

BOROUGH OF BOGOTA

**Financial Statements with
Supplementary Information
December 31, 2015**

(With Independent Auditor's Reports Thereon)

BOROUGH OF BOGOTA

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BOROUGH OF BOGOTA

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Bogota
County of Bergen, 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 Bogota in the County of Bergen, as of December 31, 2015 and 2014, the related statement of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinion

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 Bogota on the basis of the financial reporting provisions 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 requirements of New Jersey.

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 Bogota as of December 31, 2015 and 2014, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 9 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$29,450 and \$-0- for 2015 and 2014, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.



Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2015, the regulatory basis statements of operations for the year then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Bogota’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2016 on our consideration of the Borough of Bogota’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



The Honorable Mayor and
Members of the Borough Council
Page 4.

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 Bogota's internal control over financial reporting and compliance.



Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CROO413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

September 13, 2016



BOROUGH OF BOGOTA, N.J.

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2015 and 2014

| <u>Assets</u> | <u>Ref.</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|------------------|-----------------------------|
| Current Fund: | | | |
| Cash | A-4 | \$ 1,984,598 | 1,259,766 |
| Change Fund | A-5 | <u>280</u> | <u>280</u> |
| | | <u>1,984,878</u> | <u>1,260,046</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-7 | 34,114 | 27,531 |
| Property Acquired for Taxes | | | |
| Assessed Valuations | A-8 | 136,680 | 136,680 |
| Tax Title Liens | A-9 | 12,446 | 9,619 |
| Revenue Accounts Receivable | A-10 | 42,965 | 48,711 |
| Interfunds Receivable: | | | |
| Due from Federal and State Grant Fund | A-11 | 268,398 | |
| Due from Animal Control Trust Fund | A-11 | 2,060 | 7,027 |
| Due from Recreation Trust Fund | A-11 | 33,715 | 33,715 |
| Due from Other Trust Fund | A-11 | <u>82,583</u> | <u>71,036</u> |
| | | <u>612,961</u> | <u>334,319</u> |
| Deferred Charges: | | | |
| Special Emergency - N.J.S.A. 40-A:4-55 | A-12 | <u>188,400</u> | <u>317,800</u> |
| | | <u>188,400</u> | <u>317,800</u> |
| Total Current Fund | | <u>2,786,239</u> | <u>1,912,165</u> |
| Federal and State Grant Fund: | | | |
| Grants Receivable | A-24 | <u>339,000</u> | <u> </u> |
| Total Federal and State Grant Fund | | <u>339,000</u> | <u> </u> |
| | | <u>3,125,239</u> | <u>1,912,165</u> |

BOROUGH OF BOGOTA, N.J.

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2015 and 2014

| | <u>Ref.</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|---------------------|------------------|
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Current Fund: | | | |
| Appropriation Reserves | A-3, A-13 | \$ 350,319 | 227,503 |
| Encumbrances Payable | A-14 | 83,736 | 42,624 |
| Prepaid Taxes | A-15 | 90,286 | 58,039 |
| Tax Overpayments | A-16 | 895 | |
| Fees Payable | A-17 | 1,721 | 9,076 |
| Special Emergency Note Payable | A-18 | 188,400 | 317,800 |
| Library Taxes Payable | A-19 | 114 | |
| Appropriated Grant Reserves | A-22 | | 29,286 |
| Unappropriated Grant Reserves | A-23 | | 25,518 |
| Interfunds Payable: | | | |
| Due to Other Trust Fund | A-11 | <u>300,000</u> | |
| | | 1,015,471 | 709,846 |
| Reserve for Receivables and Other Assets | A | 612,961 | 334,319 |
| Fund Balance | A-1 | <u>1,157,807</u> | <u>868,000</u> |
| Total Current Fund | | <u>2,786,239</u> | <u>1,912,165</u> |
| Federal and State Grant Fund: | | | |
| Interfunds Payable | A-25 | 268,398 | |
| Appropriated Grant Reserves | A-26 | 36,236 | |
| Unappropriated Grant Reserves | A-27 | <u>34,366</u> | |
| Total Federal and State Grant Fund | | <u>339,000</u> | |
| | | <u>\$ 3,125,239</u> | <u>1,912,165</u> |

See accompanying notes to financial statements.

BOROUGH OF BOGOTA, N.J.

Comparative Statement of Operations and Changes in Fund Balance-Regulatory Basis

Current Fund

Years Ended December 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|-------------------|
| Revenue and Other Income Realized: | | |
| Fund Balance Utilized | \$ 150,000 | 158,304 |
| Miscellaneous Revenue Anticipated | 1,719,314 | 2,225,058 |
| Receipts from Delinquent Taxes | 9,569 | 34,192 |
| Receipts from Current Taxes | 23,969,922 | 23,345,097 |
| Non-Budget Revenues | 276,817 | 349,653 |
| Other Credits to Income: | | |
| Grants Canceled | | 71,860 |
| Unexpended Balance of Appropriation Reserves | 158,424 | 109,770 |
| Statutory Excess - Animal Control Fund | | 331 |
| Tax Overpayments Cancelled | | 2,641 |
| Miscellaneous Reserves Cancelled | | 26,424 |
| Prior Year Void Checks | | 47,296 |
| | <u>26,284,046</u> | <u>26,370,626</u> |
| Total Revenue | | |
| Expenditures: | | |
| Budget and Emergency Appropriations: | | |
| Operations: | | |
| Salaries and Wages | 3,009,852 | 2,902,800 |
| Other Expenses | 4,198,186 | 4,252,800 |
| Capital Improvements | 50,000 | 50,000 |
| Municipal Debt Service | 998,834 | 1,000,842 |
| Deferred Charges and Statutory Expenditures | 777,500 | 1,175,187 |
| School Taxes Payable | 14,812,210 | 14,487,107 |
| County Taxes Including Added Taxes | 1,703,637 | 1,644,425 |
| Interfunds Advanced | 269,020 | 15,458 |
| Prior Year Senior Citizen Disallowed | 2,443 | 2,226 |
| Senior Citizens Cancelled | | 36,740 |
| Grants Cancelled | | 67,151 |
| Refunds | 22,557 | |
| | <u>25,844,239</u> | <u>25,634,736</u> |
| Total Expenditures | | |
| Statutory Excess to Fund Balance | 439,807 | 735,890 |
| Fund Balance - January 1, | 868,000 | 290,414 |
| Decreased by Utilization as Anticipated Revenue | <u>150,000</u> | <u>158,304</u> |
| Fund Balance - December 31, | <u>\$ 1,157,807</u> | <u>\$ 868,000</u> |

See accompanying notes to financial statements.

BOROUGH OF BOGOTA, N.J.

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2015

| | <u>Budget</u> | <u>Realized</u> | <u>Excess (deficit)</u> |
|---|---------------------|---------------------|-----------------------------|
| Surplus Anticipated | \$ 150,000 | 150,000 | |
| Miscellaneous Revenues: | | | |
| Licenses: | | | |
| Alcoholic beverages | 8,500 | 16,052 | 7,552 |
| Other | 4,000 | 13,818 | 9,818 |
| Fees and permits | 14,000 | 5,865 | (8,135) |
| Fines and Costs - Municipal Court | 200,000 | 125,590 | (74,410) |
| Interest and Costs on Taxes | 28,000 | 32,221 | 4,221 |
| Interest on Investments and Deposits | 11,000 | 10,704 | (296) |
| Energy Receipts Tax | 578,317 | 578,317 | |
| Consolidated Municipal Property Tax Relief | 99,359 | 99,359 | |
| Uniform Construction Code Fees | 50,000 | 88,355 | 38,355 |
| State and Federal Revenues Offset with Appropriations | | | |
| NJ Clean Communities Program | 10,663 | 10,663 | |
| NJ Recycling Tonnage Grant | 11,115 | 11,115 | |
| NJ Alcohol Education and Rehabilitation Program | 1,890 | 1,890 | |
| NJ Body Armor Fund | 1,850 | 1,850 | |
| NJ Municipal Alliance on Alcoholism and Drug Abuse | 9,876 | 9,876 | |
| NJ Department of Transportation | 339,000 | 339,000 | |
| Uniform Fire Safety Local | 28,000 | 32,747 | 4,747 |
| Uniform Fire Safety Act | 5,000 | 7,617 | 2,617 |
| Cable T.V. Franchise Fee - Cablevision | 91,000 | 57,975 | (33,025) |
| Cable T.V. Franchise Fee - Verizon | 41,544 | 41,544 | (0) |
| Swim Club Rent | 7,500 | 7,500 | |
| Outside Police Duty Reimbursement | 30,000 | 138,296 | 108,296 |
| Reserve for Payment of Debt Service | 88,960 | 88,960 | |
| Total Miscellaneous Revenues | <u>1,659,574</u> | <u>1,719,314</u> | <u>59,740</u> |
| Receipts from Delinquent Taxes | | <u>9,569</u> | <u>9,569</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget | | | |
| Local Tax for Municipal Purposes | 7,235,046 | 7,369,724 | 134,678 |
| Local Tax for Library Purposes | 234,351 | 234,351 | |
| | <u>7,469,397</u> | <u>7,604,075</u> | <u>134,678</u> |
| Budget Total | \$ <u>9,278,971</u> | <u>9,482,958</u> | <u>203,987</u> |
| Non -Budget Revenue | | <u>276,817</u> | |
| | | <u>\$ 9,759,775</u> | |

BOROUGH OF BOGOTA, N.J.

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2015

Analysis of Realized Revenue

| | |
|--|---------------------|
| Allocation of Current Tax Collections: | |
| Revenue from Collections | \$ 23,969,922 |
| Allocated to School, County and Local Taxes | <u>16,515,847</u> |
| Balance for Support of Municipal Budget Appropriations | 7,454,075 |
| Add: Appropriation - Reserve for Uncollected Taxes | <u>150,000</u> |
| Amount for Support of Municipal Budget Appropriations | <u>\$ 7,604,075</u> |
| Receipts from: | |
| Delinquent Tax Collections | 9,086 |
| Tax Title Liens | <u>483</u> |
| | <u>\$ 9,569</u> |

Analysis of Non-Budget Revenues

| | |
|---|-------------------|
| Advertising Bins | \$ 431 |
| Animal Control Excesses | 7,601 |
| BOE Salt Reimbursements | 1,600 |
| County Snow Plowing | 10,060 |
| Crossing Guard Reimbursements | 1,745 |
| Department of Justice Receipts | 3,363 |
| Employee Disability Checks | 7,830 |
| From Trust & Escrow Account | 1,000 |
| General Capital Grant | 91,754 |
| Homestead Printing Reimbursement from State | 394 |
| Hurricane Sandy Reimbursements | 63,444 |
| Insurance Reimbursements | 18,833 |
| Law & Public Safety Cash Receipts | 7,500 |
| Maintenance Liens | 3,557 |
| Merchant Fee Reversals | 2,850 |
| Miscellaneous | 7,232 |
| NJ 2% Vets/Senior Administrative Fees | 1,194 |
| NJ Inspection Fines | 3,502 |
| NSF Fees | 200 |
| Overpayment Refunds | 2,021 |
| Payroll Returns | 14,903 |
| PILOT Payments | 3,000 |
| Polling Place Rental | 120 |
| Sale of Municipal Assets | 13,429 |
| State Housing Inspections | 4,254 |
| SWAT Team Payments | <u>5,000</u> |
| | <u>\$ 276,817</u> |

See accompanying notes to financial statements.

