

BOROUGH OF MOONACHIE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020

BOROUGH OF MOONACHIE

TABLE OF CONTENTS

Page

Part I – Report on Audit of Financial Statements and Supplementary Schedules

Independent Auditor's Report	1-3
-------------------------------------	-----

Financial Statements

Exhibits

A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance – Regulatory Basis - Current Fund	6
A-2	Statement of Revenues – Regulatory Basis – Current Fund	7-8
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	9-15
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	16
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	17
C-1	Comparative Statements of Changes in Fund Balances – Regulatory Basis – General Capital Fund	18
D	Comparative Balance Sheets – Regulatory Basis - Sewer Utility Operating Fund and Sewer Utility Capital Fund	19-20
D-1	Comparative Statements of Operations and Changes in Fund Balance – Regulatory Basis - Sewer Utility Operating Fund	21
D-2	Comparative Statements of Changes in Fund Balances-Regulatory Basis- Sewer Utility Capital Fund	22
D-3	Statement of Revenues – Regulatory Basis - Sewer Utility Operating Fund	22
D-4	Statement of Expenditures - Regulatory Basis - Sewer Utility Operating Fund	23
E	Comparative Balance Sheets – Regulatory Basis - Public Assistance Fund	24
F	Comparative Statements of General Fixed Asset Account Group – Regulatory Basis	25
	Notes to Financial Statements	26-70

Supplementary Schedules

Current Fund

A-4	Statement of Current Cash-Treasurer	71
A-5	Statement of Change Funds	72
A-6	Statement of Petty Cash Fund	72
A-7	Statement of Due from State of New Jersey Senior Citizens' and Veterans' Deductions	72
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	73
A-9	Statement of Tax Title Liens	74
A-10	Statement of Property Acquired for Taxes (At Assessed Valuation)	74
A-11	Statement of Revenue Accounts Receivable	75
A-12	Statement of 2020 Appropriation Reserves	76-77
A-13	Statement of Encumbrances Payable	78
A-14	Statement of County Taxes Payable	78
A-15	Statement of Due to State of New Jersey	79
A-16	Statement of Local District School Taxes	79

BOROUGH OF MOONACHIE

TABLE OF CONTENTS

Supplementary Schedules (Continued)

	<u>Current Fund (Continued)</u>	<u>Page</u>
A-17	Statement of Prepaid Taxes	80
A-18	Statement of Appropriated Reserves	80
A-19	Statement of Unappropriated Reserves	80
A-20	Statement of Reserve Lien Redemption	81
A-21	Statement of Reserve for Tax Appeals	81
A-22	Statement of State and Federal Grant Receivables	82
A-23	Statement of Reserve for Hurricane Sandy Reimbursements	82
A-24	Statement of Tax Overpayments	83
A-25	Statement of Interlocal Due From Borough of Teterboro	83
A-26	Statement of Accounts Payable	83
	 <u>Trust Funds</u>	
B-1	Statement of Trust Cash	84
B-2	Statement of Due from Current Fund – Other Trust Fund - Escrow	85
B-3	Statement of Due to/from Current Fund – Other Trust Fund – Payroll	85
B-4	Statement of Miscellaneous Reserves – Other Trust Fund	86
B-5	Statement of Escrow Deposits – Other Trust Fund	86
B-6	Statement of Due To State Treasurer - Dog License Fees – Animal Control Fund	87
B-7	Statement of Reserve for Animal Control Expenditures - Animal Control Fund	87
B-8	Statement of Due To Current Fund - Animal Control Fund	88
B-9	Statement of Reserve for Unemployment Insurance Claims - Unemployment Insurance Trust Fund	88
B-10	Statement of Reserve for Payroll Salaries & Withholdings Payable – Other Trust Fund	89
B-11	Statement of Due to State of New Jersey – Unemployment Insurance Fund	89
B-12	Statement of Due to Current Fund - Other Trust-Flexible Spending Account	89
B-13	Statement of Due from Current Fund – Other Trust – Miscellaneous Reserves	90
	 <u>General Capital Fund</u>	
C-2	Statement of General Capital Cash	91
C-3	Analysis of General Capital Cash	92
C-4	Statement of Due to/from Current Fund	93
C-5	Statement of Deferred Charges to Future Taxation - Funded	93
C-6	Statement of Deferred Charges to Future Taxation – Unfunded	94
C-7	Statement of Improvement Authorizations	95
C-8	Statement of Contracts Payable	96
C-9	Statement of Reserve for Payment of Bonds	96
C-10	Statement of General Serial Bonds	97
C-11	Statement of Bond Anticipation Notes	98
C-12	Statement of Grant Receivables/Other Receivables	99-100
C-13	Statement of Capital Improvement Fund	101
C-14	Statement of Reserve for Preliminary Costs	101
C-15	Statement of Reserve for Construction of DPW Building	102
C-16	Statement of Reserve for Police Vehicle	102
C-17	Statement of Bonds and Notes Authorized but not Issued	103

BOROUGH OF MOONACHIE

TABLE OF CONTENTS

		<u>Page</u>
Supplementary Schedules (Continued)		
<u>Sewer Utility Fund</u>		
D-5	Statement of Cash - Sewer Utility Fund	104
D-6	Analysis of Sewer Utility Capital Cash	105
D-7	Statement of Sewer Utility Rents Receivable – Sewer Utility Operating Fund	106
D-8	Statement of Encumbrances Payable – Sewer Utility Operating Fund	106
D-9	Statement of Encumbrances Payable – Sewer Utility Capital Fund	107
D-10	Statement of Due to Lien Holder – Sewer Utility Operating Fund	108
D-11	Statement of Appropriation Reserves – Sewer Utility Operating Fund	108
D-12	Statement of Fixed Capital – Sewer Utility Capital Fund	109
D-13	Statement of Due To Sewer Utility Operating Fund - Sewer Utility Capital Fund	110
D-14	Statement of Capital Improvement Fund – Sewer Utility Capital Fund	111
D-15	Statement of Reserve for Amortization – Sewer Utility Capital Fund	111
D-16	Statement of Improvement Authorizations – Sewer Utility Capital Fund	112
D-17	Statement of Fixed Capital Authorized and Uncompleted – Sewer Utility Capital Fund	113
D-18	Statement of Reserve for Deferred Amortization – Sewer Utility Capital Fund	114
D-19	Statement of Bonds and Notes Authorized But Not Issued – Sewer Utility Capital Fund	115
D-20	Statement of Bond Anticipation Notes – Sewer Utility Capital Fund	116
D-21	Statement of Accrued Interest-Sewer Utility Operating Fund	117
D-22	Statement of General Serial Bonds	118
D-23	Statement of Reserve for Sandy Proceeds – Sewer Utility Capital Fund	119
D-24	Statement of Deferred Charges-Sewer Utility Operating Fund	119
D-25	Statement of Prepaid Rents – Sewer Utility Operating Fund	119
D-26	Statement of Sewer Rent Overpayments – Sewer Utility Operating Fund	119
D-27	Statement of Accounts Payable – Sewer Utility Operating Fund	120
<u>Public Assistance Fund</u>		
E-1	Statement of Public Assistance Cash	121
E-2	Statement of Reserve for Public Assistance Expenditures	121
E-3	Statement of Public Assistance Revenues	121
E-4	Statement of Due to Current Fund – Public Assistance Fund	121

BOROUGH OF MOONACHIE

TABLE OF CONTENTS

	<u>Page</u>
 <u>Part II – Government Auditing Standards</u>	
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	122-123
Schedule of Expenditures of Federal Awards	124
Schedule of Expenditures of State Financial Assistance	125
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	126
Schedule of Findings and Questioned Costs	127-129
Summary Schedule of Prior Year Audit Findings	130
 <u>Part III – Supplementary Data and Letter of Comments and Recommendations</u>	
Comparative Statement of Operations and Changes in Fund Balance - Current Fund	131
Comparative Statement of Operations and Changes in Fund Balance - Sewer Utility Operating Fund	132
Comparative Schedule of Tax Rate Information	133
Comparison of Sewer Utility Levies	133
Comparison of Tax Levies and Collection Currently	133
Delinquent Taxes and Tax Title Liens	134
Property Acquired by Tax Title Lien Liquidation	134
Comparative Schedule of Fund Balances	134
Officials in Office and Surety Bonds	135-136
General Comments	137-139
Recommendations	140

BOROUGH OF MOONACHIE
BERGEN COUNTY, NEW JERSEY

PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2020



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Moonachie, as of December 31, 2020 and 2019, 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, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Moonachie as of December 31, 2020 and 2019, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 19 of the financial statements, the financial statements – regulatory basis of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2020 and 2019. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 54 percent and 51 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2020 and 2019.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Moonachie as of December 31, 2020 and 2019, 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, 2020 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

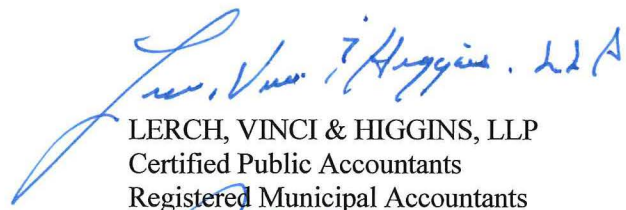
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Moonachie as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary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

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

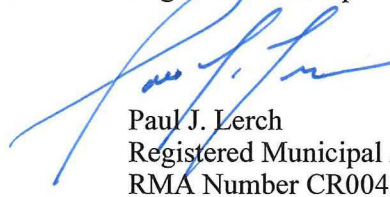
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 21, 2021 on our consideration of the Borough of Moonachie's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Moonachie's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Moonachie's internal control over financial reporting and compliance.



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
July 21, 2021

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019

ASSETS	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Cash	A-4	\$ 13,235,278	\$ 11,989,971
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	315,782	182,994
Tax Title Liens Receivable	A-9	674,293	625,608
Property Acquired for Taxes - Assessed Value	A-10	2,850	2,850
Revenue Accounts Receivable	A-11	1,785	5,893
Interlocal- Due from Borough of Teterboro	A-25	33,980	33,980
Due from Animal Control Trust Fund	B-8	18	115
Due from Other Trust Fund- Payroll	B-3	581	-
Due from Other Trust Fund- Flex Spending	B-12	1,986	1,975
Due from Public Assistance	E-4	40	209
Due from General Capital Fund	C-4	-	17,958
		<u>1,031,315</u>	<u>871,582</u>
 Total Assets		 <u>\$ 14,266,593</u>	 <u>\$ 12,861,553</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Liabilities			
Appropriation Reserves	A-3,A-12	\$ 1,375,169	\$ 970,056
Encumbrances Payable	A-13	164,221	251,659
Senior Citizens' and Veterans' Deductions	A-7	2,851	2,056
Due to Other Trust Fund - Escrow	B-2	1,616	2,108
Due to Other Trust Fund- Miscellaneous Reserves	B-13	111,058	60,812
Due to Other Trust Fund- Payroll	B-3	-	32
Due to General Capital Fund	C-4	3,906	
Tax Title Lien Redemption	A-20	-	11,454
Prepaid Taxes	A-17	444,003	865,184
Tax Overpayments	A-24	76,804	80,530
Local School Taxes Payable	A-16	1,297,905	1,211,445
County Taxes Payable	A-14	22,051	21,313
Accounts Payable	A-26	3,132	56,101
Appropriated Reserves- Grants	A-18	44,451	23,103
Unappropriated Reserve-Grants	A-19	5,411	73,851
Reserve for Hurricane Sandy Reimbursements	A-23	886,177	584,811
Reserve for Tax Appeals	A-21	<u>2,697,220</u>	<u>2,370,197</u>
		7,135,975	6,584,712
Reserve for Receivables and Other Assets	A	1,031,315	871,582
Fund Balance	A-1	<u>6,099,303</u>	<u>5,405,259</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 14,266,593</u>	<u>\$ 12,861,553</u>

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>Year 2020</u>	<u>Year 2019</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,466,000	\$ 1,200,000
Miscellaneous Revenues Anticipated	A-2	1,800,756	2,251,601
Receipts from Delinquent Taxes	A-2	182,994	152,036
Receipts from Current Taxes	A-2	19,203,408	18,449,836
Non-Budget Revenue	A-2	715,683	76,079
Other Credits to Income			
Interfunds Returned - Net	A	17,632	1,335
Cancellation of Miscellaneous Reserve	A-1		7,500
Cancellation of Accounts Payable	A-26	27,019	
Cancellation of Lien Redemption	A-20	11,454	
Unexpended Balance of Appropriation Reserves	A-12	<u>899,434</u>	<u>1,063,661</u>
		<u>24,324,380</u>	<u>23,202,048</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,078,600	4,090,652
Other Expenses	A-3	3,895,597	3,665,755
Capital Improvements	A-3	250,000	590,694
Municipal Debt Service	A-3	1,691,998	1,236,058
Deferred Charges and Statutory Expenditures	A-3	1,172,039	1,269,169
County Taxes	A-14	2,165,500	1,882,301
County Open Space Tax	A-14	90,918	81,537
County Share of Added and Omitted Taxes	A-14	738	278
Local District School Taxes	A-16	8,818,946	8,646,025
Other Debits			
Cancellation of Receivable	A-1	-	58,947
Prior Year Senior Citizens' Deductions Disallowed	A-1	<u>-</u>	<u>1,750</u>
		<u>22,164,336</u>	<u>21,523,166</u>
Excess in Revenue		2,160,044	1,678,882
Fund Balance, January 1	A	<u>5,405,259</u>	<u>4,926,377</u>
		7,565,303	6,605,259
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,466,000</u>	<u>1,200,000</u>
Fund Balance, December 31	A	<u>\$ 6,099,303</u>	<u>\$ 5,405,259</u>

Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MOONACHIE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE UTILIZED	A-1	\$ 1,466,000	\$ 1,466,000	-
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	A-11	6,000	7,002	\$ 1,002
Other	A-11	8,000	18,902	10,902
Fees and Permits	A-2	2,000	3,919	1,919
Fines and Costs				
Municipal Court	A-11	20,000	14,736	(5,264)
Interest and Costs on Taxes	A-11	35,000	51,251	16,251
Interest on Investments and Deposits	A-2	90,000	79,395	(10,605)
Energy Receipts Tax	A-11	449,979	449,979	-
Trailer Camp Fees	A-11	64,000	67,236	3,236
Port Authority of NY in Lieu of Taxes	A-11	16,335	16,335	-
Cellular One Lease	A-11	30,000	39,775	9,775
Uniform Fire Safety Act - Local Fees	A-11	10,000	4,130	(5,870)
Uniform Construction Code Fees	A-11	75,000	60,310	(14,690)
Borough of Teterboro - Police Services	A-11	816,000	816,000	-
Borough of Teterboro - Emergency Management Coordinator	A-11	2,000	-	(2,000)
Uniform Fire Safety Act - LEA	A-11	50,000	54,427	4,427
Recycling Tonnage Grant - Reserve	A-22	43,508	43,508	-
DOJ COPS Fast	A-19	67,850	67,850	-
Clean Communities Grant - Reserve	A-19	6,001	6,001	-
Total Miscellaneous Revenues	A-1	1,791,673	1,800,756	9,083
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	130,000	182,994	52,994
LOCAL TAX FOR MUNICIPAL PURPOSES	A-2	8,875,561	9,302,306	426,745
Total General Revenues	A-3	\$ 12,263,234	12,752,056	\$ 488,822
Non-Budget Revenue	A-1,A-2		715,683	
			<u>\$ 13,467,739</u>	

