368	265,587
Changes of Benefit Terms		
Differences Between Expected and Actual Experience	4,790,174	
Changes in Assumptions	(636,686)	(1,898,437)
Benefit Payments	(575,301)	(491,860)
Net Changes	<u>3,887,119</u>	<u>(2,008,307)</u>
Balance - End of Year	<u>\$ 14,536,012</u>	<u>\$ 10,648,893</u>

Changes of assumptions for 2022 reflect a change in the discount rate from 2.06 percent in 2021 to 3.72 percent in 2022.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's net OPEB liability as of December 31, 2022 and 2021 calculated using the discount rate of 3.72% and 2.06%, respectively, as well as what the Borough's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.72% and 1.03%, respectively or 1-percentage-point higher 4.72% and 3.06%, respectively than the current rate:

	1% Decrease (2.72%)	Current Discount Rate (3.72%)	1% Increase (4.72%)
<u>2022</u>			
Net OPEB Liability	<u>\$ 15,602,915</u>	<u>\$ 14,536,012</u>	<u>\$ 13,599,910</u>
	1% Decrease (1.06%)	Current Discount Rate (2.06%)	1% Increase (3.06%)
<u>2021</u>			
Net OPEB Liability	<u>\$ 11,555,815</u>	<u>\$ 10,648,893</u>	<u>\$ 9,883,867</u>

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

The following presents the Borough's net OPEB liability as of December 31, 2022 and 2021 calculated using the healthcare trend rates as disclosed above as well as what the Borough's net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.3%)	Healthcare Cost Trend Rates (5.3%)	1% Increase (6.3%)
<u>2022</u>			
Net OPEB Liability	<u>\$ 13,694,342</u>	<u>\$ 14,536,012</u>	<u>\$ 15,496,831</u>
	1% Decrease (4.5%)	Healthcare Cost Trend Rates (5.5%)	1% Increase (6.5%)
<u>2021</u>			
Net OPEB Liability	<u>\$ 9,977,003</u>	<u>\$ 10,648,893</u>	<u>\$ 11,448,522</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 14 RISK MANAGEMENT

The Borough of Moonachie is a member of the Bergen County Municipal Joint Insurance Fund (BJIF), 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 BJIF, 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, 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>
2022	\$ 10,000		\$ 78,475
2021	10,000		63,370
2020	10,000	\$ 4,495	47,712

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2022 and 2021. 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, 2022 and 2021, the Borough reserved \$2,538,263 and \$2,647,699, 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, 2021 and 2020, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2022 and 2021, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

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

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

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

The Borough of Moonachie has contributed \$1,355 and \$1,355 for 2022 and 2021, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The Borough also contributed \$91,042 and \$48,636 for 2022 and 2021, 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 18 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy 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, 2022. As of December 31, 2022, the Borough has received \$5,111,719 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, 2022 AND 2021

NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also declared a public health emergency on March 9, 2020 and instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor's pandemic-related executive orders on July 4, 2021. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) terminated on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. On March 4, 2022, the Governor declared, via Executive Order No. 292, an end to the reinstated public health emergency, effective March 7, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020 c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

The Borough of Moonachie's finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the Borough of Moonachie's primary revenue source for supporting its budget. The Borough of Moonachie cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak or any resulting impact such costs could have on the operations of the Borough. However, as of the date of audit, even though the Borough finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact on the operations and finances of the Borough cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy. The Borough is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

Generally, according to the Plan and implementing regulations, the allowable use of the funds to be provided to the Borough include the following categories:

- Replacing lost public sector revenue;
- Investing in water, sewer, broadband and other infrastructure;
- Providing premium pay for essential workers;
- Supporting public health expenditures;
- Addressing COVID-19 related negative economic impacts; and
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households.

However, such funds may not be used to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation or administrative interpretation during the covered period reducing or delaying any tax or tax increase. Additionally, such funds may not be used for deposit in any pension fund. Such funds may be used to offset the amounts required to be raised in budgets for special emergency appropriations for COVID-19 deficits authorized by Chapter 74 discussed above. The Borough will be required to provide periodic reports detailing the accounting of the use of funds.

The Borough will receive \$282,814 from the Plan in two equal payments. The Borough has received the full amount of its relief funds under the plan as of December 31, 2022. The Borough has not yet determined how it will spend the remaining funds received. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

CURRENT FUND

BOROUGH OF MOONACHIE
STATEMENT OF CURRENT CASH - TREASURER

Balance, January 1, 2022		\$ 14,315,757
Increased by Receipts		
Taxes Receivable	\$ 20,068,366	
Non-Budget Revenue	410,803	
Grants Receivable	12,376	
Due from State of NJ - Senior Citizens' and Veterans' Deductions	12,240	
Revenue Accounts Receivable	2,241,441	
Due to State of New Jersey	20,949	
Prepaid Taxes	607,255	
Received from General Capital Fund	46,401	
Received from Animal Control Fund	69	
Received from Other Trust Fund - Escrow	1,393	
Received from Other Trust Fund - Payroll	3	
Received from Other Trust Fund - Miscellaneous Trust	4,937	
Received from Public Assistance Fund	73	
Unappropriated Grant Reserves	170,957	
Tax Overpayments	9,802	
		<u>23,607,065</u>
		37,922,822
Decreased by Disbursements:		
2022 Budget Appropriations	10,127,273	
2021 Appropriation Reserves	223,208	
County Taxes Payable	2,424,537	
Local School District Taxes Payable	9,339,460	
Due to State of New Jersey	20,949	
Payments to Other Trust Fund - Miscellaneous Reserves	149,703	
Payments to Sewer Utility Capital Fund	347,335	
Reserve for Tax Appeals	109,436	
Appropriated Reserves	23,876	
Tax Overpayments	9,737	
		<u>22,775,514</u>
Balance, December 31, 2022		<u>\$ 15,147,308</u>

**BOROUGH OF MOONACHIE
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, January 1, <u>2022</u>	Change Fund <u>Advanced</u>	Change Fund <u>Returned</u>	Balance, December 31, <u>2022</u>
Tax Collector	\$ -	\$ 200	\$ 200	\$ -
	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ -</u>

STATEMENT OF PETTY CASH FUND

Increased by:	
Petty Cash Advances	<u>\$ 200</u>
Decreased by:	
Petty Cash Returned	<u>\$ 200</u>

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

Balance, January 1, 2022	\$ 3,111
Increased by:	
Cash Received from State of New Jersey	<u>12,240</u>
	15,351
Decreased by:	
Senior Citizens' Deductions Per Tax Duplicate	\$ 2,500
Veterans' Deductions Per Tax Duplicate	<u>9,500</u>
	<u>12,000</u>
Balance, December 31, 2022	<u>\$ 3,351</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>2022</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>2022</u>
				<u>2021</u>	<u>2022</u>				
2021	\$ 254,099				\$ 254,099				
2022	<u>-</u>	<u>\$ 20,872,721</u>	<u>\$ -</u>	<u>\$ 863,395</u>	<u>19,814,267</u>	<u>\$ 12,000</u>	<u>\$ 839</u>	<u>\$ 42,748</u>	<u>\$ 139,472</u>
	<u>\$ 254,099</u>	<u>\$ 20,872,721</u>	<u>\$ -</u>	<u>\$ 863,395</u>	<u>\$ 20,068,366</u>	<u>\$ 12,000</u>	<u>\$ 839</u>	<u>\$ 42,748</u>	<u>\$ 139,472</u>

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax	\$ 20,859,555
Added Taxes (54:4-63.1 et seq.)	<u>13,166</u>
	<u>\$ 20,872,721</u>

Tax Levy

Local District School Tax (Abstract)	\$ 9,510,870
County Taxes	
County Taxes (Abstract)	\$ 2,323,047
County Open Space	96,397
Due County for Added Taxes (54:63.1 et seq.)	<u>1,531</u>
	2,420,975

Local Tax for Municipal Purposes

Add Additional Tax Levied	<u>8,922,207</u>
	<u>18,669</u>
	8,940,876
	<u>\$ 20,872,721</u>

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

Balance, January 1, 2022	\$ 698,730
Increased by:	
Transfer from Taxes Receivable - 2022	<u>42,748</u>
Balance, December 31, 2022	<u>\$ 741,478</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, January 1, 2022	<u>\$ 2,850</u>
Balance, December 31, 2022	<u>\$ 2,850</u>