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| | <u>Budget</u> | <u>Budget after Modification and Transfer</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Canceled</u> |
|--|---------------|---|----------------------------|-----------------|--|
| Operations - within "CAPS": | | | | | |
| General Government: | | | | | |
| Administration: | | | | | |
| Salaries and Wages | \$ 168,000 | 135,000 | 134,235 | 765 | |
| Other Expenses | 40,000 | 64,000 | 63,487 | 513 | |
| Mayor and Council: | | | | | |
| Salaries and Wages | 1 | 17,001 | 16,125 | 876 | |
| Other Expenses | 3,500 | 3,500 | 2,903 | 597 | |
| Municipal Clerk: | | | | | |
| Salaries and Wages | 53,000 | 80,000 | 79,363 | 637 | |
| Other Expenses | 10,000 | 22,000 | 21,673 | 327 | |
| Other Expenses-Codification of Ordinances | | | | | |
| Financial Administration: | | | | | |
| Salaries and Wages | 40,500 | 61,000 | 53,554 | 7,446 | |
| Other Expenses | 25,000 | 15,000 | 14,696 | 304 | |
| Audit Services: | | | | | |
| Other Expenses | 30,000 | 30,000 | 30,000 | | |
| Computerized Data Processing: | | | | | |
| Other Expenses | 25,000 | 60,000 | 59,400 | 600 | |
| Revenue Administration (Tax Administration): | | | | | |
| Salaries and Wages | 48,000 | 48,000 | 47,514 | 486 | |
| Other Expenses | 10,000 | 28,000 | 27,924 | 76 | |
| Assessment of Taxes: | | | | | |
| Salaries and Wages | 15,000 | 15,000 | 14,765 | 235 | |
| Other Expenses | 5,000 | 6,000 | 5,708 | 292 | |

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| | <u>Budget</u> | <u>Budget after Modification and Transfer</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Canceled</u> |
|--|---------------|---|----------------------------|-----------------|--|
| Legal Services and Costs: | | | | | |
| Other Expenses | 150,000 | 204,000 | 196,187 | 7,813 | |
| Engineering Services and Costs: | | | | | |
| Other Expenses | 15,000 | 85,000 | 80,906 | 4,094 | |
| Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.) | | | | | |
| Planning Board: | | | | | |
| Other Expenses | 4,500 | 9,000 | 8,990 | 10 | |
| Code Enforcement & Administration | | | | | |
| Property Maintenance: | | | | | |
| Salaries and Wages | | 17,000 | 16,324 | 676 | |
| Insurance: | | | | | |
| Liability Insurance | 246,438 | 246,438 | 102,267 | 144,171 | |
| Workman's Compensation Insurance | 166,749 | 166,749 | 165,882 | 867 | |
| Employee Group Insurance | 640,000 | 621,000 | 592,061 | 28,939 | |
| Unemployment | 1,000 | 1,000 | 607 | 393 | |
| Public Safety: | | | | | |
| Police Department: | | | | | |
| Salaries and Wages | 1,755,000 | 1,732,851 | 1,722,065 | 10,786 | |
| Other Expenses | 100,000 | 87,000 | 86,222 | 778 | |
| Police Clerical: | | | | | |
| Salaries and Wages | 38,000 | 38,000 | 37,968 | 32 | |
| Crossing Guards: | | | | | |
| Salaries and Wages | 50,000 | 54,000 | 53,671 | 329 | |
| Emergency Management: | | | | | |
| Other Expenses | 5,000 | 8,500 | 8,247 | 253 | |
| Aid to Volunteer Fire Companies: | | | | | |
| Salaries and Wages | | | | | |
| Other Expenses | 85,000 | 95,000 | 94,490 | 510 | |

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| | <u>Budget</u> | <u>Budget after Modification and Transfer</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Canceled</u> |
|-------------------------------|---------------|---|----------------------------|-----------------|--|
| Rescue Squad: | | | | | |
| Salaries and Wages | 20,000 | 16,000 | 15,525 | 475 | |
| Other Expenses | | | | | |
| First Aid Organization: | | | | | |
| Salaries and Wages | 45,000 | 10,000 | 8,034 | 1,966 | |
| Other Expenses | | | | | |
| Uniform Fire Safety: | | | | | |
| Salaries and Wages | 27,000 | 27,000 | 26,580 | 420 | |
| Other Expenses | 82,469 | 73,469 | 72,983 | 486 | |
| Public Works Function: | | | | | |
| Streets and Roads: | | | | | |
| Streets and Road Maintenance: | | | | | |
| Salaries and Wages | 450,000 | 430,000 | 429,101 | 899 | |
| Other Expenses | 150,000 | 90,000 | 73,086 | 16,914 | |
| Shade Tree: | | | | | |
| Other Expenses | 25,000 | 25,000 | 23,145 | 1,855 | |
| Solid Waste Collection: | | | | | |
| Other Expenses | 108,095 | 48,095 | 43,400 | 4,695 | |
| Public Building and Grounds: | | | | | |
| Other Expenses | 60,000 | 127,000 | 126,862 | 138 | |
| Health and Welfare: | | | | | |
| Board of Health: | | | | | |
| Other Expenses | 40,000 | 40,000 | 38,666 | 1,334 | |
| Animal Control Services: | | | | | |
| Other Expenses-Contract | 14,000 | 15,000 | 14,000 | 1,000 | |

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| | <u>Budget</u> | <u>Budget after Modification and Transfer</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Canceled</u> |
|---------------------------------------|------------------|---|----------------------------|-----------------|--|
| Recreational Services and Programs: | | | | | |
| Recreation Commission: | | | | | |
| Salaries and Wages | 65,000 | 75,000 | 73,151 | 1,849 | |
| Other Expenses | 13,000 | 27,000 | 26,633 | 367 | |
| Uniform Construction Code: | | | | | |
| Code Enforcement and Administration: | | | | | |
| Salaries and Wages | 80,000 | 70,000 | 65,265 | 4,735 | |
| Other Expenses | 5,000 | 5,000 | 4,019 | 981 | |
| Utility Expenses and Bulk Purchases: | | | | | |
| Electricity | 175,000 | 188,000 | 187,212 | 788 | |
| Street Lighting | 80,000 | 40,000 | 36,387 | 3,613 | |
| Telephone | 50,000 | 50,000 | 44,075 | 5,925 | |
| Water | 10,000 | 10,000 | 5,104 | 4,896 | |
| Gasoline | 125,000 | 65,000 | 59,095 | 5,905 | |
| Solid Waste Disposal Costs: | | | | | |
| Dump Fees | 250,000 | 200,000 | 194,580 | 5,420 | |
| Total Operations within "CAPS" | 5,604,252 | 5,581,603 | 5,304,137 | 277,466 | |
| Detail: | | | | | |
| Salaries & Wages | 2,789,501 | 2,799,852 | 2,769,681 | 30,171 | |
| Other Expenses (Including Contingent) | 2,814,751 | 2,781,751 | 2,534,456 | 247,295 | |
| Total: | 5,604,252 | 5,581,603 | 5,304,137 | 277,466 | |

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| | Budget | Budget after Modification and Transfer | Paid or Charged | Reserved | Unexpended Balance Canceled |
|--|------------------|--|--------------------|---------------|-----------------------------------|
| (E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS": | | | | | |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Public Employees' Retirement System | 97,742 | 97,742 | 97,742 | | |
| Social Security System (O.A.S.I.) | 150,000 | 150,000 | 147,276 | 2,724 | |
| Police and Fireman's Retirement System of NJ | 400,358 | 400,358 | 400,358 | | |
| | <u>648,100</u> | <u>648,100</u> | <u>645,376</u> | <u>2,724</u> | |
| Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS" | | | | | |
| | 6,252,352 | 6,229,703 | 5,949,513 | 280,190 | |
| Total General Appropriations for Municipal Purposes within "CAPS" | | | | | |
| Other Appropriations - Excluded from "CAPS": | | | | | |
| Sewer Processing and Disposal [N.J.S.A. 40A:4-45.3(j)]: | | | | | |
| Other Expenses | 687,072 | 687,072 | 687,072 | | |
| Maintenance of Free Public Library: | | | | | |
| Other Expenses | 234,351 | 235,000 | 234,090 | 910 | |
| Police Dispatch/911: | | | | | |
| Salaries and Wages | 170,000 | 180,000 | 172,611 | 7,389 | |
| Other Expenses | 2,500 | 2,500 | | 2,500 | |
| LOSAP Contribution: | | | | | |
| Other Expenses | 50,000 | 50,000 | | 50,000 | |
| | <u>1,143,923</u> | <u>1,154,572</u> | <u>1,093,773</u> | <u>60,799</u> | |
| Total Other Appropriations - Excluded from "CAPS" | | | | | |