BOROUGH OF MOONACHIE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 19,603,408
Transfer to Reserve for Tax Appeals	A-21	<u>400,000</u>
Revenue Realized	A-1	19,203,408
Less: Allocated to School and County Taxes	A-14,A-16	<u>11,076,102</u>
Balance for Support of Municipal Budget Appropriations		8,127,306
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,175,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 9,302,306</u>
ANALYSIS OF FEES & PERMITS		
Board of Health	A-11	\$ 3,540
Police	A-11	<u>379</u>
	A-2	<u>\$ 3,919</u>
ANALYSIS OF INTEREST ON INVESTMENTS		
Due from General Capital Fund	C-4	\$ 10,998
Due from Other Trust Fund - Escrow	B-2	492
Due from Other Trust Fund - Payroll	B-3	1,015
Due from Other Trust Fund - Flexible Spending Account	B-12	11
Due from Other Trust Fund - Miscellaneous Reserves	B-13	2,661
Due from Animal Control Fund	B-8	18
Due from Public Assistance Fund	E-4	40
Cash Receipts	A-11	<u>64,160</u>
	A-2	<u>\$ 79,395</u>
NON-BUDGET REVENUE		
Recycling		\$ 591
Franchise Fees		41,488
Police Outside Duty- Admin Fees		56,655
Prior Year Police Outside Duty Fees		231,392
Insurance Dividend		366,320
Cancel old O/S Checks		9,455
Other		<u>9,782</u>
	A-2,A-4	<u>\$ 715,683</u>

Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 202,000	\$ 202,000	\$ 172,455	\$ 29,545	
Other Expenses	117,600	117,600	56,321	61,279	
Grant Consultant	21,000	21,000	17,220	3,780	
Sandy Consultant	115,800	115,800	56,700	59,100	
Mayor & Council					
Salaries & Wages	43,300	43,300	35,176	8,124	
Other Expenses	5,000	5,000	76	4,924	
Municipal Clerk					
Salaries & Wages	66,000	72,000	71,023	977	
Other Expenses	17,300	19,500	12,081	7,419	
Financial Administration					
Salaries & Wages	12,000	12,000	10,118	1,882	
Other Expenses	156,550	156,550	92,545	64,005	
Audit Services					
Annual Audit	30,000	30,000	30,000		
Revenue Administration					
Salaries & Wages	18,000	18,000	14,197	3,803	
Other Expenses	14,700	14,700	9,960	4,740	
Tax Assessment Administration					
Salaries & Wages	15,300	15,300	14,999	301	
Other Expenses	47,000	47,000	2,796	44,204	
Legal Services & Costs					
Salaries & Wages	41,000	41,000	40,769	231	
Other Expenses	39,500	39,500	3,920	35,580	
Engineering Services & Costs					
Other Expenses	21,000	21,000	6,713	14,287	
LAND USE ADMINISTRATION					
Planning Board					
Salaries & Wages	3,100	3,100	2,970	130	
Other Expenses	10,400	10,400	497	9,903	
INSURANCE					
Unemployment Contribution	10,000	10,000	10,000	-	
Surety Bond Premium	4,000	4,000	3,591	409	
Employee Group Health	1,140,055	1,140,055	1,067,851	72,204	
Health Benefit Waiver	38,000	38,000	35,563	2,437	
General Liability & Workers Compensation	321,000	321,000	293,855	27,145	
Police Department					
Salaries & Wages - Uniformed	1,890,000	1,852,800	1,650,647	202,153	
Salaries & Wages - Crossing Guards	66,000	66,000	40,536	25,464	
Other Expenses	165,500	165,500	85,809	79,691	

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Police Dispatch/911					
Salaries & Wages	\$ 233,000	\$ 233,000	\$ 194,974	\$ 38,026	
Other Expenses	5,500	5,500	1,440	4,060	
Emergency Management Services					
Salaries and Wages	2,400	2,400	390	2,010	
Other Expenses	4,500	4,500	877	3,623	
Municipal Court					
Salaries and Wages	76,500	76,500	74,568	1,932	
Other Expenses	11,400	13,400	7,590	5,810	
First Aid Organization					
Other Expenses-Contribution	17,000	17,000	17,000		
Other Expenses	10,000	16,000	8,901	7,099	
Fire Department					
Other Expenses	167,341	178,341	141,711	36,630	
Fire Hydrant Service				-	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Fire Official					
Salaries & Wages	16,900	16,900	16,488	412	
Other Expenses	11,000	11,000	3,110	7,890	
Life Hazard Use Fee Payments (P.L. 1983, C. 383)					
Salaries & Wages	27,000	27,000	22,800	4,200	
Other Expenses	6,300	6,300	2,353	3,947	
Municipal Prosecutor					
Salaries & Wages	6,700	6,700	6,288	412	
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	327,500	347,500	346,065	1,435	
Other Expenses	62,900	62,900	38,638	24,262	
Solid Waste Collection					
Recycling-Salaries & Wages	36,000	36,000	34,728	1,272	
Recycling-Other Expenses	197,700	197,700	164,502	33,198	
Sanitation Contractual-Other Expenses				-	
Buildings and Grounds					
Salaries & Wages	20,000	20,000	16,043	3,957	
Other Expenses	124,000	114,000	88,531	25,469	
Vehicle Maintenance					
Other Expenses	132,000	132,000	81,746	50,254	

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries & Wages	\$ 4,200	\$ 4,200	\$ 4,136	\$ 64	
Other Expenses	35,500	35,500	28,330	7,170	
South Bergen Mental Health					
Other Expense-Contribution	1,200	1,200	1,200		
RECREATION & EDUCATION					
Recreation Services and Programs					
Salaries & Wages	49,000	49,000	35,252	13,748	
Other Expenses	20,500	20,500	7,987	12,513	
Community Affairs-Senior Citizens					
Salaries & Wages	7,500	7,500	6,664	836	
Other Expenses	16,000	16,000	4,574	11,426	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events, Anniversary or Holiday (RS 50:48-5.4)					
Other Expenses	19,900	19,900	6,191	13,709	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries & Wages	52,200	57,400	57,122	278	
Other Expenses	5,100	5,100	1,458	3,642	
Sub-Code Officials					
Building Inspector - Salaries & Wages	14,600	9,400	7,006	2,394	
Plumbing Inspector - Salaries & Wages	6,300	6,300	5,976	324	
Electrical Inspector - Salaries & Wages	5,900	5,900	5,412	488	
Fire Protection Inspector - Salaries & Wages	7,500	7,500	6,891	609	
Property Maintenance Official					
Salaries & Wages	5,900	5,900	5,552	348	
Rent Monitoring Board					
Other Expenses	10,800	10,800	6,338	4,462	

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	\$ 128,000	\$ 128,000	\$ 48,610	\$ 79,390	
Street Lighting	65,000	65,000	47,825	17,175	
Telephone	88,000	88,000	59,150	28,850	
Water	18,000	18,000	11,325	6,675	
Natural Gas	60,000	60,000	13,803	46,197	
Gasoline	80,000	80,000	43,267	36,733	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill Tax - Tipping Fee	<u>85,000</u>	<u>85,000</u>	<u>74,829</u>	<u>10,171</u>	<u>-</u>
Total Operations Within "CAPS"	<u>6,928,596</u>	<u>6,928,596</u>	<u>5,596,029</u>	<u>1,332,567</u>	<u>-</u>
Contingent	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total Operations including Contingent Within "CAPS"	<u>6,929,596</u>	<u>6,929,596</u>	<u>5,596,029</u>	<u>1,333,567</u>	<u>-</u>
Detail:					
Salaries & Wages	3,273,800	3,262,600	2,918,765	343,835	-
Other Expenses (Including Contingent)	<u>3,655,796</u>	<u>3,666,996</u>	<u>2,677,264</u>	<u>989,732</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Social Security System (O.A.S.I.)	306,000	306,000	286,775	19,225	
Police and Firemen's Retirement System	704,209	704,209	704,209	-	
Public Employees Retirement System	150,830	150,830	150,830	-	
DCRP	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>1,166,039</u>	<u>1,166,039</u>	<u>1,141,814</u>	<u>24,225</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>8,095,635</u>	<u>8,095,635</u>	<u>6,737,843</u>	<u>1,357,792</u>	<u>-</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Fire Department - LOSAP	\$ 46,042	\$ 46,042	\$ 46,042		
First Aid - LOSAP	45,000	45,000	45,000		
LANDFILL/SOLID WASTE DISPOSAL					
Recycling Tax	12,000	12,000	4,044	\$ 7,956	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
PUBLIC SAFETY FUNCTIONS					
"911" Telecommunication Agreement	2,000	2,000	-	2,000	
Shooting Range Agreement - Wood-Ridge	4,200	4,200	4,000	200	
Borough of Teterboro-Police Salaries and Wags	816,000	816,000	815,700	300	
Township of South Hackensack - DPW Salaries				-	
Borough of Teterboro-Emergency Management Coordinator	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>927,242</u>	<u>927,242</u>	<u>916,786</u>	<u>10,456</u>	<u>-</u>
PUBLIC AND PRIVATE OFFSET BY REVENUES					
Highway Safety Grant				-	
COPS Grant	67,850	67,850	67,850		
Bergen County Comm. Dev. Senior Arts Program				-	
Clean Communities Grant	6,001	6,001		6,001	
Recycling Tonnage Grant	<u>43,508</u>	<u>43,508</u>	<u>42,588</u>	<u>920</u>	<u>-</u>
Total Public and Private Programs					
Offset by Revenues	<u>117,359</u>	<u>117,359</u>	<u>110,438</u>	<u>6,921</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	<u>1,044,601</u>	<u>1,044,601</u>	<u>1,027,224</u>	<u>17,377</u>	<u>-</u>
Detail:					
Salaries & Wages	818,000	816,000	815,700	300	
Other Expenses	<u>226,601</u>	<u>228,601</u>	<u>211,524</u>	<u>17,077</u>	<u>-</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
CAPITAL IMPROVEMENT EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 250,000	\$ 250,000	\$ 250,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	400,000	400,000	400,000		
Payment of Bond Anticipation Notes and Capital Notes	947,797	947,797	947,797		
Interest on Bonds	282,713	282,713	282,713		
Interest on Notes	61,488	61,488	61,488	-	-
Total Municipal Debt Service - Excluded from "CAPS"	1,691,998	1,691,998	1,691,998	-	-
Judgements	6,000	6,000	6,000	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,992,599	2,992,599	2,975,222	\$ 17,377	-
Subtotal General Appropriations	11,088,234	11,088,234	9,713,065	1,375,169	-
Reserve for Uncollected Taxes	1,175,000	1,175,000	1,175,000	-	-
Total General Appropriations	\$ 12,263,234	\$ 12,263,234	\$ 10,888,065	\$ 1,375,169	-
Reference	A-2			A	

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Reference</u>	<u>Appropriations Budget After Modification</u>	<u>Expended Paid or Charged</u>
Budget as Adopted	A-3	<u>\$ 12,263,234</u>	
 Cash Disbursed	 A-4		 \$ 9,548,844
Encumbrances Payable	A-13		164,221
Reserve for Uncollected Taxes	A-2		<u>1,175,000</u>
			<u>\$ 10,888,065</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 2,965	\$ 2,881
OTHER TRUST FUND			
Cash	B-1	905,472	877,774
Due from Current Fund - Escrow	B-2	1,616	2,108
Due from Current Fund - Miscellaneous Reserves	B-13	111,058	60,812
Due from Current Fund - Payroll	B-3	-	32
		<u>1,018,146</u>	<u>940,726</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	47,712	40,822
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	1,162,919	904,580
Contribution Receivable	B	91,042	106,416
		<u>1,253,961</u>	<u>1,010,996</u>
Total Assets		<u>\$ 2,322,784</u>	<u>\$ 1,995,425</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Due to Current Fund	B-8	\$ 18	\$ 115
Due to State of New Jersey	B-6	41	41
Reserve for Animal Control Expenditures	B-7	2,906	2,725
		<u>2,965</u>	<u>2,881</u>
OTHER TRUST FUND			
Escrow Deposits	B-5	46,764	53,414
Reserve for Miscellaneous Deposits	B-4	942,566	857,088
Reserve for Payroll Salaries and Deductions Payable	B-10	26,249	28,249
Due to Current Fund- Flexible Spending	B-12	1,986	1,975
Due to Current Fund- Payroll	B-3	581	-
		<u>1,018,146</u>	<u>940,726</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Reserve for Unemployment Insurance	B-9	47,712	40,822
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	1,253,961	1,010,996
Total Liabilities and Reserves		<u>\$ 2,322,784</u>	<u>\$ 1,995,425</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, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	C-2, C-3	\$ 4,671,706	\$ 5,722,329
Grant and Other Receivables	C-12	511,831	704,171
Due from Current Fund	C-4	3,906	-
Deferred Charges to Future Taxation			
Funded	C-5	8,915,000	7,570,000
Unfunded	C-6	<u>3,214,046</u>	<u>5,501,380</u>
 Total Assets		 <u>\$ 17,316,489</u>	 <u>\$ 19,497,880</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-10	\$ 8,915,000	\$ 7,570,000
Bond Anticipation Notes Payable	C-11	2,458,000	4,330,103
Contracts Payable	C-8	1,477,851	2,696,191
Due to Current Fund	C-4	-	17,958
Improvement Authorization			
Funded	C-7	1,413,182	1,031,369
Unfunded	C-7	1,004,810	1,825,472
Reserve for Payment of Debt	C-9	471,853	100,603
Reserve for Construction of DPW Building	C-15	-	272,484
Reserve for Police Vehicle	C-16	-	18,875
Reserve for Preliminary Costs	C-14	2,095	2,095
Capital Improvement Fund	C-13	974,751	916,249
Reserve for Federal and State Grant Receivables	C-12	478,101	670,441
Fund Balance	C-1	<u>120,846</u>	<u>46,040</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 17,316,489</u>	 <u>\$ 19,497,880</u>

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$756,046 and \$1,279,920, respectively (Exhibit C-17).

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Balance, January 1	C	\$ 46,040	\$ 108,485
Increased by:			
Refund on Ordinance #2018-04	C-1		55
Permanently Funded Improvement Authorizations Cancelled	C-7	22,723	
Insurance Proceeds on Ord. 19-05 Acquisition of Police Vehicle	C-16	18,875	
Premium on Bond Anticipation Notes Issued	C-1	28,619	
Premium on Sale of Bonds Issued	C-1	<u>4,589</u>	<u>-</u>
		120,846	108,540
Decreased by:			
Appropriated to Finance Improvement Authorization	C-1	<u>-</u>	<u>62,500</u>
Balance, December 31	C	<u>\$ 120,846</u>	<u>\$ 46,040</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	D-5	\$ 1,237,755	\$ 1,227,142
Due from Sewer Utility Capital Fund	D-14	<u>-</u>	<u>3,427</u>
		<u>1,237,755</u>	<u>1,230,569</u>
Receivables With Full Reserves			
Sewer Utility Rents Receivable	D-7	<u>215,826</u>	<u>346,783</u>
Deferred Charges:			
Over-Expenditure Budget Appropriation	D-24	<u>4,158</u>	<u>-</u>
Total Assets		<u>\$ 1,457,739</u>	<u>\$ 1,577,352</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	D-4,D-11	\$ 141,528	\$ 113,533
Encumbrances Payable	D-8	-	11,671
Prepaid Rent	D-25	-	16,059
Accounts Payable	D-27	-	32
Due to Lien Holder	D-10	-	292
Due to Sewer Capital Fund	D-13	881	
Sewer Rent Overpayments	D-26	5,171	27,042
Accrued Interest Payable	D-21	<u>6,440</u>	<u>5,296</u>
		154,020	173,925
Reserve for Receivables	D	215,826	346,783
Fund Balance	D-1	<u>1,087,893</u>	<u>1,056,644</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,457,739</u>	<u>\$ 1,577,352</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	D-5,D-6	\$ 1,115,310	\$ 741,069
Due from Sewer Utility Operating Fund	D-13	881	
Fixed Capital	D-12	3,532,001	3,491,793
Fixed Capital Authorized and Uncompleted	D-17	<u>2,605,100</u>	<u>2,264,000</u>
Total Assets		<u>\$ 7,253,292</u>	<u>\$ 6,496,862</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Due to Sewer Utility Operating Fund	D-14		\$ 3,427
Encumbrances Payable	D-9	\$ 24,253	171,107
Bonds Payable	D-22	1,320,000	145,000
Bond Anticipation Notes Payable	D-20	469,000	1,425,897
Improvement Authorization			
Funded	D-16	565,736	80,860
Unfunded	D-16	557,203	788,820
Reserve for Amortization	D-15	3,467,001	3,343,503
Reserve for Deferred Amortization	D-18	475,065	404,065
Reserve for Sandy Proceeds	D-23	228,614	
Capital Improvement Fund	D-14	96,215	96,215
Fund Balance	D-2	<u>50,205</u>	<u>37,968</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 7,253,292</u>	<u>\$ 6,496,862</u>

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$406,035 and \$437,328 respectively (Exhibit D-19).

