

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 5, 2016

**NEW ISSUE
BOOK-ENTRY ONLY**

NOT RATED

In the opinion of DeCotiis, FitzPatrick & Cole, LLP, Bond Counsel, assuming continuing compliance by the Borough of Moonachie (the "Borough") with certain covenants described herein, under current law, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended ("Code"), for purposes of computing the federal alternative minimum tax; however, interest on the Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Notes in "adjusted current earnings". No opinion is expressed regarding other federal tax consequences arising with respect to the Notes. Further, in the opinion of Bond Counsel, under current law interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**\$13,580,000 GENERAL OBLIGATION NOTES
CONSISTING OF
\$11,254,562 GENERAL IMPROVEMENT BOND ANTICIPATION NOTES,
\$518,000 TAX APPEAL REFUNDING BOND ANTICIPATION NOTES,
\$1,475,475 SEWER UTILITY BOND ANTICIPATION NOTES
AND
\$331,963 SPECIAL EMERGENCY NOTES
OF THE
BOROUGH OF MOONACHIE
IN THE COUNTY OF BERGEN, NEW JERSEY**

Dated: October 21, 2016

Due: October 20, 2017

The \$13,580,000 aggregate principal amount of General Obligation Notes (the "Notes"), consisting of \$11,254,562 General Improvement Bond Anticipation Notes, \$518,000 Tax Appeal Refunding Bond Anticipation Notes, \$1,475,475 Sewer Utility Bond Anticipation Notes and \$331,963 Special Emergency Notes are general obligations of the Borough of Moonachie, in the County of Bergen, New Jersey (the "Borough"), and are secured by a pledge of the full faith and credit of the Borough for payment of the principal thereof and interest thereon. The Notes are payable, if not paid from other sources, from ad valorem taxes which may be assessed upon all the taxable property within the Borough without limitation as to rate or amount.

The Notes shall be issued in the form of one certificate in the aggregate principal amount of the Notes of each series and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Notes may be in book-entry from only on the records of DTC and its Participants and only in the principal amount of \$1,000 or any integral multiple thereof with a minimum of \$5,000 required. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the Notes will be payable at maturity on October 20, 2017. Principal and interest on the Notes will be paid to DTC by the Borough. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to maturity.

INTEREST	
<u>RATE</u>	<u>YIELD</u>
____%	____%

The Notes are offered when, as and if issued and delivered to the Purchaser, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of DeCotiis, FitzPatrick & Cole, LLP, Teaneck, New Jersey, and certain other conditions described herein. It is expected that the Notes will be available for delivery to DTC on or about October 21, 2016.

**BID PROPOSALS WILL BE ACCEPTED UNTIL 11:00 AM ON OCTOBER 13, 2016:
BY THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC
OR
BY FAX OR E-MAIL
FOR MORE DETAILS REFER TO THE NOTICE OF SALE**

This is a Preliminary Official Statement "deemed final", complete with the exception of the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Borough has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Notes described herein, the Borough will deliver a final Official Statement within the earlier of seven (7) business days following such sale or one (1) business day prior to the date of delivery for the Notes.

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

MAYOR

Dennis Vaccaro

BOROUGH COUNCIL

Robert Bauer
Antonio Cirillo
Kathleen Kinsella
Manuel Martinez
Lucille Millar
Bruce Surak

BOROUGH CLERK

Supriya Sanyal

**BOROUGH ADMINISTRATOR/
CHIEF FINANCIAL OFFICER**

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BOROUGH AUDITOR

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Fair Lawn, New Jersey

BOND COUNSEL

DeCotiis, FitzPatrick & Cole, LLP
Teaneck, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Borough. The information contained herein has been obtained from the Borough, DTC and other sources which are believed to be reliable; however, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation or warranty of the Borough. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, ordinances, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Borough during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Borough from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Notes described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Borough.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement. If given or made, such other information or representation must not be relied upon as having been authorized by the Borough or the Purchaser. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used in whole or in part for any other purpose.

DeCotiis, Fitzpatrick & Cole, LLP, has not participated in the preparation of the financial statements or statistical information contained in this official statement, nor has it verified the accuracy, completeness, or fairness thereof, and accordingly, express no opinion with respect thereto.

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BOROUGH AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

OF THE

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

**\$13,580,000 GENERAL OBLIGATION NOTES
CONSISTING OF**

**\$11,254,562 GENERAL IMPROVEMENT BOND ANTICIPATION NOTES,
\$518,000 TAX APPEAL REFUNDING BOND ANTICIPATION NOTES,
\$1,475,475 SEWER UTILITY BOND ANTICIPATION NOTES
AND
\$331,963 SPECIAL EMERGENCY NOTES**

INTRODUCTION

This Official Statement (the "Official Statement") which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Moonachie (the "Borough"), in the County of Bergen (the "County"), State of New Jersey (the "State"), to provide certain information in connection with the sale and issuance by the Borough of its \$13,580,000 General Obligation Notes consisting of \$11,254,562 General Improvement Bond Anticipation Notes (the "General Improvement Notes"), \$518,000 Tax Appeal Refunding Bond Anticipation Notes (the "Tax Appeal Notes"), \$1,474,475 Sewer Utility Bond Anticipation Notes (the "Sewer Utility Notes") and \$331,963 Special Emergency Notes (the "Special Emergency Notes" and together with the General Improvement Notes, the Tax Appeal Notes and the Sewer Utility Notes, the "Notes"), dated October 21, 2016.

This Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

THE NOTES

General Description

The Notes shall be dated and shall bear interest from October 21, 2016 and shall mature on October 20, 2017. The Notes shall bear interest at the rate set forth on the cover hereof, which interest is payable on October 20, 2017. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as Securities Depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its Direct Participants and transfers of the interests among its Direct Participants. The Direct Participants and Indirect Participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the City or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to Direct Participants, which will in turn remit such payments to the Beneficial Owners of the Notes.

Prior Redemption

The Notes are not subject to redemption prior to their stated maturity.

BOOK-ENTRY ONLY SYSTEM

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Notes, payment of principal and interest and other payments on the Notes to Direct and Indirect Participants (defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each series of the Notes, in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of the Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners

of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, or the Borough as Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Borough as Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, note certificates will be printed and delivered.

The Borough may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

NEITHER THE BOROUGH NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

Discontinuation of Book-Entry Only System

If the Borough, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Notes at any time, the Borough will attempt to locate another qualified Securities Depository. If the Borough fails to find such Securities Depository, or if the Borough determines, in its sole discretion, that it is in the best interest of the Borough or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Borough undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the Borough shall notify DTC of the termination of the book-entry only system.

In the event that the book-entry only system for the Notes is discontinued upon receipt of the Note certificates from DTC and the Participant information, the Borough will authenticate (or cause to be authenticated) and deliver definitive Notes to the holders thereof, and the principal of and interest on the Notes will be payable and the Notes may thereafter be transferred or exchanged in the manner described in the note certificates so provided.

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes have been authorized and are issued pursuant to the laws of the State, including the Local Bond Law, Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), and the Local Budget Law, Chapter 4 of Title 40A of the New Jersey Statutes, as amended (the "Local Budget Law").

The General Improvement Notes, the Tax Appeal Notes and the Sewer Utility Notes have been authorized by the various bond ordinances of the Borough, as set forth below. The bond ordinances were published in full or by summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Borough.

The Special Emergency Notes have been authorized by resolutions adopted by the Council of the Borough on July 11, 2013 and December 11, 2014.

The Notes are being issued to: (i) refund \$9,140,282 of the Borough's \$9,583,000 General Obligation Notes maturing on October 21, 2016; (ii) provide \$4,439,718 in new money for various projects; and (iii) pay costs and expenses incidental to the issuance of the delivery of the Notes.

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>
<u>General Improvement Notes</u>		
13-5	Hurricane Sandy Improvements	\$ 6,183,455
13-12	Road Improvements	59,357
13-13	Curb and Ramp Improvements	23,000
14-03	Various Acquisitions and Improvements	485,000
14-06	Preliminary Costs-New DPW Building	271,000
15-08	Acquisition of an Ambulance	171,000
15-10	Construction of Municipal Building	4,000,000
2016-2	Acquisition & Installation of Financial Software	61,750
		11,254,562

Ordinance Number	Description	Amount
<u>Tax Appeal Notes</u>		
15-03	Tax Appeal Refunding	<u>\$ 518,000</u>
<u>Sewer Utility Notes</u>		
95-8	Improvement of Sanitary Sewer System	71,101
12-02	Improvement of Moonachie Ave Pump Station	76,510
13-06	Hurricane Sandy Improvements	984,827
14-04	Sewer Capital Improvements	<u>343,037</u>
		1,475,475
<u>Special Emergency Notes</u>		
13-165/14-302	Special Emergency Notes	<u>331,963</u>
		<u>\$ 13,580,000</u>

IMPACT OF HURRICANE SANDY

In October 2012, a tidal surge from the Hackensack River during Hurricane Sandy caused significant damage to nearly 90% of the homes and businesses in the Borough. In addition to damaging the residential and commercial properties, the Borough's infrastructure suffered extensive damage. Much of the municipal property, including buildings such as the Municipal Complex, the civic center, the first aid and rescue squad building and the fire department were ruined. Vehicles and equipment were also lost including an ambulance and 2 fire engines. The Borough's roadways and sewer system also suffered damage. The Borough's governmental and emergency services have been operating out of satellite locations and the Borough is fully functional.

On November 29, 2012, the Borough adopted a resolution providing for an emergency appropriation in the amount of \$6,000,000 for the purpose of paying expenses related to the response, recovery and restoration with respect to Hurricane Sandy, and on December 21, 2012, the Borough issued \$6,000,000 of its Emergency Notes maturing on October 21, 2013. This emergency authorization was subsequently funded by a special emergency resolution, a general capital bond ordinance and a sewer utility bond ordinance, as described below.

In July 2013 the Borough adopted a special emergency resolution converting \$1,375,000 of the November 2012 emergency resolution into a special emergency to fund the cost of certain storm related costs and on December 11, 2014, the Borough adopted a supplemental special emergency resolution appropriating \$505,000 for additional extraordinary costs with respect to Hurricane Sandy. The majority of these costs are expected to be covered by FEMA reimbursements and the Borough has received \$1,382,037 to date. The Borough will re-pay any costs not covered by FEMA by December 31, 2017.

In August 2013 the Borough adopted a general capital bond ordinance in the amount of \$6,370,000 and a sewer utility bond ordinance in the amount of \$1,020,000. The general capital bond ordinance funded \$3,605,000 of the November 2012 emergency resolution, and additional Sandy related capital projects and the sewer utility bond ordinance funded \$1,020,000 of the November 2012 emergency resolution. These bond ordinances fund improvements and acquisition necessitated by Sandy including repairs to the civic center, firehouse and first aid building as well as the construction of a new municipal building and sewer utility improvements and equipment. In 2015 the Borough adopted an ordinance for supplemental funding of the municipal building in the amount of \$4,000,000. In September 2016 the Borough adopted an ordinance for the construction of a new Department of

Public Works building in the amount of \$2,000,000. The Borough expects a portion of these costs to be covered by grant money and insurance proceeds, reducing the cost to the taxpayer.

The Borough's assessed valuation for 2016 reflects a decrease of 9.3% over its 2012 value. The majority of this decrease reflects approximately \$5.3 million in reductions made to assessments in connection with Hurricane Sandy and settled tax appeals. In addition, the Borough is still facing ongoing tax appeals related to Hurricane Sandy as well as prior year appeals from some of their largest taxpayers. The total impact of these appeals is unknown at the time. The Borough has adopted a refunding ordinance to fund settlements with some of its largest tax payers in the amount of \$875,000. These reductions will not impact the Borough's ability to levy taxes and these reductions will be factored into the Borough's tax rate calculation.

The Borough applied for and received a low interest Community Disaster Loan from FEMA. The program helps municipalities that have suffered substantial revenue losses from a major disaster to perform their governmental functions. The Borough's 2013 budget included proceeds from this loan of \$1,488,020 and the 2014 budget used the \$720,000 balance of the loan as a revenue. The loan will be repaid beginning in 5 years, however, depending on budget results the loan may be forgiven in whole or in part. The Borough anticipates receiving an update as to the status and amount of the loan repayment in November 2016.

SECURITY AND SOURCE OF PAYMENT

The Notes are general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. The Notes are direct obligations of the Borough and, to the extent that other monies are not available, the Borough is required by law to levy ad valorem taxes upon all the real property taxable within the Borough for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

NO DEFAULT

The Borough has never defaulted in the payment of any bonds or notes, nor are any payments of principal of or interest on the Borough's indebtedness past due.