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| | <u>Budget</u> | <u>Budget after Modification and Transfer</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Canceled</u> |
|---|------------------|---|----------------------------|-----------------|--|
| Interlocal Municipal Service Agreements-Excluded from "CAPS": | | | | | |
| Municipal Court-Borough of Little Ferry: | | | | | |
| Salaries and Wages | 18,000 | 30,000 | 28,520 | 1,480 | |
| Other Expenses | 65,000 | 65,000 | 57,150 | 7,850 | |
| | <u>83,000</u> | <u>95,000</u> | <u>85,670</u> | <u>9,330</u> | |
| Total Interlocal Municipal Service Agreements | | | | | |
| Public and Private Programs Offset | | | | | |
| by Revenues: | | | | | |
| NJ Clean Communities Program | 10,663 | 10,663 | 10,663 | | |
| NJ Recycling Tonnage Grant | 11,115 | 11,115 | 11,115 | | |
| NJ Alcohol Education and Rehabilitation Program | 1,890 | 1,890 | 1,890 | | |
| NJ Body Armor Fund | 1,850 | 1,850 | 1,850 | | |
| NJ Department of Transportation | 339,000 | 339,000 | 339,000 | | |
| NJ Muni Alliance-State | 9,876 | 9,876 | 9,876 | | |
| NJ Muni Alliance-Local | 2,469 | 2,469 | 2,469 | | |
| | <u>376,863</u> | <u>376,863</u> | <u>376,863</u> | | |
| Total Public and Private Programs Offset | | | | | |
| by Revenues | 1,603,786 | 1,626,435 | 1,556,306 | 70,129 | |
| Total Operations-Excluded from "CAPS" | | | | | |
| Detail: | | | | | |
| Salaries and Wages | 188,000 | 210,000 | 201,131 | 8,869 | |
| Other Expenses | 1,415,786 | 1,416,435 | 1,355,175 | 61,260 | |
| Total | <u>1,603,786</u> | <u>1,626,435</u> | <u>1,556,306</u> | <u>70,129</u> | |

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| | Budget | Budget after Modification and Transfer | Paid or Charged | Reserved | Unexpended Balance Canceled |
|---|-----------|--|--------------------|----------|-----------------------------------|
| Capital Improvements-Excluded from "CAPS" | | | | | |
| Capital Improvement Fund | 50,000 | 50,000 | 50,000 | | |
| Total Capital Improvements Excluded from "CAPS" | 50,000 | 50,000 | 50,000 | | |
| Municipal Debt Service - Excluded from "CAPS" | | | | | |
| Bond-Principal | 655,000 | 655,000 | 655,000 | | |
| Bond-Interest | 141,161 | 141,161 | 141,161 | | |
| BCIA Loan - Principal | 77,000 | 77,000 | 77,000 | | |
| BCIA Loan - Interest | 4,771 | 4,771 | 2,547 | | 2,224 |
| BAN - Principal | 116,040 | 116,040 | 115,000 | | 1,040 |
| BAN - Principal (from Reserve) | 88,960 | 88,960 | | | 88,960 |
| BAN - Interest | 7,500 | 7,500 | 5,361 | | 2,139 |
| Special Emergency Note-Interest | 3,000 | 3,000 | 2,765 | | 235 |
| Total Municipal Debt Service-Excluded from "CAPS" | 1,093,432 | 1,093,432 | 998,834 | | 94,598 |
| Deferred Charges-Municipal- Excluded from "CAPS" | | | | | |
| Emergency Authorization | | | | | |
| Special Emergency Authorizations- | | | | | |
| 5 Years (N.J.S.A. 40A:4-55) | 129,400 | 129,400 | 129,400 | | |
| Total Deferred Charges-Municipal- Excluded from "CAPS" | 129,400 | 129,400 | 129,400 | | |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | 2,876,618 | 2,899,267 | 2,734,540 | 70,129 | 94,598 |
| Subtotal General Appropriations | 9,128,970 | 9,128,970 | 8,684,053 | 350,319 | 94,598 |

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| | Budget | Budget after Modification and Transfer | Paid or Charged | Reserved | Unexpended Balance Canceled |
|-------------------------------|---------------------|--|--------------------|----------------|-----------------------------------|
| Reserve for Uncollected Taxes | <u>150,000</u> | <u>150,000</u> | <u>150,000</u> | | |
| Total General Appropriations | <u>\$ 9,278,970</u> | <u>9,278,970</u> | <u>8,834,053</u> | <u>350,319</u> | <u>94,598</u> |

Adopted Budget \$ 8,939,970
 Amended by N.J.S.A. 40A:4-87 339,000
9,278,970

| | |
|----------------------------------|------------------|
| Reserve for Uncollected Taxes | \$ 150,000 |
| Grants | 376,863 |
| Special Emergency Authorizations | 129,400 |
| Encumbrances | 83,736 |
| Cash | <u>8,094,054</u> |

\$ 8,834,053

See accompanying notes to the financial statements.

BOROUGH OF BOGOTA, N.J.

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2015 and 2014

| | <u>Ref.</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|---------------------|-------------------|
| <u>Assets</u> | | | |
| Animal Trust Fund: | | | |
| Cash | B-1 | \$ <u>9,311</u> | <u>14,537</u> |
| Other Trust Fund | | | |
| Cash | B-1 | 2,249,903 | 923,597 |
| Interfund - Current Fund | B-4 | <u>300,000</u> | <u> </u> |
| | | <u>2,549,903</u> | <u>923,597</u> |
| Recreation Trust Fund | | | |
| Cash | B-1 | <u>112,170</u> | <u>49,663</u> |
| Library Trust Fund | | | |
| Cash | B-1 | <u>27,083</u> | <u>31,684</u> |
| Emergency Services Volunteer Length of Service Award Program (unaudited): | | | |
| Contributions Receivable | B-10 | <u>29,450</u> | <u> </u> |
| | | <u>29,450</u> | <u> </u> |
| | | <u>\$ 2,727,917</u> | <u>1,019,481</u> |

BOROUGH OF BOGOTA, N.J.

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2015 and 2014

| | <u>Ref.</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|---------------------|-------------------|
| <u>Liabilities, Reserves & Fund Balance</u> | | | |
| Animal Trust Fund: | | | |
| Reserve for Animal Trust Fund Expenditures | B-2 | 6,848 | 7,124 |
| Due to State of New Jersey | B-3 | 403 | 386 |
| Interfund - Current Fund | B-4 | <u>2,060</u> | <u>7,027</u> |
| | | <u>9,311</u> | <u>14,537</u> |
| Other Trust Fund: | | | |
| Payroll Deductions Payable | B-5 | 116,817 | 62,952 |
| Interfund - Current Fund | B-4 | 82,583 | 71,036 |
| Miscellaneous Reserves | B-6 | 2,350,503 | 787,365 |
| Reserve for Terminal Pay | B-7 | <u>2,244</u> | <u>2,244</u> |
| | | <u>2,549,903</u> | <u>923,597</u> |
| Recreation Trust Fund | | | |
| Interfund - Current Fund | B-4 | 33,715 | 33,715 |
| Reserve for Expenditures | B-8 | <u>78,455</u> | <u>15,948</u> |
| | | <u>112,170</u> | <u>49,663</u> |
| Library Trust Fund | | | |
| Reserve for Expenditures | B-9 | <u>27,083</u> | <u>31,684</u> |
| Emergency Services Volunteer Length of Service Award Program (unaudited): | | | |
| Net Assets Available for Benefits | B-11 | <u>29,450</u> | <u> </u> |
| | | <u>\$ 2,727,917</u> | <u>1,019,481</u> |

See accompanying notes to financial statements.

BOROUGH OF BOGOTA, N.J.

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2015 and 2014

| <u>Assets</u> | <u>Ref.</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|---------------------|------------------|
| Cash | C-2,3 | \$ 880,854 | 319,308 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-5 | 4,587,000 | 5,319,000 |
| Unfunded | C-6 | <u>2,415,000</u> | <u>830,000</u> |
| | | <u>\$ 7,882,854</u> | <u>6,468,308</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Serial Bonds Payable | C-7 | 4,322,000 | 4,977,000 |
| Capital Leases Payable | C-8 | 265,000 | 342,000 |
| Bond Anticipation Notes Payable | C-9 | 2,415,000 | 830,000 |
| Improvement Authorizations: | | | |
| Funded | C-10 | 3,577 | 19,567 |
| Unfunded | C-10 | 792,032 | 110,536 |
| Capital Improvement Fund | C-11 | 77,005 | 92,005 |
| Reserve for Payment of Debt | C-12 | | 88,960 |
| Fund Balance | C-1 | <u>8,240</u> | <u>8,240</u> |
| | | <u>\$ 7,882,854</u> | <u>6,468,308</u> |

There were \$0 and \$0 of Bonds and Notes Authorized But Not Issued on December 31, 2015 and December 31, 2014 (Exhibit C-13).

See accompanying notes to the financial statements.

BOROUGH OF BOGOTA, N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31,

| | <u>2015</u> | <u>2014</u> |
|---|-----------------|-----------------|
| Balance - December 31, | \$ 8,240 | \$ 32,382 |
| Increased by: | | |
| Improvement Authorizations Cancelled | | 163,918 |
| Cancellation of Old Outstanding Checks | | 28,383 |
| | <hr/> | <hr/> |
| | | 192,301 |
| | <hr/> | |
| | 8,240 | 224,683 |
| Decreased by: | | |
| Appropriated to Finance Imp. Authorizations | | 30,000 |
| Adjustment | | 105 |
| 2014 Budgeted Revenue | | 186,338 |
| | <hr/> | <hr/> |
| | | 216,443 |
| | <hr/> | |
| Balance - December 31, | \$ <u>8,240</u> | \$ <u>8,240</u> |

See accompanying notes to the financial statements.

BOROUGH OF BOGOTA, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2015 and 2014

| | Restated <u>2015</u> | <u>2014</u> |
|------------------------------|-------------------------|-------------------|
| <u>General Fixed Assets:</u> | | |
| Land | \$ 5,968,400 | 6,801,300 |
| Buildings | 4,635,800 | 3,191,567 |
| Machinery and Equipment | <u>5,124,081</u> | <u>6,499,902</u> |
| | <u>\$ 15,728,281</u> | <u>16,492,769</u> |
| | | |
| Investment in Fixed Assets | <u>\$ 15,728,281</u> | <u>16,492,769</u> |

See accompanying notes to financial statements.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups 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 financial statements of the Borough of Bogota have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is another comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Bogota (the "Borough") operates under a Mayor/Council form of government. 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 has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, 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. 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 Public Library, which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

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. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities 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 – Trust 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 License Fund – This fund is used to account for fees collected from animal 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.

Recreation Trust Fund – This fund is used to account for the receipts and disbursements relating to recreation activities of the Borough.

Library Trust Fund – This fund is used to account for the receipts and disbursements relating to the municipal library.

Emergency Services Volunteer Length of Service Award Plan (LOSAP) Trust Fund – This fund is used to account for the cumulative amount of each participant's length of service awards, including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

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

General Fixed Assets Account Group - This account group is used to account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Bogota. 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 for municipalities by the Division 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:

Property Tax Revenues - 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. 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 June 30, 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 the 11th day of the 11th month in the calendar year levied 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 tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes 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, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - 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.

Grant Revenues - 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 in the accounting period when they become susceptible to accrual.

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 per N.J.S.A. 40A:4 et seq.