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
REVENUES AND OTHER INCOME			
Rents	D-3	\$ 1,796,025	\$ 2,335,479
Non-Budget Revenue	D-3	72,599	77,998
Cancellation of Prepaid Rents	D-25	16,059	-
Cancellation of Due to Lienholder	D-10	292	-
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-11	<u>83,429</u>	<u>111,874</u>
		<u>1,968,404</u>	<u>2,525,351</u>
EXPENDITURES			
Budget Appropriations			
Operating	D-4	1,721,834	1,652,788
Deferred Charges and Statutory Expenditures	D-4	33,500	366,511
Debt Service	D-4	<u>185,979</u>	<u>119,158</u>
		<u>1,941,313</u>	<u>2,138,457</u>
Excess/(Deficit) in Revenue		<u>27,091</u>	<u>386,894</u>
Adjustment to Income Before Surplus:			
Expenditures Included Above Which are by Statute Deferred Charges to the Budget of Succeeding Year	D-24	<u>4,158</u>	<u>-</u>
Statutory Excess to Surplus		31,249	386,894
Fund Balance, January 1	D	<u>1,056,644</u>	<u>669,750</u>
Fund Balance, December 31	D	<u>\$ 1,087,893</u>	<u>\$ 1,056,644</u>

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Balance, January 1, 2020	D	\$ 37,968	\$ 37,968
Increased by:			
Cancellation of Permanently Funded Authorization	D-16	2,292	
Premium on Sale of Notes and Bonds	D-5	<u>9,945</u>	<u>-</u>
Balance, December 31, 2020	D	<u>\$ 50,205</u>	<u>\$ 37,968</u>

EXHIBIT D-3

STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Rents	D-1,D-7	<u>\$ 2,044,382</u>	<u>\$ 1,796,025</u>	<u>\$ (248,357)</u>
	D-4	<u>\$ 2,044,382</u>	<u>1,796,025</u>	<u>\$ (248,357)</u>
Non-Budget Revenue	D-1		<u>72,599</u>	
			<u>\$ 1,868,624</u>	

ANALYSIS OF NON-BUDGET REVENUE

Due from Sewer Capital Fund	D-13	\$ 4,023
Cash Receipts	D-5	<u>68,576</u>
	D-3	<u>\$ 72,599</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<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>	<u>Overexpenditure</u>
OPERATING						
Salaries and Wages	\$ 500,000	\$ 500,000	\$ 379,530	\$ 20,470	\$ 100,000	
Other Expenses	480,000	480,000	363,967	116,033		
Bergen County Utilities Authority	841,834	841,834	841,834	-		
DEFERRED CHARGES AND AND STATUTORY EXPENDITURES						
Social Security System (O.A.S.I.)	33,500	33,500	28,475	5,025		
DEBT SERVICE						
Payment of Bond Principal	45,000	45,000	45,000			
Payment of Bond Anticipation Note Principal	116,790	116,790	116,790			
Interest on Bonds	2,688	2,688	6,846			\$ 4,158
Interest on Notes	<u>24,570</u>	<u>24,570</u>	<u>17,343</u>	<u>-</u>	<u>7,227</u>	<u>-</u>
	<u>\$ 2,044,382</u>	<u>\$ 2,044,382</u>	<u>\$ 1,799,785</u>	<u>\$ 141,528</u>	<u>\$ 107,227</u>	<u>\$ 4,158</u>
Reference	D-3			D	D-1	D
	<u>Reference</u>					
Budget as Adopted	D-3	<u>\$ 2,044,382</u>				
Disbursed	D-5		\$ 1,775,596			
Accrued Interest	D-21		<u>24,189</u>			
			<u>\$ 1,799,785</u>			

**BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	E-1	\$ 9,547	\$ 9,716
LIABILITIES AND RESERVES			
Due to Current Fund	E-4	\$ 40	\$ 209
Reserve for Public Assistance Expenditures	E-2	9,507	9,507
Total Liabilities, Reserves and Fund Balance		\$ 9,547	\$ 9,716

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSET ACCOUNT GROUP -
REGULATORY BASIS
AS OF DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Construction in Progress	\$ 2,307,155	\$ 989,097
Land	1,617,100	1,617,100
Buildings and Building Improvements	10,154,710	9,832,162
Machinery and Equipment	<u>6,521,540</u>	<u>6,137,327</u>
	<u>\$ 20,600,505</u>	<u>\$ 18,575,686</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 20,600,505</u>	<u>\$ 18,575,686</u>

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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 municipal library, volunteer fire department, volunteer ambulance squad, or redevelopment agency, 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, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2019 balances to conform to the December 31, 2020 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, 2020 AND 2019**

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, 2020 AND 2019

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.

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.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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 Funds
General Capital Fund
Sewer Utility Fund
Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2020 and 2019 the Current Fund and Sewer Utility Operating Fund budgets were not increased. However, the governing body approved several budget transfers during 2020 and 2019.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

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

<u>2020</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Sewer Utility Operating Fund			
Debt Service			
Interest on Bonds	\$2,688	\$6,846	\$4,158

2019

There were none.

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2020 and 2019, the book value of the Borough's deposits were \$21,225,745 and \$20,611,704 and bank and brokerage firm balances of the Borough's deposits amounted to \$21,477,062 and \$21,284,935, 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>2020</u>	<u>2019</u>
Insured	\$ 21,477,062	\$ 21,284,935

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, 2020 and 2019, the Borough's bank balances were not exposed to custodial credit risk.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

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, 2020 and 2019, the Borough had the following investments:

	<u>Fair Value</u>
<u>2020</u>	
Lincoln Financial Group (LOSAP)	
Investment Fund (Unaudited)	\$ <u>1,162,919</u>
<u>2019</u>	
Lincoln Financial Group (LOSAP)	
Investment Fund (Unaudited)	\$ <u>904,580</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2020 and 2019, \$1,162,919 and \$904,580 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>2020</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>1,162,919</u>
<u>2019</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>904,580</u>

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2020 and 2019, the Borough's investment in Lincoln Financial Group was rated Baa1 by Moody's Investor Services.

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

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

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2020 consisted of the following:

	<u>Current Fund</u>	<u>Sewer Utility Operating Fund</u>	<u>Total</u>
<u>2020</u>			
Property Taxes	\$ 315,782		\$ 315,782
Tax Title Liens	674,293		674,293
Utility Charges and Fees	<u>-</u>	<u>\$ 215,826</u>	<u>215,826</u>
	<u>\$ 990,075</u>	<u>\$ 215,826</u>	<u>\$ 1,205,901</u>

In 2020, the Borough collected \$182,994 and \$346,783 from delinquent taxes and utility charges and fees, which represented 32% and 100% of the delinquent tax and sewer charges receivable at December 31, 2019.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE (Continued)

Receivables at December 31, 2019 consisted of the following:

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

In 2019, the Borough collected \$141,175 and \$289,072 from delinquent taxes and utility charges and fees, which represented 23% and 98% of the delinquent tax and sewer charges receivable at December 31, 2018.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2020</u>		<u>2019</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	\$ 2,625	\$ 116,580	\$ 20,257	\$ 62,952
Trust Fund:				
Animal Control Fund		18		115
Other Trust Fund- Flexible Spending		1,986		1,975
Other Trust Fund - Escrow	1,616		2,108	
Other Trust Fund - Payroll		581	32	
Other Trust Fund - Miscellaneous Reserves	111,058		60,812	-
General Capital Fund	3,906			17,958
Sewer Utility Operating Fund		881	3,427	-
Sewer Utility Capital Fund	881			3,427
Public Assistance Fund	-	40	-	209
	<u>-</u>	<u>40</u>	<u>-</u>	<u>209</u>
Total	<u>\$ 120,086</u>	<u>\$ 120,086</u>	<u>\$ 86,636</u>	<u>\$ 86,636</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.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

2020

Current Fund
There are none

2019

Current Fund
There are none

	Balance December 31,	Subsequent Year Budget Appropriation	Balance to Succeeding Budgets
<u>2020</u>			
Sewer Utility Operating Fund			
Overexpenditure of Appropriations	\$ 4,158	\$ 4,158	\$ -
	<u>\$ 4,158</u>	<u>\$ 4,158</u>	<u>\$ -</u>

2019

Sewer Utility Operating Fund
There are none

NOTE 7 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual school levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
	Local District School	Local District School
Balance of Tax	\$ 4,401,715	\$ 4,315,255
Deferred	<u>3,103,810</u>	<u>3,103,810</u>
Taxes Payable	<u>\$ 1,297,905</u>	<u>\$ 1,211,445</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and 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:

	2020		2019	
	<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	\$ 6,099,303	\$ 1,550,000	\$ 5,405,259	\$ 1,466,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,099,303</u>	<u>\$ 1,550,000</u>	<u>\$ 5,405,259</u>	<u>\$ 1,466,000</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 1,083,735	\$ 287,655	\$ 1,053,217	
Non-Cash Surplus	<u>4,158</u>	<u>-</u>	<u>3,427</u>	<u>\$ -</u>
	<u>\$ 1,087,893</u>	<u>\$ 287,655</u>	<u>\$ 1,056,644</u>	<u>\$ -</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 9 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2020 and 2019.

	Balance January 1, <u>2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance, December 31, <u>2020</u>
<u>2020</u>					
Construction in Progress	\$ 989,097	\$ 1,318,058			\$ 2,307,155
Land	1,617,100				1,617,100
Buildings and Building Improvements	9,832,162	322,548			10,154,710
Machinery and Equipment	<u>6,137,327</u>	<u>384,213</u>	<u>-</u>	<u>-</u>	<u>6,521,540</u>
	<u>\$ 18,575,686</u>	<u>\$ 2,024,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,600,505</u>
	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance, December 31, <u>2019</u>
<u>2019</u>					
Construction in Progress	\$ 6,937,934	\$ 2,027,809		\$ (7,976,646)	\$ 989,097
Land	1,617,100				1,617,100
Buildings and Building Improvements	1,067,130	946,151	\$ 157,765	7,976,646	9,832,162
Machinery and Equipment	<u>5,609,182</u>	<u>844,990</u>	<u>316,845</u>	<u>-</u>	<u>6,137,327</u>
	<u>\$ 15,231,346</u>	<u>\$ 3,818,950</u>	<u>\$ 474,610</u>	<u>\$ -</u>	<u>\$ 18,575,686</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 9 FIXED ASSETS (Continued)

B. Sewer Utility Fund Fixed Assets

The following is a summary of changes in the utility fund fixed assets for the years ended December 31, 2020 and 2019.

	Balance January 1, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2020</u>
<u>2020</u>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 3,491,793	\$ 40,208	\$ -	\$ 3,532,001
	<u>\$ 3,491,793</u>	<u>\$ 40,208</u>	<u>\$ -</u>	<u>\$ 3,532,001</u>
	Balance January 1, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2019</u>
<u>2019</u>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 3,491,793	\$ -	\$ -	\$ 3,491,793
	<u>\$ 3,491,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,491,793</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and 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>2020</u>	<u>2019</u>
Issued		
General		
Bonds, Notes and Loans	\$ 11,373,000	\$ 11,900,103
Sewer Utility		
Bonds, Notes and Loans	<u>1,789,000</u>	<u>1,570,897</u>
	13,162,000	13,471,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>471,853</u>	<u>209,246</u>
Net Debt Issued	<u>12,690,147</u>	<u>13,261,754</u>
Authorized But Not Issued		
General		
Bonds and Notes	756,046	1,279,920
Sewer Utility		
Bonds and Notes	<u>406,035</u>	<u>437,328</u>
	<u>1,162,081</u>	<u>1,717,248</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u><u>\$ 13,852,228</u></u>	<u><u>\$ 14,979,002</u></u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 1.282% and 1.481% at December 31, 2020 and 2019, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2020</u>			
General Debt	\$ 12,129,046	\$ 471,853	\$ 11,657,193
Utility Debt	<u>2,195,035</u>	<u>2,195,035</u>	<u>-</u>
Total	<u>\$ 14,324,081</u>	<u>\$ 2,666,888</u>	<u>\$ 11,657,193</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2019</u>			
General Debt	\$ 13,180,023	\$ 209,246	\$ 12,970,777
Utility Debt	<u>2,008,225</u>	<u>2,008,225</u>	<u>-</u>
Total	<u>\$ 15,188,248</u>	<u>\$ 2,217,471</u>	<u>\$ 12,970,777</u>

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>2020</u>	<u>2019</u>
3.5% of Equalized Valuation Basis (Municipal)	\$ 31,827,440	\$ 30,649,620
Less: Net Debt	<u>11,657,193</u>	<u>12,970,777</u>
Remaining Borrowing Power	<u>\$ 20,170,247</u>	<u>\$ 17,678,843</u>

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2020</u>	<u>2019</u>
\$965,000, 2012 Bonds, due in annual installment of \$150,000 through August 15, 2020, interest at 2.00%		\$ 150,000
\$7,670,000, 2018 Bonds, due in annual installments of \$250,000 to \$500,000 through October 15, 2038, interest at 3.00% to 5.00%	\$ 7,170,000	7,420,000
\$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>1,745,000</u>	<u>-</u>
	<u>\$ 8,915,000</u>	<u>\$ 7,570,000</u>

Utility Bonds

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

Sewer Utility

	<u>2020</u>	<u>2019</u>
\$460,000, 2012 Bonds, due in annual installments of \$45,000 to \$50,000 through August 15, 2022, interest at 2.00% through 2.5%	\$ 100,000	\$ 145,000
\$1,255,000, 2020 Bonds, due in annual installments of \$115,000 to \$130,000 through October 15, 2030, interest at 1.00% through 2.00%	<u>1,220,000</u>	<u>-</u>
	<u>\$ 1,320,000</u>	<u>\$ 145,000</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2020 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>	
2021	\$ 460,000	\$ 296,550	\$ 165,000	\$ 22,088	\$ 943,638
2022	505,000	281,950	165,000	19,938	971,888
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
2026-2028	1,785,000	564,413	375,000	29,348	2,753,761
2029-2033	2,110,000	641,039	260,000	7,800	3,018,839
2034-2038	2,440,000	262,475	-	-	2,702,475
	<u>\$ 8,915,000</u>	<u>\$ 2,782,402</u>	<u>\$ 1,320,000</u>	<u>\$ 125,188</u>	<u>\$ 13,142,590</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2020 and 2019 were as follows:

	Balance, January 1, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
General Capital Fund					
Bonds Payable	<u>\$ 7,570,000</u>	<u>\$ 1,790,000</u>	<u>\$ 445,000</u>	<u>\$ 8,915,000</u>	<u>\$ 460,000</u>
General Capital Fund Long-Term					
Liabilities	<u>\$ 7,570,000</u>	<u>\$ 1,790,000</u>	<u>\$ 445,000</u>	<u>\$ 8,915,000</u>	<u>\$ 460,000</u>
Sewer Utility Capital Fund					
Bonds Payable	<u>\$ 145,000</u>	<u>\$ 1,255,000</u>	<u>80,000</u>	<u>\$ 1,320,000</u>	<u>\$ 165,000</u>
Sewer Utility Capital Fund Long-Term					
Liabilities	<u>\$ 145,000</u>	<u>\$ 1,255,000</u>	<u>\$ 80,000</u>	<u>\$ 1,320,000</u>	<u>\$ 165,000</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

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

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2020 and 2019 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, January 1, <u>2020</u>	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, <u>2020</u>
<u>2020</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Construction of Municipal Building	1.42%	10/16/2020	\$ 871,353		\$ 871,353	
Construction of DPW Building	1.50%	10/15/2021	1,900,000	\$ 1,603,000	1,900,000	\$ 1,603,000
Various Acquisitions and Improvements	1.42%	10/16/2020	783,750		783,750	-
Construction of New Municipal Building	1.50%	10/15/2021	475,000	475,000	475,000	475,000
Moonachie Road Streetscape Project PH III	1.42%	10/16/2020	300,000	-	300,000	-
Construction of DPW Building	1.50%	10/15/2021	-	380,000	-	380,000
General Capital Bond Anticipation Notes Payable			\$ 4,330,103	\$ 2,458,000	\$ 4,330,103	\$ 2,458,000

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>2020</u>	Rate (%)	Maturity Date	Balance, January 1, 2020	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2020
<u>Sewer Utility Capital Fund</u>						
<u>Purpose</u>						
Hurricane Sandy Improvements	1.50%	10/15/2021	\$ 684,877	\$ 469,000	\$ 684,877	\$ 469,000
Sewer Capital Improvements	1.42%	10/16/2020	313,352		313,352	-
Acquisition of Generators	1.42%	10/16/2020	109,000		109,000	-
Imp. To Moonachie Ave Sanitary Sewer Pump	1.42%	10/16/2020	318,668	-	318,668	-
Sewer Utility Capital Bond Anticipation Notes Payable			<u>\$ 1,425,897</u>	<u>\$ 469,000</u>	<u>\$ 1,425,897</u>	<u>\$ 469,000</u>
Total Bond Anticipation Notes Payable			<u>\$ 5,756,000</u>	<u>\$ 2,927,000</u>	<u>\$ 5,756,000</u>	<u>\$ 2,927,000</u>

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

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

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

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.