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required to be appropriated for the financing of expenditures for municipal purposes for which bonds are authorized. All bonds and notes issued by the Borough are general full faith and credit obligations.

The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

The chief financial officer of every local unit must file annually with the Director a verified statement of financial condition of the local unit and all constituent boards, agencies or commissions.

The annual audit report is filed with the Borough Clerk and is available for review during business hours.

Debt Limits

The authorized bonded indebtedness of a municipality in the State of New Jersey is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its equalized valuation basis. The equalized valuation basis of the municipality is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain class II railroad property within its boundaries as annually determined by the State Board of Taxation.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

On December 31, 2015 the Borough's percentage of statutory net debt was 1.551% and was comprised of the following:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Purposes	\$14,096,626	\$ 705,000	\$13,391,626
Utility	<u>1,836,035</u>	<u>1,836,035</u>	<u>-0-</u>
	<u>\$15,932,661</u>	<u>\$2,541,035</u>	<u>\$13,391,626</u>

Exceptions to Debt Limits-Extensions of Credit

The debt limit of the Borough may be exceeded with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs, State of New Jersey, a State regulatory agency (the "Board"). If all or any part of a proposed debt authorization would exceed its debt limit, the Borough must apply to the Board for an extension of credit. If the Board determines that a proposed debt authorization would not materially impair the ability of the Borough to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Board to fund certain bonds and notes, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes).

Short-Term Financing

The Borough may issue bond anticipation notes to temporarily finance capital improvements. Bond anticipation notes, which are general obligations of the Borough, may be issued for a period not exceeding one year. Generally, bond anticipation notes may not be outstanding longer than 10 years. Additionally, beginning in the third year, the amount of outstanding notes that may be renewed is decreased by not less than the minimum amount required for the first year principal payment of bonds in anticipation of which such notes are issued.

School Debt Subject to Voter Approval

State Law permits the school district, upon approval of the voters, to authorize school district debt, including debt in excess of its independent debt limit by using the available borrowing capacity of the Borough. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the Borough, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

MUNICIPAL BUDGET

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.) the Borough is required to have a balanced budget in which debt service is included in full for each fiscal year.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. The Borough must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division (the "Director") prior to final adoption of the budget. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director is required to review the adequacy of such appropriations, among others, for certification.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units. Local budgets, by law and regulation, must be in balance on a "cash basis". No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof (N.J.S.A. 40A:4-10).

The principal sources of Borough revenues are real estate taxes and miscellaneous revenues.

In any year, the municipality may authorize, by resolution, the issuance of tax anticipation notes which may be issued in anticipation of the collection of taxes for such year. Tax anticipation notes, are limited in amount by law and must be paid off in full by a municipality within one hundred and twenty (120) days after the close of the fiscal year.

Real Estate Taxes

The general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to delinquent property taxes. N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

Section 41 of the Local Budget Law provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year."

The provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

Levy Required to Balance Budget

Prior Year's Percentage of Current = Total Taxes to be Levied
Tax Collections (or lesser %)

Miscellaneous Revenues

Section 26 of the Local Budget Law provides: "no miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." The exception to this is the inclusion of categorical

grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year.

Limitations on Municipal Appropriations and Tax Levy

A provision of law known as the New Jersey “Cap Law” (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the “cost-of-living adjustment”. The cost-of-living adjustment is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the cost-of-living adjustment subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year’s appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years’ tax levy in years when the cost-of-living adjustment is 2.5% or less.

Additionally, P.L 2007, c. 62, effective April 3, 2007, imposed a 4% cap on the tax levy of a municipality, county, fire district, or solid waste collection district, with certain exclusions and allowing waivers by the Local Finance Board, and on July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment, reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for capital expenditures, including debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

Neither the tax levy limitation nor the “Cap Law” limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on its bonds or notes.

Deferral of Current Expense

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revaluation of real property, codification of ordinances, master plan preparations and contractually required severance liabilities and extraordinary expenses for the repair, reconstruction of streets, roads or bridges, and other public property damaged by flood or hurricane, which may be amortized over five years.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval by the governing body.

Fiscal Year

The Borough's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of New Jersey required municipalities with populations in excess of 35,000 or which received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption is granted. Municipalities not meeting the criteria for a mandatory change have the option to choose to change to the State fiscal year. The Borough did not meet the criteria to change to the State fiscal year and does not presently intend to optionally make such a change in the future.

Budget Process

Primary responsibility for the Borough's budget process lies with the Borough Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Borough operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Borough may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

TAX MATTERS

The Borough has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Notes under the Internal Revenue Code of 1986, as amended ("Code"). Failure to comply with certain requirements of the Code could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In the opinion of DeCotiis, FitzPatrick & Cole, LLP, Bond Counsel, to be delivered at the time of original issuance of the Notes, assuming continuing compliance by the Borough with certain covenants described herein, under current law, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax; however, interest on the Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Notes in "adjusted current earnings" (see discussion below). No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Notes.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Notes in order to assure that the interest on the Notes will be and remain excludable from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Notes be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The Borough has covenanted that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Notes will be and will remain excluded from gross income for federal income tax purposes. The Borough will deliver its Arbitrage and Tax Certificate concurrently with the issuance of the Notes, which will contain provisions relating to compliance with the requirements of the Code, including certain covenants in that regard by the Borough. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Borough in connection with the Notes, and Bond Counsel has assumed compliance by the Borough with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In the opinion of Bond Counsel, under current law interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

The opinions of Bond Counsel are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date of the opinions, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for their opinions or to any laws or judicial decisions hereafter enacted or rendered. Bond Counsel assumes no obligation to update its opinions after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken after the date of the opinions or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Notes.

Alternative Minimum Tax. Section 55 of the Code provides that an alternative minimum tax is imposed on corporations at a rate of 20 percent. For purposes of the corporate alternative minimum tax, the Code includes and increase adjustment for the computation of the alternative minimum tax consisting generally of seventy-five percent of the amount by which "adjusted current earnings" exceed alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction). Thus, to the extent interest on the Notes is a component of a corporate holder's "adjusted current earnings", a portion of that interest may be subject to an alternative minimum tax.

Bank Qualification. The Notes will NOT be designated as qualified under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by the financial institutions to purchase or to carry tax exempt obligations.

Branch Profits Tax. Section 884 of the Code imposes on foreign corporations a branch profits tax equal to 30 percent of the "dividend equivalent amount" for the taxable year, unless modified, reduced or eliminated by income tax treaty in certain instances. Interest on the Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation for purposes of the branch profits tax.

S Corporation Tax. Section 1375 of the Code imposes a tax on the "excess net passive income" of certain S corporations with passive investment income in excess of 25 percent of gross receipts for a taxable year. The U.S. Department of Treasury has issued regulations indicating that interest on tax-exempt bonds, such as the Notes, held by an S corporation would be included in the calculation of excess net passive income.

Other Federal Tax Consequences. Owners of the Notes should be aware that the ownership of tax-exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax-exempt obligations. Owners of the Notes should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on S corporations, as well as the applicability and the effect of any other federal income tax consequences.

Possible Government Action. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax-exempt obligations. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Notes involving either the Notes or other tax-exempt bonds will not have an adverse effect on the tax-exempt status or market price of the Notes.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

LITIGATION

To the knowledge of the Borough Attorney, there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Notes, the levy or the collection of any taxes to pay the principal of or the interest on the Notes or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of the taxes, affecting the validity of the Notes or the levy or the collection of taxes or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers of the Borough to their respective offices.

Additionally, there is at present no single action pending or threatened against the Borough which would impose an undue financial burden on the Borough. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Borough is a party-defendant in certain law suits, none of a kind unusual for a Borough of its size, and none of which, in the opinion of the Borough Attorney, would adversely impair the Borough's ability to pay its noteholders. All of the Borough's tort actions are being defended by either an insurance company or insurance underwriters. The Borough has outstanding pending municipal real estate tax appeals and the Borough would fund the ultimate liability arising from tax appeals from amounts currently reserved, succeeding years' budgets, fund balance or by the issuance of tax appeal refunding bond anticipation notes or bonds with the approval of the Local Finance Board. Such resolution would not in any way endanger the Borough's ability to pay its noteholders.

THE FEDERAL BANKRUPTCY ACT

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 *et seq.*, as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditor's rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 thru 52:27-45.11, which provides that any county, municipality, or other political subdivision of the State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, sale, issuance and delivery of the Notes are subject to the approval of DeCotiis, FitzPatrick & Cole, LLP, Teaneck, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be substantially in the form provided in Appendix C. Certain legal matters will be passed on for the Borough by its Counsel, Frank L. Migliorino, Esq., Little Ferry, New Jersey.

CONTINUING DISCLOSURE

The Borough has covenanted to provide certain secondary market disclosure in compliance with Securities and Exchange Commission Rule 15c2-12, as amended and interpreted from time to time (the "Rule"). Specifically, the Borough will provide, in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events, to the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Markets Access System (EMMA"), notice of any of the following events with respect to the Notes:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes.
7. Modifications to rights of holders of the Notes, if material.
8. Note calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Notes, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Borough.
13. The consummation of a merger, consolidation, or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material.

In the event that the Borough fails to comply with the above-described undertaking and covenants, the Borough shall not be liable for any monetary damages, remedy of the beneficial owners of the Notes being specifically limited in the undertaking to specific performance of the covenants.

The undertaking may be amended by the Borough from time to time, without the consent of the Noteholders or the beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

The Borough previously failed to file notice of insurer rating changes and changes to the Borough's underlying rating related to its General Obligation Bonds dated October 1, 2004. The Borough's Annual Report for the fiscal year ending December 31, 2014 that was required by a prior secondary market disclosure undertaking to be filed on the Municipal Security Rulemaking Board's Electronic Municipal Market Access system ("EMMA") by September 30, 2015, was filed on EMMA on October 6, 2015 together with the notice of the late filing.

There can be no assurance that there will be a secondary market for the sale or purchase of the Notes. Such factors as prevailing market conditions, financial condition or market position of firms who may make the secondary market and the financial condition of the Borough may affect the future liquidity of the Notes.

UNDERWRITING

The Notes have been purchased by _____ at a purchase price of \$_____.

PREPARATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchaser of the Notes, by certificate signed by the Chief Financial Officer, that to his knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The firm of Lerch, Vinci & Higgins, LLP, Fair Lawn, New Jersey, Certified Public Accountants and Registered Municipal Accountants, assisted in the preparation of information contained in this Official Statement, and takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report.

All other information has been obtained from sources which Lerch, Vinci & Higgins, LLP, considers to be reliable but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

DeCotiis, FitzPatrick & Cole, LLP, Teaneck, New Jersey has not participated in the preparation of the financial or statistical information contained in this official statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement including information additional to that contained herein may be directed to Anthony Ciannanea, Chief Financial Officer, Borough of Moonachie, 70 Moonachie Road, Moonachie, New Jersey, 07074, telephone 201-641-1813.

MISCELLANEOUS

All quotations from summaries and explanations of the provisions of the laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the Borough, the County of Bergen, the State or any of their agencies or authorities, since the date hereof.

This Official Statement has been duly executed and delivered on behalf of the Borough by the Chief Financial Officer.

BOROUGH OF MOONACHIE

By

Anthony Ciannamea
Chief Financial Officer

Dated: _____, 2016

APPENDIX A
CERTAIN INFORMATION OF THE
BOROUGH OF MOONACHIE

**GENERAL INFORMATION REGARDING
BOROUGH OF MOONACHIE**

Size and Geographical Location

Moonachie is a small residential and light industrial community, approximately 1.67 square miles, situated in Southwest Bergen County. Neighboring communities include the Boroughs of Carlstadt, Hasbrouck Heights, Little Ferry, Teterboro and Wood-Ridge and the Township of South Hackensack. Moonachie is within minutes of most of the main transportation corridors in the northeast, with a fifteen-minute ride to New York City.

Form of Government

The Borough of Moonachie was chartered in 1910 as a Borough Council form of government in which the mayor is elected to a four-year term and six council persons are elected at large to serve staggered three-year terms.

The Mayor and Council meet the fourth Thursday of each month. Meetings are open to the public in compliance with New Jersey’s Open Public Meetings Act. Residents are given the opportunity to speak on proposed ordinances and other matters of concern at meetings.

The Borough Administrator is appointed by the Borough Council and is responsible 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 Mayor is the chief executive officer of the Borough, and as such presides over all public meetings, provides leadership in the development of community projects and makes appointment 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.

Transportation

Moonachie’s location makes it an ideal area for businesses and residents. The borough is strategically located only minutes away by automobile or mass transportation from New York City and all parts of New Jersey.