BOROUGH OF MOONACHIE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2022</u>	Accrued in <u>2022</u>	Collected in 2022 <u>Treasurer</u>	Balance, December 31, <u>2022</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 6,895	\$ 6,895	
Other		11,466	11,466	
Construction Code Official				
Fees and Permits		88,545	88,545	
Board of Health				
Fees and Permits		4,013	4,013	
Police Department				
Fees and Permits		379	379	
Municipal Court				
Fines and Costs	\$ 1,785	16,739	17,804	\$ 720
Uniform Fire Safety Act - LEA		75,541	75,541	
Uniform Fire Safety Act - Local Fees		1,627	1,627	
Interest and Costs on Taxes		57,901	57,901	
Interest on Investments		190,590	190,590	
Energy Receipts Tax		449,979	449,979	
Interboro Services - Borough of Teterboro				
Police Services		898,966	898,966	
Municipal Court Services	28,861	117,764	116,526	30,099
Trailer Camp Fees		66,642	66,642	
Port Authority of NY in Lieu of Taxes		16,335	16,335	
Cellular One Lease	-	38,232	38,232	-
Reserve for Payment of Bonds	-	200,000	200,000	-
	<u>\$ 30,646</u>	<u>\$ 2,241,614</u>	<u>\$ 2,241,441</u>	<u>\$ 30,819</u>

BOROUGH OF MOONACHIE
STATEMENT OF 2022 APPROPRIATION RESERVES

	Balance, January 1, <u>2022</u>	Budget After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Salaries and Wages					
General Administration	\$ 16,343	\$ 16,343	\$ 7,652		\$ 8,691
Mayor & Council	5,378	5,378	-		5,378
Municipal Clerk	4,899	4,899	2,779		2,120
Financial Administration	1,596	1,596			1,596
Revenue Administration	7,824	7,824	-		7,824
Tax Assessment	1	1	-		1
Legal Services	1,000	1,000	-		1,000
Planning Board	172	172	-		172
Police	58,186	58,186	-	\$ 50,000	8,186
Crossing Guards	3,166	3,166	-		3,166
Police- Dispatch 911	15,823	15,823	-		15,823
Emergency Management Services	110	110	-		110
Municipal Court	1,579	1,579	-		1,579
Fire Official	822	822	-		822
Life Hazard Use Fee Payments	12,070	12,070	6,230		5,840
Streets & Roads	23,561	23,561	173		23,388
Solid Waste Collection	8,187	8,187			8,187
Buildings & Grounds	1,058	1,058	-		1,058
Public Health Services	82	82	-		82
Parks & Recreation	4,317	4,317	-		4,317
Sub-Code Officials-					-
Building Inspector	2,095	1,595	-		1,595
Plumbing Inspector	205	205	-		205
Electrical Inspector	-	-	-		-
Fire Inspector	82	582	243		339
Property Maintenance Official	480	480	-		480
Community Affairs-Senior Citizens	78	938	-		938
Construction Code Official	1,500	1,500	-		1,500
Municipal Prosecutor	286	286	-		286
Heath Benefit Waiver	4,171	4,171	-		4,171
Other Expenses					
General Administration	59,404	59,633	\$ 7,420		52,213
Grant Consultant	1,500	1,500			1,500
Sandy Consultant	52,200	52,200			52,200
Mayor & Council	3,907	3,907	35		3,872
Municipal Clerk	9,855	9,855	39		9,816
Financial Administration	62,718	63,018	10,903		52,115
Audit Services		52,000	37,085		14,915
Revenue Administration	11,077	11,077	175		10,902
Tax Assessment Administration	26,248	26,248	225		26,023
Legal Services & Costs	25,711	25,711	11		25,700
Engineering Services Cost	16,204	16,204	-		16,204
Planning Board	9,352	9,352	165		9,187
Vehicle Maintenance	56,202	69,940	17,278	165	52,497
First Aid Organization	10,266	10,596	844		9,752
Fire Department	39,252	39,702	333		39,369
Fire Official	2,109	2,271	1,170		1,101
Life Hazard Use Fee Payments	4,148	4,148	-		4,148

BOROUGH OF MOONACHIE
STATEMENT OF 2021 APPROPRIATION RESERVES

	Balance, January 1, 2022	Budget After Modification	Expended	Transfer	Balance Lapsed
Other Expenses (Continued)					
Police Department	\$ 64,578	\$ 64,895	\$ 5,170		\$ 59,725
Police Dispatch - 911	5,500	5,500	-		5,500
Emergency Management Services	3,630	3,630			3,630
Streets & Roads	31,747	32,322	697		31,625
Recycling	27,041	27,346	3,455		23,891
Sanitation - Contractual	13,949	13,949	-		13,949
Public Health	5,744	5,744	500		5,244
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	46,233	51,456	3,645		47,811
Recreation	13,675	13,675	-		13,675
Community Affairs- Senior Citizens	8,746	8,746	-		8,746
Construction Code Official	3,425	3,425	512		2,913
Rent Monitoring Board	3,844	3,844	-		3,844
Celebration of Public Events	4,339	4,339	-		4,339
Electricity	47,453	57,684	11,589		46,095
Street Lighting	8,546	25,268	17,639		7,629
Telephone	17,162	17,587	932		16,655
Water	6,438	6,438	114		6,324
Natural Gas	30,206	32,562	9,777		22,785
Gasoline	6,051	6,051	-		6,051
Sanitary Landfill Tax - Tipping Fee	14,576	20,576	7,387		13,189
Recycling Tax	8,822	9,072	286		8,786
Social Security System (O.A.S.I.)	6,292	6,292	-		6,292
DCRP	5,000	5,000	-		5,000
Contingent	1,000	1,000	-		1,000
LOSAP- Volunteer Fire	-	46,042	40,053		5,989
LOSAP- First Aid	-	45,000	10,013		34,987
Municipal Court	6,676	6,676	1,152		5,524
Surety Bond Premium	471	471	-		471
Employee Group Health	72,398	72,398	17,222		55,176
General Liability & Workers Compensation	292	292	-		292
"911" Telecommunications Agreement	2,000	2,000	-		2,000
Shooting Range Agreement- Wood-Ridge	400	400	-		400
Borough of Teterboro- Municipal Court	8,102	8,102	-		8,102
Borough of Teterboro- Emergency Mngmt Coordinator	2,000	2,000	-		2,000
Clean Communities Program	5,411	5,411	-	\$ 5,411	-
Recycling Tonnage Grant	9,786	10,091	305	9,786	-
	<u>\$ 1,072,507</u>	<u>\$ 1,274,327</u>	<u>\$ 223,208</u>	<u>\$ 65,362</u>	<u>\$ 985,757</u>
Encumbrances - Prior Year		\$ 201,820			
Appropriation Reserves		<u>1,072,507</u>			
		<u>\$ 1,274,327</u>			
Cash Disbursed			\$ 223,213		
Reimbursements			<u>(5)</u>		
			<u>\$ 223,208</u>		
Transferred to Other Trust Fund to Accumulated Leave			\$ 50,000		
Transferred to Accounts Payable			165		
Transferred to Appropriated Grant Reserve			<u>15,197</u>		
			<u>\$ 65,362</u>		

**BOROUGH OF MOONACHIE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2022	\$ 201,820
Increased by:	
Charges to 2022 Budget Appropriations	<u>202,722</u>
	404,542
Decreased by:	
Transfer to 2021 Appropriation Reserves	<u>201,820</u>
Balance, December 31, 2022	<u>\$ 202,722</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, January 1, 2022	\$ 26,407
Increased by:	
2022 Tax Levy	\$ 2,323,047
County Open Space Preservation	96,397
Added and Omitted Taxes	<u>1,531</u>
	<u>2,420,975</u>
	2,447,382
Decreased by:	
Payments	2,424,537
Cancellation	<u>21,314</u>
	<u>2,445,851</u>
Balance, December 31, 2022	<u>\$ 1,531</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	\$ 20,600	\$ 20,600
Alcohol License	24	24
Marriage License	<u>325</u>	<u>325</u>
	<u>\$ 20,949</u>	<u>\$ 20,949</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES

Balance, January 1, 2022		
School Tax Deferred	\$ 3,103,810	
School Tax Payable	<u>1,472,457</u>	
		\$ 4,576,267
Increased by:		
Levy - School Year July 1, 2022 to June 30, 2023		<u>9,510,870</u>
		14,087,137
Decreased by:		
Payments		<u>9,339,460</u>
Balance, December 31, 2022		
School Tax Deferred	3,103,810	
School Tax Payable	<u>1,643,867</u>	
		<u>\$ 4,747,677</u>
2022 Liability for Local School Tax		
Tax Paid		\$ 9,339,460
Tax Payable December 31, 2022		<u>1,643,867</u>
		10,983,327
Less Tax Payable December 31, 2021		<u>1,472,457</u>
Amount Charged to 2022 Operations		<u>\$ 9,510,870</u>

**BOROUGH OF MOONACHIE
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2022	\$ 863,395
Increased by:	
Collection of 2023 Taxes	<u>607,255</u>
	1,470,650
Decreased by:	
Applied in 2022 Taxes Receivable	<u>863,395</u>
Balance, December 31, 2022	<u>\$ 607,255</u>

STATEMENT OF APPROPRIATED RESERVES

	Balance, January 1, <u>2022</u>	Transferred from Approp. <u>Reserve</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2022</u>
Municipal Alliance Grant	\$ 964			\$ 964
Recycling Tonnage Grant	18,205	\$ 9,786	\$ 16,406	11,585
Clean Communities Grant	19,334	5,411	7,470	17,275
Highway Safety Grant	5,214			5,214
Confiscated Funds	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>7,500</u>
	<u>\$ 51,217</u>	<u>\$ 15,197</u>	<u>\$ 23,876</u>	<u>\$ 42,538</u>

STATEMENT OF UNAPPROPRIATED RESERVES

	Balance, January 1, <u>2022</u>	Anticipated as 2022 <u>Budget Revenue</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2022</u>
Municipal Relief Fund			\$ 23,473	\$ 23,473
American Rescue Plan	\$ 141,407		141,407	282,814
Clean Communities Grant	<u>5,759</u>	<u>\$ 5,759</u>	<u>6,077</u>	<u>6,077</u>
	<u>\$ 147,166</u>	<u>\$ 5,759</u>	<u>\$ 170,957</u>	<u>\$ 312,364</u>

BOROUGH OF MOONACHIE
STATEMENT OF RESERVE FOR TAX APPEALS

	Balance, January 1, <u>2022</u>	Transfer from Current Tax <u>Collections</u>	Cash <u>Disbursement</u>	Balance, December 31, <u>2022</u>
Reserve for Tax Appeals	\$ 2,647,699	\$ -	\$ 109,436	\$ 2,538,263
	<u>\$ 2,647,699</u>	<u>\$ -</u>	<u>\$ 109,436</u>	<u>\$ 2,538,263</u>

BOROUGH OF MOONACHIE
STATEMENT OF STATE AND FEDERAL GRANT RECEIVABLES

<u>Purpose</u>	Balance, January 1, <u>2022</u>	<u>Accruals</u>	Cash <u>Receipt</u>	Balance, December 31, <u>2022</u>
Recycling Tonnage Grant	\$ -	\$ 12,376	\$ 12,376	\$ -
	<u>\$ -</u>	<u>\$ 12,376</u>	<u>\$ 12,376</u>	<u>\$ -</u>

STATEMENT OF RESERVE FOR HURRICANE SANDY REIMBURSEMENTS

Balance, January 1, 2022	\$ 498,206
Decreased by:	
Payments to Sewer Utility Capital Fund	<u>347,335</u>
Balance, December 31, 2022	<u>\$ 150,871</u>

**BOROUGH OF MOONACHIE
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2022	\$ 38,988
Increased by:	
Cash Receipts	<u>9,802</u>
	48,790
Decreased by:	
Cash Disbursements	<u>9,737</u>
Balance, December 31, 2022	<u>\$ 39,053</u>

STATEMENT OF INTERLOCAL DUE FROM BOROUGH OF TETERBORO

Balance, January 1, 2022	<u>\$ 33,980</u>
Balance, December 31, 2022	<u>\$ 33,980</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, January 1, 2022	\$ 1,666
Increased by:	
Transfer from Appropriation Reserves	<u>165</u>
Balance, December 31, 2022	<u>\$ 1,831</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, 2022	\$	3,213	\$	928,838	\$	63,370
Increased by Receipts:						
Budget Appropriation					\$	10,000
Due to State of NJ	\$	313				
Animal License Fees		1,935				
Miscellaneous Reserves			\$	1,317,432		
Payroll Salaries & Deductions Payable				4,972,507		
Receipts from Current Fund				149,703		
Escrow Deposits				19,252		
Employee Contributions					4,133	
Interest on Investments and Deposits		59		10,515	972	
		<u>2,307</u>		<u>6,469,409</u>		<u>15,105</u>
		5,520		7,398,247		78,475
Decreased by Disbursements:						
Expenditures under R.S. 4:19-15.11		463				
Escrow Deposits				23,785		
Payroll Salaries & Deductions Payable				4,972,618		
Miscellaneous Reserves				1,291,886		
Payments to State of NJ - State Registration Fees		329				
Payments to Current Fund		69		6,333	-	
		<u>861</u>		<u>6,294,622</u>		<u>-</u>
Balance, December 31, 2022	\$	<u>4,659</u>	\$	<u>1,103,625</u>	\$	<u>78,475</u>

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

Balance, January 1, 2022	\$ 1,269
Increased by:	
Cash Disbursements	<u>1,393</u>
	2,662
Decreased by:	
Interest on Investments and Deposits	<u>925</u>
Balance, December 31, 2022	<u>\$ 1,737</u>

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

Balance, January 1, 2022	\$ 3
Increased by:	
Interest on Investments and Deposits	<u>337</u>
	340
Decreased by:	
Payments to Current Fund	<u>3</u>
Balance, December 31, 2022	<u>\$ 337</u>

BOROUGH OF MOONACHIE
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	Balance January 1, <u>2022</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2022</u>
Parking Offence Adjudication Act	\$ 1,787	\$ 186		\$ 1,973
Compensated Absences	732,393	50,000	87,072	695,321
Storm Trust	82,536	74,516		157,052
Fire Prevention Fees - Penalty	92,545			92,545
Municipal Alliance	6,871	2,067	1,840	7,098
Celebration of Public Events	6,890			6,890
Charitable Contributions	409			409
Premium on Tax Sale	14,264		14,000	264
Centennial Celebration	6,793			6,793
Police Outside Duty	26,727	1,229,687	1,178,844	77,570
Flex Spending	224	2,686	2,132	778
Summer Recreation	28,831	8,290	7,998	29,123
Basketball	8,443			8,443
Soccer	1,418	-	-	1,418
	<u>\$ 1,010,131</u>	<u>\$ 1,367,432</u>	<u>\$ 1,291,886</u>	<u>\$ 1,085,677</u>
		Cash Receipts \$ 1,317,432		
Due from Current Fund - Compensated Absences		<u>50,000</u>		
		<u>\$ 1,367,432</u>		

STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND

Balance, January 1, 2022	\$ 41,621
Increased by:	
Cash Receipts	<u>19,252</u>
	60,873
Decreased by:	
Cash Disbursements	<u>23,785</u>
Balance, December 31, 2022	<u>\$ 37,088</u>

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

Balance, January 1, 2022	\$	41
Increased by:		
State Fees Collected - CY	248	
State Fees Collected - Prepaid 2023	<u>65</u>	
		<u>313</u>
		354
Decreased by:		
Payments to State Treasurer		<u>329</u>
Balance, December 31, 2022	\$	<u>25</u>

EXHIBIT B-7

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

Balance, January 1, 2022	\$	3,127
Increased by:		
Animal Control License Fees Collected - CY	1,610	
Animal Control License Fees Collected - Prepaid 2023	<u>325</u>	
		<u>1,935</u>
		5,062
Decreased by:		
Statutory Excess Due to Current	\$	1,070
Cash Disbursements	<u>463</u>	
		<u>1,533</u>
Balance, December 31, 2022	\$	<u>3,529</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2020	\$ 1,839
2021	<u>1,690</u>
	<u>\$ 3,529</u>

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

Balance, January 1, 2022		\$ 45
Increased by:		
Statutory Excess	\$ 1,070	
Interest on Investments and Deposits	<u>59</u>	
		<u>1,129</u>
		1,174
Decreased by:		
Cash Disbursements		<u>69</u>
Balance, December 31, 2022		<u>\$ 1,105</u>