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2020 and 2019 as follows:

NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2020</u>			
	Municipal Building Complex	\$ 550,022	12/31/2021
	Purchase of Police Console and Communication Equipment	14,312	12/31/2021
	DPW Facility	541,200	12/31/2021
	Streetscape Improvements Phase III	272,975	12/31/2021
<u>2019</u>			
	Municipal Building Complex	\$ 678,688	12/31/2020
	Purchase of Police Console and Communication Equipment	51,743	12/31/2020
	DPW Facility	1,759,349	12/31/2020
	ADA Compliant Curb Ramps	67,000	12/31/2020
	John Deere Tractor	169,361	12/31/2020

NOTE 12 OPERATING LEASES

The Borough leases copiers under noncancelable operating leases. Lease payments for the years ended December 31, 2020 and 2019 were \$3,915 and \$7,620, respectively. The future minimum lease payments for these leases are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2021	<u>\$ 490</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 13 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$777,849 and \$713,625 at December 31, 2020 and 2019, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2020 and 2019, the Borough has reserved in the Other Trust Fund \$637,394 and \$682,586 respectively to fund compensated absences in accordance with NJSA 40A:4-39.

B. Community Disaster Loan

On May 23, 2013, the Federal Emergency Management Agency (FEMA), under the provisions of the Community Disaster Loan Act of 2005, approved the Borough's application for a disaster loan in response to the losses incurred as a result of Hurricane Sandy. The State of New Jersey recommended a Community Disaster Loan ("CDL") in the amount of \$2,212,128 for the Borough. The purpose of the loan was to allow the Borough to carry on existing governmental functions and to expand such functions to meet disaster-related needs. The term of the loan is for five years with an interest rate that is based on the five year Treasury rate on the date of the Promissory Note as signed by FEMA. The rate for this loan is undeterminable. The terms of this loan provides for no principal or interest payments for five years from the date of loan proceeds and these deferrals may be further extended by FEMA for an additional five years. However, interest accrues on a simple interest basis from date of receipt of loan proceeds. The loan is collateralized with the Borough's future revenue after provision has been made for payments required in connection with any outstanding bond indebtedness in existence at the time of the CDL loan. In January 2018, the Borough received notification from FEMA that the Borough is eligible to cancel a principal amount of the CDL totaling \$1,138,947 plus accrued interest on the cancelled principal. In addition, the Borough has appealed the remaining \$1,073,181 in principal plus accrued interest on the principal. The Borough has received approval from FEMA on the appeal which was reduced to \$193,182 this amount was paid off in 2019 and there no longer exists a "CDL" liability.

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2020 and 2019 were as follows:

	Balance January 1, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
Compensated Absences	\$ 713,625	\$ 64,224		\$ 777,849	
Net Pension Liability - PERS	2,788,320		\$ 10,227	2,778,093	
Net Pension Liability - PFRS	8,531,721	850,671		9,382,392	-
Net OPEB Liability	<u>11,975,678</u>	<u>681,522</u>	<u>-</u>	<u>12,657,200</u>	<u>-</u>
Other Long Term Liabilities	<u>\$ 24,009,344</u>	<u>\$ 1,596,417</u>	<u>\$ 10,227</u>	<u>\$ 25,595,534</u>	<u>\$ -</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 13 OTHER LONG-TERM LIABILITIES (Continued)

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
2019					
Community Disaster Loan	\$ 2,212,128		\$2,212,128		
Compensated Absences	693,496	\$ 20,129		\$ 713,625	
Net Pension Liability - PERS	2,908,144		119,824	2,788,320	
Net Pension Liability - PFRS	8,836,503	-	304,782	8,531,721	-
Net OPEB Liability	9,876,565	2,099,113	-	11,975,678	-
	<u>\$ 24,526,836</u>	<u>\$ 2,119,242</u>	<u>\$2,636,734</u>	<u>\$ 24,009,344</u>	<u>\$ -</u>
Other Long Term Liabilities	<u>\$ 24,526,836</u>	<u>\$ 2,119,242</u>	<u>\$2,636,734</u>	<u>\$ 24,009,344</u>	<u>\$ -</u>

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

The following represents the membership tiers for PFRS:

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

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

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

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

The following represents the membership tiers for PERS:

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 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 PERS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours 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.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 and 2019 is \$16.4 billion and \$18.1 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 58.32% and 56.27%, respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2020 and 2019 is \$14.9 billion and \$14.2 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 63.52% and 65.00%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 and 2018 which were rolled forward to June 30, 2020 and 2019, respectively.

Actuarial Methods and Assumptions

In the July 1, 2019 and 2018 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 2020 and 2019 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2020 and 2019 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. All contributions made by the Borough for 2020, 2019 and 2018 were equal to the required contributions.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2020, 2019 and 2018, 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>
2020	\$ 704,209	\$ 150,524
2019	638,428	201,272
2018	608,932	132,388

In addition for the years ended December 31, 2020, 2019 and 2018 the Borough contributed for long-term disability insurance premiums (LTDI) \$306, \$147 and \$0 PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020 and 2019, the Borough reported a liability of \$2,778,093 and \$2,788,320, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough's proportionate share was 0.01704 percent, which was an increase of .00157 percent from its proportionate share measured as of June 30, 2019 of 0.01547 percent.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough's pension expense/(benefit) to be \$113,019 and \$182,077, respectively, for PERS based on the actuarial valuations which are less than the actual contribution reported in the Borough's financial statements of \$150,524 and \$201,272, respectively. At December 31, 2020 and 2019, 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:

	2020		2019	
	<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	\$ 50,585	\$ 9,825	\$ 50,047	\$ 12,318
Changes of Assumptions	90,124	1,163,214	278,424	967,817
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	94,957			44,015
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>432,200</u>	<u>96,693</u>	<u>215,853</u>	<u>185,156</u>
Total	<u>\$ 667,866</u>	<u>\$ 1,269,732</u>	<u>\$ 544,324</u>	<u>\$ 1,209,306</u>

At December 31, 2020 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 Ending December 31,</u>	<u>Total</u>
2021	\$ (290,790)
2022	(216,080)
2023	(78,354)
2024	(9,875)
2025	(6,767)
Thereafter	<u>-</u>
	<u>\$ (601,866)</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2020 and 2019</u>
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 Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations 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, 2020 AND 2019

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

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

<u>Calendar</u>		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.28%

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

	<u>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2057
Municipal Bond Rate *	Not Applicable	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2020 and 2019 calculated using the discount rate of 7.00% and 6.28%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 5.28%, respectively or 1-percentage-point higher 8.00% and 7.28%, respectively than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>2020</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 3,497,156	\$ 2,778,093	\$ 2,167,949
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
<u>2019</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 3,522,101	\$ 2,788,320	\$ 2,170,005

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2020 and 2019, the Borough reported a liability of \$9,382,392 and \$8,531,721, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough's proportionate share was .07261 percent, which was an increase of .00289 percent from its proportionate share measured as of June 30, 2019 of .06972 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough pension expense to be \$787,617 and \$1,048,789, respectively, for PFRS based on the actuarial valuations which are more than the actual contribution reported in the Borough's financial statements of \$704,209 and \$638,428, respectively. At December 31, 2020 and 2019, 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:

	2020		2019	
	<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	\$ 94,590	\$ 33,672	\$ 72,019	\$ 54,016
Changes of Assumptions	23,611	2,515,363	292,343	2,757,374
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	550,134			115,602
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,074,953</u>	<u>277,817</u>	<u>1,004,609</u>	<u>399,795</u>
Total	<u>\$ 1,743,288</u>	<u>\$ 2,826,852</u>	<u>\$ 1,368,971</u>	<u>\$ 3,326,787</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2020 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:

Year Ending <u>December 31,</u>	<u>Total</u>
2021	\$ (588,091)
2022	(394,367)
2023	(155,716)
2024	72,331
2025	(17,721)
Thereafter	-
	<u>\$ (1,083,564)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25% Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

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

<u>Calendar</u>		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.85%

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

	<u>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2076
Municipal Bond Rate *	Not Applicable	From July 1, 2076 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2020 and 2019 calculated using the discount rate of 7.00% and 6.85%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 5.85%, respectively or 1-percentage-point higher 8.00% and 7.85%, respectively than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>2020</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>12,476,650</u>	\$ <u>9,382,392</u>	\$ <u>6,812,374</u>
	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
<u>2019</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>11,531,778</u>	\$ <u>8,531,721</u>	\$ <u>6,048,742</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 14 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

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

At December 31, 2020 and 2019, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,456,105 and \$1,347,175, respectively. For the years ended December 31, 2020 and 2019, 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 \$165,020 and \$156,531, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$112,046 and \$90,772, respectively. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the Borough was .07261 percent, which was an increase of .00289 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .06972 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, 2020 AND 2019

NOTE 15 POST-RETIREMENT MEDICAL BENEFITS

Plan Description

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

Benefits Provided

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

Employees Covered by Postemployment Benefits

At December 31, 2020 and 2019, the following employees were covered by postemployment health care benefits:

	<u>2020</u>	<u>2019</u>
Active Employees	28	32
Inactive Employees or Beneficiaries Currently Receiving Benefits	<u>22</u>	<u>18</u>
	<u>50</u>	<u>50</u>

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

At December 31, 2020 and 2019, the Borough's total OPEB liabilities were \$12,657,200 and \$11,975,678, respectively. Net OPEB liability was measured as of December 31, 2019 and December 31, 2018 respectively, and the OPEB liability was determined by an actuarial valuation as of those dates.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 15 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

For the year ended December 31, 2020 and 2019, the Plan has determined the Borough's OPEB expense to be \$697,263 and \$916,99, respectively, based on the actuarial valuation which is less than the actual contributions reported in the Borough's financial statements of \$1,409,163 and \$1,335,323, respectively. At December 31, 2020 and 2019, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	<u>2020</u>		<u>2019</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>
Changes of Assumptions	\$ 1,902,154	\$ -	\$ 1,474,382	\$ -
Total	<u>\$ 1,902,154</u>	<u>\$ -</u>	<u>\$ 1,474,382</u>	<u>\$ -</u>

At December 31, 2020 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>
2021	\$ 255,613
2022	255,613
2023	255,613
2024	255,613
2025	255,613
Thereafter	<u>624,089</u>
	<u>\$ 1,902,154</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 15 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2020 was based on the December 31, 2020 measurement date as determined by an actuarial valuation as of December 31, 2020. The total OPEB liability reported for the year ended December 31, 2019 was based on the December 31, 2019 measurement date as determined by an actuarial valuation as of December 31, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

December 31, 2020

<i>Mortality</i>	<i>RP 2000 Combined Healthy Male Mortality Rates Set Forward One Year and Adjusted for Generational Improvement</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates – prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after the completion of 25 years of service Benefits payable for life for Police hired prior to January 1, 2019 and end at age 65 for all others</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>2.74% Based on the Bond Buyer 20 Index December 31, 2019 2.12% Based on the Bond Buyer 20 Index December 31, 2020</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: 5.6% in 2020, reducing by 0.1% per annum, leveling at 5% per annum in 2026 Drug: 9.0% in 2020, reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026 Dental: 3.5% per annum</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

- 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 2020 medical premiums and the plan option selected. The age specific cost was derived based on per person costs at the average age of the active population (44) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. When actual data is not available, post 65 costs are decreased using the assumption that Medicare picks up 66.7% of medical costs.
- Retiree Contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by the Borough increased annually by the rate of medical trend.
- Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of salary. 2020 salaries were reported as \$2.462 million.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 15 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the December 31, 2020 and 2019 valuations were based on the results of an actuarial experience study of December 31, 2020 and 2019, respectively.

Changes in the Total OPEB Liability

The change in the Borough's OPEB liability for the years ended December 31, 2020 and 2019 based on measurement dates of December 31, 2020 and 2019, respectively.

	Total OPEB Liability 2020	Total OPEB Liability 2019
Balance - Beginning of Year	\$ 11,975,678	\$ 9,876,565
Changes for the Year:		
Service Cost	116,403	328,528
Interest on the Total OPEB Liability	325,247	412,417
Changes of Benefit Terms		
Differences Between Expected and Actual Experience		
Changes in Assumptions	683,381	1,650,428
Benefit Payments	(443,509)	(292,260)
Net Changes	681,522	2,099,113
Balance - End of Year	\$ 12,657,200	\$ 11,975,678

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's net OPEB liability as of December 31, 2020 calculated using the discount rate of 3.50% as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.50% or 1-percentage-point higher 4.50% than the current rate:

	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
2020			
Net OPEB Liability	\$ 13,071,576	\$ 12,657,200	\$ 12,301,987

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2020. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 15 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate (Continued)

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

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

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

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2020 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the 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 (1.74%)	Healthcare Cost Trend Rates (2.74%)	1% Increase (3.74%)
<u>2020</u>			
Net OPEB Liability	<u>\$ 12,145,488</u>	<u>\$ 12,657,200</u>	<u>\$ 13,228,114</u>

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

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

NOTE 16 RISK MANAGEMENT

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

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 16 RISK MANAGEMENT (Continued)

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

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2020	\$ 10,000	\$ 4,495	\$ 47,712
2019	10,000	15,041	40,822
2018	10,000	16,037	44,623

NOTE 17 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2020 and 2019. 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, 2020 and 2019, the Borough reserved \$2,697,220 and \$2,370,197, 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, 2020 and 2019, 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.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 18 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2020 and 2019, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 19 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Moonachie Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 24, 2020 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Moonachie approved the adoption of the Plan at the general election held on November 7, 2000.

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

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

The Borough of Moonachie has contributed \$1,379 and \$1,344 for 2020 and 2019, respectively, for each eligible volunteer fire department and volunteer first aid member into the Plan. The total Borough contributions were \$91,042 and \$84,067 for 2020 and 2019, respectively.

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

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 19 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 20 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the cleanup and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2020. As of December 31, 2020, the Borough has received \$5,111,719 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

NOTE 21 TAX ABATEMENTS

For the years ended December 31, 2020 and 2019, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law").

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the years ended December 31, 2020 and 2019 the Borough abated property taxes totaling \$4,416,712 and \$4,424,372, respectively under the LTTE program. The Borough received \$16,335 and \$16,335 in PILOT payments under this program for the years ended December 31, 2020 and 2019, respectively.

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 22 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, which was first discovered in China and has since spread to other countries, including the United States (and to the Borough) (the “COVID-19 Pandemic”). 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 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 in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 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. Recently, the United States Congress has passed relief and stimulus legislation including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the Borough has instituted necessary precautions and procedures, so as to allow the Borough to continue to provide services during this time. The Borough is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Borough will continue to collect property taxes and other municipal revenues. Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Borough cannot predict how the outbreak will impact the financial condition or operations of the Borough, or if there will be any impact on the assessed values of property within the Borough or deferral of tax payments to municipalities. The Borough cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. At this time, it is not possible to predict any future financial impacts as a result of this pandemic on the Borough’s operations; however, such amounts, if any, could be material.