There are many major interstate and local highways located adjacent to and just minutes away from Moonachie including State Highway No. 17, Route 46, Route 80, Route 3, the New Jersey Turnpike and the Garden State Parkway.

Protection

Moonachie is served by a Police Department, a Volunteer Fire Department and volunteer Ambulance squad.

Estimated Income as of 2014

	Median Household Income	Median Family Income	Per Capita Income
Borough of Moonachie	\$ 63,438	\$ 76,500	\$ 30,837
County of Bergen	83,686	102,429	43,194
State of New Jersey	72,062	114,618	36,359

Source: U.S. Census Bureau, 2010 – 2014 American Community Survey 5-Year Estimates

ECONOMIC AND DEMOGRAPHIC INFORMATION

Labor Force, Employment and Unemployment

For the years 2011 to 2015, the New Jersey Department of Labor reported the following annual average employment information for the Borough of Moonachie, the County of Bergen and the State of New Jersey:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough of Moonachie</u>				
2015	1,489	1,387	102	6.9%
2014	1,473	1,357	116	7.9%
2013	1,466	1,330	136	9.2%
2012	1,516	1,423	93	6.1%
2011	1,506	1,415	91	6.0%
<u>County of Bergen</u>				
2015	485,316	463,223	22,093	4.6%
2014	479,448	453,688	25,760	5.4%
2013	477,410	443,734	33,676	7.1%
2012	483,097	443,956	39,141	8.1%
2011	479,131	441,277	37,854	7.9%
<u>State of New Jersey</u>				
2015	4,543,800	4,288,800	255,000	5.6%
2014	4,521,000	4,153,000	369,000	6.6%
2013	4,595,500	4,159,300	436,200	9.5%

Source: New Jersey Department of Labor, Division of Labor Market and Demographic Research

Population

Population trends for the Borough, County and the State of New Jersey since 1980 are shown below:

<u>Area</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015</u>
Borough of Moonachie	2,706	2,817	2,754	2,708	2,788
County of Bergen	845,385	825,380	884,118	905,116	938,506
State of New Jersey	7,365,011	7,730,188	8,414,350	8,791,894	8,958,013

Source: U.S. Census Bureau

BUDGET INFORMATION
Current Fund
(As Adopted)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Anticipated Revenues					
Fund Balance Anticipated	1,168,111	829,105	\$ 771,852	\$ -	\$ 929,000
Miscellaneous Revenues	1,538,134	2,320,869	2,319,109	3,331,921	1,425,488
Receipts from Delinquent Taxes	200,000	245,000	250,000	150,000	150,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>7,606,888</u>	<u>6,682,433</u>	<u>6,431,199</u>	<u>6,231,821</u>	<u>6,113,821</u>
	<u>\$ 10,513,133</u>	<u>\$ 10,077,407</u>	<u>\$ 9,772,160</u>	<u>\$ 9,713,742</u>	<u>\$ 8,618,309</u>
Appropriations					
Salaries and Wages	3,912,142	3,661,642	\$ 3,508,537	\$ 3,316,893	\$ 3,129,554
Other Expenses	3,517,323	3,107,987	3,483,218	3,513,488	3,563,152
Deferred Charges and Statutory Expenditures	1,100,338	1,770,692	1,171,816	1,468,638	784,471
Capital Improvement Fund	100,000				
Municipal Debt Service	877,330	531,086	547,589	553,723	466,132
Judgements	6,000	6,000	6,000	6,000	20,000
Reserve for Uncollected Taxes	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,055,000</u>	<u>855,000</u>	<u>655,000</u>
	<u>\$ 10,513,133</u>	<u>\$ 10,077,407</u>	<u>\$ 9,772,160</u>	<u>\$ 9,713,742</u>	<u>\$ 8,618,309</u>

Source: Borough of Moonachie Annual Audit Reports and 2016 Adopted Budget

FINANCIAL INFORMATION

Current Fund Balance and Amounts Utilized in Succeeding Year's Budget

<u>Year</u>	<u>Fund Balance</u> <u>December 31</u>	<u>Utilized in Budget</u> <u>of Succeeding Year</u>
2015	\$ 1,704,717	\$ 1,168,111
2014	1,732,326	829,105
2013	1,895,396	771,852
2012	629,312	-
2011	1,186,813	929,000

Source: Borough of Moonachie Annual Audit Reports

Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2015	\$ 15,602,684	\$ 15,168,352	97.22%
2014	15,497,592	14,949,645	96.46%
2013	15,188,242	14,824,672	97.61%
2012	15,185,010	14,789,238	97.39%
2011	14,464,023	14,216,387	98.29%

Source: Borough of Moonachie Annual Audit Reports

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2015	\$ 393,626	\$ 229,211	\$ 622,837	3.99%
2014	365,424	245,611	611,035	3.94%
2013	314,607	313,926	628,533	4.14%
2012	265,263	349,844	615,107	4.05%
2011	216,249	168,309	384,558	2.66%

Source: Borough of Moonachie Annual Audit Reports

Assessed Valuation of Property Owned by the Borough Acquired for Taxes

<u>Year</u>	<u>Amount</u>
2015	\$ 2,850
2014	2,850
2013	2,850
2012	2,850
2011	2,850

Source: Borough of Moonachie Audit Reports

Ten Largest Taxpayers

The ten largest taxpayers in the Borough and their 2016 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>
Forsgate Industries	\$ 59,892,700
TR Moonachie LLC	17,063,900
Forsgate Ventures VII LLC	16,034,400
Cornerstone Patriot Holding	14,443,600
Dominick Assoc, LLC	10,980,900
Flight Safety International	10,205,800
LPS Industries	10,076,500
Jeni LLC	9,696,000
SWS Moonachie Associates	9,224,700
AMB US Logistics	9,215,000
	<u>\$ 166,833,500</u>

Source: Tax Assessor.

Assessed Valuation

Land Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total</u>
2016 (1)	\$ 4,552,700	\$ 194,844,500	\$ 68,466,400	\$ 441,416,700	\$ 709,280,300
2015	6,596,600	223,307,835	62,270,870	445,329,680	737,504,985
2014	7,681,800	226,470,145	64,511,470	474,327,140	772,990,555
2013	8,623,700	229,347,040	64,948,870	471,276,760	774,196,370
2012	8,641,000	232,620,485	65,617,000	475,238,400	782,116,885

(1) The Borough underwent a revaluation of real property effective January 1, 2016.

Source: Tax Duplicate.

**Assessed Valuations
Net Valuation Taxable**

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2016 (1)	\$ 709,280,300	\$ 1,015,396	\$ 710,295,696	88.96%	\$ 805,902,045
2015	737,504,985	1,115,126	738,620,111	91.64%	814,020,842
2014	772,990,555	1,152,519	774,143,074	90.29%	863,948,156
2013	774,196,370	1,131,513	775,327,883	113.11%	693,703,463
2012	782,116,885	1,131,513	783,248,398	93.75%	842,731,657

(1) The Borough underwent a revaluation of real property effective January 1, 2016.

Source: Tax Duplicate and Abstract of Ratables of Bergen County

**Components of Real Estate Tax Rate
(per \$100 of Assessment)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>County⁽¹⁾</u>
2016 (1)	\$2.379	\$1.070	\$1.034	\$0.275
2015	2.111	0.904	0.975	0.232
2014	2.001	0.830	0.912	0.259
2013	1.943	0.803	0.934	0.206
2012	1.930	0.780	0.913	0.237

(1) The Borough underwent a revaluation of real property effective January 1, 2016.

Source: Tax Collector
(1) Includes Open Space

**Apportionment of Tax Levy
(Including School and County Purposes)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>County⁽¹⁾</u>
2016	\$ 16,897,803	\$ 7,606,888	\$ 7,344,749	\$ 1,946,166
2015	15,602,684	6,695,974	7,200,734	1,705,976
2014	15,497,592	6,441,082	7,059,543	1,996,967
2013	15,062,641	6,231,821	7,244,684	1,586,136
2012	15,114,646	6,113,821	7,153,176	1,847,649

Source: Borough of Moonachie Audit Reports
(1) Includes Open Space

DEBT INFORMATION

Debt Statements

The Borough must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the "Division"). The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year the Borough must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Borough as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

Debt Incurring Capacity As of December 31, 2015

Municipal	
Equalized Valuation Basis (last 3 years average)	863,174,436
3 1/2% Borrowing Margin	30,211,105
Net Debt Issued, Outstanding and Authorized	13,391,626
Remaining Municipal Borrowing Capacity	16,819,479
Local School	
3% Borrowing Margin	25,895,233
Debt, Issued, Outstanding and Authorized	-
Remaining School Borrowing Capacity	25,895,233

Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt</u>	<u>Statutory Net Debt</u>	
	<u>Amount</u>	<u>Amount</u>	<u>Percentage</u>
2015	\$ 15,932,661	\$ 13,391,626	1.55%
2014	11,603,473	9,645,626	1.21%
2013	11,132,493	9,163,070	1.15%
2012	4,394,608	3,451,555	0.46%
2011	4,824,099	3,236,320	0.41%

Source: Borough of Moonachie Annual Audit Reports

BOROUGH OF MOONACHIE
Statement of Indebtedness
As of December 31, 2015

GENERAL PURPOSES

Bonds Issued and Outstanding	\$ 1,326,000	
Bond Anticipation Notes	7,722,000	
Bonds and Notes Authorized But Not Issued	5,048,626	
		\$ 14,096,626

SEWER UTILITY

Bonds Issued and Outstanding	325,000	
Bond Anticipation Notes	1,363,037	
Bonds and Notes Authorized But Not Issued	147,998	
		1,836,035

TOTAL GROSS DEBT 15,932,661

STATUTORY DEDUCTIONS

Municipal Purpose	705,000	
Self Liquidating	1,836,035	
		2,541,035

TOTAL NET DEBT \$ 13,391,626

OVERLAPPING DEBT

Bergen County (1)	\$ 4,769,518	
Bergen County Utilities Authority - Water Pollution (2)	1,891,238	
		\$ 6,660,756

GROSS DEBT

Per Capita (2015 - 2,788)		\$ 5,715
Percent of Net Valuation Taxable (2016 - \$710,295,696)		2.24%
Percent of Estimated True Value of Real Property (2016 - \$805,902,045)		1.98%

NET MUNICIPAL DEBT

Per Capita (2015 - 2,788)		\$ 4,803
Percent of Net Valuation Taxable (2016 - \$710,295,696)		1.89%
Percent of Estimated True Value of Real Property (2016 - \$805,902,045)		1.66%

OVERALL DEBT (Net and Overlapping Debt)

Per Capita (2015 - 2,788)		\$ 7,192
Percent of Net Valuation Taxable (2016 - \$710,295,696)		2.82%
Percent of Estimated True Value of Real Property (2016 - \$805,902,045)		2.49%

Note (1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the municipality to all municipalities within the County as provided in the 2015 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

Note (2) Overlapping debt was computed based upon usage.

Source: Borough of Moonachie's 2015 Annual Audit

APPENDIX B
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS



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
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SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

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, 2015 and 2014, and the related statements of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the years then ended, 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 principles 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. 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 of 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 principles 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, 2015 and 2014, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 39 percent and 43 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2015 and 2014.

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects for the omission of the note disclosure regarding the other post employment benefit obligations and except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Moonachie as of December 31, 2015 and 2014, and the results of operations and changes in fund balance – regulatory basis of such funds, the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the years then ended in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 17, 2016 on our consideration of the Borough of Moonachie’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Moonachie’s internal control over financial reporting and compliance.