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

General Capital Fund
Trust Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not 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.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

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. 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 the years ended December 31, 2015 and 2014, the Borough Council approved additional revenues and appropriations of \$339,000 and \$-0-, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2015 and 2014.

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 canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

Appropriation Reserves - 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.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. 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 be recorded as a long-term obligation.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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

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.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - The Borough of Bogota has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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 drainage systems are not capitalized.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimate - 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations 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.

C. Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Recent Accounting Pronouncements, (continued)

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity's financial statement disclosures.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this Statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Recent Accounting Pronouncements, (continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Recent Accounting Pronouncements, (continued)

affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

D. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

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's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2015 and 2014, \$-0- of the Borough's bank balance of \$6,824,288 and \$3,982,605, respectively, was exposed to custodial credit risk.

Investments

Investment 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. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Unaudited Investments

As more fully described in Note 9, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Advisors, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2015 and 2014 amount to \$-0- and \$-0-, respectively, as no contributions have been deposited to date.

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2015 consisted of the following:

| | <u>Balance</u> <u>Dec. 31, 2014</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>Dec. 31, 2015</u> | <u>Amounts Due</u> <u>Within</u> <u>One Year</u> |
|----------------------------|--|------------------|-------------------|--|--|
| Bonds Payable: | | | | | |
| Obligation Debt | \$4,977,000 | \$ | \$655,000 | \$4,322,000 | \$675,000 |
| Other Liabilities: | | | | | |
| PERS/PFRS Pension Deferral | 129,958 | | 10,365 | 119,593 | 11,225 |
| Compensated Absences | 463,236 | 49,973 | 85,659 | 427,550 | |
| Capital Leases Payable | <u>342,000</u> | <u> </u> | <u>77,000</u> | <u>265,000</u> | <u>83,000</u> |
| | <u>\$5,912,194</u> | <u>\$49,973</u> | <u>\$828,024</u> | <u>\$5,134,143</u> | <u>\$769,225</u> |

| | <u>Balance</u> <u>Dec. 31, 2013</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>Dec. 31, 2014</u> | <u>Amounts Due</u> <u>Within</u> <u>One Year</u> |
|----------------------------|--|------------------|-------------------|--|--|
| Bonds Payable: | | | | | |
| Obligation Debt | \$5,612,000 | \$ | \$635,000 | \$4,977,000 | \$655,000 |
| Other Liabilities: | | | | | |
| PERS/PFRS Pension Deferral | 139,372 | | 9,414 | 129,958 | 10,365 |
| Compensated Absences | 496,766 | 15,176 | 48,706 | 463,236 | |
| Capital Leases Payable | <u>416,000</u> | <u> </u> | <u>74,000</u> | <u>342,000</u> | <u>77,000</u> |
| | <u>\$6,664,138</u> | <u>\$15,176</u> | <u>\$767,120</u> | <u>\$5,912,194</u> | <u>\$742,365</u> |

**BOROUGH OF BOGOTA
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014
 (CONTINUED)**

NOTE 3. MUNICIPAL DEBT, (continued)

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. 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 five months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

| | <u>Year 2015</u> | <u>Year 2014</u> | <u>Year 2013</u> |
|--|--------------------|--------------------|--------------------|
| <u>Issued:</u> | | | |
| General - Bonds, Notes and Loans | \$7,002,000 | \$6,149,000 | \$6,603,000 |
| <u>Authorized But Not Issued</u> | | | |
| General - Bonds and Notes | _____ | _____ | <u>55,505</u> |
| Total Bonds, Notes and Loans Issued and Authorized But Not Issued | 7,002,000 | 6,149,000 | 6,658,505 |
| Less: Deductions | | <u>88,960</u> | <u>106,477</u> |
| Net Debt | <u>\$7,002,000</u> | <u>\$6,060,040</u> | <u>\$6,552,028</u> |

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.986% for 2015.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------|---------------------|--------------------|--------------------|
| School District Debt | \$4,675,000 | \$4,675,000 | \$ - |
| General Debt | <u>7,002,000</u> | _____ | <u>7,002,000</u> |
| | <u>\$11,677,000</u> | <u>\$4,675,000</u> | <u>\$7,002,000</u> |

Net debt of \$7,002,000 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$710,128,494 equals 0.986% for 2015.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 3. MUNICIPAL DEBT, (continued)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.785% for 2014.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------------|---------------------|--------------------|--------------------|
| Local School District Debt | \$5,130,000 | \$5,130,000 | \$ - |
| General Debt | <u>5,807,000</u> | <u>88,960</u> | <u>5,718,040</u> |
| | <u>\$10,937,000</u> | <u>\$5,218,960</u> | <u>\$5,718,040</u> |

Net debt of \$5,718,040 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$728,463,252 equals 0.785% for 2014.

Borrowing Power Available under N.J.S.A. 40A:2-6 as Amended

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| 3 ½% of Equalized Valuation Basis (Municipal) | \$24,854,497 | \$25,496,214 |
| Net Debt | <u>7,002,000</u> | <u>5,718,040</u> |
| Remaining Borrowing Power | <u>\$17,852,497</u> | <u>\$19,778,174</u> |

The Borough's long-term debt consisted of the following at December 31, 2015:

Paid by Current Fund:

| <u>General Serial Bonds</u> | <u>2015</u> | <u>2014</u> |
|--|--------------------|--------------------|
| \$1,840,000, General Obligation Bonds - with an interest rate of 3.00% to 4.00%, issued March 15, 2004, due through March 15, 2017 | \$405,000 | \$600,000 |
| \$2,667,000, General Obligation Bonds, with an interest rate of 4.125% to 4.25%, issued July 1, 2007, due through July 1, 2018 | 1,122,000 | 1,407,000 |
| \$3,265,000, General Obligation Bonds - with an interest rate of 0.70% to 3.00%, issued December 1, 2012, due through December 1, 2025 | <u>2,795,000</u> | <u>2,970,000</u> |
| Total General Serial Bonds | <u>\$4,322,000</u> | <u>\$4,977,000</u> |

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 3. MUNICIPAL DEBT, (continued)

Aggregate debt service requirements during the next five years and thereafter are as follows:

| <u>Year</u> | <u>General Capital Bonds</u> | | |
|-------------|------------------------------|------------------|--------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2016 | \$675,000 | \$120,535 | \$795,535 |
| 2017 | 695,000 | 97,566 | 792,566 |
| 2018 | 712,000 | 77,185 | 789,185 |
| 2019 | 320,000 | 51,200 | 371,200 |
| 2020 | 320,000 | 44,800 | 364,800 |
| 2021-2025 | <u>1,600,000</u> | <u>123,200</u> | <u>1,723,200</u> |
| | <u>\$4,322,000</u> | <u>\$514,486</u> | <u>\$4,836,486</u> |

General capital and assessment serial bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough and/or water utilities revenues and special assessments.

At December 31, 2015 and 2014, the Borough had authorized but not issued debt as follows:

| | <u>2015</u> | <u>2014</u> |
|----------------------|---------------|---------------|
| General Capital Fund | <u>\$ -0-</u> | <u>\$ -0-</u> |

NOTE 4. BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2015 and 2014, the Borough had \$2,415,000 and \$830,000, respectively, in outstanding General Capital bond anticipation notes.

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 4. BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the periods ended December 31, 2015 and 2014:

| | <u>Balance</u> <u>Dec. 31, 2014</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>Dec. 31, 2015</u> |
|--------------------------------|--|--------------------|-------------------|--|
| General Capital Notes Payable: | | | | |
| PNC Bank | \$830,000 | \$ | \$830,000 | \$ |
| Bogota Securities Corp. | | 525,000 | | 525,000 |
| Bogota Savings Bank | _____ | <u>1,890,000</u> | _____ | <u>1,890,000</u> |
| | <u>\$830,000</u> | <u>\$2,415,000</u> | <u>\$830,000</u> | <u>\$2,415,000</u> |
| | | | | |
| | <u>Balance</u> <u>Dec. 31, 2013</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>Dec. 31, 2014</u> |
| General Capital Notes Payable: | | | | |
| PNC Bank | <u>\$575,000</u> | <u>\$830,000</u> | <u>\$575,000</u> | <u>\$830,000</u> |

NOTE 5. 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 1/3 or 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 third or fifth year following the date of the special emergency resolution.

On December 31, 2015 and 2014, the Borough had \$188,400 and \$317,800, respectively, in outstanding Current Fund Special Emergency Notes.

The following activity related to special emergency notes occurred during the calendar years ended December 31, 2015 and 2014:

| | <u>Balance</u> <u>Dec. 31, 2014</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>Dec. 31, 2015</u> |
|-------------------------|--|------------------|-------------------|--|
| Current Fund: | | | | |
| PNC Bank | \$317,800 | \$ | \$317,800 | \$ |
| Bogota Securities Corp. | _____ | <u>188,400</u> | _____ | <u>188,400</u> |
| | <u>\$317,800</u> | <u>\$188,400</u> | <u>\$317,800</u> | <u>\$188,400</u> |

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 5. SPECIAL EMERGENCY NOTES, (continued)

| | <u>Balance</u> <u>Dec. 31, 2013</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>Dec. 31, 2014</u> |
|---------------|--|------------------|-------------------|--|
| Current Fund: | | | | |
| PNC Bank | <u>\$447,200</u> | <u>\$317,800</u> | <u>\$447,200</u> | <u>\$317,800</u> |

NOTE 6. PENSION PLANS

Description of Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemen's Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 6. PENSION PLANS, (continued)

Description of Systems: (continued)

Public Employees' Retirement System (PERS), (continued)

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 6. PENSION PLANS, (continued)

Description of Systems: (continued)

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system.

Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

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 for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 6. PENSION PLANS, (continued)

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 6. PENSION PLANS, (continued)

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012. The Borough of Bogota opted for this deferral in the amount of \$171,430. The amount outstanding at December 31, 2015 was \$119,593.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

| <u>Year</u> | <u>PERS</u> | <u>PFRS</u> |
|-------------|-------------|-------------|
| 2015 | \$97,742 | \$400,358 |
| 2014 | 109,010 | 405,037 |
| 2013 | 126,562 | 429,485 |

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 6. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

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, the Borough had a liability of \$-0- for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion 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 proportion was 0 percent, which was an increase/(decrease) of (0.01125517) percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Borough recognized pension expense of \$97,742. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Changes in proportion and differences between the Borough's contributions and proportionate share of contributions | <u>\$-0-</u> | <u>2,126,391</u> |
| Total | <u>\$-0-</u> | <u>\$2,126,391</u> |

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 6. PENSION PLANS, (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)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|-------|
| 2016 | \$-0- |
| 2017 | -0- |
| 2018 | -0- |
| 2019 | -0- |
| 2020 | -0- |

Additional Information

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

| | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|---|----------------------|----------------------|
| Collective deferred outflows of resources | \$3,578,755,666 | \$952,194,675 |
| Collective deferred inflows of resources | 993,410,455 | 1,479,224,662 |
| Collective net pension liability | 22,447,996,119 | 18,722,735,003 |
| Borough's Proportion | 0% | 0.000112551702% |

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 6. PENSION PLANS, (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 rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

| | |
|---------------------------|----------------------------------|
| Inflation | 3.04 Percent |
| Salary Increases: | |
| 2012-2021 | 2.15-4.40 Percent (based on age) |
| Thereafter | 3.15-5.40 Percent (based on age) |
| Investment Rate of Return | 7.90 Percent |

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

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 6. PENSION PLANS, (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 Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|---|
| Cash | 5.00% | 1.04% |
| U.S. Treasuries | 1.75% | 1.64% |
| Investment Grade Credit | 10.00% | 1.79% |
| Mortgages | 2.10% | 1.62% |
| High Yield Bonds | 2.00% | 4.03% |
| Inflation-Indexed Bonds | 1.50% | 3.25% |
| Broad U.S. Equities | 27.25% | 8.52% |
| Developed Foreign Markets | 12.00% | 6.88% |
| Emerging Market Equities | 6.40% | 10.00% |
| Private Equity | 9.25% | 12.41% |
| Hedge Funds/Absolute Returns | 12.00% | 4.72% |
| Real Estate (Property) | 2.00% | 6.83% |
| Commodities | 1.00% | 5.32% |
| Global Debt ex US | 3.50% | -0.40% |
| REIT | 4.25% | 5.12% |

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 6. PENSION PLANS, (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

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

| | June 30, 2015 | | |
|---|----------------|-----------------------------|----------------|
| | 1% Decrease | At Current Discount Rate | 1% Increase |
| | <u>3.90%</u> | <u>4.90%</u> | <u>5.90%</u> |
| Borough's proportionate share of the pension liability | \$-0- | \$-0- | \$-0- |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 6. PENSION PLANS, (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)

At December 31, 2015, the Borough had a liability of \$8,310,892 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion 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 proportion was 0.04989574690 percent, which was an increase/(decrease) of 0.00048600 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Borough recognized pension expense of \$400,358. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference in actual and expected experience | \$ | \$71,684 |
| Changes of assumptions | 1,534,397 | |
| Net difference between projected and actual earnings on pension plan investments | | 144,644 |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | <u>53,310</u> | <u>296,850</u> |
| Total | <u>\$1,587,707</u> | <u>\$513,178</u> |

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 6. PENSION PLANS, (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, (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|-----------|
| 2016 | \$250,325 |
| 2017 | 250,325 |
| 2018 | 250,325 |
| 2019 | 410,447 |
| 2020 | 156,646 |

Additional Information

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

| | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|---|----------------------|----------------------|
| Collective deferred outflows of resources | \$3,512,729,953 | \$750,532,959 |
| Collective deferred inflows of resources | 871,083,367 | 1,561,923,934 |
| Collective net pension liability | 16,656,514,197 | 13,933,627,178 |
| Borough's Proportion | 0.04989574690% | 0.04940974920% |

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 6. PENSION PLANS, (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, (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 rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

| | |
|---------------------------|-----------------------------------|
| Inflation | 3.04 Percent |
| Salary Increases: | |
| 2012-2021 | 2.60-9.48 Percent (based on age) |
| Thereafter | 3.60-10.48 Percent (based on age) |
| Investment Rate of Return | 7.90 Percent |

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 6. PENSION PLANS, (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, (continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|---|
| Cash | 5.00% | 1.04% |
| U.S. Treasuries | 1.75% | 1.64% |
| Investment Grade Credit | 10.00% | 1.79% |
| Mortgages | 2.10% | 1.62% |
| High Yield Bonds | 2.00% | 4.03% |
| Inflation-Indexed Bonds | 1.50% | 3.25% |
| Broad U.S. Equities | 27.25% | 8.52% |
| Developed Foreign Markets | 12.00% | 6.88% |
| Emerging Market Equities | 6.40% | 10.00% |
| Private Equity | 9.25% | 12.41% |
| Hedge Funds/Absolute Returns | 12.00% | 4.72% |
| Real Estate (Property) | 2.00% | 6.83% |
| Commodities | 1.00% | 5.32% |
| Global Debt ex US | 3.50% | -0.40% |
| REIT | 4.25% | 5.12% |

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 6. PENSION PLANS, (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, (continued)

last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

| | June 30, 2015 | | |
|---|----------------|-----------------------------|----------------|
| | 1% Decrease | At Current Discount Rate | 1% Increase |
| | <u>4.79%</u> | <u>5.79%</u> | <u>6.79%</u> |
| Borough's proportionate share of the pension liability | \$11,188,396 | \$8,310,892 | \$5,964,545 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 7. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2015 and 2014 which has been appropriated as revenue in the 2016 and 2015 budgets is as follows:

| | <u>2016</u> | <u>2015</u> |
|--------------|------------------|------------------|
| Current Fund | <u>\$375,000</u> | <u>\$150,000</u> |

NOTE 8. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of December 31, 2015 and 2014:

| | <u>Restated Balance Dec. 31, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance Dec. 31, 2015</u> |
|----------------------------|---|------------------|------------------|----------------------------------|
| General Fixed Assets: | | | | |
| Land | \$5,968,400 | \$ | \$ | \$5,968,400 |
| Buildings and Improvements | 4,635,800 | | | 4,635,800 |
| Machinery and Equipment | <u>5,124,081</u> | | | <u>5,124,081</u> |
| | <u>\$15,728,281</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$15,728,281</u> |
| | | | | |
| | <u>Balance Dec. 31, 2013</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance Dec. 31, 2014</u> |
| General Fixed Assets: | | | | |
| Land | \$6,801,300 | \$ | \$ | \$6,801,300 |
| Buildings and Improvements | 3,191,567 | | | 3,191,567 |
| Machinery and Equipment | <u>6,499,902</u> | | | <u>6,499,902</u> |
| | <u>\$16,492,769</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$16,492,769</u> |

NOTE 9. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On July 19, 2012, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln National Life Insurance Company. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln National Life Insurance Company will provide the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall have minimum and maximum contribution requirements as follows: the minimum contribution for each participating active

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 9. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)

volunteer member shall be \$650 per year of active emergency service and the maximum contribution for each active volunteer member shall be \$1,150 per year of active emergency service, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Borough's contribution shall be included in the current year's budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2015 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 10. ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$427,550 as of December 31, 2015 and \$463,236 at December 31, 2014. The amount is not reported either as an expenditure or liability.

NOTE 11. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2015 consist of the following:

| | |
|------------------|---|
| \$268,398 | Due to the Federal and State Grant Fund from the Current Fund for grant monies received less expenditures paid. |
| 82,583 | Due to the Current Fund from the Other Trust Fund for deposits in error and interest earned on investments |
| 300,000 | Due to the Other Trust Fund from the Current Fund for reserve for police outside duty funds transferred in error. |
| 2,060 | Due to the Current Fund from the Animal License Trust Fund for statutory excess. |
| <u>33,715</u> | Due to the Current Fund from the Recreation Trust Fund for reimbursement of expenditures paid. |
| <u>\$686,756</u> | |

It is anticipated that all interfunds will be liquidated during the fiscal year.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 12. CAPITAL LEASE PAYABLE

On May 17, 2012, the Borough entered into a \$707,000 capital lease through the Bergen County Improvement Authority for the retirement of its outstanding unfunded pension liability. Annual debt service requirements for this capital lease are as follows:

| <u>General Capital Leases</u> | | | |
|-------------------------------|------------------|-----------------|------------------|
| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2016 | \$83,000 | \$3,938 | \$86,938 |
| 2017 | 88,000 | 2,705 | 90,705 |
| 2018 | <u>94,000</u> | <u>992</u> | <u>94,992</u> |
| | <u>\$265,000</u> | <u>\$7,635</u> | <u>\$272,635</u> |

NOTE 13. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2015 calendar year, the Borough incurred claims in excess of their coverage resulting from the settlement of legal proceedings. The amount of coverage did not significantly decrease.

The Borough of Bogota is a member of the South Bergen Municipal Joint Insurance Fund (SBM) 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 workers' compensation. The SBM and MEL 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 insurance funds, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance funds. Members have a contractual obligation to fund any deficit of the insurance funds attributable to a membership year during which they were 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.

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 13. RISK MANAGEMENT, (continued)

There has been no significant reduction in insurance coverage from the previous year. A settlement in excess of insurance coverages occurred during the current year. The settlement was for \$2,250,000 and the Joint Insurance Fund agreed to cover \$750,000 and the balance is the responsibility of the Borough.

NOTE 14. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

| | <u>Balance Dec. 31, 2015</u> | <u>Balance Dec. 31, 2014</u> |
|--|----------------------------------|----------------------------------|
| Prepaid Taxes | <u>\$90,286</u> | <u>\$58,039</u> |
| Cash Liability for Taxes Collected in Advance | <u>\$90,286</u> | <u>\$58,039</u> |

NOTE 15. CONTINGENT LIABILITIES

The Borough is a defendant in various legal proceedings. These cases, if decided against the Borough, would be raised by future taxation. The Borough's legal counsel estimate such amounts to be immaterial.