CURRENT FUND

BOROUGH OF MOONACHIE
STATEMENT OF CURRENT CASH - TREASURER

Balance, January 1, 2020		\$ 11,989,971
Increased by Receipts		
Taxes Receivable	\$ 18,906,968	
Non-Budget Revenue	715,683	
Grants Receivable	43,508	
Due from State of NJ - Senior Citizens' and Veterans' Deductions	15,045	
Revenue Accounts Receivable	1,668,162	
Due to State of New Jersey	3,549	
Prepaid Taxes	444,003	
Received from General Capital Fund	32,862	
Received from Other Trust Fund - Payroll	402	
Received from Other Trust Fund - Miscellaneous Trust	14,188	
Received from Animal Control Trust Fund	115	
Received from Public Assistance Fund	209	
Reserve for Hurricane Sandy Reimbursements	301,366	
Due to Storm Trust Fund	48,719	
Unappropriated Grant Reserves	5,411	
		<u>22,200,190</u>
		34,190,161
Decreased by Disbursements:		
2020 Budget Appropriations	9,548,844	
2019 Appropriation Reserves	233,844	
County Taxes Payable	2,256,418	
Local School District Taxes Payable	8,732,486	
Due to State of New Jersey	3,549	
Payments to Other Trust Fund - Compensated Absences	75,000	
Reserve for Tax Appeals	72,977	
Accounts Payable	27,461	
Appropriated Reserves	578	
Tax Overpayments	3,726	
		<u>20,954,883</u>
Balance, December 31, 2020		<u>\$ 13,235,278</u>

**BOROUGH OF MOONACHIE
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, January 1, <u>2020</u>	Change Fund <u>Advanced</u>	Change Fund <u>Returned</u>	Balance, December 31, <u>2020</u>
Tax Collector	\$ -	\$ 200	\$ 200	\$ -
	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ -</u>

EXHIBIT A-6

STATEMENT OF PETTY CASH FUND

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

EXHIBIT A-7

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

Balance, January 1, 2020, (Due To)	\$ 2,056
Increased by:	
Senior Citizens' and Veteran's Deductions Disallowed by Collector- 2020	\$ 750
Cash Received from State of New Jersey	<u>15,045</u>
	<u>15,795</u>
	17,851
Decreased by:	
Senior Citizens' Deductions Per Tax Duplicate	3,250
Veterans' Deductions Per Tax Duplicate	<u>11,750</u>
	<u>15,000</u>
Balance, December 31, 2020, (Due To)	<u>\$ 2,851</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>2020</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>2020</u>
				<u>2019</u>	<u>2020</u>				
2019	\$ 182,994				\$ 182,994				
2020	-	\$ 19,980,116	\$ 750	\$ 865,184	18,723,974	\$ 15,000	\$ 12,241	\$ 48,685	\$ 315,782
	<u>\$ 182,994</u>	<u>\$ 19,980,116</u>	<u>\$ 750</u>	<u>\$ 865,184</u>	<u>\$ 18,906,968</u>	<u>\$ 15,000</u>	<u>\$ 12,241</u>	<u>\$ 48,685</u>	<u>\$ 315,782</u>

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax	\$ 19,954,201	
Added Taxes (54:4-63.1 et seq.)	<u>25,915</u>	
		<u>\$ 19,980,116</u>

Tax Levy

Local District School Tax (Abstract)	\$ 8,818,946	
County Taxes		
County Taxes (Abstract)	\$ 2,165,500	
County Open Space	90,918	
Due County for Added Taxes (54:63.1 et seq.)	<u>738</u>	
		2,257,156

Local Tax for Municipal Purposes

Add Additional Tax Levied	<u>8,875,561</u>	
	<u>28,453</u>	
		<u>8,904,014</u>
		<u>\$ 19,980,116</u>

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

Balance, January 1, 2020	\$ 625,608
Increased by:	
Transfer from Taxes Receivable - 2020	<u>48,685</u>
Balance, December 31, 2020	<u>\$ 674,293</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, January 1, 2020	<u>\$ 2,850</u>
Balance, December 31, 2020	<u>\$ 2,850</u>

BOROUGH OF MOONACHIE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2020</u>	Accrued in 2020 <u>in 2020</u>	Collected in 2020 <u>Treasurer</u>	<u>Cancelled</u>	Balance, December 31, <u>2020</u>
Borough Clerk					
Licenses					
Alcoholic Beverages		\$ 7,002	\$ 7,002		
Other		18,902	18,902		
Construction Code Official					
Fees and Permits		60,310	60,310		
Board of Health					
Fees and Permits		3,540	3,540		
Police Department					
Fees and Permits		379	379		
Municipal Court					
Fines and Costs	\$ 1,785	14,736	14,736		\$ 1,785
Uniform Fire Safety Act - LEA		54,427	54,427		
Uniform Fire Safety Act - Local Fees		4,130	4,130		
Interest and Costs on Taxes		51,251	51,251		
Interest on Investments		64,160	64,160		
Energy Receipts Tax		449,979	449,979		
CDL Award	4,108			\$ 4,108	-
Interboro Services - Borough of Teterboro					
Police Services		816,000	816,000		
Trailer Camp Fees		67,236	67,236		
Port Authority of NY in Lieu of Taxes		16,335	16,335		
Cellular One Lease	-	39,775	39,775	-	-
	<u>\$ 5,893</u>	<u>\$ 1,668,162</u>	<u>\$ 1,668,162</u>	<u>\$ 4,108</u>	<u>\$ 1,785</u>

BOROUGH OF MOONACHIE
STATEMENT OF 2020 APPROPRIATION RESERVES

	Balance, January 1, <u>2020</u>	Budget After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Salaries and Wages					
General Administration	\$ 3,600	\$ 3,600			\$ 3,600
Mayor & Council	5,975	5,975			5,975
Municipal Clerk	4,141	4,141			4,141
Financial Administration	29,946	29,946	\$ 2,637	\$ 25,000	2,309
Revenue Administration	3,793	3,793			3,793
Tax Assessment	1	1			1
Legal Services	10,000	10,000			10,000
Planning Board	141	141			141
Police	27,836	27,836		25,000	2,836
Crossing Guards	9,936	9,936			9,936
Police- Dispatch 911	12,618	12,618			12,618
Emergency Management Services	49	49			49
Municipal Court	4,770	4,770			4,770
Fire Official	533	533			533
Life Hazard Use Fee Payments	4,240	4,240	430		3,810
Streets & Roads	17,132	17,132		10,000	7,132
Solid Waste Collection	102	102			102
Buildings & Grounds	5,212	5,212			5,212
Public Health Services	96	96			96
Parks & Recreation	2,143	2,143			2,143
Sub-Code Officials-					-
Building Inspector	204	204			204
Plumbing Inspector	661	661			661
Electrical Inspector	354	354			354
Fire Inspector	1,488	1,488			1,488
Property Maintenance Official	519	519			519
Community Affairs-Senior Citizens	527	527			527
Construction Code Official	3,053	3,053			3,053
Municipal Prosecutor	535	535			535
Heath Benefit Waiver	246	246			246
Other Expenses					
General Administration	25,559	53,875	15,062	9	38,804
Grant Consultant	1,740	1,740			1,740
Sandy Consultant	17,090	24,740	7,650		17,090
Mayor & Council	4,049	4,049			4,049
Municipal Clerk	8,209	8,791	558	24	8,209
Financial Administration	61,997	83,862	33,781		50,081
Audit Services	-	30,000	30,000		-
Revenue Administration	8,570	11,364	2,538	38	8,788
Tax Assessment Administration	31,695	33,995	2,300		31,695
Legal Services & Costs	19,925	24,812	6,232	1,125	17,455
Engineering Services Cost	5,588	5,682	580		5,102
Planning Board	7,851	8,861			8,861
Vehicle Maintenance	28,388	34,111	5,600		28,511
First Aid Organization	4,041	4,662	2,740		1,922
Fire Department	11,505	28,828	33		28,795
Fire Hydrant	416	416			416
Fire Official	4,839	4,886	48		4,838
Life Hazard Use Fee Payments	1,454	1,454			1,454

BOROUGH OF MOONACHIE
STATEMENT OF 2020 APPROPRIATION RESERVES

	Balance, January 1, 2020	Budget After Modification	Expended	Transfer	Balance Lapsed
Other Expenses (Continued)					
Police Department	\$ 79,981	\$ 87,680	\$ 7,569		\$ 80,111
Police Dispatch - 911	2,666	2,666	549		2,117
Emergency Management Services	3,426	3,426			3,426
Streets & Roads	18,861	23,261	5,722		17,539
Recycling	20,059	24,554	5,020		19,534
Sanitation - Contractual	5,670	5,670			5,670
Public Health	6,801	7,536	736		6,800
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	22,834	35,736	4,216	\$ 182	31,338
Recreation	8,854	9,874	1,020		8,854
Community Affairs- Senior Citizens	1,769	1,954	186		1,768
Construction Code Official	1,838	3,005	983	133	1,889
Rent Monitoring Board	1,339	1,377	38		1,339
Celebration of Public Events	1,823	2,671	1,415		1,256
Electricity	79,498	87,283	24,226		63,057
Street Lighting	23,724	24,280	2,119		22,161
Telephone	33,053	33,053	462		32,591
Water	8,995	8,995			8,995
Natural Gas	45,168	49,153	14,830		34,323
Gasoline	25,202	25,495	325		25,170
Sanitary Landfill Tax - Tipping Fee	16,621	16,621			16,621
Recycling Tax	8,811	8,811			8,811
Social Security System (O.A.S.I.)	6,465	6,465		5,000	1,465
DCRP	5,000	5,000			5,000
Contingent	1,000	1,000			1,000
LOSAP- Volunteer Fire		46,042	38,972		7,070
LOSAP- First Aid		45,000	9,407		35,593
Municipal Court	1,594	3,147	1,438		1,709
Surety Bond Premium	325	325			325
Employee Group Health	61,737	42,737			42,737
General Liability & Workers Compensation	48,821	48,821			48,821
"911" Telecommunications Agreement	2,000	2,000			2,000
Highway Safety Grant	5,214	5,214		5,214	-
Clean Communities Program	5,257	5,257		5,257	-
Recycling Tonnage Grant	7,133	15,877	4,422	11,455	-
	<u>\$ 970,056</u>	<u>\$ 1,221,715</u>	<u>\$ 233,844</u>	<u>\$ 88,437</u>	<u>\$ 899,434</u>
Encumbrances - Prior Year		\$ 251,659			
Appropriation Reserves		<u>970,056</u>			
		<u>\$ 1,221,715</u>			
Cash Disbursed			<u>\$ 233,844</u>		
Transfer to Accounts Payable			\$ 1,511		
Transfer to Appropriated Reserve- Grants			21,926		
Transferred to Accumulated Leave			65,000		
			<u>\$ 88,437</u>		

BOROUGH OF MOONACHIE
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2020	\$ 251,659
Increased by:	
Charges to 2020 Budget Appropriations	<u>164,221</u>
	415,880
Decreased by:	
Transfer to 2019 Appropriation Reserves	<u>251,659</u>
Balance, December 31, 2020	<u>\$ 164,221</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, January 1, 2020	\$ 21,313
Increased by:	
2020 Tax Levy	\$ 2,165,500
County Open Space Preservation	90,918
Added and Omitted Taxes	<u>738</u>
	<u>2,257,156</u>
	2,278,469
Decreased by:	
Payments	<u>2,256,418</u>
Balance, December 31, 2020	<u>\$ 22,051</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	\$ 3,199	\$ 3,199
Marriage License	<u>350</u>	<u>350</u>
	<u>\$ 3,549</u>	<u>\$ 3,549</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES

Balance, January 1, 2020		
School Tax Deferred	\$ 3,103,810	
School Tax Payable	<u>1,211,445</u>	
		\$ 4,315,255
Increased by:		
Levy - School Year July 1, 2020 to June 30, 2021		<u>8,818,946</u>
		13,134,201
Decreased by:		
Payments		<u>8,732,486</u>
Balance, December 31, 2020		
School Tax Deferred	3,103,810	
School Tax Payable	<u>1,297,905</u>	
		<u>\$ 4,401,715</u>
2020 Liability for Local School Tax		
Tax Paid		\$ 8,732,486
Tax Payable December 31, 2020		<u>1,297,905</u>
		10,030,391
Less Tax Payable December 31, 2019		<u>1,211,445</u>
Amount Charged to 2020 Operations		<u>\$ 8,818,946</u>

**BOROUGH OF MOONACHIE
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2020	\$ 865,184
Increased by:	
Collection of 2021 Taxes	<u>444,003</u>
	1,309,187
Decreased by:	
Applied in 2020 Taxes Receivable	<u>865,184</u>
Balance, December 31, 2020	<u>\$ 444,003</u>

STATEMENT OF APPROPRIATED RESERVES

	Balance, January 1, <u>2020</u>	Cash <u>Disbursements</u>	Transferred from Approp. <u>Reserve</u>	Balance, December 31, <u>2020</u>
Municipal Alliance Grant	\$ 1,292	\$ 328		\$ 964
Recycling Tonnage Grant	6,235	250	\$ 11,455	17,440
Clean Communities Grant	8,076		5,257	13,333
Highway Safety Grant			5,214	5,214
Confiscated Funds	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>7,500</u>
	<u>\$ 23,103</u>	<u>\$ 578</u>	<u>\$ 21,926</u>	<u>\$ 44,451</u>

STATEMENT OF UNAPPROPRIATED RESERVES

	Balance, January 1, <u>2020</u>	Anticipated as 2020 <u>Budget Revenue</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2020</u>
DOJ- COPS Grant	\$ 67,850	\$ 67,850		
Clean Communities Grant	<u>6,001</u>	<u>6,001</u>	\$ 5,411	\$ 5,411
	<u>\$ 73,851</u>	<u>\$ 73,851</u>	<u>\$ 5,411</u>	<u>\$ 5,411</u>

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

Balance, January 1, 2020	<u>\$ 11,454</u>
Decrease by:	
Cancellation	<u>11,454</u>
Balance, December 31, 2020	<u><u>\$ -</u></u>

STATEMENT OF RESERVE FOR TAX APPEALS

	Balance, January 1, <u>2020</u>	Transfer from Current Tax <u>Collections</u>	Cash <u>Disbursement</u>	Balance, December 31, <u>2020</u>
Reserve for Tax Appeals	<u>\$ 2,370,197</u>	<u>\$ 400,000</u>	<u>\$ 72,977</u>	<u>\$ 2,697,220</u>
	<u>\$ 2,370,197</u>	<u>\$ 400,000</u>	<u>\$ 72,977</u>	<u>\$ 2,697,220</u>

BOROUGH OF MOONACHIE
STATEMENT OF STATE AND FEDERAL GRANT RECEIVABLES

<u>Purpose</u>	Balance, January 1, <u>2020</u>	<u>Accruals</u>	Cash <u>Receipt</u>	Balance, December 31, <u>2020</u>
Recycling Tonnage Grant	\$ -	\$ 43,508	\$ 43,508	\$ -
	<u>\$ -</u>	<u>\$ 43,508</u>	<u>\$ 43,508</u>	<u>\$ -</u>

STATEMENT OF RESERVE FOR HURRICANE SANDY REIMBURSEMENTS

Balance, January 1, 2020	\$ 584,811
Increase by:	
Cash Receipts	<u>301,366</u>
Balance, December 31, 2020	<u>\$ 886,177</u>

Analysis

Due to General Capital	\$ 378,515
Due to Sewer Utility Capital	11,351
Current Fund	<u>496,311</u>
	<u>\$ 886,177</u>

**BOROUGH OF MOONACHIE
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2020	\$ 80,530
Decreased by:	
Cash Disbursements	<u>3,726</u>
Balance, December 31, 2020	<u>\$ 76,804</u>