By/s/

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

Fair Lawn, New Jersey
August 17, 2016

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2015 AND 2014

ASSETS	<u>2015</u>	<u>2014</u>
Cash	\$ 4,209,534	\$ 5,676,361
Cash - Change Funds	300	300
State and Federal Grant Receivables	536,999	8,184
Senior Citizens' and Veterans' Deductions	<u>1,507</u>	<u>2,727</u>
	<u>4,748,340</u>	<u>5,687,572</u>
Receivables and Other Assets with Full Reserves		
Delinquent Property Taxes Receivable	229,211	245,611
Tax Title Liens Receivable	393,626	365,424
Property Acquired for Taxes - Assessed Value	2,850	2,850
Revenue Accounts Receivable	4,108	
Interlocal- Due from Borough of Teterboro	33,980	33,980
Due from Animal Control Trust Fund	6,480	5,196
Due from Other Trust Fund- Payroll	13	12
Due from Other Trust Fund- Police Outside Duty	3,750	3,750
Due from Other Trust Fund- Flex Spending	1,877	1,877
Due from Other Trust Fund- Escrow	485	1,686
Due from General Capital Fund	<u>597,999</u>	<u>-</u>
	<u>1,274,379</u>	<u>660,386</u>
Deferred Charges:		
Special Emergency Authorizations	497,963	850,732
Emergency Authorizations		850,000
Overexpenditure Budget Appropriation	<u>-</u>	<u>5,927</u>
	<u>497,963</u>	<u>1,706,659</u>
Total Assets	<u>\$ 6,520,682</u>	<u>\$ 8,054,617</u>

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2015 AND 2014

LIABILITIES, RESERVES AND FUND BALANCE	<u>2015</u>	<u>2014</u>
Liabilities		
Appropriation Reserves	\$ 710,447	\$ 954,927
Encumbrances Payable	192,161	241,246
Due to State of New Jersey		1,460
Due to General Capital Fund		92,325
Prepaid Taxes	294,179	353,863
Tax Overpayments	15,742	5,321
Local School Taxes Payable	488,753	418,158
County Taxes Payable	22,496	22,218
Emergency/Special Note Payable	497,963	1,700,732
Appropriated Reserves- Grants	18,944	14,736
Reserve for Federal and State Grants - Unappropriated		37,736
Reserve for Hurricane Sandy Reimbursements	146,002	726,034
Miscellaneous Reserves	<u>1,154,899</u>	<u>1,093,149</u>
	3,541,586	5,661,905
Reserve for Receivables and Other Assets	1,274,379	660,386
Fund Balance	<u>1,704,717</u>	<u>1,732,326</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 6,520,682</u>	 <u>\$ 8,054,617</u>

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Year 2015</u>	<u>Year 2014</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 829,105	\$ 771,852
Miscellaneous Revenues Anticipated	2,085,636	2,355,420
Receipts from Delinquent Taxes	242,623	291,134
Receipts from Current Taxes	15,168,352	14,249,645
Non-Budget Revenue	95,931	64,197
Other Credits to Income		
Statutory Excess	1,284	955
Appropriated Reserves Cancelled		29,128
Unexpended Balance of Appropriation Reserves	<u>587,172</u>	<u>559,532</u>
	<u>19,010,103</u>	<u>18,321,863</u>
EXPENDITURES		
Budget Appropriations		
Operations		
Salaries and Wages	3,676,642	3,537,011
Other Expenses	3,092,987	4,403,587
Municipal Debt Service	530,758	547,229
Deferred Charges and Statutory Expenditures	1,403,427	1,177,816
County Taxes	1,684,442	1,974,463
County Open Space Tax	20,351	21,599
County Share of Added and Omitted Taxes	1,183	905
Local District School Taxes	7,200,734	7,059,543
Other Debits		
Interfunds Advanced	598,083	2,450
Refund of Prior Year Tax Appeals	<u>-</u>	<u>349,405</u>
	<u>18,208,607</u>	<u>19,074,008</u>
Excess (Deficit) in Revenue	801,496	(752,145)
Adjustments to Income before Surplus:		
Expenditures included above which are by Statute Deferred		
Charges to Budget of Succeeding Year	<u>-</u>	<u>1,360,927</u>
Statutory Excess to Surplus	801,496	608,782
Fund Balance, January 1	<u>1,732,326</u>	<u>1,895,396</u>
	2,533,822	2,504,178
Decreased by:		
Utilization as Anticipated Revenue	<u>829,105</u>	<u>771,852</u>
Fund Balance, December 31	<u>\$ 1,704,717</u>	<u>\$ 1,732,326</u>

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>		<u>2014</u>	
	<u>Budget</u>	<u>Realized</u>	<u>Budget</u>	<u>Realized</u>
FUND BALANCE UTILIZED	\$ 829,105	\$ 829,105	\$ 771,852	\$ 771,852
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	6,000	7,002	6,000	7,034
Other	14,000	12,389	10,000	14,886
Fees and Permits	5,500	6,954	7,000	5,535
Fines and Costs				
Municipal Court	44,000	35,804	48,000	44,447
Interest and Costs on Taxes	52,000	70,662	54,108	52,340
Interest on Investments and Deposits	12,000	27,047	10,000	23,724
Energy Receipts Tax	449,979	445,715	449,979	445,715
Trailer Camp Fees	64,000	67,236	65,000	64,860
Port Authority of NY in Lieu of Taxes	16,335	16,335	16,335	16,335
Cellular One Lease	38,000	64,848	41,663	38,263
Uniform Fire Safety Act - Local Fees	20,000	22,240	20,000	23,754
Uniform Construction Code Fees	80,000	154,062	75,000	94,113
Borough of Teterboro - Police Services	102,500	105,599	319,330	316,231
Township of South Hackensack - DPW	52,000	52,000		
Uniform Fire Safety Act - LEA	55,000	65,560	55,000	66,489
Recycling Tonnage Grant			14,023	14,023
Community Disaster Loan - Award	4,108		720,000	720,000
Hazardous Waste Grant	32,975	32,975		
Clean Communities Program	10,546	10,547	753	753
Snowflake Grant			25,000	25,000
Essential Service Grant	535,892	535,892		
FEMA - Hurricane Sandy	726,034	352,769	381,918	381,918
	<u>2,320,869</u>	<u>2,085,636</u>	<u>2,319,109</u>	<u>2,355,420</u>
Total Miscellaneous Revenues				
RECEIPTS FROM DELINQUENT TAXES	<u>245,000</u>	<u>242,623</u>	<u>250,000</u>	<u>291,134</u>
LOCAL TAX FOR MUNICIPAL PURPOSES	<u>6,682,433</u>	<u>7,261,642</u>	<u>6,431,199</u>	<u>6,248,135</u>
Total General Revenues	<u>\$ 10,077,407</u>	<u>\$ 10,419,006</u>	<u>\$ 9,772,160</u>	<u>\$ 9,666,541</u>

See Accompanying Notes are an Integral Part of these Financial Statements

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2015 STATEMENT OF EXPENDITURES
CURRENT FUND

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

OPERATIONS - WITHIN "CAPS"	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 146,018	\$ 146,018	\$ 136,503	\$ 9,515	
Other Expenses	58,030	58,030	58,030		
Grant Consultant	20,000	20,000	19,476	524	
Mayor & Council					
Salaries & Wages	39,195	39,195	33,672	5,523	
Other Expenses	500	500	500		
Municipal Clerk					
Salaries & Wages	55,018	55,018	54,667	351	
Other Expenses	11,450	11,450	7,195	4,255	
Financial Administration					
Salaries & Wages	7,959	7,959	7,959		
Other Expenses	63,150	83,150	73,918	9,232	
Audit Services					
Annual Audit	30,000	30,000	30,000		
Revenue Administration					
Salaries & Wages	42,000	42,000	27,312	14,688	
Other Expenses	14,650	19,650	14,361	5,289	
Tax Assessment Administration					
Salaries & Wages	15,918	15,918	14,422	1,496	
Other Expenses	67,450	67,450	50,426	17,024	
Legal Services & Costs					
Salaries & Wages	40,800	40,800	32,000	8,800	
Other Expenses	55,500	55,500	34,544	20,956	
Engineering Services & Costs					
Other Expenses	11,000	14,000	8,716	5,284	
LAND USE ADMINISTRATION					
Planning Board					
Salaries & Wages	2,793	2,793	2,586	207	
Other Expenses	7,350	7,350	80	7,270	
Zoning Board of Adjustment					
Salaries & Wages	2,122	2,122	2,121	1	
Other Expenses	4,280	4,280		4,280	
INSURANCE					
Unemployment Contribution	10,000	10,000	10,000		
Surety Bond Premium	1,000	1,000		1,000	
Employee Group Health	1,144,413	1,094,413	1,026,661	67,752	
Health Benefit Waiver	23,000	23,000	14,947	8,053	
General Liability & Workers Compensation	321,831	326,831	237,928	88,903	
Police Department					
Salaries & Wages - Uniformed	2,258,000	2,258,000	2,220,225	37,775	
Salaries & Wages - Crossing Guards	61,699	61,699	57,600	4,099	
Other Expenses	64,650	74,650	74,650		

See 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, 2015

OPERATIONS - WITHIN "CAPS"	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
PUBLIC SAFETY FUNCTIONS					
Police Dispatch/911					
Salaries & Wages	\$ 235,000	\$ 235,000	\$ 211,317	\$ 23,683	
Other Expenses	9,500	9,500	3,491	6,009	
Emergency Management Services					
Salaries and Wages	4,331	5,331	4,416	915	
Other Expenses	2,500	3,500	2,514	986	
Municipal Court					
Salaries and Wages	81,500	81,500	49,254	32,246	
Other Expenses	6,400	6,400	2,591	3,809	
First Aid Organization					
Other Expenses-Contribution	17,000	17,000	17,000		
Other Expenses	9,000	9,000	6,633	2,367	
Fire Department					
Other Expenses	77,590	82,590	73,523	9,067	
Fire Hydrant Service	66,068	72,068	66,014	6,054	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Fire Official					
Salaries & Wages	16,668	16,668	14,933	1,735	
Other Expenses	12,710	12,710	5,816	6,894	
Life Hazard Use Fee Payments (P.L. 1983, C. 383)					
Salaries & Wages	36,562	36,562	27,800	8,762	
Other Expenses	3,360	3,360	3,360		
Municipal Prosecutor					
Salaries & Wages	6,867	6,867	3,797	3,070	
Occupational Safety and Health Act					
Hepatitis "B" Inoculations	2,850	2,850		2,850	
Fire Equipment	8,200	8,200	346	7,854	
First Aid Equipment	4,700	4,700		4,700	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries & Wages	261,679	261,679	236,592	25,087	
Other Expenses	30,765	30,765	21,790	8,975	
Solid Waste Collection					
Recycling-Salaries & Wages	31,616	42,616	42,263	353	
Recycling-Other Expenses	55,021	55,021	52,167	2,854	
Sanitation Contractual-Other Expenses	80,111	70,111	44,554	25,557	
Buildings and Grounds					
Other Expenses	64,450	64,450	49,194	15,256	
Vehicle Maintenance					
Other Expenses	135,000	135,000	120,853	14,147	

See 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, 2015

OPERATIONS - WITHIN "CAPS"	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries & Wages	\$ 3,621	\$ 4,621	\$ 4,138	\$ 483	
Other Expenses	37,330	37,330	26,674	10,656	
South Bergen Mental Health					
Other Expense-Contribution	1,200	1,200	1,200		
RECREATION & EDUCATION					
Recreation Services and Programs					
Salaries & Wages	40,076	42,076	41,967	109	
Other Expenses	21,480	21,480	21,258	222	
Community Affairs-Senior Citizens					
Salaries & Wages	6,528	6,528		6,528	
Other Expenses	8,900	11,900	11,722	178	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events, Anniversary or Holiday (RS 50:48-5.4)					
Other Expenses	15,200	15,200	12,611	2,589	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries & Wages	47,634	47,634	41,006	6,628	
Other Expenses	4,630	4,630	1,159	3,471	
Sub-Code Officials					
Building Inspector - Salaries & Wages	11,767	11,767	11,034	733	
Plumbing Inspector - Salaries & Wages	6,300	6,300	5,306	994	
Electrical Inspector - Salaries & Wages	8,666	8,666	8,647	19	
Fire Protection Inspector - Salaries & Wages	6,521	6,521	6,367	154	
Property Maintenance Official					
Salaries & Wages	7,284	7,284	7,264	20	
Rent Monitoring Board					
Other Expenses	5,770	7,770	6,509	1,261	

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

OPERATIONS - WITHIN "CAPS"	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	\$ 73,221	\$ 63,221	\$ 39,596	\$ 23,625	
Street Lighting	72,417	72,417	54,956	17,461	
Telephone	38,082	38,082	32,314	5,768	
Water	7,320	7,320	5,911	1,409	
Natural Gas	33,031	33,031	18,922	14,109	
Gasoline	91,012	86,012	46,429	39,583	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill Tax - Tipping Fee	84,000	84,000	51,889	32,111	-
Total Operations Within "CAPS"	<u>6,471,214</u>	<u>6,471,214</u>	<u>5,767,596</u>	<u>703,618</u>	<u>-</u>
Contingent	1,000	1,000	-	1,000	-
Total Operations including Contingent Within "CAPS"	<u>6,472,214</u>	<u>6,472,214</u>	<u>5,767,596</u>	<u>704,618</u>	<u>-</u>
Detail:					
Salaries & Wages	3,507,142	3,522,142	3,320,115	202,027	-
Other Expenses (Including Contingent)	2,965,072	2,950,072	2,447,481	502,591	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL WITHIN "CAPS"					
Deferred Charges					
Overexpenditure of Appropriation	5,927	5,927	5,927		
Statutory Expenditures					
Social Security System (O.A.S.I.)	257,732	257,732	253,529	4,203	
Police and Firemen's Retirement System	473,532	473,532	473,532		
Public Employees Retirement System	137,467	137,467	137,467	-	-
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>874,658</u>	<u>874,658</u>	<u>870,455</u>	<u>4,203</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>7,346,872</u>	<u>7,346,872</u>	<u>6,638,051</u>	<u>708,821</u>	<u>-</u>