EXHIBIT B-9

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

Balance, January 1, 2022		\$ 63,370
Increased by:		
Budget Appropriation	\$ 10,000	
Employee Contributions	4,133	
Interest on Investments and Deposits	<u>972</u>	
		<u>15,105</u>
Balance, December 31, 2022		<u>\$ 78,475</u>

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

Balance, January 1, 2022	\$ 26,042
Increased by:	
Cash Receipts	<u>4,972,507</u>
	4,998,549
Decreased by:	
Cash Disbursements	<u>4,972,618</u>
Balance, December 31, 2022	<u>\$ 25,931</u>

EXHIBIT B-11

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

Balance, January 1, 2022	\$ 1,987
Increased by:	
Interest on Investments and Deposits	<u>35</u>
Balance, December 31, 2022	<u>\$ 2,022</u>

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

Balance, January 1, 2022		\$ 149,677
Increased by:		
Transfer from Appropriation Reserves- Compensated Absences	\$ 50,000	
Payments to Current Fund	<u>4,937</u>	
		<u>54,937</u>
		204,614
Decreased by:		
Receipts from Current Fund	149,703	
Interest on Investments and Deposits	<u>9,218</u>	
		<u>158,921</u>
Balance, December 31, 2022		<u>\$ 45,693</u>

<u>Analysis of Interest</u>	
Recreation (Due To)	(166)
Soccer (Due To)	(8)
Basketball (Due To)	(47)
Compensated Absences (Due From)	46,808
Storm Recovery Trust (Due To)	<u>(894)</u>
	<u>\$ 45,693</u>

GENERAL CAPITAL FUND

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

Balance, January 1, 2022		\$ 5,056,852
Increased by Receipts:		
Interest Earnings	60,270	
Capital Improvement Fund	800,000	
Received from Current Fund - Payment of Bond Anticipation Notes	385,532	
Received from Current Fund - Deferred Charges Unfunded Raised in CF Budget	3,750	
Grant Proceeds	75,380	
Bond Anticipation Notes	<u>2,334,000</u>	
		<u>3,658,932</u>
		8,715,784
Decreased by Disbursements:		
Improvement Authorizations	348,219	
Contracts Payable	805,639	
Payments to Current Fund	246,401	
Bond Anticipation Notes	<u>2,720,332</u>	
		<u>4,120,591</u>
Balance, December 31, 2022		<u>\$ 4,595,193</u>

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

		Balance, December 31, <u>2022</u>
Grants and Other Receivables		\$ (155,000)
Due to Current Fund		13,885
Contracts Payable		634,351
Excess Note Proceeds		20,380
Reserve for Payment of Debt		271,853
Capital Improvement Fund		1,714,714
Fund Balance		151,647
Ord.		
<u>No.</u>	<u>Improvement Authorization</u>	
13-05	Hurricane Sandy Improvements	79,741
04-08	Various Capital Improvements/Municipal Building Improvements	121,829
13-11	Senior Center Improvements	1
14-03	Various Acquisitions and Improvements	151,322
14-06	Preliminary Costs - New DPW Building	31,075
16-02	Installation of Financial Software	1,934
16-06	Various Acquisitions and Improvements	61,523
16-07	Construction of the DPW Building	34,596
17-03	Various Acquisitions and Improvements	316,370
18-05	Various Acquisition and Improvements	313,459
18-10	Moonachie Road Streetscape Project Phase III	8,208
18-11	Intersection Improvements	11,243
19-05	Acquisition of Police Utility Vehicle	1,552
19-09	Various Acquisitions and Improvements	13,508
19-10	Construction of the DPW Building	39,177
20-03	Various Acquisitions and Improvements	156,400
20-05	Moonachie Road Streetscape Project Phase III	(24,947)
20-07	Various Acquisitions and Improvements	343,586
21-05	Joseph St Park Equipment - Acquisition/Installation	67,876
21-09	Senior Center HCAC	726
22-03	Acquisition of Police Utility Vehicle	19,502
22-04	Improvements to Grand Street	194,682
		<u>\$ 4,595,193</u>

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

Balance, January 1, 2022	\$ 16
Increased by:	
Interest Earnings	<u>60,270</u>
	60,286
Decrease by:	
Payments to Current Fund	<u>46,401</u>
Balance, December 31, 2022	<u>\$ 13,885</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, January 1, 2022	\$ 8,455,000
Decreased by:	
Budget Appropriation to Pay Bonds	<u>505,000</u>
Balance, December 31, 2022	<u>\$ 7,950,000</u>

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

Ordinance Number	Improvement Description	Balance, January 1, 2022	Notes Paid by Budget Appropriation	Raised in Current Fund Budget	Grant Receipts	Cancellation	Balance, December 31, 2022	Analysis of Balance		
								Bond Anticipation Notes	Expenditures	Improvement Authorizations Unfunded
15-08	Acquisition of Ambulance	\$ 14,425		\$ 3,750		\$ 10,675				
16-07	Construction of the DPW Building	1,578,900	\$ 24,100				\$ 1,554,800	\$ 1,554,800		
18-09	Construction of New Municipal Building	96,485	96,485				-			
19-09	Various Acquisitions and Improvements	1,674				1,674	-			
19-10	Construction of the DPW Building	380,000					380,000	380,000		
20-05	Supplemental-Streetscape Project Phase III	75,000					75,000		\$ 24,947	\$ 50,053
20-07	Various Acquisitions and Improvements	664,947	264,947	-	\$ 20,380	-	379,620	378,820	-	800
		<u>\$ 2,811,431</u>	<u>\$ 385,532</u>	<u>\$ 3,750</u>	<u>\$ 20,380</u>	<u>\$ 12,349</u>	<u>\$ 2,389,420</u>	<u>\$ 2,313,620</u>	<u>\$ 24,947</u>	<u>\$ 50,853</u>

Bond Anticipation Notes

\$ 2,334,000

Less: Excess Note Proceeds Ord. #20-07

20,380

\$ 2,313,620

Improvement Authorizations Unfunded

\$ 468,212

Less: Unexpended Bond Anticipation Note
Proceeds

Ord. #16-07 \$ 34,596

Ord. #19-10 39,177

Ord. #20-07 343,586417,359\$ 50,853

BOROUGH OF MOONACHIE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ord. Amount	Balance, January 1, 2022		2022 Authorizations				Paid or Charged	Balance, December 31, 2022	
			Funded	Unfunded	Capital Impvt. Fund	Grant Receivable	Contract Cancelled	Cancelled		Funded	Unfunded
General Improvements											
04-08/08-03	Various Capital Improvements/Municipal Building Improvements	\$ 2,280,000	\$ 121,829							\$ 121,829	
13-05	Hurricane Sandy Improvements	6,370,000	79,741				\$ 4,600		\$ 4,600	79,741	
13-11	Senior Center Improvements	50,000	15,091						15,090	1	
14-03	Various Acquisitions and Improvements	907,500	178,740					\$ 27,418		151,322	
14-05	Improvements to Concord Street Park	35,000	17,448					17,448		-	
14-06	Preliminary Costs - New DPW Building	500,000	28,882				4,405	-	2,212	31,075	
15-08	Acquisition of Ambulance	180,000		\$ 10,675				10,675			
16-02	Installation of Financial Software	65,000	1,934							1,934	
16-06	Various Acquisitions and Improvements	340,000	61,523							61,523	
16-07	Construction of the DPW Building	2,000,000		30,327			27,739		23,470		\$ 34,596
17-03	Various Acquisitions and Improvements	900,000	316,370							316,370	
18-05	Various Acquisition and Improvements	825,000	313,459				2,736		2,736	313,459	
18-10	Moonachie Road Streetscape Project Phase III	300,000	8,208							8,208	
18-11	Intersection Improvements	75,000	11,243							11,243	
19-05	Acquisition of Police Utility Vehicle	62,500	1,552							1,552	
19-09	Various Acquisitions and Improvements	601,600	66,231	1,674			26,873	1,674	79,596	13,508	
19-10	Construction of the DPW Building	400,000		118,101			108,959		187,883		39,177
20-03	Various Acquisitions and Improvements	156,500	156,400							156,400	
20-05	Moonachie Road Streetscape Project Phase III	75,000		50,053							50,053
20-07	Various Acquisitions and Improvements	699,945		519,590			44,246		219,450		344,386
21-05	Joseph St. Park Equip.-Acquisition/Installation	600,000	75,376						7,500	67,876	
21-09	Senior Center HVAC- Supplement Ord. #19-09	100,000	99,943						99,217	726	-
22-03	Acquisition of Police Utility Vehicle	65,000			\$ 65,000				45,498	19,502	
22-04	Improvements to Grand Street Section I & II	490,000	-	-	280,000	\$ 210,000	-	-	295,318	194,682	-
			<u>\$ 1,553,970</u>	<u>\$ 730,420</u>	<u>\$ 345,000</u>	<u>\$ 210,000</u>	<u>\$ 219,558</u>	<u>\$ 57,215</u>	<u>\$ 982,570</u>	<u>\$ 1,550,951</u>	<u>\$ 468,212</u>
										</	