STATEMENT OF INTERLOCAL DUE FROM BOROUGH OF TETERBORO

Balance, January 1, 2020	<u>\$ 33,980</u>
Balance, December 31, 2020	<u>\$ 33,980</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, January 1, 2020	\$ 56,101
Increased by:	
Transfer from Appropriation Reserves	<u>1,511</u>
	57,612
Decreased by:	
Cancellation	\$ 27,019
Cash Disbursements	<u>27,461</u>
	<u>\$ 54,480</u>
Balance, December 31, 2020	<u>\$ 3,132</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, 2020	\$ 2,881	\$ 877,774	\$ 40,822
Increased by Receipts:			
Budget Appropriation			\$ 10,000
Due to State of NJ	\$ 344		
Animal License Fees	1,839		
Miscellaneous Reserves		\$ 1,146,598	
Payroll Salaries & Deductions Payable		5,062,776	
Receipts from Current Fund		75,000	
Escrow Deposits		6,859	
Interest on Investments and Deposits	<u>18</u>	<u>4,179</u>	<u>1,385</u>
	<u>2,201</u>	<u>6,295,412</u>	<u>11,385</u>
	5,082	7,173,186	52,207
Decreased by Disbursements:			
Expenditures under R.S. 4:19-15.11	1,658		
Escrow Deposits		13,509	
Payroll Salaries & Deductions Payable		5,064,776	
Miscellaneous Reserves		1,174,839	
Payments to State of NJ - State Registration Fees	344		
Payments to State of NJ - Unemployment Ins. Benefits			4,495
Payments to Current Fund	<u>115</u>	<u>14,590</u>	<u>-</u>
	<u>2,117</u>	<u>6,267,714</u>	<u>4,495</u>
Balance, December 31, 2020	<u>\$ 2,965</u>	<u>\$ 905,472</u>	<u>\$ 47,712</u>

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

Balance, January 1, 2020	\$ 2,108
Decreased by:	
Interest on Investments and Deposits	<u>492</u>
Balance, December 31, 2020	<u>\$ 1,616</u>

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

Balance, January 1, 2020, (Due From)	\$ (32)
Increased by:	
Payments to Current Fund	<u>402</u>
	(434)
Decreased by:	
Interest on Investments and Deposits	<u>1,015</u>
Balance, December 31, 2020, Due To	<u>\$ 581</u>

BOROUGH OF MOONACHIE
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	Balance January 1, <u>2020</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2020</u>
Parking Offence Adjudication Act	\$ 2,659	\$ 900	\$ 1,600	\$ 1,959
Compensated Absences	682,586	65,000	110,192	637,394
Storm Trust		48,719		48,719
Fire Prevention Fees - Penalty	92,545			92,545
Municipal Alliance	5,128	4,637	512	9,253
Celebration of Public Events	6,890			6,890
Charitable Contributions	409			409
Secure Child Program	224		224	-
Premium on Tax Sale	14,664	22,000	11,400	25,264
Centennial Celebration	6,793			6,793
Police Outside Duty	9,049	1,114,749	1,048,000	75,798
Flex Spending	292	2,900	2,803	389
Summer Recreation	27,128	272	108	27,292
Basketball	7,303	1,140		8,443
Soccer	1,418	-	-	1,418
	<u>\$ 857,088</u>	<u>\$ 1,260,317</u>	<u>\$ 1,174,839</u>	<u>\$ 942,566</u>
		Cash Receipts	\$ 1,146,598	
		Due from Current Fund - Compensated Absences	65,000	
		Due from Current Fund - Storm Trust	<u>48,719</u>	
		<u>\$ 1,260,317</u>		
		Cash Disbursed	\$ 1,174,615	
		Transfer to Current Fund	<u>224</u>	
			<u>\$ 1,174,839</u>	

STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND

Balance, January 1, 2020	\$ 53,414
Increased by:	
Cash Receipts	<u>6,859</u>
	60,273
Decreased by:	
Cash Disbursements	<u>13,509</u>
Balance, December 31, 2020	<u>\$ 46,764</u>

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

Balance, January 1, 2020	\$ 41
Increased by:	
State Fees Collected	<u>344</u>
	385
Decreased by:	
Payments to State Treasurer	<u>344</u>
Balance, December 31, 2020	<u>\$ 41</u>

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND

Balance, January 1, 2020	\$ 2,725
Increased by:	
Animal Control License Fees Collected	<u>1,839</u>
	4,564
Decreased by:	
Cash Disbursements	<u>1,658</u>
Balance, December 31, 2020	<u>\$ 2,906</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2018	\$ 2,615
2019	<u>2,725</u>
	<u>\$ 5,340</u>

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

Balance, January 1, 2020	\$ 115
Increased by:	
Interest on Investments and Deposits	<u>18</u>
	133
Decreased by:	
Cash Disbursements	<u>115</u>
Balance, December 31, 2020	<u>\$ 18</u>

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

Balance, January 1, 2020	\$ 40,822
Increased by:	
Budget Appropriation	\$ 10,000
Interest on Investments and Deposits	<u>1,385</u>
	<u>11,385</u>
	52,207
Decreased by:	
Unemployment Claims	<u>4,495</u>
Balance, December 31, 2020	<u>\$ 47,712</u>

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

Balance, January 1, 2020	\$ 28,249
Increased by:	
Cash Receipts	<u>5,062,776</u>
	5,091,025
Decreased by:	
Cash Disbursements	<u>5,064,776</u>
Balance, December 31, 2020	<u>\$ 26,249</u>

EXHIBIT B-11

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

Increased by:	
Unemployment Claims	<u>\$ 4,495</u>
Decreased by:	
Cash Disbursements	<u>\$ 4,495</u>

EXHIBIT B-12

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

Balance, January 1, 2020	\$ 1,975
Increased by:	
Interest on Investments and Deposits	<u>11</u>
Balance, December 31, 2020	<u>\$ 1,986</u>

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

Balance, January 1, 2020		\$ 60,812
Increased by:		
Transfer from Appropriation Reserves- Compensated Absences	\$ 65,000	
Fema/Covid Proceeds Transferred to Storm Trust	48,719	
Payments to Current Fund	<u>14,188</u>	
		<u>127,907</u>
		188,719
Decreased by:		
Receipts from Current Fund	75,000	
Interest on Investments and Deposits	<u>2,661</u>	
		<u>77,661</u>
Balance, December 31, 2020		<u><u>\$ 111,058</u></u>

<u>Analysis of Interest</u>	
Recreation (Due To)	(118)
Soccer (Due To)	(6)
Basketball (Due To)	(31)
Compensated Absences (Due From)	62,494
Storm Recovery Trust (Due From)	<u>48,719</u>
	<u><u>\$ 111,058</u></u>

GENERAL CAPITAL FUND

BOROUGH OF MOONACHIE
STATEMENT OF GENERAL CAPITAL CASH

Balance, January 1, 2020		\$	5,722,329
Increased by Receipts:			
Grant Receipts	\$	371,250	
Interest Earnings		10,998	
Capital Improvement Fund		250,000	
Notes Paid by Budget		947,797	
Premium on Bond Anticipation Notes Issued		28,619	
Premium on Sale of Bonds Issued		4,589	
Serial Bonds Issued		1,790,000	
Bond Anticipation Notes		<u>2,458,000</u>	
			<u>5,861,253</u>
			11,583,582
Decreased by Disbursements:			
Improvement Authorizations		2,548,911	
Payments to Current Fund		32,862	
Bond Anticipation Notes		<u>4,330,103</u>	
			<u>6,911,876</u>
Balance, December 31, 2020		\$	<u>4,671,706</u>

BOROUGH OF MOONACHIE
ANALYSIS OF GENERAL CAPITAL CASH

Balance,
December 31,
2020

Grants and Other Receivables	\$ (33,730)
Due to Current Fund	(3,906)
Contracts Payable	1,477,851
Reserve for Preliminary Costs	2,095
Reserve for Payment of Debt	471,853
Capital Improvement Fund	974,751
Fund Balance	120,846

Ord.

<u>No.</u>	<u>Improvement Authorization</u>	
04-08	Various Capital Improvements/Municipal Building Improvements	5,852
13-05	Hurricane Sandy Improvements	11,055
13-11	Senior Center Improvements	15,091
14-03	Various Acquisitions and Improvements	178,740
14-05	Improvements to Concord Street Park	17,448
14-06	Preliminary Costs - New DPW Building	11,950
15-03	Tax Appeal Refunding	3,424
15-08	Acquisition of Ambulance	(3,750)
16-02	Installation of Financial Software	1,934
16-06	Various Acquisitions and Improvements	61,523
16-07	Construction of the DPW Building	108,119
17-03	Various Acquisitions and Improvements	316,370
18-05	Various Acquisition and Improvements	343,277
18-09	Supplemental New Municipal Building	3,523
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
19-08	Construction New Municipal Building	148,342
19-09	Various Acquisitions and Improvements	87,498
19-10	Construction of the DPW Building	165,819
20-03	Various Acquisitions and Improvements	156,400
20-05	Moonachie Road Streetscape Project Phase III	(24,947)
20-07	Various Acquisitions and Improvements	33,275
		<hr/>
		\$ 4,671,706

BOROUGH OF MOONACHIE
STATEMENT OF DUE TO/FROM CURRENT FUND

Balance, January 1, 2020 (Due to)	\$ 17,958
Increased by:	
Interest Earnings	<u>10,998</u>
	28,956
Decrease by:	
Payments to Current Fund	<u>32,862</u>
Balance, December 31, 2020 (Due from)	<u>\$ (3,906)</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, January 1, 2020	\$ 7,570,000
Increased by:	
Serial Bonds Issued	<u>1,790,000</u>
	9,360,000
Decreased by:	
Budget Appropriation to Pay Bonds	\$ 400,000
Paid with Issue Premium	<u>45,000</u>
	<u>445,000</u>
Balance, December 31, 2020	<u>\$ 8,915,000</u>

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

		Analysis of Balance								
Ordinance		Balance, January 1, 2020	Authorized 2020	Transfer to Deferred Taxation Fund	Notes Paid by Budget Appropriation	Reserve for DPW Building	Cancelled Authorization	Balance, December 31, 2020	Bond Anticipation Notes	Improvement Authorizations Unfunded
Number	Improvement Description									
13-11	Senior Center Improvements									
14-05	Improvements to Concord Street Park									
15-03	Tax Appeal Refunding	\$ 12,000					\$ 12,000			
15-08	Acquisition of Ambulance	14,425						\$ 14,425	\$ 3,750	\$ 10,675
15-10	Construction of Municipal Building	871,353		\$ 603,556	\$ 267,797					
16-02	Installation of Financial Software	5,000					5,000			
16-07	Construction of the DPW Building	1,900,000			24,516	\$ 272,484		1,603,000	\$ 1,603,000	
18-05	Various Acquisitions and Improvements	718,857		118,857	600,000					
18-09	Construction of New Municipal Building	475,000						475,000	475,000	
18-10	Moonachie Road Streetscape Project Phase III	256,250		200,766	55,484					
19-08	Construction New Municipal Building	285,000		285,000						
19-09	Various Acquisitions and Improvements	583,495		581,821				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		50,053
20-07	Various Acquisitions and Improvements	-	664,947	-	-	-	-	664,947	-	664,947
		<u>\$ 5,501,380</u>	<u>\$ 739,947</u>	<u>\$ 1,790,000</u>	<u>\$ 947,797</u>	<u>\$ 272,484</u>	<u>\$ 17,000</u>	<u>\$ 3,214,046</u>	<u>\$ 2,458,000</u>	<u>\$ 727,349</u>
Bond Anticipation Notes									<u>\$ 2,458,000</u>	

BOROUGH OF MOONACHIE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ord. Amount	Balance,		2020 Authorizations		Canceled Ordinances	Contract Cancelled	Paid or Charged	Balance,	
			January 1, 2020		Capital Impvt.	Deferred Charges				December 31, 2020	
			Funded	Unfunded	Fund	Unfunded				Funded	Unfunded
General Improvements											
04-08/08-03	Various Capital Improvements/Municipal Building Improvements	\$ 2,280,000						\$ 435,836	\$ 429,984	\$ 5,852	
09-15	Improvements to Romeo Street and State Street	254,000	\$ 1,127				\$ 751		376	-	
13-05	Hurricane Sandy Improvements	6,370,000	11,055					684,170	684,170	11,055	
13-11	Senior Center Improvements	50,000	15,091						-	15,091	
13-12	Road Improvements	165,000	15,057				15,057		-	-	
13-13	Curb and Ramp Improvements	30,000	5,548				5,548		-	-	
14-03	Various Acquisitions and Improvements	907,500	178,740						-	178,740	
14-05	Improvements to Concord Street Park	35,000	17,448						-	17,448	
14-06	Preliminary Costs - New DPW Building	500,000						295,143	283,193	11,950	
15-03	Tax Appeal Refunding	875,000	3,424	\$ 12,000			12,000		-	3,424	
15-08	Acquisition of Ambulance	180,000		10,675					-		\$ 10,675
15-09	Acquisition of Dual Rear Wheel DPW Truck	42,500	1,240				1,240		-	-	
15-10	Construction of Municipal Building	4,000,000	-					12,863	12,863	-	
16-02	Installation of Financial Software	65,000	1,934	5,000			5,000		-	1,934	-
16-06	Various Acquisitions and Improvements	340,000	61,367						(156)	61,523	
16-07	Construction of the DPW Building	2,000,000						1,077,406	969,287		108,119
17-03	Various Acquisitions and Improvements	900,000	535,730						219,360	316,370	
18-04	Falcon RME Asphalt Hot Patcher Dump Trailer	16,900	72				127		(55)	-	
18-05	Various Acquisition and Improvements	825,000		331,609				78,421	66,753	343,277	
18-09	Supplemental New Municipal Building	500,000		24,786				39,025	60,288		3,523
18-10	Moonachie Road Streetscape Project Phase III	300,000	43,750	252,252				382	288,176	8,208	
18-11	Intersection Improvements	75,000	47,348					42	36,147	11,243	
19-05	Acquisition of Police Utility Vehicle	62,500	61,897						60,345	1,552	
19-08	Construction New Municipal Building	300,000	14,000	285,000					150,658	148,342	
19-09	Various Acquisitions and Improvements	601,600	16,541	583,495					510,864	87,498	1,674
19-10	Construction of the DPW Building	400,000		320,655				72,903	227,739		165,819
20-03	Various Acquisitions and Improvements	156,500			\$ 156,500				100	156,400	
20-05	Moonachie Road Streetscape Project Phase III	75,000				\$ 75,000			24,947		50,053
20-07	Various Acquisitions and Improvements	699,945	-	-	34,998	664,947	-	-	1,723	33,275	664,947
			\$1,031,369	\$ 1,825,472	\$ 191,498	\$ 739,947	\$ 39,723	\$ 2,696,191	\$ 4,026,762	\$ 1,413,182	\$ 1,004,810

Cash Disbursed \$ 2,548,911
Contracts Payable 1,477,851

\$ 4,026,762

Capital Fund Balance \$ 22,723
Deferred Charge - Unfunded 17,000
\$ 39,723

BOROUGH OF MOONACHIE
STATEMENT OF CONTRACTS PAYABLE

Balance, January 1, 2020	\$ 2,696,191
Increased by:	
Charges to Improvement Authorizations	<u>1,477,851</u>
	4,174,042
Decreased by:	
Cancellation	<u>2,696,191</u>
Balance, December 31, 2020	<u>\$ 1,477,851</u>

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, January 1, 2020	<u>\$ 100,603</u>
Increased by:	
Grant Proceeds	<u>371,250</u>
Balance, December 31, 2020	<u>\$ 471,853</u>

Analysis of Balance

Ord. #04-12	\$ 16,062
Ord. #04-17	13,786
Ord. #05-02	13,447
Ord. #08-04	7,081
Ord. #10-08	14,785
Ord. #16-06	35,442
Ord. #18-10	165,000
Ord. #19-09	<u>206,250</u>
	<u>\$ 471,853</u>