NOTE 16. 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 non exchange 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. In the current year, \$63,444 in FEMA reimbursements relating to Hurricane Sandy which has been reflected in the financial statements.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 17. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges are shown on the balance sheets of the Borough of Bogota:

| | <u>Balance</u> <u>December 31,</u> | <u>Subsequent</u> <u>Year Budget</u> <u>Appropriation</u> | <u>Balance to</u> <u>Succeeding</u> <u>Year's Budget</u> |
|----------------------------------|---------------------------------------|---|--|
| <u>2015</u> | | | |
| Current Fund: | | | |
| Special Emergency Authorizations | <u>\$188,400</u> | <u>\$108,400</u> | <u>\$80,000</u> |
| Total Deferred Charges | <u>\$188,400</u> | <u>\$108,400</u> | <u>\$80,000</u> |
| | | | |
| | <u>Balance</u> <u>December 31,</u> | <u>Subsequent</u> <u>Year Budget</u> <u>Appropriation</u> | <u>Balance to</u> <u>Succeeding</u> <u>Year's Budget</u> |
| <u>2014</u> | | | |
| Current Fund: | | | |
| Special Emergency Authorizations | <u>\$317,800</u> | <u>\$129,400</u> | <u>\$188,400</u> |
| Total Deferred Charges | <u>\$317,800</u> | <u>\$129,400</u> | <u>\$188,400</u> |

NOTE 18. MUNICIPAL EXCESS JOINT INSURANCE FUND LOAN

The Borough entered into a loan agreement with the Municipal Excess Joint Insurance Fund (MEL) in order to finance the payout of a litigation settlement in the sum of \$1,500,000. The Borough shall reimburse the MEL in twenty (20) installments of \$75,000 plus interest, with the first payment being made on or before December 31, 2015 and subsequent payments to be made annually before the end of each calendar year thereafter until the full amount of the Borough's share of the settlement has been repaid to the MEL, together with interest equal to the rate of interest the MEL is currently receiving on its investments, which fluctuates, but which, at the moment is 0.87%. The annual payment shall be accompanied by an interest payment on the unpaid principal. Under the terms and conditions of the agreement, if the Borough should resign or fails to renew its membership for any reason is no longer a member of the South Bergen Joint Insurance Fund or the MEL, all outstanding monies due and owing to the MEL, including principal and interest shall be paid to the MEL on January 1st of the year the Borough is no longer a member of the South Bergen Joint Insurance Fund or the MEL.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 19. RESTATEMENT DUE TO UPDATED FIXED ASSET SCHEDULE

During calendar year 2015, the Borough's fixed asset report was updated by the outside service provider to complete a physical inventory for all assets owned by the Borough. The following adjustments were made to the capital asset schedule:

| | <u>Balance</u> <u>Dec. 31, 2014</u> | <u>Restatement</u> | <u>Balance</u> <u>Dec. 31, 2014</u> |
|----------------------------|--|--------------------|--|
| Land | \$6,801,300 | (\$832,900) | \$5,968,400 |
| Buildings and Improvements | 3,191,567 | 1,444,233 | 4,635,800 |
| Machinery and Equipment | <u>6,499,902</u> | <u>(1,375,821)</u> | <u>5,124,081</u> |
| | <u>\$16,492,769</u> | <u>(\$764,488)</u> | <u>\$15,728,281</u> |

NOTE 20. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through September 13, 2016, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

BOROUGH OF BOGOTA

Supplementary Data

Officials in Office and Surety Bonds

The following officials were in office during the period under audit.

| <u>Name</u> | <u>Title</u> | <u>Amount of bond</u> |
|---------------------|--|---------------------------|
| Christopher Kelemen | Mayor | |
| Jorge Nunez | Council President | |
| Robert Robbins | Councilman | |
| Thomas Napolitano | Councilman | |
| John G. Mitchell | Councilman | |
| Lisa Kohles | Councilwoman | |
| Danielle Fede | Councilwoman | |
| Joseph Scarpa | Administrator (1/26/15-Present) | \$1,000,000 (A) |
| August Griener | Administrator (1/1/15-1/26/15) | 1,000,000 (A) |
| Frank DiMaria | Chief Financial Officer | 1,000,000 (A) |
| Jeanne M. Cook | Borough Clerk | |
| Frank DiMaria | Treasurer | 1,000,000 (A) |
| Elizabeth Wiemer | Tax Collector | 1,000,000 (A) |
| Daniel Howell | Construction Code Official | |
| Michael Quercia | Plumbing Subcode Official (6/4/15-Present) | |
| Peter Hammer | Plumbing Subcode Official (1/1/15-6/4/15) | |
| Giuseppe Randazzo | Municipal Court Judge | 50,000 (B) |
| Pat Wilkens | Tax Assessor | |
| Daniel Maye | Chief of Police (11/5/15-Present) | |
| John Burke | Chief of Police (1/1/15-8/1/15) | |
| Robert Costa | Borough Engineer | |
| Craig Bossong | Borough Attorney | |

(A) Blanket bond for all Municipal employees

(B) Blanket bond for all Court employees

BOROUGH OF BOGOTA

Supplementary data

Comparative Schedule of Tax Rate Information

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|----------------------------|--------------|--------------|--------------|
| Tax rate | <u>3.729</u> | <u>3.630</u> | <u>3.531</u> |
| Apportionment of tax rate: | | | |
| Municipal | 1.161 | 1.122 | 1.119 |
| County | 0.262 | 0.253 | 0.249 |
| County Open Space | 0.003 | 0.003 | 0.003 |
| Local School | <u>2.303</u> | <u>2.252</u> | <u>2.160</u> |

Assessed Value

| | | |
|------|----|-------------|
| 2014 | \$ | 643,315,800 |
| 2014 | | 643,434,700 |
| 2013 | | 643,472,300 |

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

| <u>Year</u> | <u>Tax Levy</u> | <u>Currently</u> | |
|-------------|-----------------|--------------------|---------------------------------|
| | | <u>Collections</u> | <u>Percentage of Collection</u> |
| 2015 | \$ 24,001,027 | 23,969,922 | 99.87% |
| 2014 | 23,376,478 | 23,345,097 | 99.87% |
| 2013 | 22,721,479 | 22,689,356 | 99.86% |

Delinquent Taxes and Tax Title Liens

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

| <u>Dec. 31</u> | <u>Amount of delinquent taxes</u> | <u>Tax title liens</u> | <u>Total delinquent</u> | <u>Percentage of tax levy</u> |
|----------------|-----------------------------------|------------------------|-------------------------|-------------------------------|
| 2015 | \$ 34,114 | 12,446 | 46,560 | 0.19% |
| 2014 | 27,531 | 9,619 | 37,150 | 0.16% |
| 2013 | 28,054 | 18,974 | 47,028 | 0.21% |

BOROUGH OF BOGOTA

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2015 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by litigation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

| <u>Year</u> | | <u>Amount</u> |
|-------------|----|---------------|
| 2015 | \$ | 136,680 |
| 2014 | | 136,680 |
| 2013 | | 136,680 |

Comparative Schedule of Fund Balance

| | <u>Year</u> | <u>Dec. 31</u> | Utilized in budget of succeeding <u>year</u> |
|--------------|-------------|----------------|---|
| Current Fund | 2015 | \$ 1,160,834 | 375,000 |
| | 2014 | 868,000 | 150,000 |
| | 2013 | 290,414 | 158,304 |
| | 2012 | 186,191 | -0- |

BOROUGH OF BOGOTA

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2015

| State & County Programs | Grant Number | Grant Year | Allocation or Grant Award Amount | Cash Received | Expended | MEMO Total Cumulative Expenditures |
|--|-----------------------|------------|----------------------------------|---------------|----------|------------------------------------|
| <u>State Programs:</u> | | | | | | |
| <u>Environmental Protection Agency:</u> | | | | | | |
| Clean Communities Program | 4900-765-042-4900-004 | 2012 | 9,700 \$ | | 9,284 | 9,284 |
| Clean Communities Program | 4900-765-042-4900-004 | 2014 | 10,663 | | | |
| Clean Communities Program | 4900-765-042-4900-004 | 2015 | 12,962 | 12,962 | | |
| Recycling Tonnage Grant | 4910-100-042-4910-224 | 2009 | 18,005 | | 3,344 | 18,005 |
| Recycling Tonnage Grant | 4910-100-042-4910-224 | 2012 | 11,013 | | 5,940 | 5,940 |
| Recycling Tonnage Grant | 4910-100-042-4910-224 | 2014 | 11,115 | | | |
| Recycling Tonnage Grant | 4910-100-042-4910-224 | 2015 | 10,702 | 10,702 | | |
| | | | | 23,664 | 18,568 | 33,229 |
| <u>Department of Transportation</u> | | | | | | |
| Leonida Avenue Improvements Project, Section 1 | MA-2014, MA-D-2013 | 2015 | 339,000 | | 339,000 | 339,000 |
| | | | | | 339,000 | 339,000 |
| <u>Department of Law and Public Safety:</u> | | | | | | |
| Body Armor Replacement Grant | 1020-718-066-1020-001 | 2014 | 1,850 | | | |
| Body Armor Replacement Grant | 1020-718-066-1020-001 | 2015 | 1,847 | 1,847 | | |
| Alcohol Education Rehabilitation Program | 9735-760-098-9735-001 | 2013 | 5,526 | | | |
| Alcohol Education Rehabilitation Program | 9735-760-098-9735-001 | 2014 | 1,890 | | | |
| Alcohol Education Rehabilitation Program | 9735-760-098-9735-001 | 2015 | 1,355 | 1,355 | | |
| | | | | 3,202 | | |
| | | | | 26,866 | 357,568 | 372,229 |
| Total State Assistance | | | | | | |

BOROUGH OF BOGOTA

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2015

| <u>State & County Programs</u> | <u>Grant Number</u> | <u>Grant Year</u> | <u>Allocation or Grant Award Amount</u> | <u>Cash Received</u> | <u>Expended</u> | <u>MEMO Total Cumulative Expenditures</u> |
|--|---------------------|-------------------|---|----------------------|-----------------|---|
| <u>Other Financial Assistance:</u> | | | | | | |
| <u>County of Bergen:</u> | | | | | | |
| Municipal Alliance Grant Fund | 100-082-2000-044 | 2015 | 9,876 | 2,405 | | * |
| Total Other Financial Assistance | | | | 2,405 | | * |
| Total State and Other Financial Assistance | | | | \$ 29,271 | 357,568 | * 372,229 |

Note: This schedule was not subject to an audit in accordance with NJ OMB Circular 15-08.

BOROUGH OF BOGOTA, N.J.

Schedule of Cash - Collector/Treasurer

Current Fund

Year Ended December 31, 2015

| | Current <u>Fund</u> |
|---|-------------------------|
| Balance - December 31, 2014 | \$ 1,259,766 |
| Increased by Receipts: | |
| Miscellaneous Revenues Not Anticipated | 276,817 |
| Senior Citizens and Veterans Deductions | 59,685 |
| Taxes Receivable | 23,859,841 |
| Revenue Accounts Receivable | 1,344,922 |
| Tax Title Lien Redemptions | 483 |
| Interfunds | 300,053 |
| Special Emergency Note | 188,400 |
| Due to State of NJ | 10,428 |
| Prepaid Taxes | 90,286 |
| Tax Overpayments | 20,568 |
| Grants Receivable | 2,405 |
| Unappropriated Grant Reserves | 34,366 |
| | <u>26,188,254</u> |
| | <u>27,448,020</u> |
| Decreased by Disbursements: | |
| Current Year Budget Appropriations | 8,094,054 |
| Interfunds | 4,032 |
| Due to State of NJ | 17,783 |
| Appropriation Reserves | 111,703 |
| Special Emergency Note | 317,800 |
| School Taxes Payable | 14,812,210 |
| County Taxes Payable | 1,703,637 |
| Appropriated Grant Reserves | 359,973 |
| Tax Overpayments | 19,673 |
| Refunds | 22,557 |
| | <u>25,463,422</u> |
| Balance - December 31, 2015 | <u><u>1,984,598</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2015

| | |
|-----------------------------|----------------------|
| Balance - December 31, 2014 | \$ <u>280</u> |
| Balance - December 31, 2015 | \$ <u><u>280</u></u> |
| Analysis of Balance: | |
| Borough Clerk | 125 |
| Tax Collector | 100 |
| Municipal Court | 50 |
| Library | <u>5</u> |
| | \$ <u><u>280</u></u> |

BOROUGH OF BOGOTA, N.J.