**BOROUGH OF MOONACHIE
STATEMENT OF CONTRACTS PAYABLE**

Balance, January 1, 2022		\$ 1,025,197
Increased by:		
Charges to Improvement Authorizations		<u>634,351</u>
		1,659,548
Decreased by:		
Cancellation	\$ 219,558	
Cash Disbursements	<u>805,639</u>	
		<u>1,025,197</u>
Balance, December 31, 2022		<u>\$ 634,351</u>

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, January 1, 2022	\$ 471,853
Decreased by:	
Realized as Current Fund Budgeted Revenue	<u>200,000</u>
Balance, December 31, 2022	<u>\$ 271,853</u>

Analysis of Balance

Ord. #18-10	65,603
Ord. #19-09	<u>206,250</u>
	<u>\$ 271,853</u>

BOROUGH OF MOONACHIE
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturity of Bonds Outstanding December 31, 2021		Interest Rate	Balance, January 1, 2022	Increased	Decreased	Balance, December 31, 2022
			Date	Amount					
General Improvements	10/18/2018	\$ 7,670,000	10/15/2023	305,000	5.00	%			
			10/15/2024	320,000	5.00				
			10/15/2025	340,000	5.00				
			10/15/2026	355,000	4.00				
			10/15/2027	370,000	4.00				
			10/15/2028	385,000	3.00				
			10/15/2029	395,000	3.00				
			10/15/2030	410,000	3.13				
			10/15/2031	420,000	3.25				
			10/15/2032	435,000	3.25				
			10/15/2033	450,000	3.38				
			10/15/2034	465,000	3.50				
			10/15/2035	480,000	3.50				
			10/15/2036	495,000	3.50				
			10/15/2037-2038	500,000	3.63	\$ 6,920,000		\$ 295,000	\$ 6,625,000
General Improvements	10/15/2020	1,790,000	10/15/2023-24	215,000	1.50	%			
			10/15/2025-26	220,000	1.50				
			10/15/2027	225,000	1.75				
			10/15/2028	230,000	2.00	<u>1,535,000</u>	<u>\$ -</u>	<u>210,000</u>	<u>1,325,000</u>
						<u>\$ 8,455,000</u>	<u>\$ -</u>	<u>\$ 505,000</u>	<u>\$ 7,950,000</u>
Budget Appropriation								\$ 505,000	

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

Ord. No.	Improvement Description	Date of Issue of Original Notes	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2022	Increased	Decreased	Balance, December 31, 2022
16-07	Construction of DPW Building	10/17/2017	10/14/2021 10/13/2022	10/14/2022 7/13/2023	1.00 % 4.01	\$ 1,578,900	\$ 1,554,800	\$ 1,578,900	\$ 1,554,800
18-09	Construction of New Municipal Building	10/17/2019	10/14/2021	10/14/2022	1.00	96,485		96,485	
19-10	Construction of DPW Building	10/15/2020	10/14/2021 10/13/2022	10/14/2022 7/13/2023	1.00 4.01	380,000	380,000	380,000	380,000
20-07	Various Acquisitions and Improvements	10/14/2021	10/14/2021 10/13/2022	10/14/2022 7/13/2023	1.00 4.01	664,947 <u>-</u>	- <u>399,200</u>	664,947 <u>-</u>	- <u>399,200</u>
						<u>\$ 2,720,332</u>	<u>\$ 2,334,000</u>	<u>\$ 2,720,332</u>	<u>\$ 2,334,000</u>
							Renewals		
							Issued for Cash		
							Paid by Budget Appropriation	385,532	
							Paid with Capital Cash	<u>-</u>	<u>800</u>
								<u>\$ 2,334,000</u>	<u>\$ 2,720,332</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. 19-09</u>	<u>Community Development Block Grant Ord. 13-11</u>	<u>Community Development Block Grant Ord. 14-03</u>	<u>County of Bergen-Cooperative Curb Construction Ord. 13-13</u>
Balance, January 1, 2022	\$ 388,328	\$ 248,480	\$ 47,500	\$ 37,180	\$ 27,418	\$ 27,750
Increased by:						
Awards	<u>210,000</u>	<u>210,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	598,328	458,480	47,500	37,180	27,418	27,750
Decreased by:						
Cash Receipts	<u>55,000</u>	<u>55,000</u>				
Cancellation	<u>98,660</u>	<u>6,312</u>	<u>-</u>	<u>37,180</u>	<u>27,418</u>	<u>27,750</u>
	<u>153,660</u>	<u>61,312</u>	<u>-</u>	<u>37,180</u>	<u>27,418</u>	<u>27,750</u>
Balance, December 31, 2022	<u>\$ 444,668</u>	<u>\$ 397,168</u>	<u>\$ 47,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Analysis of Balance</u>						
Reserve for Grant Receivable	\$ 289,668	\$ 242,168	\$ 47,500			
Receivable Without Offsetting Reserve	<u>155,000</u>	<u>155,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 444,668</u>	<u>\$ 397,168</u>	<u>\$ 47,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF MOONACHIE
STATEMENT OF GRANT RECEIVABLES/OTHER RECEIVABLES

	Sub-Total <u>Page 2</u>	<u>New Jersey Department of Transportation</u>			Bergen County Open Space Recreation <u>Ord. 19-09</u>	Bergen County Open Space Recreation <u>Ord. 14-05</u>
		<u>Ord. #18-10</u>	<u>Ord. #19-09/20-03</u>	<u>Ord. #22-04</u>		
Balance, January 1, 2022	\$ 248,480	\$ 11,250	\$ 189,750		\$ 41,168	\$ 6,312
Increased by:						
Awards	<u>210,000</u>	<u>-</u>	<u>-</u>	<u>\$ 210,000</u>	<u>-</u>	<u>-</u>
	<u>458,480</u>	<u>11,250</u>	<u>189,750</u>	<u>210,000</u>	<u>41,168</u>	<u>6,312</u>
Decreased by:						
Cash Receipts	<u>55,000</u>			<u>55,000</u>		
Cancelled	<u>6,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,312</u>
	<u>61,312</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>6,312</u>
Balance, December 31, 2022	<u>\$ 397,168</u>	<u>\$ 11,250</u>	<u>\$ 189,750</u>	<u>\$ 155,000</u>	<u>\$ 41,168</u>	<u>\$ -</u>
<u>Analysis of Balance</u>						
Reserve for Grant Receivable	\$ 242,168	\$ 11,250	\$ 189,750		\$ 41,168	
Receivable Without Offsetting Reserve	<u>155,000</u>	<u>-</u>	<u>-</u>	<u>\$ 155,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 397,168</u>	<u>\$ 11,250</u>	<u>\$ 189,750</u>	<u>\$ 155,000</u>	<u>\$ 41,168</u>	<u>\$ -</u>

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

Balance, January 1, 2022	\$ 1,259,714
Increased by:	
2022 Budget Appropriation	<u>800,000</u>
	2,059,714
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>345,000</u>
Balance, December 31, 2022	<u>\$ 1,714,714</u>

STATEMENT OF RESERVE FOR PRELIMINARY COSTS

Balance, January 1, 2022	\$ 2,095
Decreased by:	
Cancellation	<u>\$ 2,095</u>
Balance, December 31, 2022	<u>\$ -</u>