BOROUGH OF MOONACHIE
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturity of Bonds Outstanding December 31, 2020		Interest Rate	Balance, January 1, 2020	Increased	Decreased	Balance, December 31, 2020
			Date	Amount					
General Improvements	8/15/2012	\$ 965,000			2.00 %	\$ 150,000		\$ 150,000	-
General Improvements	10/18/2018	7,670,000	10/15/2021	\$ 250,000	3.00-5.00 %				
			10/15/2022	295,000	5.00				
			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	2.33				
			10/15/2032	435,000	3.38				
			10/15/2033	450,000	3.50				
			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	7,420,000		250,000	\$ 7,170,000
General Improvements	10/15/2020	1,790,000	10/15/2021-22	210,000	1.00 %				
			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	-	\$ 1,790,000	45,000	1,745,000
						<u>\$ 7,570,000</u>	<u>\$ 1,790,000</u>	<u>\$ 445,000</u>	<u>\$ 8,915,000</u>
					Budget Appropriation			\$ 400,000	
					Paid with Issue Premium			<u>45,000</u>	
								\$ 445,000	

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, 2020	Increased	Decreased	Balance, December 31, 2020
15-10	Construction of New Municipal Building	10/21/2017	10/17/2019	10/16/2020	1.42 %	\$ 871,353		\$ 871,353	
16-07	Construction of DPW Building	10/17/2019	10/17/2019 10/15/2020	10/16/2020 10/15/2021	1.42 1.50	1,900,000	\$ 1,603,000	1,900,000	\$ 1,603,000
18-05	Various Acquisitions and Improvements	10/17/2019	10/17/2019	10/16/2020	1.42	783,750		783,750	-
18-09	Construction of New Municipal Building	10/17/2019	10/17/2019 10/15/2020	10/16/2020 10/15/2021	1.42 1.50	475,000	475,000	475,000	- 475,000
18-10	Moonachie Road Streetscape Project PH III	10/17/2019	10/17/2019	10/16/2020	1.42	300,000	-	300,000	-
19-10	Construction of DPW Building	10/15/2020	10/15/2020	10/15/2021	1.50	-	380,000	-	380,000
						<u>4,330,103</u>	<u>2,458,000</u>	<u>4,330,103</u>	<u>2,458,000</u>
							Renewals	\$ 2,078,000	\$ 2,078,000
							Issued for Cash	380,000	
							Paid from Bond Funds		923,179
							Paid by Budget Appropriation		947,797
							Paid with Reserve for DPW Building	-	272,484
							Paid with Excess Note Proceeds	-	108,643
								<u>\$ 2,458,000</u>	<u>\$ 4,330,103</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>	<u>Bergen County Open Space Recreation Ord. 19-09</u>	<u>Bergen County Open Space Recreation Ord. 14-05</u>
Balance, January 1, 2020	\$ 704,081	\$ 516,753	\$ 47,500	\$ 37,180	\$ 27,418	\$ 27,750	\$ 41,168	\$ 6,312
Increased by:								
Awards	<u>179,000</u>	<u>179,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	883,081	695,753	47,500	37,180	27,418	27,750	41,168	6,312
Decreased by:								
Collected	<u>371,250</u>	<u>371,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>371,250</u>	<u>371,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2020	<u>\$ 511,831</u>	<u>\$ 324,503</u>	<u>\$ 47,500</u>	<u>\$ 37,180</u>	<u>\$ 27,418</u>	<u>\$ 27,750</u>	<u>\$ 41,168</u>	<u>\$ 6,312</u>

Analysis of Balance

Reserve for Grant Receivable	\$ 478,101	\$ 324,503	\$ 47,500	\$ 37,180		\$ 27,750	\$ 41,168	
Receivable Without Offsetting Reserve	<u>33,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 27,418</u>	<u>-</u>	<u>-</u>	<u>\$ 6,312</u>
	<u>\$ 511,831</u>	<u>\$ 324,503</u>	<u>\$ 47,500</u>	<u>\$ 37,180</u>	<u>\$ 27,418</u>	<u>\$ 27,750</u>	<u>\$ 41,168</u>	<u>\$ 6,312</u>

BOROUGH OF MOONACHIE
STATEMENT OF GRANT RECEIVABLES/OTHER RECEIVABLES

	Sub-Total Page 2	Department of Transportation				
		Ord. 09-15	Ord. 13-12	Ord. 16-06	Ord. 18-10	Ord. 19-09/20-03
Balance, January 1, 2020	\$ 516,753	\$ 65,463	\$ 44,742	\$ 13,298	\$ 176,250	\$ 217,000
Increased by:						
Awards	179,000	-	-	-	-	179,000
	<u>695,753</u>	<u>65,463</u>	<u>44,742</u>	<u>13,298</u>	<u>176,250</u>	<u>396,000</u>
Decreased by:						
Collected	371,250	-	-	-	165,000	206,250
	<u>371,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,000</u>	<u>206,250</u>
Balance, December 31, 2020	<u>\$ 324,503</u>	<u>\$ 65,463</u>	<u>\$ 44,742</u>	<u>\$ 13,298</u>	<u>\$ 11,250</u>	<u>\$ 189,750</u>
<u>Analysis of Balance</u>						
Reserve for Grant						
Receivable	\$ 324,503	\$ 65,463	\$ 44,742	\$ 13,298	\$ 11,250	\$ 189,750
Receivable Without						
Offsetting Reserve	-	-	-	-	-	-
	<u>\$ 324,503</u>	<u>\$ 65,463</u>	<u>\$ 44,742</u>	<u>\$ 13,298</u>	<u>\$ 11,250</u>	<u>\$ 189,750</u>

BOROUGH OF MOONACHIE
STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, January 1, 2020	\$ 916,249
Increased by:	
2020 Budget Appropriation	<u>250,000</u>
	1,166,249
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>191,498</u>
Balance, December 31, 2020	<u>\$ 974,751</u>

STATEMENT OF RESERVE FOR PRELIMINARY COSTS

Balance, January 1, 2020	<u>\$ 2,095</u>
Balance, December 31, 2020	<u>\$ 2,095</u>

BOROUGH OF MOONACHIE
STATEMENT OF RESERVE FOR CONSTRUCTION OF DPW BUILDING

Balance, January 1, 2020	\$ 272,484
Decreased by:	
Apply to Deferred Charges Unfunded - Ord. #16-07	<u>272,484</u>
Balance, December 31, 2020	<u>\$ -</u>

STATEMENT OF RESERVE FOR POLICE VEHICLE

Balance, January 1, 2020	\$ 18,875
Decreased by:	
Apply to Capital Fund Balance for Acquisition of Police Vehicle Ord. #19-05	<u>18,875</u>
Balance, December 31, 2020	<u>\$ -</u>

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

Ordinance Number	Improvement Description	Balance, January 1, 2020	Authorized 2020	Authorizations Cancelled	Bonds Issued	Notes Issued	Balance, December 31, 2020
15-03	Tax Appeal Refunding	\$ 12,000		\$ 12,000			
15-08	Acquisition of Ambulance	14,425					\$ 14,425
16-02	Acquisition & Installation of Financial Software	5,000		5,000			-
19-08	Construction New Municipal Building	285,000			\$ 285,000		-
19-09	Various Acquisitions and Improvements	583,495			581,821		1,674
19-10	Construction of the DPW Building	380,000				\$ 380,000	-
20-05	Supplemental-Streetscape Project Phase III		\$ 75,000				75,000
20-07	Various Acquisitions and Improvements	-	664,947	-	-	-	664,947
		<u>\$ 1,279,920</u>	<u>\$ 739,947</u>	<u>\$ 17,000</u>	<u>\$ 866,821</u>	<u>\$ 380,000</u>	<u>\$ 756,046</u>

SEWER UTILITY FUND

BOROUGH OF MOONACHIE
STATEMENT OF CASH - TREASURER
SEWER UTILITY FUND

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2020	\$ 1,227,142	\$ 741,069
Increased by Receipts:		
Sewer Utility Rents Receivable	\$ 1,796,025	
Receipts from Sewer Capital Fund	8,331	
Premium on Sale of Bonds		\$ 9,945
Budget Appropriations to Pay Notes		116,790
Interest on Investments and Deposits		4,023
Bond Proceeds		1,255,000
Reserve for Sandy Proceeds		228,614
Bond Anticipation Notes		469,000
Rent Overpayments	5,060	
Non-Budgeted Revenue	<u>68,576</u>	<u>-</u>
	<u>1,877,992</u>	<u>2,083,372</u>
	3,105,134	2,824,441
Decreased by Disbursements:		
2020 Budget Appropriations	1,775,596	
2019 Appropriation Reserves	41,775	
Improvement Authorizations		103,796
Encumbrances Payable	32	171,107
Bond Anticipation Notes		1,425,897
Payments to Sewer Operating Fund		8,331
Sewer Rent Overpayments	26,931	
Accrued Interest	<u>23,045</u>	<u>-</u>
	<u>1,867,379</u>	<u>1,709,131</u>
Balance, December 31, 2020	<u>\$ 1,237,755</u>	<u>\$ 1,115,310</u>

BOROUGH OF MOONACHIE
ANALYSIS OF SEWER UTILITY CAPITAL CASH

	Balance, December 31, <u>2020</u>
Capital Improvement Fund	\$ 96,215
Due from Sewer Operating Fund	(881)
Fund Balance	50,205
Encumbrance Payable	24,253
Reserve for Sandy Proceeds	228,614
Improvement Authorizations:	
Ord. No. 13-06 Hurricane Sandy Improvements	194,968
Ord. No. 14-04 Sewer Capital Improvements	239,993
Ord. No. 17-04 Electrical Rehabilitation of the Moonachie Ave Pump Station	253,487
Ord. No. 17-06 Acquisition of Generators for Various Pump Stations	49,389
Ord. No. 18-06 Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	22,867
Ord. No. 20-08 Acquisition of Generators for Moonachie Ave Pump Station and Lincoln Place Pump Station	<u>(43,800)</u>
	<u>\$ 1,115,310</u>

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

<u>Year of Levy</u>	<u>Balance, January 1, 2020</u>	<u>Levy</u>	<u>Collected In 2020</u>	<u>Balance, December 31, 2020</u>
2016	\$ 25,735			\$ 25,735
2017	25,735			25,735
2018	107,396		\$ 81,661	25,735
2019	187,917	\$ 237,578	395,919	29,576
2020	<u>-</u>	<u>1,427,490</u>	<u>1,318,445</u>	<u>109,045</u>
	<u>\$ 346,783</u>	<u>\$ 1,665,068</u>	<u>\$ 1,796,025</u>	<u>\$ 215,826</u>

EXHIBIT D-8

BOROUGH OF MOONACHIE
STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY OPERATING FUND

Balance, January 1, 2020	\$ 11,671
Decreased by:	
Transfer to Appropriation Reserves	<u>11,671</u>
Balance, December 31, 2020	<u>\$ -</u>

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

Balance, January 1, 2020	\$ 171,107
Increased by:	.
Charges to Improvement Authorizations	<u>24,253</u>
	195,360
Decreased by:	
Cash Disbursed	<u>171,107</u>
Balance, December 31, 2020	<u>\$ 24,253</u>

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

Balance, January 1, 2020	\$ 292
Decrease by:	
Cancellations	<u>292</u>
Balance, December 31, 2020	<u>\$ -</u>

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

	Balance, January 1, <u>2020</u>	Balance, After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING				
Salaries & Wages	\$ 26,726	\$ 26,726		\$ 26,726
Other Expenses	85,370	97,041	\$ 41,775	55,266
Bergen County Utilities Authority	500	500		500
Social Security System (O.A.S.I.)	<u>937</u>	<u>937</u>	<u>-</u>	<u>937</u>
	<u>\$ 113,533</u>	<u>\$ 125,204</u>	<u>\$ 41,775</u>	<u>\$ 83,429</u>
Appropriation Reserves		\$ 113,533		
Encumbrances Payable		<u>11,671</u>		
		<u>\$ 125,204</u>		
Cash Disbursed			<u>\$ 41,775</u>	
			<u>\$ 41,775</u>	

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

	Balance, January 1, <u>2020</u>	Increased by Fixed Capital <u>Completed</u>	Balance, December 31, <u>2020</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
	<u>\$ 3,491,793</u>	<u>\$ 40,208</u>	<u>\$ 3,532,001</u>

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

Balance, January 1, 2020 (Due To)	\$ 3,427
Increased by:	
Interest Earnings	<u>4,023</u>
	7,450
Decreased by:	
Payments to Sewer Utility Operating Fund	<u>8,331</u>
Balance, December 31, 2020 (Due From)	<u>\$ (881)</u>

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

Balance, January 1, 2020	\$ <u>96,215</u>
Balance, December 31, 2020	\$ <u>96,215</u>

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

Balance, January 1, 2020	\$ 3,343,503
Increased by:	
Bonds Paid by Operating Budget	\$ 45,000
Bonds Paid with Issue Premium	35,000
Notes Paid by Operating Budget	<u>45,790</u>
	<u>125,790</u>
	3,469,293
Decreased by:	
Cancellation of Permanently Funded Improvement Authorization	<u>2,292</u>
Balance, December 31, 2020	\$ <u>3,467,001</u>

BOROUGH OF MOONACHIE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Ordinance		Balance, January 1, 2020		2020 Authorization	Authorizations Cancelled	Paid or Charged	Balance, December 31, 2019	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
13-06	Hurricane Sandy Improvements	8/22/2013	\$ 1,020,000		\$ 215,730			\$ 5,250	\$ 210,480	
14-04	Sewer Capital Improvements	8/28/2014	361,500		248,435			2,748	\$ 239,993	5,694
15-07	Acquisition of DPW Truck	9/24/2015	42,500	\$ 2,415			\$ 2,292	123		
17-04	Electrical Rehabilitation of the Moonachie Ave Pump Station	9/28/2017	540,000		260,183			6,696	253,487	
17-06	Acquisition of Generators for Various Pump Stations	11/29/2017	220,000		64,011			14,622	49,389	
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	10/11/2018	80,000	78,445	461			54,810	22,867	1,229
20-08	Acquisition of Generators for Moonachie Ave Pump Station and Lincoln Place Pump Station	11/24/2020	383,600	-	-	\$ 383,600	-	43,800	-	339,800
				<u>\$ 80,860</u>	<u>\$ 788,820</u>	<u>\$ 383,600</u>	<u>\$ 2,292</u>	<u>\$ 128,049</u>	<u>\$ 565,736</u>	<u>\$ 557,203</u>
								Cash Disbursed	\$ 103,796	
								Contracts Payable	<u>24,253</u>	
									<u>\$ 128,049</u>	

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

Ord. No.	Improvement Description	Date	<u>Ordinance</u>		Balance, January 1, 2020	2020 <u>Authorization</u> Def Charges to Future Taxation	Costs to <u>Fixed Capital</u>	Authorizations <u>Cancelled</u>	Balance, December 31, 2020
			<u>Date</u>	<u>Amount</u>					
13-06	Hurricane Sandy Improvements	8/22/2013	\$	1,020,000	\$ 1,020,000				\$ 1,020,000
14-04	Sewer Capital Improvements	7/1/2014		361,500	361,500				361,500
15-07	Acquisition of Truck	9/24/2015		42,500	42,500		\$ 40,208	\$ 2,292	-
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
					<u>\$ 2,264,000</u>	<u>\$ 383,600</u>	<u>\$ 40,208</u>	<u>\$ 2,292</u>	<u>\$ 2,605,100</u>

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

Ord. No.	Improvement Description	Ord. Date	Balance, January 1, 2020	Funded by Note Payment	Balance, December 31, 2020
13-06	Hurricane Sandy Improvements	8/22/2013	\$ 319,611	\$ 35,173	\$ 354,784
14-04	Sewer Capital Improvements	7/1/2014	42,454	35,827	78,281
17-04	Electrical Rehabilitation Moonachie Ave Pump Station	9/28/2017	27,000		27,000
17-06	Acq of Generators Various Pump Stations	11/29/2017	11,000		11,000
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	10/11/2018	<u>4,000</u>	<u>-</u>	<u>4,000</u>
			<u>\$ 404,065</u>	<u>\$ 71,000</u>	<u>\$ 475,065</u>