**Schedule of Due from/(to) State of New Jersey
Senior Citizens' and Veterans' Deductions**

Current Fund

Year Ended December 31, 2015

Increased by:

| | | |
|---|--------------|------------------|
| Senior Citizens' and Veterans' Deductions per Tax Billings | \$ 61,500 | |
| Senior Citizens' and Veterans' Allowed-2015 | 250 | |
| Senior Citizens' and Veterans' Allowed-2014 | <u>1,000</u> | |
| | | \$ <u>62,750</u> |
| | | 62,750 |

Decreased by:

| | | |
|----------------------------|---------------|-------------------------|
| Deductions Disallowed-2014 | \$ 2,443 | |
| Deductions Disallowed-2015 | 622 | |
| Cash Received | <u>59,685</u> | |
| | | \$ <u><u>62,750</u></u> |

BOROUGH OF BOGOTA, N.J.
Schedule of Taxes Receivable and Analysis of Property Tax Levy

| | | Current Fund | | | | | | | |
|------|------------------------------|------------------------------|-------------------|----------------------|----------------------|-------------------------------------|--------------------------------------|---------------|------------------------------|
| | | Year Ended December 31, 2015 | | | | | | | |
| Year | Balance, Dec. 31, 2014 | 2015 Levy | Added Taxes | Collected in 2014 | Collected in 2015 | Senior & Veteran's Deductions | Transferred to Tax Title Liens | Canceled | Balance, Dec. 31, 2015 |
| 2013 | \$ 9,740 | | | | | | | | 9,740 |
| 2014 | <u>17,791</u> | | 2,000 | | 9,086 | | | | <u>10,705</u> |
| | 27,531 | | 2,000 | | 9,086 | | | | 20,445 |
| 2015 | | 24,001,027 | 24,001,027 | 58,039 | 23,850,755 | 61,128 | 3,986 | 13,450 | 13,669 |
| | <u>27,531</u> | <u>24,001,027</u> | <u>24,003,027</u> | <u>58,039</u> | <u>23,859,841</u> | <u>61,128</u> | <u>3,986</u> | <u>13,450</u> | <u>34,114</u> |

Tax Yield:
 General Property Tax \$ 23,989,247
 Added Tax (R.S.54:4-63.1 et seq.) 11,780
 \$ 24,001,027

Tax Levy:
 Local District School Tax \$ 14,812,210
 County Tax 1,685,027
 County Open Space Taxes 17,773
 County Added and Omitted Taxes 837
 \$ 16,515,847

Local Tax for Municipal Purposes 7,235,046
 Local Tax for Library 234,351
 Add: Additional Taxes Levied 15,783

Local Tax for Municipal Purposes 7,485,180
 \$ 24,001,027

BOROUGH OF BOGOTA, N.J.
Schedule of Property Acquired for Taxes
Current Fund
Year Ended December 31, 2015

| | | |
|-----------------------------|----|-----------------------|
| Balance - December 31, 2014 | \$ | <u>136,680</u> |
| Balance - December 31, 2015 | \$ | <u><u>136,680</u></u> |

Schedule of Tax Title Liens
Current Fund
Year Ended December 31, 2015

| | | |
|-----------------------------------|----|----------------------|
| Balance - December 31, 2014 | \$ | 9,619 |
| Increased by: | | |
| Transferred from Taxes Receivable | | <u>3,986</u> |
| | | 13,605 |
| Decreased by: | | |
| Cash Received | \$ | 483 |
| Cancelled | | <u>676</u> |
| | | <u>1,159</u> |
| Balance - December 31, 2015 | \$ | <u><u>12,446</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2015

| | Balance, Dec. 31, <u>2014</u> | Accrued in 2015 | <u>Collected</u> | Balance, Dec. 31, <u>2015</u> |
|---|-------------------------------------|--------------------|--------------------------|-------------------------------------|
| Licenses | | | | |
| Alcoholic Beverages | \$ | 16,052 | 16,052 | |
| Other | | 13,818 | 13,818 | |
| Fees and permits | | 5,865 | 5,865 | |
| Construction Code Fees | | 88,355 | 88,355 | |
| Municipal Court - Fines and Costs | 14,773 | 119,844 | 125,590 | 9,027 |
| Interest and Cost on Taxes | | 32,221 | 32,221 | |
| Interest on Investments and Deposits | | 10,704 | 10,704 | |
| Consolidated Municipal Purpose Tax Relief Aid | | 99,359 | 99,359 | |
| Energy Receipts Tax | | 578,317 | 578,317 | |
| Sewer Charges | 33,938 | | | 33,938 |
| State Fees - Multi-Dwelling Inspections | | 7,617 | 7,617 | |
| Uniform Fire Safety Act - Local | | 32,747 | 32,747 | |
| Cable T.V. Franchise Fee - Cablevision | | 57,975 | 57,975 | |
| Cable T.V. Franchise Fee - Verizon | | 41,544 | 41,544 | |
| Swim Club Rent | | 7,500 | 7,500 | |
| Outside Police Employment - Administrative Fee | | 138,298 | 138,298 | |
| Reserve for Payment of Debt (Gen. Capital Fund) | | 88,960 | 88,960 | |
| | <u>\$ 48,711</u> | <u>1,339,176</u> | <u>1,344,922</u> | <u>42,965</u> |
| | | | Cash \$ <u>1,344,922</u> | |
| | | | \$ <u>1,344,922</u> | |

BOROUGH OF BOGOTA, N.J.

Schedule of Interfunds Due from/(to) Other Funds

Current Fund

Year Ended December 31, 2015

| | Balance Dec. 31, <u>2014</u> | <u>Increased</u> | <u>Decreased</u> | Balance Dec. 31, <u>2015</u> |
|-----------------------------------|------------------------------------|---------------------------------------|------------------|------------------------------------|
| Grant Fund | \$ | 359,973 | 91,575 | 268,398 |
| Trust Funds: | | | | |
| Animal Control Trust Fund | 7,027 | 2,599 | 7,566 | 2,060 |
| Recreation Trust Fund | 33,715 | 379 | 379 | 33,715 |
| Other Trust Fund | 71,036 | 23,462 | 11,915 | 82,583 |
| Other Trust - Police Outside Duty | | | 300,000 | (300,000) |
| General Capital Fund | | <u>181,793</u> | <u>181,793</u> | |
| | \$ <u>111,778</u> | <u>568,206</u> | <u>593,228</u> | <u>86,756</u> |
| | | | | |
| | | | Cash Receipts \$ | 300,053 |
| | | Cash Disbursements | | 4,032 |
| | | Statutory Excess | | 2,572 |
| | | Miscellaneous Revenue Anticipated | 88,959 | 88,959 |
| | | Miscellaneous Revenue Not Anticipated | 91,754 | 99,267 |
| | | Interest on Investments | 3,924 | 7,008 |
| | | POAA Receipts | | 4,772 |
| | | Public Defender Receipts | | 1,594 |
| | | Appropriated Grant Reserves | 359,973 | 31,691 |
| | | Unappropriated Grant Reserves | | 59,884 |
| | | Funds Deposited in Error | <u>16,992</u> | |
| | | \$ | <u>568,206</u> | <u>593,228</u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Deferred Charges N.J.S.A. 40A:4-53, Special Emergency Authorizations

Current Fund

Year Ended December 31, 2015

| <u>Purpose</u> | <u>Date</u> | <u>Amount Authorized</u> | <u>Not Less Than 1/5 of Amount Authorized</u> | <u>Balance, Dec. 31, 2014</u> | <u>Decreased</u> | <u>Balance, Dec. 31, 2015</u> |
|-------------------------------|-------------------|--------------------------|---|-------------------------------|------------------|-------------------------------|
| Terminal Pay | October 21, 2010 | 105,000 | 21,000 | 21,000 | 21,000 | |
| Terminal Pay | January 20, 2011 | 32,000 | 6,400 | 12,800 | 6,400 | 6,400 |
| Terminal Pay | November 10, 2011 | 110,000 | 22,000 | 44,000 | 22,000 | 22,000 |
| Reassessment of Real Property | October 18, 2012 | 70,000 | 14,000 | 42,000 | 14,000 | 28,000 |
| Hurricane Sandy | November 8, 2012 | 330,000 | 66,000 | 198,000 | 66,000 | 132,000 |
| | | | | \$ 317,800 | 129,400 | 188,400 |