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, January 1, <u>2022</u>	Paid with <u>Capital Cash</u>	Raised in Current Fund <u>Budget</u>	<u>Cancellation</u>	Balance, December 31, <u>2022</u>
15-08	Acquisition of Ambulance	\$ 14,425		\$ 3,750	\$ 10,675	
19-09	Various Acquisitions and Improvements	1,674			1,674	
20-05	Supplemental-Streetscape Project Phase III	75,000				\$ 75,000
20-07	Various Acquisitions and Improvements	<u>-</u>	<u>\$ 800</u>	<u>-</u>	<u>-</u>	<u>800</u>
		<u>\$ 91,099</u>	<u>\$ 800</u>	<u>\$ 3,750</u>	<u>\$ 12,349</u>	<u>\$ 75,800</u>

SEWER UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2022	\$ 1,072,611	\$ 1,209,780
Increased by Receipts:		
Sewer Utility Rents Receivable	\$ 1,323,048	
Receipts from Current Fund		\$ 347,335
Receipts from Sewer Capital Fund	11,212	
Premium on Sale of Notes		
Budget Appropriations to Pay Notes		36,000
Interest on Investments and Deposits		13,834
Bond Anticipation Notes		
Rent Overpayments	5,287	
Non-Budgeted Revenue	45,400	
	<u>1,384,947</u>	<u>-</u>
	2,457,558	397,169
		1,606,949
Decreased by Disbursements:		
2022 Budget Appropriations	1,408,702	
2020 Appropriation Reserves	25,848	
Improvement Authorizations		8,609
Encumbrances Payable		145,564
Bond Anticipation Notes		576,635
Payments to Sewer Utility Capital Fund		
Payments to Sewer Operating Fund		11,212
Sewer Rent Overpayments		
Accrued Interest	25,703	
	<u>1,460,253</u>	<u>-</u>
	\$ 997,305	742,020
Balance, December 31, 2022	<u>\$ 997,305</u>	<u>\$ 864,929</u>

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

	Balance, December 31, <u>2022</u>
Fund Balance	\$ 53,929
Capital Improvement Fund	64,933
Due to Sewer Capital	2,622
Improvement Authorizations:	
Ord. No. 14-04 Sewer Capital Improvements	238,968
Ord. No. 17-04 Electrical Rehabilitation of the Moonachie Ave Pump Station	252,462
Ord. No. 17-06 Acquisition of Generators for Various Pump Stations	49,555
Ord. No. 18-06 Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	26,173
Ord. No. 20-08 Acquisition of Generators for Moonachie Ave Pump Station and Lincoln Place Pump Station	<u>176,287</u>
	<u>\$ 864,929</u>

BOROUGH OF MOONACHIE
STATEMENT OF APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND

	Balance, January 1, <u>2022</u>	Balance, After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING				
Salaries & Wages	\$ 16,233	\$ 16,233		\$ 16,233
Other Expenses	113,963	128,108	\$ 25,848	102,260
Social Security System (O.A.S.I.)	<u>9,031</u>	<u>9,031</u>	<u>-</u>	<u>9,031</u>
	<u>\$ 139,227</u>	<u>\$ 153,372</u>	<u>\$ 25,848</u>	<u>\$ 127,524</u>
Appropriation Reserves		\$ 139,227		
Encumbrances		<u>14,145</u>		
		<u>\$ 153,372</u>		
Cash Disbursed			<u>\$ 25,848</u>	

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

Year of <u>Levy</u>	Balance, January 1, <u>2022</u>	<u>Levy</u>	Collected In <u>2022</u>	Balance, December 31, <u>2022</u>
2016				
2017	\$ 28,209		\$ 28,209	
2018	32,611		32,611	-
2019	26,085		26,085	-
2021	65,169		65,169	-
2022	-	\$ 1,231,961	1,178,683	\$ 53,278
	<u>\$ 152,074</u>	<u>\$ 1,231,961</u>	<u>\$ 1,330,757</u>	<u>\$ 53,278</u>

Analysis of Collections

Cash Receipts	\$ 1,323,048
Overpayments Applied	<u>7,709</u>
	<u>\$ 1,330,757</u>

EXHIBIT D-9

STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY OPERATING FUND

Balance, January 1, 2022	\$ 14,145
Increased by:	
Charges to 2022 Budget Appropriations	<u>22,239</u>
	36,384
Decreased by:	
Transfer to 2021 Appropriation Reserves	<u>14,145</u>
Balance, December 31, 2022	<u>\$ 22,239</u>

BOROUGH OF MOONACHIE
STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY CAPITAL FUND

Balance, January 1, 2022		\$	150,222
Decreased by:			
Cash Disbursed	\$	145,564	
Cancellation		<u>4,658</u>	
			<u>150,222</u>
Balance, December 31, 2022		\$	<u>-</u>

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

	Balance, January 1, <u>2022</u>	Addition by Ordinance	Balance, December 31, <u>2022</u>
Sanitary Sewer Drains and Accessories			
Local Improvements Assessed	\$ 865,947		\$ 865,947
General Improvements	350,920		350,920
Storm Drain Improvements	96,500		96,500
Acq. of Vac-all and High Pressure Sewer Cleaner	64,221		64,221
Acquisition of a Dump Truck	34,576		34,576
Repairs to Sewer Lines	15,295		15,295
Various Improvements and Acquisition of Equipment	285,000		285,000
Improvements and Investigation of Sanitary Sewer System	229,265		229,265
Various Improvements and Acquisition of Equipment	221,885		221,885
Repair, Replacement & Public Improv. Of Sanitary Sewer System	47,747		47,747
Various Repairs to the Lincoln Place Stormwater Pump Station	23,990		23,990
Moonachie Ave Sewer Pipeline	390,000		390,000
Improvements to Sanitary Sewer System	378,450		378,450
Sanitary Sewer Line	129,846		129,846
Various Improvements	64,082		64,082
Storm Drain Improvements	55,995		55,995
Repairs to Moonachie Road Stormwater Pump Stations	1,876		1,876
Emergency Repairs to Moonachie Ave Pump Stations	43,293		43,293
Improvements to Moonachie Ave Sanitary Sewer Pump Station	117,919		117,919
Re-appropriation for Purchase of Sewer Van	35,125		35,125
Sanitary Sewer Improvements	39,861		39,861
Acquisition of Truck	40,208		40,208
Hurricane Sandy Improvements		\$ 811,188	811,188
Emergency Repair of Lincoln Place Pump Station	-	31,282	31,282
	<u>\$ 3,532,001</u>	<u>\$ 842,470</u>	<u>\$ 4,374,471</u>

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

Increased by:

Interest Earnings

\$ 13,834

13,834

Decreased by:

Payments to Sewer Utility Operating Fund

11,212

Balance, December 31, 2022

\$ 2,622

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

Balance, January 1, 2022	\$ 64,215
Increased by:	
Cancellation Ord. #21-09	<u>718</u>
Balance, December 31, 2022	<u>\$ 64,933</u>

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

Balance, January 1, 2022	\$ 3,632,001
Increased by:	
Bonds Paid by Operating Budget	\$ 165,000
Transfer from Deferred Reserve for Amortization	<u>661,766</u>
	<u>826,766</u>
Balance, December 31, 2022	<u>\$ 4,458,767</u>

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

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2022		Cancellation	Cancel Prior Year Encumbrances	Paid or Charged	Balance, December 31, 2022	
				Funded	Unfunded				Funded	Unfunded
13-06	Hurricane Sandy Improvements	8/22/2013	\$ 1,020,000		\$ 208,812	\$ 208,812				
14-04	Sewer Capital Improvements	8/28/2014	361,500	\$ 238,968	5,694				\$ 238,968	\$ 5,694
17-04	Electrical Rehabilitation of the Moonachie Ave Pump Station	9/28/2017	540,000	252,462					252,462	
17-06	Acquisition of Generators for Various Pump Stations	11/29/2017	220,000	49,555					49,555	
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	10/11/2018	80,000	22,867	1,229		\$ 3,306		26,173	1,229
20-08	Acquisition of Generators for Moonachie Ave Pump Station and Lincoln Place Pump Station	11/24/2020	383,600	39,778	143,635	-	1,352	8,478	176,287	
21-09	Emergency Repair of the Lincoln Place Pump Station	12/16/2021	32,000	849	-	718	-	131	-	-
				<u>\$ 604,479</u>	<u>\$ 359,370</u>	<u>\$ 209,530</u>	<u>\$ 4,658</u>	<u>\$ 8,609</u>	<u>\$ 743,445</u>	<u>\$ 6,923</u>
						Cash Disbursed		\$ 8,609		
						Contracts Payable		<u>-</u>		
								<u>\$ 8,609</u>		