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

Ord. No.	Improvement Description	Balance, January 1, <u>2020</u>	2020 <u>Authorizations</u>	Notes Paid with <u>Capital Cash</u>	Bonds <u>Issued</u>	Balance, December 31, <u>2020</u>
13-06	Hurricane Sandy Improvements	\$ 15,512				\$ 15,512
14-04	Sewer Capital Improvements	5,694				5,694
17-04	Electrical Rehabilitation Moonachie Ave Pump Station	315,661			\$ 315,661	-
17-06	Acquisition of Generators Various Pump Stations	100,000			100,000	-
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	461		\$ 768		1,229
20-08	Acquisition of Generators for Moonachie Ave Pump Station and Lincoln Place Pump Station	-	\$ 383,600	-	-	-
		<u>-</u>	<u>\$ 383,600</u>	<u>-</u>	<u>-</u>	<u>383,600</u>
		<u>\$ 437,328</u>	<u>\$ 383,600</u>	<u>\$ 768</u>	<u>\$ 415,661</u>	<u>\$ 406,035</u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Notes</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, January 1, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>
12-02	Improvements to the Moonachie Ave Sanitary Sewer Pump Station	10/21/2016	10/17/2019	10/16/2020	1.42	\$ 45,790		\$ 45,790	
13-06	Hurricane Sandy Improvements	10/21/2013	10/17/2019 10/15/2020	10/16/2020 10/15/2021	1.42 % 1.50	684,877	\$ 469,000	684,877	\$ 469,000
14-04	Sewer Capital Improvements	10/21/2014	10/17/2019	10/16/2020	1.42 %	157,540		157,540	
14-04	Sewer Capital Improvements	10/21/2015	10/17/2019	10/16/2020	1.42 %	155,563		155,563	
14-04	Sewer Capital Improvements	10/19/2017	10/17/2019	10/16/2020	1.42 %	249		249	
17-04	Electrical Rehab Moonachie Ave Pump Station	10/18/2018	10/17/2019	10/16/2020	1.42 %	197,339		197,339	
17-06	Acquisition of Generators	10/18/2018	10/17/2019	10/16/2020	1.42 %	109,000		109,000	
18-06	Improvements to Moonachie Avenue Pump Station and Acquisition of Sewer Equipment	10/17/2019	10/17/2019	10/16/2020	1.42 %	75,539	-	75,539	-
						<u>\$ 1,425,897</u>	<u>\$ 469,000</u>	<u>\$ 1,425,897</u>	<u>\$ 469,000</u>
						Renewals	\$ 469,000	\$ 469,000	
						Paid from Bond Funds		839,339	
						Paid by Budget Appropriation		116,790	
						Paid with Capital Cash	-	768	
							<u>\$ 469,000</u>	<u>\$ 1,425,897</u>	

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

Balance, January 1, 2020	\$ 5,296
Increased by:	
2020 Budget Appropriation	<u>24,189</u>
	29,485
Decreased by:	
Interest Paid	<u>23,045</u>
Balance, December 31, 2020	<u>\$ 6,440</u>

Analysis of Accrued Interest, December 31, 2020

Principal Outstanding December 31, <u>2020</u>	Interest <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
\$100,000	2.00%	8/15/2020	2/15/2021	4 1/2 Months	\$ 797
\$469,000	1.50%	10/16/2020	10/15/2021	77 Days	1,484
\$1,220,000	1.00%	10/15/2020	4/15/2021	2 1/2 Months	<u>4,159</u>
					<u>\$ 6,440</u>

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

Purpose	Date of Issue	Original Issue	Maturity of Bonds		Interest Rate		Balance,	Increased	Decreased	Balance,
			Outstanding December 31, 2020	Amount			January 1, 2020			December 31, 2020
Sewer Improvements	8/15/2013	\$ 460,000	8/15/2021-2022	50,000	2.00-2.50 %	\$	145,000		\$ 45,000	\$ 100,000
Sewer Improvements	10/15/2020	\$ 1,255,000	10/15/2021-2023	115,000	1.00-2.00 %					
			10/15/2024-25	120,000						
			10/15/2026-28	125,000						
			10/15/2029-30	130,000			-	\$ 1,255,000	35,000	1,220,000
							\$ 145,000	\$ 1,255,000	80,000	1,320,000
	</									

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

Increased by:	\$ 228,614
Cash Receipts	
Balance, December 31, 2020	<u>\$ 228,614</u>

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

	Balance, January 1, <u>2020</u>	Amount <u>Resulting in 2020</u>	Balance, December 31, <u>2020</u>
Over-Expenditure Budget Appropriation	\$ -	\$ 4,158	\$ 4,158
	<u>\$ -</u>	<u>\$ 4,158</u>	<u>\$ 4,158</u>

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

Balance, January 1, 2020	\$ 16,059
Decrease by:	
Cancellations	<u>16,059</u>
Balance, December 31, 2020	<u>\$ -</u>

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

Balance, January 1, 2020	\$ 27,042
Increased by:	
Cash Receipts	<u>5,060</u>
Decreased by:	
Cash Disbursements	<u>26,931</u>
Balances, December 31, 2020	<u>\$ 5,171</u>

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

Balance, January 1, 2020	\$ 32
Decreased by:	
Cash Disbursements	<u>32</u>
Balance, December 31, 2020	<u>\$ -</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, 2020	\$ 9,716	\$ 9,716	
Increased by:			
Cash Receipts	<u>40</u>	<u>40</u>	<u>-</u>
	9,756	9,756	-
Decreased by:			
Cash Disbursements	<u>209</u>	<u>209</u>	<u>-</u>
Balance, December 31, 2020	<u>\$ 9,547</u>	<u>\$ 9,547</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, 2020	<u>\$ 9,507</u>	<u>\$ 9,507</u>	<u>\$ -</u>
Balance, December 31, 2020	<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>\$ 40</u>	<u>\$ 40</u>	<u>\$ -</u>
Total Revenues/Receipts	<u>\$ 40</u>	<u>\$ 40</u>	<u>\$ -</u>

EXHIBIT E-4

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

Balance, January 1, 2020	\$ 209
Increased by:	
Interest on Investments and Deposits	<u>40</u>
	249
Decreased by:	
Cash Disbursements	<u>209</u>
Balance, December 31, 2020	<u>\$ 40</u>

BOROUGH OF MOONACHIE
BERGEN COUNTY, NEW JERSEY

PART II

GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2020



LERCH, VINCI & HIGGINS, LLP

**CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS**

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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ROBERT W. HAAG, CPA, PSA
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MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA
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, 2020, and the related notes to the financial statements, and have issued our report thereon dated July 21, 2021. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Moonachie's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Moonachie's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Moonachie's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Moonachie's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

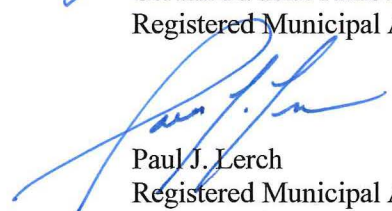
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Moonachie in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

Purpose of this Report

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



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
July 21, 2021

BOROUGH OF MOONACHIE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>2020 Receipts</u>	<u>Balance, January 1, 2020</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance, December 31, 2020</u>	<u>Cumulative 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 Homeland Security (Passed Through State Dept. of Law and Public Safety) Disaster Grants - Public Assistance FEMA - Hurricane Sandy Corona Virus	97.036	2013 2020	5,111,719 15,172	\$ 529,980 15,172		\$ 529,980 15,172	\$ 529,980 15,172			\$ 5,111,719 15,172
U.S. Department of Housing & Urban Development (Passed Through State Dept. of Community Affairs) Community Development Block Grant Ordinance #13-11 Ordinance #19-09	14.218	2013 2019	37,180 47,500		\$ 37,180 47,500			-	37,180 47,500	
U.S. Department of Justice COPS Fast Grant	16.71	2020	67,850		-	67,850	67,850	-	-	\$ 67,850
					<u>\$ 84,680</u>	<u>\$ 613,002</u>	<u>\$ 613,002</u>	<u>\$ 5,214</u>	<u>\$ 89,894</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, 2020

125

<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, 2020</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Cancellation of Prior Year Encumbrance</u>	<u>Balance, December 31, 2020</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	\$ 5,411		\$ 6,001			6,001	-
Recycling Tonnage Grant	4830-752-001-178810	2013	30,716		825		\$ 250		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	43,508		43,508	42,588		920	42,588
Dept. of Environment Protection (Passed Through County of Bergen)										
Municipal Alliance Grant	N/A	2013	9,520		1,292		328		964	8,556
Dept. of Transportation										
Ordinance #16-06	2017-078-6320-480-AMF	2017	113,090		13,298				13,298	99,792
Ordinance #09-15	20.205	2009	200,000		65,463				65,463	134,537
Ordinance #13-12		2013	150,000		44,742				44,742	105,258
Ordinance #18-10		2018	220,000	165,000	176,250		165,000		11,250	208,750
Ordinance #19-09		2019	217,090	206,250	217,090		206,340		10,750	206,340
Ordinance #20-03		2020	179,000		-	179,000	-	-	179,000	-
					<u>\$ 532,446</u>	<u>\$ 228,509</u>	<u>\$ 414,506</u>	<u>\$ 16,712</u>	<u>\$ 363,161</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, 2020

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 384,388	\$ 49,509	\$ 433,897
General Capital Fund	-	179,000	179,000
Sewer Utility Fund	<u>228,614</u>	<u>-</u>	<u>228,614</u>
	<u>\$ 613,002</u>	<u>\$ 228,509</u>	<u>\$ 841,511</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 DE MINIMIS INDIRECT COST RATE

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

**BOROUGH OF MOONACHIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements

Modified- Regulatory Basis and Unaudited
LOSAP Trust Fund

Internal control over financial reporting:

1) Material weakness(es) identified

_____ yes X no

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

_____ yes X none reported

Noncompliance material to the financial
statements noted?

_____ yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF MOONACHIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Part II – Schedule of Financial Statement Findings

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

There are none.

**BOROUGH OF MOONACHIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

Not Applicable.

**BOROUGH OF MOONACHIE
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020

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

	<u>Year 2020</u>			<u>Year 2019</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 1,466,000	6.03 %	\$	1,200,000	5.17 %
Miscellaneous - From Other Than Local					
Property Tax Levies	3,471,978	14.27		3,400,176	14.65
Collection of Delinquent Taxes					
and Tax Title Liens	182,994	0.75		152,036	0.66
Collection of Current Tax Levy	<u>19,203,408</u>	<u>78.95</u>		<u>18,449,836</u>	<u>79.52</u>
Total Income	<u>24,324,380</u>	<u>100.00 %</u>		<u>23,202,048</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	11,088,234	50.03 %		10,852,328	50.42 %
Local School Taxes	8,818,946	39.79		8,646,025	40.17
County Taxes	2,257,156	10.18		1,964,116	9.13
Other Expenditures	<u>-</u>	<u>-</u>		<u>60,697</u>	<u>0.28</u>
Total Expenditures	<u>22,164,336</u>	<u>100.00 %</u>		<u>21,523,166</u>	<u>100.00 %</u>
Excess in Revenue	2,160,044			1,678,882	
Fund Balance, January 1	<u>5,405,259</u>			<u>4,926,377</u>	
	7,565,303			6,605,259	
Less Utilization as Anticipated Revenue	<u>1,466,000</u>			<u>1,200,000</u>	
Fund Balance, December 31	<u>\$ 6,099,303</u>			<u>\$ 5,405,259</u>	

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

	<u>Year 2020</u>			<u>Year 2019</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized					%
Collection of Sewer Rents	\$ 1,796,025	91.24 %	\$ 2,335,479	92.48	
Miscellaneous - From Other Than Sewer	<u>172,379</u>	<u>8.76</u>	<u>189,872</u>	<u>7.52</u>	
Total Income	<u>1,968,404</u>	<u>100.00 %</u>	<u>2,525,351</u>	<u>100.00</u>	%
EXPENDITURES					
Budget Expenditures					
Operating	1,721,834	88.69 %	1,652,788	77.29	%
Deferred Charges and Statutory Expenditures	33,500	1.73	366,511	17.14	
Debt Service	<u>185,979</u>	<u>9.58</u>	<u>119,158</u>	<u>5.57</u>	
Total Expenditures	<u>1,941,313</u>	<u>100.00 %</u>	<u>2,138,457</u>	<u>100.00</u>	%
Excess in Revenue	<u>27,091</u>		<u>386,894</u>		
Adjustments to Income Before Surplus:					
Expenditures included above which are by Statute Deferred					
Charges to budget of Succeeding Year	<u>4,158</u>		<u>-</u>		
Statutory Excess to Surplus	31,249		386,894		
Fund Balance, January 1	<u>1,056,644</u>		<u>669,750</u>		
	1,087,893		1,056,644		
Decreased by:					
Utilized in Sewer Operating Budget	<u>-</u>		<u>-</u>		
Fund Balance, December 31	<u>\$ 1,087,893</u>		<u>\$ 1,056,644</u>		

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	<u>\$2.307</u>	<u>\$2.311</u>	<u>2.423</u>
<u>Apportionment of Tax Rate</u>			
Municipal	\$1.026	\$1.045	\$1.070
County	.262	.235	.254
Local School	1.019	1.031	1.099

Assessed Valuation

2020	<u>\$865,638,528</u>	
2019		<u>\$838,967,490</u>
2018		<u>\$757,587,326</u>

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections (1)</u>
2020	\$ 1,665,068	\$ 1,796,025
2019	2,393,190	2,335,479
2018	1,005,900	910,893

(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>
2020	\$ 19,980,116	\$ 19,603,408	98.11%
2019	19,391,277	19,149,836	98.75%
2018	18,356,235	18,119,461	98.71%

BOROUGH OF MOONACHIE
DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>December 31</u>	Amount of Delinquent <u>Taxes</u>	Amount of Tax Title <u>Liens</u>	Total <u>Delinquent</u>	Percentage of <u>Tax Levy</u>
2020	\$ 315,782	\$ 674,293	\$ 990,075	4.96%
2019	182,994	625,608	808,602	4.17%
2018	141,175	585,953	727,128	3.96%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2020 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>
2020	\$2,850
2019	2,850
2018	2,850

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	Balance, <u>December 31</u>	Utilized In Budget of <u>Succeeding Year</u>
<u>Current Fund</u>	2020	\$6,099,303	\$1,550,000
	2019	5,405,259	1,466,000
	2018	4,926,377	1,200,000
<u>Sewer Utility Operating Fund</u>	2020	\$1,087,893	\$287,655
	2019	1,056,644	
	2018	669,750	

**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
Antonio Cirillo	Councilman - President
Robert Bauer	Councilman
Kathy Kinsella	Councilwoman
Manuel Martinez	Councilman
Bruce Surak	Councilman (1/1/2020 – 7/31/2020)
Karen Surak	Councilwoman (8/27/2020 – 12/31/2020)
John Wende	Councilman
Anthony Ciannamea	Administrator Chief Finance Officer
Supriya Sanyal	Borough Clerk Assessment Search Officer & Registrar of Vital Statistics Planning Board Secretary
Lisa Ciannamea	Deputy Registrar of Vital Statistics Tax Collector
Frank Migliorino	Borough Attorney
Kevin Boswell	Borough Engineer
Philip N. Boggia	Judge
Brittany DeOliveira	Court Administrator
Gino Tessaro	Zoning Official and Construction Official
Keith Dalton	Fire Sub-Code Official
Frederick J. Dressel IV	Fire Official
Ilarione Mario Patruno	Electrical Sub-Code Official
Dominick Luminova	Plumbing Sub-Code Official/Building Sub-Code Official

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

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

Current Year Comments

There are none.

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

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

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

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

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

Streetscape Improvements Phase III
Moonachie Ave. Pump Station Comminutor Replacement
W. Commercial Ave. Road Improvements
2019 Road Program
Garbage Collection

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

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

GENERAL COMMENTS

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

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

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

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on December 7, 2020.

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>
2020	2
2019	2
2018	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 5, 2020 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

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

GENERAL COMMENTS

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS (Continued)

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

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

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

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

Suggestions to Management

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

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 & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457