See 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, 2015

	<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	3,652	3,652	2,497	\$ 1,155	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
PUBLIC SAFETY FUNCTIONS					
"911" Telecommunication Agreement	2,000	2,000	1,760	240	
Shooting Range Agreement - Wood-Ridge	2,700	2,700	2,550	150	
Borough of Teterboro-Police Salaries and Wags	102,500	102,500	102,500		
Township of South Hackensack - DPW Salaries	<u>52,000</u>	<u>52,000</u>	<u>52,000</u>	-	-
Total Other Operations Excluded from "CAPS"	<u>253,894</u>	<u>253,894</u>	<u>252,349</u>	<u>1,545</u>	<u>-</u>
PUBLIC AND PRIVATE OFFSET BY REVENUES					
Recycling Tonnage Grant	32,975	32,975	32,895	80	
Clean Communities Program	<u>10,546</u>	<u>10,546</u>	<u>10,545</u>	<u>1</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>43,521</u>	<u>43,521</u>	<u>43,440</u>	<u>81</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	<u>297,415</u>	<u>297,415</u>	<u>295,789</u>	<u>1,626</u>	<u>-</u>
Detail:					
Salaries & Wages	154,500	154,500	154,500	-	-
Other Expenses	<u>142,915</u>	<u>142,915</u>	<u>141,289</u>	<u>1,626</u>	<u>-</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 425,000	\$ 425,000	\$ 425,000		
Interest on Bonds	49,086	49,086	49,086		
Interest on Notes	<u>57,000</u>	<u>57,000</u>	<u>56,672</u>	-	\$ 328
 Total Municipal Debt Service - Excluded from "CAPS"	 <u>531,086</u>	 <u>531,086</u>	 <u>530,758</u>	 -	 <u>328</u>
 DEFERRED CHARGES					
Emergency - Superstorm Sandy - DLGS Approved	726,034	726,034	352,769		373,265
Emergency - Tax Refund Ordinance Pending					
DLGS Approval	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>	-	-
 Total Deferred Charges	 <u>896,034</u>	 <u>896,034</u>	 <u>522,769</u>	 -	 <u>373,265</u>
 Judgements	 <u>6,000</u>	 <u>6,000</u>	 <u>6,000</u>	 -	 -
 Total General Appropriations for Municipal Purposes Excluded from "CAPS"	 <u>1,730,535</u>	 <u>1,730,535</u>	 <u>1,355,316</u>	 \$ 1,626	 <u>373,593</u>
 Subtotal General Appropriations	 <u>9,077,407</u>	 <u>9,077,407</u>	 <u>7,993,367</u>	 <u>710,447</u>	 <u>373,593</u>
 Reserve for Uncollected Taxes	 <u>1,000,000</u>	 <u>1,000,000</u>	 <u>1,000,000</u>	 -	 -
 Total General Appropriations	 <u>\$ 10,077,407</u>	 <u>\$ 10,077,407</u>	 <u>\$ 8,993,367</u>	 <u>\$ 710,447</u>	 <u>\$ 373,593</u>

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2014 STATEMENT OF EXPENDITURES
CURRENT FUND

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Over-</u> <u>Expenditure</u>
OPERATIONS - WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries & Wages	\$ 141,194	\$ 141,194	\$ 131,094	\$ 10,100		
Other Expenses	48,030	60,030	57,008	3,022		
Grant Consultant	18,000	20,000	19,440	560		
Mayor & Council						
Salaries & Wages	38,426	38,486	33,013	5,473		
Other Expenses	500	1,000	412	588		
Municipal Clerk						
Salaries & Wages	53,939	53,939	53,851	88		
Other Expenses	11,450	11,450	6,761	4,689		
Financial Administration						
Salaries & Wages	7,803	7,803	7,803			
Other Expenses	63,150	63,150	62,083	1,067		
Audit Services						
Annual Audit	30,000	30,000	30,000	-		
Revenue Administration						
Salaries & Wages	45,000	45,000	29,908	15,092		
Other Expenses	14,650	14,650	14,269	381		
Tax Assessment Administration						
Salaries & Wages	15,606	15,606	14,999	607		
Other Expenses	52,450	52,450	28,509	23,941		
Tax Appeals		850,000	838,328	11,672		
Legal Services & Costs						
Salaries & Wages	40,000	40,000	32,000	8,000		
Other Expenses	55,500	55,500	29,160	26,340		
Engineering Services & Costs						
Other Expenses	8,000	13,000	10,149	2,851		
LAND USE ADMINISTRATION						
Planning Board						
Salaries & Wages	2,738	2,738	2,637	101		
Other Expenses	7,350	7,350	5,808	1,542		
Zoning Board of Adjustment						
Salaries & Wages	2,080	2,080	1,978	102		
Other Expenses	4,280	4,280	721	3,559		
INSURANCE						
Unemployment Contribution	10,000	10,000	10,000			
Surety Bond Premium	1,000	1,000	4,885			\$ 3,885
Employee Group Health	1,188,974	1,114,724	982,659	132,065		
Health Benefit Waiver	23,000	23,000	13,033	9,967		
General Liability & Workers Compensation	321,831	300,731	287,584	13,147		
Police Department						
Salaries & Wages - Uniformed	1,950,000	1,950,000	1,906,576	43,424		
Salaries & Wages - Crossing Guards	60,489	60,489	56,580	3,909		
Other Expenses	64,650	69,650	66,249	3,401		
See 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, 2014

	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Over-</u> <u>Expenditure</u>
OPERATIONS - WITHIN "CAPS"						
PUBLIC SAFETY FUNCTIONS						
Police Dispatch/911						
Salaries & Wages	\$ 212,596	\$ 235,596	\$ 235,041	\$ 555		
Other Expenses	2,000	5,000	5,041			\$ 41
Emergency Management Services						
Salaries and Wages	4,246	4,346	4,330	16		
Other Expenses	2,500	2,500	1,104	1,396		
Municipal Court						
Salaries and Wages	102,459	102,459	72,994	29,465		
Other Expenses	6,400	6,400	5,406	994		
First Aid Organization						
Other Expenses-Contribution	17,000	17,000	17,000			
Other Expenses	9,000	11,000	8,240	2,760		
Fire Department						
Other Expenses	77,590	77,590	68,424	9,166		
Fire Hydrant Service	66,068	66,068	66,068	-		
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Fire Official						
Salaries & Wages	16,341	16,341	14,640	1,701		
Other Expenses	12,710	12,710	14,355			1,645
Life Hazard Use Fee Payments (P.L. 1983, C. 383)						
Salaries & Wages	35,845	35,845	17,410	18,435		
Other Expenses	3,360	3,360	2,555	805		
Municipal Prosecutor						
Salaries & Wages	6,732	6,732	5,695	1,037		
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	264,035	269,035	268,078	957		
Other Expenses	30,765	33,765	25,361	8,404		
Hurricane Sandy		505,000	194,814	310,186		
Solid Waste Collection						
Recycling-Salaries & Wages	30,996	30,936	30,936	-		
Recycling-Other Expenses	53,942	53,942	52,241	1,701		
Sanitation Contractual-Other Expenses	78,540	78,540	44,780	33,760		
Buildings and Grounds						
Other Expenses	49,450	65,450	64,725	725		
Vehicle Maintenance						
Other Expenses	119,119	136,119	125,196	10,923		

See 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, 2014

	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Over-</u>
		<u>Modification</u>	<u>Charged</u>			<u>Expenditure</u>
OPERATIONS - WITHIN "CAPS"						
HEALTH AND HUMAN SERVICES FUNCTIONS						
Public Health Services						
Salaries & Wages	\$ 3,550	\$ 3,600	\$ 3,581	\$ 19		
Other Expenses	37,330	37,330	26,759	10,571		
South Bergen Mental Health						
Other Expense-Contribution	1,200	1,200	1,200			
RECREATION & EDUCATION						
Recreation Services and Programs						
Salaries & Wages	39,290	39,290	32,580	6,710		
Other Expenses	21,480	21,480	19,405	2,075		
Community Affairs-Senior Citizens						
Salaries & Wages	6,400	6,400		6,400		
Other Expenses	8,900	10,100	10,132			\$ 32
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Events, Anniversary or Holiday (RS 50:48-5.4)						
Other Expenses	15,200	15,200	11,009	4,191		
UNIFORM CONSTRUCTION CODE						
APPROPRIATIONS OFFSET BY						
DEDICATED REVENUES						
(N.J.A.C. 5:23-4-17)						
Construction Code Official						
Salaries & Wages	46,700	46,700	37,440	9,260		
Other Expenses	4,630	4,630	2,363	2,267		
Sub-Code Officials						
Building Inspector - Salaries & Wages	11,536	11,536	11,860			324
Plumbing Inspector - Salaries & Wages	6,176	6,176	5,202	974		
Electrical Inspector - Salaries & Wages	8,496	8,496	8,477	19		
Fire Protection Inspector - Salaries & Wages	6,393	6,393	6,242	151		
Property Maintenance Official						
Salaries & Wages	7,141	7,141	7,122	19		
Rent Monitoring Board						
Other Expenses	5,770	6,270	5,809	461		

See 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, 2014

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Over- Expenditure</u>
OPERATIONS - WITHIN "CAPS"						
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	\$ 69,734	\$ 69,734	\$ 40,311	\$ 29,423		
Street Lighting	68,969	68,969	55,669	13,300		
Telephone	36,973	36,973	29,516	7,457		
Water	7,107	7,107	5,806	1,301		
Natural Gas	31,458	31,458	20,021	11,437		
Gasoline	86,678	86,678	75,070	11,608		
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Sanitary Landfill Tax - Tipping Fee	<u>80,000</u>	<u>80,000</u>	<u>52,300</u>	<u>27,700</u>	<u>-</u>	<u>-</u>
Total Operations Within "CAPS"	<u>6,108,645</u>	<u>7,463,645</u>	<u>6,549,805</u>	<u>919,767</u>	<u>-</u>	<u>\$ 5,927</u>
Contingent	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
Total Operations including Contingent Within "CAPS"	<u>6,109,645</u>	<u>7,464,645</u>	<u>6,549,805</u>	<u>920,767</u>	<u>-</u>	<u>5,927</u>
Detail:						
Salaries & Wages	3,189,207	3,217,357	3,045,100	172,581	-	324
Other Expenses (Including Contingent)	<u>2,920,438</u>	<u>4,247,288</u>	<u>3,504,705</u>	<u>748,186</u>	<u>-</u>	<u>5,603</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures						
Social Security System (O.A.S.I.)	250,225	250,225	243,693	6,532		
Police and Firemen's Retirement System	423,924	423,924	423,924			
Public Employees Retirement System	<u>115,749</u>	<u>115,749</u>	<u>115,749</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>789,898</u>	<u>789,898</u>	<u>783,366</u>	<u>6,532</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>6,899,543</u>	<u>8,254,543</u>	<u>7,333,171</u>	<u>927,299</u>	<u>-</u>	<u>5,927</u>

See 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, 2014

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Over- Expenditure</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
PUBLIC SAFETY FUNCTIONS						
Fire Department						
LOSAP	\$ 46,042	\$ 46,042	\$ 46,042			
First Aid						
LOSAP	36,087	36,087	36,087			
INSURANCE						
Employee Group Health	20,439	20,439	-	\$ 20,439		
OTHER COMMON OPERATING FUNCTIONS						
HMDC-Tax Sharing	412,084	412,084	-		\$ 412,084	
LANDFILL/SOLID WASTE DISPOSAL						
Recycling Tax	3,652	3,652	2,516	1,136		
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
PUBLIC SAFETY FUNCTIONS						
"911" Telecommunication Agreement	2,000	2,000		2,000		
Shooting Range Agreement - Wood-Ridge	2,700	2,700	2,550	150		
Borough of Teterboro-Police Salaries and Wags	<u>319,330</u>	<u>319,330</u>	<u>319,330</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>842,334</u>	<u>842,334</u>	<u>406,525</u>	<u>23,725</u>	<u>412,084</u>	<u>-</u>
PUBLIC AND PRIVATE OFFSET BY REVENUES						
Recycling Tonnage Grant	14,023	14,023	10,873	3,150		
Clean Communities Program	753	753	-	753		
Snowflake Grant	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>39,776</u>	<u>39,776</u>	<u>35,873</u>	<u>3,903</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	<u>882,110</u>	<u>882,110</u>	<u>442,398</u>	<u>27,628</u>	<u>412,084</u>	<u>-</u>
Detail:						
Salaries & Wages	319,330	319,330	319,330	-	-	-
Other Expenses	<u>562,780</u>	<u>562,780</u>	<u>123,068</u>	<u>27,628</u>	<u>412,084</u>	<u>-</u>