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

Ord. No.	Improvement Description	Ordinance		Balance,			Balance,
		Date	Amount	January 1, 2022	Costs to Fixed Capital	Cancellation	December 31, 2022
13-06	Hurricane Sandy Improvements	8/22/2013	\$ 1,020,000	\$ 1,020,000	\$ 811,188	\$ 208,812	-
14-04	Sewer Capital Improvements	7/1/2014	361,500	361,500			\$ 361,500
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
20-08	Acquisition of Generators for Moonachie Ave Pump Station and Lincoln Place Pump Station	11/24/2020	383,600	383,600	-		383,600
21-09	Emergency Repairs Lincoln Place Pump Station	12/16/2021	32,000	32,000	31,282	718	-
				\$ 2,637,100	\$ 842,470	\$ 209,530	\$ 1,585,100

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ord. Date</u>	<u>Balance, January 1, 2022</u>	<u>Fixed Capital Authorized</u>	<u>Funded by Sandy Proceeds</u>	<u>Funded by Note Payment</u>	<u>To Reserve For Amortization</u>	<u>Cancelled</u>	<u>Balance, December 31, 2022</u>
13-06	Hurricane Sandy Improvements	8/22/2013	\$ 390,784		\$ 203,700	\$ 36,000	\$ 630,484		-
14-04	Sewer Capital Improvements	7/1/2014	78,281						\$ 78,281
17-04	Electrical Rehabilitation Moonachie Ave Pump Station	9/28/2017	27,000						-
17-06	Acq of Generators Various Pump Stations	11/29/2017	11,000						27,000
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	10/11/2018	4,000						-
20-08	Acquisition of Generators for Moonachie Ave Pump Station and Lincoln Place Pump Station	11/24/2020	239,965		143,635				11,000
21-09	Emergency Repair of the Lincoln Place Pump Station	12/16/2021	32,000	\$ -	-	-	31,282	\$ 718	-
			<u>\$ 783,030</u>	<u>\$ -</u>	<u>\$ 347,335</u>	<u>\$ 36,000</u>	<u>\$ 661,766</u>	<u>\$ 718</u>	<u>\$ 503,881</u>

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, January 1, <u>2022</u>	Paid with <u>Capital Cash</u>	<u>Cancellation</u>	Balance, December 31, <u>2022</u>
13-06	Hurricane Sandy Improvements	\$ 15,512	\$ 193,300	\$ 208,812	
14-04	Sewer Capital Improvements	5,694			\$ 5,694
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	<u>1,229</u>	<u>-</u>	<u>-</u>	<u>1,229</u>
		<u>\$ 22,435</u>	<u>\$ 193,300</u>	<u>\$ 208,812</u>	<u>\$ 6,923</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, 2022	Increased	Decreased	Balance, December 31, 2022
13-06	Hurricane Sandy Improvements	10/21/2013	10/14/2021	10/14/2022	1.00 %	\$ 433,000		\$ 433,000	
20-08	Acquisition of Generators for Moonachie Ave Pump Station and Lincoln Place Pump Station	10/14/2021	10/14/2021	10/14/2022	1.00 %	<u>143,635</u>	<u>-</u>	<u>143,635</u>	<u>-</u>
						<u>\$ 576,635</u>	<u>\$ -</u>	<u>\$ 576,635</u>	<u>\$ -</u>

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

Balance, January 1, 2022	\$ 5,573
Increased by:	
2022 Budget Appropriation	<u>23,690</u>
	29,263
Decreased by:	
Interest Paid	<u>25,703</u>
Balance, December 31, 2022	<u>\$ 3,560</u>

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

Purpose	Date of Issue	Original Issue	Maturity of Bonds Outstanding December 31, 2022		Interest Rate		Balance,		Balance,
			Date	Amount			January 1, 2022	Decreased	December 31, 2022
Sewer Improvements	8/15/2012	\$ 460,000	8/15/2022	\$ 50,000	2.25 %	\$	50,000	\$	50,000
Sewer Improvements	10/15/2020	1,255,000	10/15/2023	115,000	1.50				
			10/15/2024-25	120,000	1.50				
			10/15/2026-28	125,000	1.50-2.00				
			10/15/2029-30	130,000	2.00		<u>1,105,000</u>	<u>115,000</u>	<u>\$ 990,000</u>
							<u>\$ 1,155,000</u>	<u>\$ 165,000</u>	<u>\$ 990,000</u>

**BOROUGH OF MOONACHIE
STATEMENT OF RESERVE FOR SANDY PROCEEDS
SEWER UTILITY CAPITAL FUND**

Increased by:	
Transfer from Current Fund	\$ 347,335
Decreased by:	
Payment of Bond Anticipation Notes	<u>347,335</u>
Balance, December 31, 2022	<u>\$ -</u>

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

Balance, January 1, 2022	\$ 6,141
Increased by:	
Cash Receipts	<u>5,287</u>
	11,428
Decreased by:	
Applied to Rents Receivable	<u>7,709</u>
Balances, December 31, 2022	<u>\$ 3,719</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, 2022	\$ 9,512	\$ 9,512	
Increased by:			
Cash Receipts	<u>121</u>	<u>121</u>	<u>-</u>
	9,633	9,633	-
Decreased by:			
Cash Disbursements	<u>73</u>	<u>73</u>	<u>-</u>
Balance, December 31, 2022	<u>\$ 9,560</u>	<u>\$ 9,560</u>	<u>\$ -</u>

EXHIBIT E-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>Total</u>	<u>Account #1</u> (75%)	<u>Account #2</u> (100%)
Balance, January 1, 2022	<u>\$ 9,507</u>	<u>\$ 9,507</u>	<u>\$ -</u>
Balance, December 31, 2022	<u>\$ 9,507</u>	<u>\$ 9,507</u>	<u>\$ -</u>

EXHIBIT E-3

STATEMENT OF PUBLIC ASSISTANCE REVENUES

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

EXHIBIT E-4

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

Balance, January 1, 2022	\$ 5
Increased by:	
Interest on Investments and Deposits	<u>121</u>
	126
Decreased by:	
Cash Disbursements	<u>73</u>
Balance, December 31, 2022	<u>\$ 53</u>

BOROUGH OF MOONACHIE
BERGEN COUNTY, NEW JERSEY

PART II

GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

LV B LERCH, VINCI & BLISS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, 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, 2022, and the related notes to the financial statements, and have issued our report thereon dated August 28, 2023. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Moonachie's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Moonachie's internal control.

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

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


Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

Purpose of this Report

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



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



Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
August 28, 2023

BOROUGH OF MOONACHIE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>AL</u> <u>Number</u>	<u>Grant</u> <u>Year</u>	<u>Grant</u> <u>Award</u> <u>Amount</u>	<u>2022</u> <u>Receipts</u>	<u>Balance,</u> <u>January 1,</u> <u>2022</u>	<u>Revenue</u> <u>Realized</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance,</u> <u>December 31,</u> <u>2022</u>	<u>Cumulative</u> <u>Expenditures</u>
U.S. Department of Transportation										
(Passed Through State Dept. of Law and Public Safety)										
Highway Safety Grant	20.600	2018	\$ 5,214		\$ 5,214				\$ 5,214	
U.S. Department of Treasury										
(Passed Through State Dept. of Community Affairs)										
Coronavirus State & Local Fiscal Recovery Funds - ARP	21.027	2021	141,407							
		2022	141,407	141,407						
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 #19-09		2019	47,500		47,500	-	-	-	47,500	
					<u>\$ 89,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,180)</u>	<u>\$ 52,714</u>	