See 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, 2014

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Over- Expenditure</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	\$ 365,000	\$ 365,000	\$ 365,000			
Payment of Bond Anticipation Notes and Capital Notes	90,433	90,433	90,433			
Interest on Bonds	60,156	60,156	60,156			
Interest on Notes	<u>32,000</u>	<u>32,000</u>	<u>31,640</u>	-	\$ 360	-
Total Municipal Debt Service - Excluded from "CAPS"	<u>547,589</u>	<u>547,589</u>	<u>547,229</u>	-	360	-
DEFERRED CHARGES						
Emergency - Superstorm Sandy - DLGS Approved	<u>381,918</u>	<u>381,918</u>	<u>381,918</u>	-	-	-
Special Emergency						
Total Deferred Charges	<u>381,918</u>	<u>381,918</u>	<u>381,918</u>	-	-	-
Judgements	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	-	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,817,617</u>	<u>1,817,617</u>	<u>1,377,545</u>	\$ 27,628	412,444	-
Subtotal General Appropriations	<u>8,717,160</u>	<u>10,072,160</u>	<u>8,710,716</u>	954,927	412,444	\$ 5,927
Reserve for Uncollected Taxes	<u>1,055,000</u>	<u>1,055,000</u>	<u>1,055,000</u>	-	-	-
Total General Appropriations	<u>\$ 9,772,160</u>	<u>\$ 11,127,160</u>	<u>\$ 9,765,716</u>	<u>\$ 954,927</u>	<u>\$ 412,444</u>	<u>\$ 5,927</u>
Budget as Adopted		\$ 9,772,160				
Emergency Appropriation- Hurricane Sandy		505,000				
Emergency Appropriation- Tax Appeal		<u>850,000</u>				
		<u>\$ 11,127,160</u>				

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
ANIMAL CONTROL FUND		
Cash	\$ 9,988	\$ 8,845
OTHER TRUST FUND		
Cash	484,792	400,244
Due from Vendor- Police Outside Duty	419,025	279,105
	<u>903,817</u>	<u>679,349</u>
UNEMPLOYMENT INSURANCE TRUST FUND		
Cash	<u>51,566</u>	<u>52,610</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)		
Investments	532,934	496,701
Contribution Receivable	77,542	68,645
	<u>610,476</u>	<u>565,346</u>
Total Assets	<u>\$ 1,575,847</u>	<u>\$ 1,306,150</u>
LIABILITIES AND RESERVES		
ANIMAL CONTROL FUND		
Due to Current Fund	\$ 6,480	\$ 5,196
Due to State of New Jersey	41	41
Reserve for Animal Control Expenditures	3,467	3,608
	<u>9,988</u>	<u>8,845</u>
OTHER TRUST FUND		
Escrow Deposits	37,569	38,900
Reserve for Miscellaneous Deposits	853,396	624,523
Reserve for Payroll Salaries and Deductions Payable	6,727	8,601
Due to Current Fund- Police Outside Duty	3,750	3,750
Due to Current Fund- Flexible Spending	1,877	1,877
Due to Current Fund- Payroll	13	12
Due to Current Fund- Escrow	485	1,686
	<u>903,817</u>	<u>679,349</u>
UNEMPLOYMENT INSURANCE TRUST FUND		
Due to State of New Jersey		1,089
Reserve for Unemployment Insurance	51,566	51,521
	<u>51,566</u>	<u>52,610</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)		
Reserve for LOSAP	<u>610,476</u>	<u>565,346</u>
Total Liabilities and Reserves	<u>\$ 1,575,847</u>	<u>\$ 1,306,150</u>

See 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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 7,098,056	\$ 2,850,640
Grant and Other Receivables	598,086	786,036
Due from Current Fund		92,325
Deferred Charges to Future Taxation		
Funded	1,326,000	1,751,000
Unfunded	<u>12,770,626</u>	<u>7,894,626</u>
 Total Assets	 <u>\$ 21,792,768</u>	 <u>\$ 13,374,627</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
Serial Bonds Payable	\$ 1,326,000	\$ 1,751,000
Bond Anticipation Notes Payable	7,722,000	3,452,350
Contracts Payable	331,697	281,585
Due to Sewer Utility Capital Fund	9,079	9,079
Due to Current Fund	597,999	
Improvement Authorization		
Funded	632,848	585,960
Unfunded	10,062,146	6,674,812
Reserve for Payment of DPW Building	272,484	272,484
Reserve for Municipal Building	373,265	
Reserve for Preliminary Costs	2,095	2,095
Capital Improvement Fund	108,518	117,518
Reserve for Federal and State Grant Receivables	250,135	175,135
Fund Balance	<u>104,502</u>	<u>52,609</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 21,792,768</u>	 <u>\$ 13,374,627</u>

There were bonds and notes authorized but not issued on December 31, 2015 and 2014 of \$5,048,626 and \$4,442,276, respectively.

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Balance, January 1	\$ 52,609	\$ 29,631
Increased by:		
Premium on Sale of Notes	<u>94,393</u>	<u>22,978</u>
	147,002	52,609
Decreased by:		
Appropriated to Finance Improvement Authorization	<u>42,500</u>	<u>-</u>
Balance, December 31	<u>\$ 104,502</u>	<u>\$ 52,609</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 1,765,546	\$ 1,152,415
Due from Sewer Utility Capital Fund	<u>10,704</u>	<u>8,816</u>
	<u>1,776,250</u>	<u>1,161,231</u>
Receivables With Full Reserves		
Sewer Utility Rents Receivable	<u>50,848</u>	<u>447,802</u>
Deferred Charges:		
Overexpenditure- Budget Appropriations	<u>23,961</u>	<u>5,520</u>
	<u>23,961</u>	<u>5,520</u>
 Total Assets	 <u>\$ 1,851,059</u>	 <u>\$ 1,614,553</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
Appropriation Reserves	\$ 151,466	\$ 34,506
Encumbrances Payable	17,942	7,363
Miscellaneous Reserves - Terminal Leave	152,665	152,665
Due to Lien Holder	292	292
Accrued Interest	<u>7,861</u>	<u>3,334</u>
	330,226	198,160
Reserve for Receivables	50,848	447,802
Fund Balance	<u>1,469,985</u>	<u>968,591</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 1,851,059</u>	 <u>\$ 1,614,553</u>

BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
AS OF DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 864,000	\$ 939,160
Grants Receivable	11,510	11,510
Due from General Capital Fund	9,079	9,079
Fixed Capital	2,625,546	2,625,546
Fixed Capital Authorized and Uncompleted	<u>2,493,310</u>	<u>2,493,310</u>
Total Assets	<u>\$ 6,003,445</u>	<u>\$ 6,078,605</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Due to Sewer Utility Operating Fund	\$ 10,704	\$ 8,816
Encumbrances Payable		614,191
Bonds Payable	325,000	370,000
Bond Anticipation Notes Payable	1,363,037	1,201,918
Improvement Authorization		
Funded	151,349	184,868
Unfunded	693,132	391,271
Reserve for Grants Receivable	11,510	11,510
Reserve for Amortization	2,669,788	2,589,343
Reserve for Deferred Amortization	613,033	571,666
Reserve for Payment of Bonds	14,555	
Capital Improvement Fund	113,369	113,369
Fund Balance	<u>37,968</u>	<u>21,653</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 6,003,445</u>	<u>\$ 6,078,605</u>

There were bonds and notes authorized but not issued on December 31, 2015 and 2014 of \$147,998 and \$385,929, respectively.

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
REVENUES AND OTHER INCOME		
Surplus Anticipated	\$ 144,607	\$ 203,852
Rents	2,183,075	2,042,582
Non-Budget Revenue	28,420	10,421
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	<u>34,506</u>	<u>147,695</u>
	<u>2,390,608</u>	<u>2,404,550</u>
EXPENDITURES		
Budget Appropriations		
Operating	1,625,883	1,412,421
Deferred Charges and Statutory Expenditures	49,020	32,969
Debt Service	<u>72,076</u>	<u>61,077</u>
	<u>1,746,979</u>	<u>1,506,467</u>
Excess/(Deficit) in Revenue	643,629	898,083
Adjustment to Income before Surplus:		
Expenditures included above which are by Statute Deferred		
Charges to budget of Succeeding Year	<u>2,372</u>	<u>5,520</u>
Statutory Excess to Surplus	646,001	903,603
Fund Balance, January 1	<u>968,591</u>	<u>268,840</u>
	1,614,592	1,172,443
Decreased by:		
Utilized in Sewer Operating Budget	<u>144,607</u>	<u>203,852</u>
Fund Balance, December 31	<u>\$ 1,469,985</u>	<u>\$ 968,591</u>

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Balance, January 1, 2015	\$ 21,653	\$ 13,579
Increased by:		
Premium on Sale of Notes	16,315	8,074
Balance, December 31, 2015	\$ 37,968	\$ 21,653

EXHIBIT D-3

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>		<u>2014</u>	
	<u>Budget</u>	<u>Realized</u>	<u>Budget</u>	<u>Realized</u>
Operating Surplus Anticipated	\$ 144,607	\$ 144,607	\$ 203,852	\$ 203,852
Rents	1,600,000	2,183,075	1,297,095	2,042,582
	\$ 1,744,607	\$ 2,327,682	\$ 1,500,947	\$ 2,246,434

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>	<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
OPERATING						
Salaries and Wages	\$ 486,084	\$ 474,084	\$ 406,048	\$ 68,036		
Other Expenses	473,932	473,932	390,797	83,135		
Bergen County Utilities Authority	677,867	677,867	677,867			
DEFERRED CHARGES AND AND STATUTORY EXPENDITURES						
Overexpenditure of Appropriations	5,520	5,520	5,520			
Social Security System (O.A.S.I.)	31,500	43,500	43,205	295		
DEBT SERVICE						
Payment of Bond Principal	45,000	45,000	45,000			
Interest on Bonds	7,187	7,187	7,187			
Interest on Notes	17,517	17,517	19,889	-	-	\$ 2,372
	<u>\$ 1,744,607</u>	<u>\$ 1,744,607</u>	<u>\$ 1,595,513</u>	<u>\$ 151,466</u>	<u>\$ -</u>	<u>\$ 2,372</u>

BOROUGH OF MOONACHIE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>	<u>Over- Expended</u>
	<u>Budget</u>	Budget After Modifications	Paid or Charged	<u>Reserved</u>		
OPERATING						
Salaries and Wages	\$ 486,084	\$ 436,084	\$ 405,440	\$ 30,644		
Other Expenses	273,932	323,932	329,452			\$ 5,520
Bergen County Utilities Authority	646,885	646,885	646,885			
 DEFERRED CHARGES AND AND STATUTORY EXPENDITURES						
Overexpenditure of Appropriations	1,469	1,469	1,469			
Social Security System (O.A.S.I.)	31,500	31,500	27,638	3,862		
 DEBT SERVICE						
Payment of Bond Principal	45,000	45,000	45,000			
Interest on Bonds	8,088	8,088	8,088			
Interest on Notes	<u>7,989</u>	<u>7,989</u>	<u>7,989</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,500,947</u>	<u>\$ 1,500,947</u>	<u>\$ 1,471,961</u>	<u>\$ 34,506</u>	<u>\$ -</u>	<u>\$ 5,520</u>

See Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF MOONACHIE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	<u>\$ 9,408</u>	<u>\$ 9,384</u>
LIABILITIES AND RESERVES		
Reserve for Public Assistance Expenditures	<u>\$ 9,408</u>	<u>\$ 9,384</u>

BOROUGH OF MOONACHIE
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSET ACCOUNT GROUP -
REGULATORY BASIS
AS OF DECEMBER 31, 2015 AND 2014

ASSETS	<u>2015</u>	<u>2014</u> <u>Restated</u>
Land	1,617,100	1,617,100
Buildings and Building Improvements	1,067,130	1,067,130
Machinery and Equipment	<u>5,212,828</u>	<u>4,416,505</u>
	<u>\$ 7,897,058</u>	<u>\$ 7,100,735</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 7,897,058</u>	<u>\$ 7,100,735</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Moonachie (the "Borough") was incorporated in 1910 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the volunteer fire department and volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Moonachie have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2014 balances to conform to the December 31, 2015 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, 2015 AND 2014**

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

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

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 \$5,000 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 as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

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

Land and Buildings	Assessed Value 1986
Machinery and Equipment	Estimated Cost

No depreciation has been provided for in the financial statements.

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

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

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

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

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

**BOROUGH OF MOONACHIE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2015 the Current Fund budget was not increased. During 2014 the Borough Council increased the original budget by \$1,355,000. The 2014 increase was attributable to an emergency resolution for tax appeals and a special emergency for additional costs associated with Hurricane Sandy. In addition, the governing body approved several budget transfers during 2015 and 2014.

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>2015</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Sewer Utility Operating Fund			
Debt Service			
Interest on Notes	\$ 17,517	\$ 19,889	\$ (2,372)
Appropriation Reserves - Operating			
Other Expenses	7,363	28,952	(21,589)

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

B. Excess Expenditures Over Appropriations (Continued)

<u>2014</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Current Fund			
Insurance			
Surety Bond Premium	\$ 1,000	\$ 4,885	\$ (3,885)
Police Dispatch/911			
Other Expenses	5,000	5,041	(41)
Uniform Fire Safety Act			
Fire Official- Other Expenses	12,710	14,355	(1,645)
Community Affairs			
Other Expenses	10,100	10,132	(32)
Sub-Code Officials			
Building Inspector Salary & Wages	11,536	11,860	(324)
Sewer Utility Operating Fund			
Other Expenses	\$ 323,932	\$ 329,452	\$ (5,520)

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), 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.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Borough's deposits were \$14,493,190 and \$11,089,959 and bank and brokerage firm balances of the Borough's deposits amounted to \$15,454,993 and \$11,590,010, 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>2015</u>	<u>2014</u>
Insured	\$ 15,454,993	\$ 11,590,010

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, 2015 and 2014, none of the Borough's bank balances were exposed to custodial credit risk.

B. Investments

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

As of December 31, 2015 and 2014, the Borough had the following investments:

	<u>Fair Value</u>
<u>2015</u>	
Lincoln Financial Group (LOSAP) Investment Fund (Unaudited)	\$ <u>532,934</u>
<u>2014</u>	
Lincoln Financial Group (LOSAP) Investment Fund (Unaudited)	\$ <u>496,701</u>

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2015 and 2014, \$532,934 and \$496,701 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>2015</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	<u>\$ 532,934</u>
<u>2014</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	<u>\$ 496,701</u>

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2015 and 2014, the Borough’s investment in Lincoln Financial Group was rated Baa2 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, 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.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2015 consisted of the following:

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

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

Receivables at December 31, 2014 consisted of the following:

	<u>Current Fund</u>	<u>Sewer Utility Operating Fund</u>	<u>Total</u>
<u>2014</u>			
Property Taxes	\$ 245,611		\$ 245,611
Tax Title Liens	365,424		365,424
Utility Charges and Fees	<u>-</u>	<u>\$ 447,802</u>	<u>447,802</u>
	<u>\$ 611,035</u>	<u>\$ 447,802</u>	<u>\$ 1,058,837</u>

In 2014, the Borough collected \$291,134 and \$98,475 from delinquent taxes and utility charges and fees, which represented 98% and 79% of the delinquent tax, water and sewer charges receivable at December 31, 2013.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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>2015</u>		<u>2014</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	\$ 610,604		\$ 12,521	\$ 92,325
Trust Fund:				
Animal Control Fund		\$ 6,480		5,196
Other Trust Fund- Police O/S Duty		3,750		3,750
Other Trust Fund- Flexible Spend		1,877		1,877
Other Trust Fund - Escrow		485		1,686
Other Trust Fund - Payroll		13		12
General Capital Fund		607,078	92,325	9,079
Sewer Utility Operating Fund	10,704		8,816	
Sewer Utility Capital Fund	<u>9,079</u>	<u>10,704</u>	<u>9,079</u>	<u>8,816</u>
Total	<u>\$ 630,387</u>	<u>\$ 630,387</u>	<u>\$ 122,741</u>	<u>\$ 122,741</u>

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

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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:

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Transferred to General Capital Fund</u>	<u>Balance Converted to Special Emergency</u>
<u>2014</u>				
Current Fund				
Special Emergency Authorization	\$ 850,732	\$ 352,769		\$ 497,963
Emergency Authorization- Tax Appeals	850,000		\$ 850,000	-
Over-Expenditure of Budget Appropriation	<u>5,927</u>	<u>5,927</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,706,659</u>	<u>\$ 358,696</u>	<u>\$ 850,000</u>	<u>\$ 497,963</u>

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2015</u>			
Sewer Utility Operating Fund			
Over-Expenditures of Budget Appropriation	\$ 2,372	\$ 2,372	
Over-Expenditures of Appropriation Reserves	<u>21,589</u>	<u>21,589</u>	<u>\$ -</u>
	<u>\$ 23,961</u>	<u>\$ 23,961</u>	<u>\$ -</u>

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2014</u>			
Sewer Utility Operating Fund			
Over-Expenditures of Budget Appropriation	\$ 5,520	\$ 5,520	\$ -
	<u>\$ 5,520</u>	<u>\$ 5,520</u>	<u>\$ -</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 7 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
	Local District <u>School</u>	Local District <u>School</u>
Balance of Tax Deferred	\$ 3,592,563 <u>3,103,810</u>	\$ 3,521,968 <u>3,103,810</u>
Taxes Payable	<u>\$ 488,753</u>	<u>\$ 418,158</u>

NOTE 8 FUND BALANCES APPROPRIATED

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

	<u>2015</u>		<u>2014</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,166,211	\$ 1,000,000	\$ 1,715,488	\$ 829,105
Non-Cash Surplus	<u>538,506</u>	<u>-</u>	<u>16,838</u>	<u>-</u>
	<u>\$ 1,704,717</u>	<u>\$ 1,000,000</u>	<u>\$ 1,732,326</u>	<u>\$ 829,105</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 1,446,024	\$ 150,000	\$ 963,071	\$ 144,607
Non-Cash Surplus	<u>23,961</u>	<u>-</u>	<u>5,520</u>	<u>-</u>
	<u>\$ 1,469,985</u>	<u>\$ 150,000</u>	<u>\$ 968,591</u>	<u>\$ 144,607</u>

The above fund balance amounts appropriated represent the surplus anticipated in the 2016 introduced municipal budget. The 2016 municipal budget has not been legally adopted as of the date of audit.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015.

	Balance January 1, <u>2015</u> (Restated)	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2015</u>
<u>2015</u>				
Land	\$ 1,617,100			\$ 1,617,100
Buildings and Building Improvements	1,067,130			1,067,130
Machinery and Equipment	<u>4,416,505</u>	<u>\$ 796,323</u>	<u>\$ -</u>	<u>5,212,828</u>
	<u>\$ 7,100,735</u>	<u>\$ 796,323</u>	<u>\$ -</u>	<u>\$ 7,897,058</u>

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, 2015 and 2014.

	Balance January 1, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2015</u>
<u>2015</u>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	<u>\$ 2,625,546</u>	<u>-</u>	<u>-</u>	<u>\$ 2,625,546</u>
	<u>\$ 2,625,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,625,546</u>
	Balance January 1, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2014</u>
<u>2014</u>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	<u>\$ 2,235,546</u>	<u>\$ 390,000</u>	<u>-</u>	<u>\$ 2,625,546</u>
	<u>\$ 2,235,546</u>	<u>\$ 390,000</u>	<u>\$ -</u>	<u>\$ 2,625,546</u>

BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 10 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2015</u>	<u>2014</u>
Issued		
General		
Bonds, Notes and Loans	\$ 9,048,000	\$ 5,203,350
Sewer Utility		
Bonds, Notes and Loans	<u>1,688,037</u>	<u>1,571,918</u>
	10,736,037	6,775,268
Less Funds Temporarily Held to Pay Bonds and Notes	<u>14,555</u>	<u>-</u>
Net Debt Issued	<u>10,721,482</u>	<u>6,775,268</u>
Authorized But Not Issued		
General		
Bonds and Notes	5,048,626	4,442,276
Sewer Utility		
Bonds and Notes	<u>147,998</u>	<u>385,929</u>
	<u>5,196,624</u>	<u>4,828,205</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 15,918,106</u>	<u>\$ 11,603,473</u>

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 1.551% and 1.210% at December 31, 2015 and 2014, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2015</u>			
General Debt	\$ 14,096,626	\$ 705,000	\$ 13,391,626
Utility Debt	<u>1,836,035</u>	<u>1,836,035</u>	<u>-</u>
Total	<u>\$ 15,932,661</u>	<u>\$ 2,541,035</u>	<u>\$ 13,391,626</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 9,645,626		\$ 9,645,626
Utility Debt	<u>1,957,847</u>	<u>\$ 1,957,847</u>	<u>-</u>
Total	<u>\$ 11,603,473</u>	<u>\$ 1,957,847</u>	<u>\$ 9,645,626</u>

Statutory Borrowing Power

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2015</u>	<u>2014</u>
3% of Equalized Valuation Basis (Municipal)	\$ 25,895,233	\$ 23,924,288
Less: Net Debt	<u>13,391,626</u>	<u>9,645,626</u>
Remaining Borrowing Power	<u>\$ 12,503,607</u>	<u>\$ 14,278,662</u>

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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>2015</u>	<u>2014</u>
\$3,011,000, 2004 Bonds, due in annual installments of \$310,000 to \$326,000 through October, 2017, interest at 3.60%	\$ 636,000	\$ 936,000
\$965,000, 2012 Bonds, due in annual installments of \$125,000 to \$150,000 through August, 2020, interest at 2.00%	<u>690,000</u>	<u>815,000</u>
	<u>\$ 1,326,000</u>	<u>\$ 1,751,000</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>2015</u>	<u>2014</u>
\$460,000, 2012 Bonds, due in annual installments of \$45,000 to \$50,000 through August, 2022, interest at 2.00% through 2.5%	<u>\$ 325,000</u>	<u>\$ 370,000</u>
	<u>\$ 325,000</u>	<u>\$ 370,000</u>

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 is as follows:

Calendar Year	General		Sewer Utility		Total
	Principal	Interest	Principal	Interest	
2016	\$ 435,000	\$ 36,384	\$ 45,000	\$ 6,625	\$ 523,009
2017	451,000	23,036	45,000	5,725	524,761
2018	145,000	8,800	45,000	4,825	203,625
2019	145,000	5,900	45,000	3,925	199,825
2020	150,000	3,000	45,000	3,025	201,025
2021-2022	-	-	100,000	3,250	103,250
	<u>\$ 1,326,000</u>	<u>\$ 77,120</u>	<u>\$ 325,000</u>	<u>\$ 27,375</u>	<u>\$ 1,755,495</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2015 and 2014 were as follows:

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, January 1, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund Bonds Payable	\$ 2,116,000	\$ -	\$ 365,000	\$ 1,751,000	\$ 425,000
General Capital Fund Long-Term Liabilities	<u>\$ 2,116,000</u>	<u>\$ -</u>	<u>\$ 365,000</u>	<u>\$ 1,751,000</u>	<u>\$ 425,000</u>
Sewer Utility Capital Fund Bonds Payable	<u>415,000</u>	<u>\$ -</u>	<u>45,000</u>	<u>\$ 370,000</u>	<u>\$ 45,000</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 415,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 370,000</u>	<u>\$ 45,000</u>

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2015 and 2014 was as follows:

Bond Anticipation Notes

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>2014</u>	Rate (%)	Maturity Date	Balance, January 1, <u>2014</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2014</u>
<u>General Capital Fund</u>						
<u>Purpose</u>						
Tax Appeal Refunding	1.25%	7/11/2014	\$ 90,433		\$ 90,433	
Hurricane Sandy Improvements	1.25%	10/21/2015	<u>3,452,350</u>	<u>\$ 3,452,350</u>	<u>3,452,350</u>	<u>\$ 3,452,350</u>
General Capital Bond Anticipation Notes Payable			<u>\$ 3,542,783</u>	<u>\$ 3,452,350</u>	<u>\$ 3,542,783</u>	<u>\$ 3,452,350</u>
<u>Sewer Utility Capital Fund</u>						
<u>Purpose</u>						
Hurricane Sandy Improvements	1.25%	10/21/2015	\$ 1,020,000	\$ 1,020,000	\$ 1,020,000	\$ 1,020,000
Sewer Capital Improvements	1.25%	10/21/2015	<u>-</u>	<u>181,918</u>	<u>-</u>	<u>181,918</u>
Sewer Utility Capital Bond Anticipation Notes Payable			<u>\$ 1,020,000</u>	<u>\$ 1,201,918</u>	<u>\$ 1,020,000</u>	<u>\$ 1,201,918</u>
Total Bond Anticipation Notes Payable			<u>\$ 4,562,783</u>	<u>\$ 4,654,268</u>	<u>\$ 4,562,783</u>	<u>\$ 4,654,268</u>