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

See Accompanying Notes to Schedule of Expenditures of Federal Awards

BOROUGH OF MOONACHIE
SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

<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, 2022</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2022</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	400
		2019	6,001		5,257			5,257	744
		2020	6,001		6,001			6,001	-
		2021	5,411		5,411		\$ 1,711	3,700	1,711
		2022	5,759			\$ 5,759	5,759	-	5,759
		2023	6,077	\$ 6,077					
Recycling Tonnage Grant	4830-752-001-178810	2013	30,716		575			575	30,141
		2014	14,023		3,150			3,150	10,873
		2016	66,618		1,032			1,032	65,586
		2017	64,586		1,228			1,228	63,358
		2019	51,568		11,455			11,455	40,113
		2020	43,508		765			765	42,743
		2021	43,275		9,786		4,030	5,756	37,519
		2022	12,376	12,376		12,376	12,376	-	12,376
Dept. of Environment Protection (Passed Through County of Bergen)									
Municipal Alliance Grant	N/A	2013	9,520		964			964	8,556
Dept. of Transportation									
Ordinance #16-06	2017-078-6320-480-AMF	2017	113,090		13,298			13,298	
Ordinance #20-03		2020	179,000		179,000	-	-	179,000	-
Ordinance #22-04		2022	210,000		-	210,000	55,000	155,000	55,000
					<u>\$ 245,998</u>	<u>\$ 228,135</u>	<u>\$ 78,876</u>	<u>\$ 395,257</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, 2022

NOTE 1 REPORTING ENTITY

The Borough of Moonachie (the "Borough") received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Borough is the reporting entity for these programs. The Borough is defined in Note 1 (A) to the Borough's Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") present the activity of all federal and state programs of the Borough. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Borough conform to the accounting principles and practices prescribed 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 federal awards and state financial assistances through separate funds and accounts which differ from those required by accounting principles generally accepted in the United States of America. The Borough's summary of significant accounting policies are described in Note 1 to the Borough's Financial Statements.

NOTE 4 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		\$ 18,135	\$ 18,135
General Capital Fund	<u>-</u>	<u>210,000</u>	<u>210,000</u>
	<u>\$ -</u>	<u>\$ 228,135</u>	<u>\$ 228,135</u>

BOROUGH OF MOONACHIE
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6 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 RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued on financial statements

Modified- Regulatory Basis and Unaudited
LOSAP Trust Fund

Internal control over financial reporting:

1) Material weakness(es) identified

_____ yes X no

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

_____ yes X none reported

Noncompliance material to the financial
statements noted?

_____ yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF MOONACHIE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Part II – Schedule of Financial Statement Findings

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

There are none.

**BOROUGH OF MOONACHIE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Part III – Schedule of Federal and State Award Findings and Responses

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

Not Applicable.

**BOROUGH OF MOONACHIE
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

There were none.

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

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

	<u>Year 2022</u>			<u>Year 2021</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 1,670,000	6.33 %	\$	1,550,000	6.11 %
Miscellaneous - From Other Than Local					
Property Tax Levies	3,749,485	14.22		3,310,714	13.06
Collection of Delinquent Taxes and Tax Title Liens	254,099	0.95		315,782	1.24
Collection of Current Tax Levy	<u>20,689,662</u>	<u>78.50</u>		<u>20,183,139</u>	<u>79.59</u>
Total Income	<u>26,363,246</u>	<u>100.00 %</u>		<u>25,359,635</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	11,519,126	49.12 %		11,193,644	49.16 %
Local School Taxes	9,510,870	40.56		9,168,049	40.27
County Taxes	<u>2,420,975</u>	<u>10.32</u>		<u>2,407,073</u>	<u>10.57</u>
Total Expenditures	<u>23,450,971</u>	<u>100.00 %</u>		<u>22,768,766</u>	<u>100.00 %</u>
Excess in Revenue	2,912,275			2,590,869	
Fund Balance, January 1	<u>7,140,172</u>			<u>6,099,303</u>	
	10,052,447			8,690,172	
Less Utilization as Anticipated Revenue	<u>1,670,000</u>			<u>1,550,000</u>	
Fund Balance, December 31	<u>\$ 8,382,447</u>			<u>\$ 7,140,172</u>	

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

	<u>Year 2022</u>			<u>Year 2021</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 320,525	17.44 %	\$	287,655	15.19 %
Collection of Sewer Rents	1,330,757	72.40		1,424,987	75.25
Miscellaneous - From Other Than Sewer	186,758	10.16		181,055	9.56
	<u>1,838,040</u>	<u>100.00</u> %		<u>1,893,697</u>	<u>100.00</u> %
EXPENDITURES					
Budget Expenditures					
Operating	1,485,999	85.20 %		1,519,497	85.06 %
Deferred Charges and Statutory Expenditures	33,500	1.92		37,658	2.11
Debt Service	224,690	12.88		229,255	12.83
	<u>1,744,189</u>	<u>100.00</u> %		<u>1,786,410</u>	<u>100.00</u> %
Excess in Revenue	<u>93,851</u>			<u>107,287</u>	
Statutory Excess to Surplus	93,851			107,287	
Fund Balance, January 1	<u>907,525</u>			<u>1,087,893</u>	
	1,001,376			1,195,180	
Decreased by:					
Utilized in Sewer Operating Budget	<u>320,525</u>			<u>287,655</u>	
Fund Balance, December 31	<u>\$ 680,851</u>			<u>\$ 907,525</u>	

BOROUGH OF MOONACHIE
COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Tax Rate</u>	<u>\$2.159</u>	<u>\$2.295</u>	<u>\$2.307</u>
<u>Apportionment of Tax Rate</u>			
Municipal	\$.923	\$.999	\$1.026
County	.251	.270	.262
Local School	.985	1.026	1.019

Assessed Valuation

2022	<u>\$966,167,406</u>	
2021		<u>\$893,783,492</u>
2020		<u>\$865,638,528</u>

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections (1)</u>
2022	\$ 1,231,961	\$ 1,330,757
2021	1,361,235	1,424,987
2020	1,665,068	1,796,025

(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>
2022	\$ 20,872,721	\$ 20,689,662	99.12%
2021	20,555,624	20,183,139	98.19%
2020	19,980,116	19,603,408	98.11%

BOROUGH OF MOONACHIE
DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>December 31</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2022	\$ 139,472	\$ 741,478	\$ 880,950	4.22%
2021	254,099	698,730	952,829	4.64%
2020	315,782	674,293	990,075	4.96%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2022 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>
2022	\$2,850
2021	2,850
2020	2,850

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
<u>Current Fund</u>	2022	\$8,382,447	\$1,740,000
	2021	7,140,172	1,670,000
	2020	6,099,303	1,550,000
 <u>Sewer Utility Operating Fund</u>	2022	\$680,851	\$362,115
	2021	907,525	320,525
	2020	1,087,893	287,655

**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
John Wende	Councilman - President
Kathy Kinsella	Councilwoman
Robert Bauer	Councilman
Antonio Cirillo	Councilman
Manuel Martinez	Councilman
Karen Surak	Councilwoman
Anthony Ciannamea	Administrator Chief Finance Officer
Supriya Sanyal	Borough Clerk Assessment Search Officer Registrar of Vital Statistics Planning Board Secretary
Lisa Ciannamea	Tax Collector Deputy Registrar of Vital Statistics
Frank Migliorino	Borough Attorney
Kevin Boswell	Borough Engineer
Philip N. Boggia	Judge
Brittany DeOliveira	Court Administrator
Gino Tessaro	Zoning Official and Construction Code Official
Keith Dalton	Fire Sub-Code Official
Frederick J. Dressel IV	Fire Official
Ilarione Mario Patruno	Electrical Sub-Code Official
Dominick Luminova	Plumbing Sub-Code Official and Building Sub-Code Official

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

<u>Name</u>	<u>Title</u>
Lynn Rose	Building Department Inspection Control Clerk Fire Prevention Clerk
Jennifer Cooney	Board of Health Secretary Deputy Borough Clerk Deputy Emergency Management Coordinator Recycling Coordinator
Paul Barbire	Tax Assessor
Richard Behrens	Chief of Police and Emergency Management Coordinator
Dennis Williams	Assistant Municipal DPW Superintendent 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).

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 \$44,000. 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:

- Installation of Senior Center HVAC
- Curbside Collection of Grass, Leaves, Yard Waste and Tree Trimmings
- Reconstruction of Grand Street

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

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

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

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

GENERAL COMMENTS

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on December 7, 2020. There was no tax sale in 2021 and 2022.

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>
2022	2
2021	2
2020	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, 2022 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.

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

GENERAL COMMENTS

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS (Continued)

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.

APPRECIATION

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

**BOROUGH OF MOONACHIE
RECOMMENDATIONS**

It is recommended that:


- * 1. The Borough enroll the eligible employees into the Defined Contribution Retirement Plan (DCRP).

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 & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398