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2015 and 2014 as follows:

Emergency Notes

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

<u>2015</u>	Rate (%)	Maturity Date	Balance January 1, 2015	Renewed/ Issued	Transferred/ Retired/ Redeemed	Balance December 31, 2015
<u>Purpose</u>						
Tax Appeals			\$ 850,000	\$ -	\$ 850,000	\$ -
Total Emergency Notes			<u>\$ 850,000</u>	<u>\$ -</u>	<u>\$ 850,000</u>	<u>\$ -</u>

<u>2014</u>	Rate (%)	Maturity Date	Balance January 1, 2014	Renewed/ Issued	Retired/ Redeemed	Balance December 31, 2014
<u>Purpose</u>						
Tax Appeals	0.82%	10/21/2015	-	\$ 850,000	-	\$ 850,000
Total Emergency Notes			<u>\$ -</u>	<u>\$ 850,000</u>	<u>\$ -</u>	<u>\$ 850,000</u>

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Special Emergency Notes

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

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

<u>2014</u>	Rate (%)	Maturity Date	Balance January 1, 2014	Renewed/ Issued	Retired/ Redeemed	Balance December 31, 2014
<u>Purpose</u>						
Hurricane Sandy	0.82-1.25%	10/21/2015	\$ 727,650	\$ 850,732	\$ 727,650	\$ 850,732
Total Special Emergency Notes			<u>\$ 727,650</u>	<u>\$ 850,732</u>	<u>\$ 727,650</u>	<u>\$ 850,732</u>

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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>2015</u>	NJDOT Road Program	\$ 299,653	12/31/2016
<u>2014</u>	Acquisition of Elgin Street Sweeper and Jet Vac	\$ 613,266	12/31/2015

NOTE 12 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$725,193 and \$666,478 at December 31, 2015 and 2014, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2015 and 2014, the Borough has reserved in the Current Fund and Sewer Utility Fund \$479,948 and \$491,811, 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.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2015 and 2014 were as follows:

	Balance January 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2015</u>	Due Within <u>One Year</u>	
<u>2015</u>						
Community Disaster Loan	\$ 2,208,020	\$ 4,108		\$ 2,212,128		
Compesated Absences	666,478	58,715		725,193		
Net Pension Liability - PERS	3,122,032	721,093	\$ 141,758	3,701,367		
Net Pension Liability - PFRS	<u>7,755,283</u>	<u>3,517,835</u>	<u>\$ 524,539</u>	<u>10,748,579</u>	<u>-</u>	
Other Long Term Liabilities	<u>\$ 13,751,813</u>	<u>\$ 4,301,751</u>	<u>\$ 666,297</u>	<u>\$ 17,387,267</u>	<u>\$ -</u>	
	Balance January 1, <u>2014</u>	Prior Period <u>Adjustment</u> (A)	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>						
Community Disaster Loan	\$ 1,488,020		\$ 720,000		\$ 2,208,020	
Compesated Absences	698,634		39,478	\$ 71,634	666,478	
Net Pension Liability - PERS	\$ 2,935,970		323,529	137,467	3,122,032	
Net Pension Liability - PFRS	<u>-</u>	<u>7,724,587</u>	<u>504,228</u>	<u>473,532</u>	<u>7,755,283</u>	<u>-</u>
Other Long Term Liabilities	<u>\$ 2,186,654</u>	<u>\$ 10,660,557</u>	<u>\$ 1,587,235</u>	<u>\$ 682,633</u>	<u>\$ 3,091,256</u>	<u>\$ -</u>

(A) Represents the proportionate share of the Borough's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's Statement No. 68 "Accounting and Financial Reporting for Pensions".

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

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

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

Other Pension Funds

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

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

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

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, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Basis of Accounting

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

Investment Valuation

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

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

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The CPFPPF system is 65.4 percent funded with an unfunded actuarial accrued liability of \$ 1.7 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

**BOROUGH OF MOONACHIE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 5.50% for DCRP and 6.92% for fiscal year 2015 for PERS of employee’s annual compensation.

Annual Pension Cost (APC)

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

During the years ended December 31, 2015, 2014 and 2013, 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:

Year Ended <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2015	\$ 473,532	\$ 137,467
2014	423,924	115,749
2013	458,140	125,211

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

Public Employees Retirement System (PERS)

At December 31, 2015 and 2014, the Borough had a liability of \$3,701,367 and \$3,122,032, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough’s proportionate share was .01649 percent, which was a decrease of .00019 percent from its proportionate share measured as of June 30, 2014 of .01668 percent.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2015 and 2014, the pension system has determined the Borough’s pension expense to be \$275,504 and \$199,482, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough’s financial statements of \$137,467 and \$115,749, respectively. At December 31, 2015 and 2014, 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:

	2015		2014	
	<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	\$ 88,302			
Changes of Assumptions	397,497		\$ 98,173	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 59,511		
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	173,027	29,617	212,000	\$ 186,056
	<u>173,027</u>	<u>29,617</u>	<u>212,000</u>	<u>-</u>
Total	<u>\$ 658,826</u>	<u>\$ 89,128</u>	<u>\$ 310,173</u>	<u>\$ 186,056</u>

At December 31, 2015 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 121,812
2017	121,812
2018	121,812
2019	121,812
2020	<u>82,450</u>
	<u>\$ 569,698</u>

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40% Based on Age	2.15-4.40% Based on Age
Thereafter	3.15-5.40% Based on Age	3.15-5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Actuarial Assumptions

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

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%	-	-
Investment Grade Credit	10.00%	1.79%	-	-
Core Bonds	-	-	1.00%	2.49%
Intermediate-Term Bonds	-	-	11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%	-	-
REIT	4.25%	5.12%	-	-

Discount Rate

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

<u>Year</u>	<u>Discount Rate</u>
2015	4.90%
2014	5.39%

**BOROUGH OF MOONACHIE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2015 calculated using the discount rate of 4.90%, 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 (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,600,346</u>	<u>\$ 3,701,367</u>	<u>\$ 2,947,669</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**BOROUGH OF MOONACHIE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2015 and 2014, the Borough had a liability of \$10,748,579 and \$7,755,283, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough’s proportionate share was .06453 percent, which was an increase of .00288 percent from its proportionate share measured as of June 30, 2014 of .06165 percent.

For the years ended December 31, 2015 and 2014, the pension system has determined the Borough pension expense to be \$1,073,595 and \$609,617, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough’s financial statements of \$473,532 and \$423,924, respectively. At December 31, 2015 and 2014, 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:

	2015		2014	
	<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		\$ 92,710		
Changes of Assumptions	\$ 1,984,455		\$ 291,160	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		187,070		\$ 794,104
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>634,426</u>	<u>-</u>	<u>395,103</u>	<u>-</u>
Total	<u>\$ 2,618,881</u>	<u>\$ 279,780</u>	<u>\$ 686,263</u>	<u>\$ 794,104</u>

At December 31, 2015 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 471,803
2017	471,803
2018	471,803
2019	670,329
2020	<u>253,363</u>
	<u>\$ 2,339,101</u>

**BOROUGH OF MOONACHIE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	Based on Age	Based on Age
Thereafter	3.60-10.48%	4.95-9.62%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**BOROUGH OF MOONACHIE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%	-	-
Investment Grade Credit	10.00%	1.79%	-	-
Core Bonds	-	-	1.00%	2.49%
Intermediate-Term Bonds	-	-	11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%	-	-
REIT	4.25%	5.12%	-	-

Discount Rate

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

<u>Year</u>	<u>Discount Rate</u>
2015	5.79%
2014	6.32%

**BOROUGH OF MOONACHIE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2045
Municipal Bond Rate *	From July 1, 2045 and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2015 calculated using the discount rate of 5.79%, 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 (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 14,170,040</u>	<u>\$ 10,748,579</u>	<u>\$ 7,958,684</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF MOONACHIE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

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

At December 31, 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$942,614 and \$835,114, respectively. For the years ended December 31, 2015 and 2014, 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 \$117,577 and \$105,813, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$49,068 and \$34,676, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

NOTE 14 RISK MANAGEMENT

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 14 RISK MANAGEMENT (Continued)

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

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

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 December 31</u>	<u>Borough Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 10,000	\$ 10,104	\$ 51,566
2014	10,000	11,777	51,521
2013	10,000	19,312	53,133

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2015 and 2014. 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, 2015 and 2014, the Borough reserved \$658,504 and \$700,000, 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, 2015 and 2014, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2015 and 2014, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

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

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

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

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

The Borough of Moonachie has contributed \$1,271 for 2015 and 2014, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,271 for 2015 and 2014, respectively for each eligible volunteer first aid squad members into the Plan. The total Borough contributions were \$77,542 and \$68,645 for 2015 and 2014, respectively.

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 18 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2015. As of December 31, 2015, the Borough has received \$1,235,345 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

**BOROUGH OF MOONACHIE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 19 RESTATEMENT

The general fixed assets have been restated as of December 31, 2014 and are reflected in the fixed asset inventory report prepared by the Borough's fixed asset appraisal consultant.

	Balance Prior to Restatement December 31, <u>2014</u>	<u>Restatement</u>	Balance Restated December 31, <u>2014</u>
<u>2014</u>			
Land	\$ 1,617,100		\$ 1,617,100
Buildings and Building Improvements	1,471,024	\$ (403,894)	1,067,130
Machinery and Equipment	<u>4,416,505</u>	<u>-</u>	<u>4,416,505</u>
	<u>\$ 7,504,629</u>	<u>\$ (403,894)</u>	<u>\$ 7,100,735</u>

APPENDIX C
PROPOSED FORM OF BOND COUNSEL OPINION

*An opinion in substantially the following form
will be delivered at Closing, assuming no
material changes in facts or law*

_____, 2016

Mayor and Borough Council of the
Borough of Moonachie in the
County of Bergen, New Jersey

Re: Borough of Moonachie, in the County of Bergen, New Jersey
\$13,580,000 General Obligation Notes

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Borough of Moonachie, in the County of Bergen, New Jersey (the “Borough” or the “Issuer”), of its \$13,580,000 General Obligation Notes, consisting of: \$11,254,562 General Improvement Bond Anticipation Notes (the “General Improvement Notes”), \$518,000 Tax Appeal Refunding Bond Anticipation Notes (the “Refunding Notes”), \$1,475,475 Sewer Utility Bond Anticipation Notes (the “Sewer Utility Notes”) and \$331,963 Special Emergency Notes (the “Special Emergency Notes”, and collectively with the General Improvement Notes, the Refunding Notes and the Sewer Utility Notes, the “Notes”). The Notes are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer are available to pay the principal of and the interest on the Notes. The Notes are issued in registered form and are dated October 21, 2016, mature on October 20, 2017, bear interest at a rate of ___% per annum payable at maturity, and are not subject to redemption prior to maturity.

The Notes are issued under the provisions of the Local Bond Law and the Local Budget Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (collectively, the “Act”), bond ordinances of the Issuer 95-8, 12-02, 13-5, 13-6, 13-12, 13-13, 14-3, 14-4, 14-6, 15-3, 15-08, 15-10 and 16-02 (the “Ordinances”) and resolutions numbered 13-165 and 14-302 (the “Resolutions”). The Notes are issued for the purpose of providing funds to finance and refinance previously authorized capital improvement projects and other purposes with respect to Hurricane Sandy and tax appeals, as described in the Ordinances and the Resolutions (the “Projects”). The Projects were authorized by the Ordinances and the Resolutions.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Notes, including: (a)

copies of the Ordinances and Resolutions; (b) such matters of law, including, inter alia, the Act and the Internal Revenue Code of 1986, as amended (the “Code”); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Notes as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied on the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Notes have been duly authorized, issued, executed and sold by the Issuer; the Ordinances and the Resolutions have been duly authorized and adopted by the Issuer; and the Notes, the Ordinances and the Resolutions are legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms.

2. The power and obligation of the Issuer to pay the Notes is unlimited, and, unless paid from other sources, the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the Borough for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

3. The Issuer has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Notes under the Code. Failure to comply with certain requirements of the Code could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In our opinion, assuming continuing compliance by the Issuer with its covenants, under current law, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, interest on the Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Notes in “adjusted current earnings”.

4. Interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase “enforceable in accordance with their respective terms” shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Notes.

DECOTIIS, FITZPATRICK & COLE, LLP