BOROUGH OF BOGOTA, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

| | Balance, Dec. 31, <u>2014</u> | Balance after <u>Transfers</u> | <u>Paid or Charged</u> | Balance <u>Lapsed</u> |
|---|-------------------------------------|--------------------------------------|----------------------------|--------------------------|
| Salaries and Wages Within "CAPS": | | | | |
| Police | \$ 2,060 | 2,060 | | 2,060 |
| Rescue Squad | 100 | 100 | | 100 |
| First Aid Organization | 200 | 200 | | 200 |
| Uniform Fire Safety | 3,079 | 3,079 | | 3,079 |
| Streets and Road Maintenance | 1,326 | 1,326 | | 1,326 |
| Streets and Road Maintenance - Overtime | 4,868 | 4,868 | | 4,868 |
| Recreation Commission | 1,141 | 1,141 | | 1,141 |
| Senior Citizens Committee | 363 | 363 | | 363 |
| Total Salaries and Wages Within "CAPS" | 13,137 | 13,137 | | 13,137 |
| Other Expenses Within "CAPS": | | | | |
| General Administration | 1,945 | 2,145 | 2,066 | 79 |
| Mayor and Council | 671 | 674 | | 674 |
| Municipal Clerk | 7,284 | 1,284 | 974 | 310 |
| Municipal Clerk - Codification of Ordinances | 3,000 | | | |
| Audit Services | | 30,000 | 30,000 | |
| Computerized Data Processing | | 400 | 332 | 68 |
| Tax Administration | 584 | 584 | | 584 |
| Assessment of Taxes | 2,044 | 2,044 | | 2,044 |
| Legal Services | 21,492 | 4,979 | | 4,979 |
| Engineering Services and Costs | 3,500 | 500 | | 500 |
| Planning Board | 2,670 | 670 | 3 | 667 |
| Unemployment | 22,631 | 630 | | 630 |
| Police | 39,144 | 28,144 | 660 | 27,484 |
| Police - Vehicle Repairs | 20,000 | 20,000 | | 20,000 |
| Police - Reserves | 1,000 | 1,000 | | 1,000 |
| Police - Uniforms | 2,000 | 2,000 | | 2,000 |
| Police Cars | 25,000 | 25,000 | | 25,000 |
| Aid to Volunteer Fire Companies | | 2,800 | 2,798 | 2 |
| Uniform Fire Safety | | 500 | 300 | 200 |
| Streets and Road Maintenance | | 500 | 453 | 47 |
| Public Buildings and Grounds | | 3,800 | 3,723 | 77 |
| Recreation Commission | | 100 | 54 | 46 |
| Street Lighting | | 21,000 | 20,079 | 921 |
| Telephone | | 2,500 | 2,237 | 263 |
| Water | | 7,000 | 6,892 | 108 |
| Natural Gas | | 3,700 | 3,646 | 54 |

BOROUGH OF BOGOTA, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

| | Balance, Dec. 31, <u>2014</u> | Balance after <u>Transfers</u> | Paid or <u>Charged</u> | Balance <u>Lapsed</u> |
|--|-------------------------------------|--------------------------------------|---------------------------|--------------------------|
| Gasoline | | 700 | 664 | 36 |
| Solid Waste Disposal Fees | 1,931 | 22,931 | 22,214 | 717 |
| Uniform Construction Code Enforcement Functions | 3,916 | 915 | | 915 |
| Total Other Expenses Within "CAPS" | <u>158,812</u> | <u>186,500</u> | <u>97,095</u> | <u>89,405</u> |
| Deferred Charges and Statutory Expenditures Within "CAPS": | | | | |
| Social Security (O.A.S.I.) | 5,039 | 5,039 | 64 | 4,975 |
| Total Deferred Charges and Statutory Expenditures Within "CAPS" | <u>5,039</u> | <u>5,039</u> | <u>64</u> | <u>4,975</u> |
| Total Reserves Within "CAPS" | <u>176,988</u> | <u>204,676</u> | <u>97,159</u> | <u>107,517</u> |
| Operations - Excluded from "CAPS" | | | | |
| Maintenance of Free Public Library | | 14,936 | 14,544 | 392 |
| LOSAP Contribution | 50,000 | 50,000 | | 50,000 |
| Total Other Expenses Excluded from "CAPS" | <u>50,000</u> | <u>64,936</u> | <u>14,544</u> | <u>50,392</u> |
| Interlocal Municipal Service Agreements - Excluded from "CAPS" | | | | |
| Municipal Court - Borough of Little Ferry | 515 | 515 | | 515 |
| Total Interlocal Municipal Service Agreements | <u>515</u> | <u>515</u> | | <u>515</u> |
| Total Reserves | <u>\$ 227,503</u> | <u>270,127</u> | <u>111,703</u> | <u>158,424</u> |
| Appropriation reserves | | 227,503 | | |
| Encumbrances | | <u>42,624</u> | | |
| | | <u>\$ 270,127</u> | | |

BOROUGH OF BOGOTA, N.J.

Schedule of Reserve for Encumbrances

Current Fund

Year Ended December 31, 2015

| | | |
|---------------------------------------|----|----------------------|
| Balance - December 31, 2014 | \$ | 42,624 |
| Increased by: | | |
| 2015 Encumbrances | | <u>83,736</u> |
| | | 126,360 |
| Decreased by: | | |
| Transferred to Appropriation Reserves | | <u>42,624</u> |
| Balance - December 31, 2015 | \$ | <u><u>83,736</u></u> |

Exhibit A-15

BOROUGH OF BOGOTA, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2015

| | | |
|-----------------------------|----|----------------------|
| Balance - December 31, 2014 | \$ | 58,039 |
| Increased by: | | |
| Prepaid Taxes Received | | <u>90,286</u> |
| | | 148,325 |
| Decreased by: | | |
| Taxes Realized as Revenue | | <u>58,039</u> |
| Balance - December 31, 2015 | \$ | <u><u>90,286</u></u> |

Exhibit A-16

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2015

| | | |
|-----------------------------|----|-------------------|
| Increased by: | | |
| Cash Receipts | \$ | 20,568 |
| Decreased by: | | |
| Cash Disbursements | | <u>19,673</u> |
| Balance - December 31, 2015 | \$ | <u><u>895</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Amount Due to the
State of New Jersey

Current Fund

Year Ended December 31, 2015

| | <u>Marriage License Fee</u> | <u>Construction Training Fee</u> | <u>Total</u> |
|-----------------------------|---------------------------------|--------------------------------------|---------------|
| Balance - December 31, 2014 | \$ 725 | 8,351 | 9,076 |
| Increased by: | | | |
| Collections | <u>1,300</u> | <u>9,128</u> | <u>10,428</u> |
| | 2,025 | 17,479 | 19,504 |
| Decreased by: | | | |
| Payments | <u>1,700</u> | <u>16,083</u> | <u>17,783</u> |
| Balance - December 31, 2015 | <u>\$ 325</u> | <u>1,396</u> | <u>1,721</u> |

BOROUGH OF BOGOTA, N.J.
Schedule of Special Emergency Notes Payable

Current Fund

Year Ended December 31, 2015

| <u>Number</u> | <u>Purpose</u> | <u>Date of Original Issue</u> | <u>Maturity</u> | <u>Interest Rate</u> | <u>Balance, Dec. 31, 2014</u> | <u>Issued</u> | <u>Matured</u> | <u>Balance, Dec. 31, 2015</u> |
|---------------|------------------------|-------------------------------|-----------------|----------------------|-------------------------------|-------------------------|----------------|-------------------------------|
| 15-1RSEN | Special Emergency Note | May 15, 2015 | May 13, 2016 | 0.89% | \$ 77,800 | 28,400 | 77,800 | \$ 28,400 |
| 15-1RSEN | Special Emergency Note | May 15, 2015 | May 13, 2016 | 0.89% | 240,000 | 160,000 | 240,000 | 160,000 |
| | | | | | <u>\$ 317,800</u> | <u>188,400</u> | <u>317,800</u> | <u>\$ 188,400</u> |
| | | | | | | Budget Appropriation \$ | 129,400 | |
| | | | | | | Renewed | <u>188,400</u> | <u>188,400</u> |
| | | | | | | \$ | <u>188,400</u> | <u>317,800</u> |

BOROUGH OF BOGOTA, N.J.
Schedule of Library Taxes Payable
Current Fund
Year Ended December 31, 2015

| | | |
|-------------------------------|----|-------------------|
| Increased by: | | |
| Levy: Added and Omitted Taxes | \$ | <u>114</u> |
| Balance - December 31, 2015 | \$ | <u><u>114</u></u> |

BOROUGH OF BOGOTA, N.J.
Schedule of School Taxes Payable
Current Fund
Year Ended December 31, 2015

| | | |
|----------------|----|--------------------------|
| Increased by: | | |
| Levy | \$ | <u>14,812,210</u> |
| | | |
| Decreased by: | | |
| Cash Disbursed | \$ | <u><u>14,812,210</u></u> |

BOROUGH OF BOGOTA, N.J.
Schedule of County Taxes Payable
Current Fund
Year Ended December 31, 2015

| | | |
|------------------------------------|----|-------------------------|
| Increased by: | | |
| Tax Levy | \$ | 1,685,027 |
| Added and Omitted Taxes | | 828 |
| Open Space Tax Levy | | 17,773 |
| Open Space Added and Omitted Taxes | | <u>9</u> |
| | | <u>1,703,637</u> |
| | | |
| Decreased by: | | |
| Cash Disbursed | \$ | <u><u>1,703,637</u></u> |

BOROUGH OF BOGOTA, N.J.
Schedule of Appropriated Grant Reserves
Current Fund
Year Ended December 31, 2015

| <u>Purpose</u> | Balance, Dec. 31, <u>2014</u> | Transferred to Federal and State Grant <u>Fund</u> |
|--|-------------------------------------|---|
| Recycling Tonnage | \$ 14,357 | 14,357 |
| Clean Communities Grant | 9,403 | 9,403 |
| Alcohol Education Rehabilitation Program | <u>5,526</u> | <u>5,526</u> |
| | <u>\$ 29,286</u> | <u>29,286</u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Unappropriated Grant Reserves

Current Fund

Year Ended December 31, 2015

| <u>Purpose</u> | Balance, Dec. 31, <u>2014</u> | <u>Transferred to Federal and State Grant Fund</u> |
|-------------------------|-------------------------------------|--|
| Alcohol Rehabilitation | \$ 1,890 | 1,890 |
| Body Armor | 1,850 | 1,850 |
| Clean Communities | 10,663 | 10,663 |
| Recycling Tonnage Grant | <u>11,115</u> | <u>11,115</u> |
| | <u>\$ 25,518</u> | <u>25,518</u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2015

| <u>Purpose</u> | 2015 Budget Revenue <u>Realized</u> | <u>Received</u> | <u>Cancelled</u> | Balance, Dec. 31, <u>2015</u> |
|--|---|---------------------------------------|------------------|-------------------------------------|
| Municipal Alliance | \$ 9,876 | 2,405 | 7,471 | |
| Clean Communities | 10,663 | 10,663 | | |
| Recycling Tonnage Grant | 11,115 | 11,115 | | |
| Body Armor Replacement | 1,850 | 1,850 | | |
| NJ Department of Transportation | 339,000 | | | 339,000 |
| Alcohol Education Rehabilitation Program | <u>1,890</u> | <u>1,890</u> | | |
| | <u>\$ 374,394</u> | <u>27,923</u> | <u>7,471</u> | <u>339,000</u> |
| | | Cash receipts \$ 2,405 | | |
| | | Unappropriated Reserves <u>25,518</u> | | |
| | | <u>\$ 27,923</u> | | |

BOROUGH OF BOGOTA, N.J.

Schedule of Due from/(to) Current Fund

Federal and State Grant Fund

Year Ended December 31, 2015

Increased by:

| | | |
|----------------------------------|----|---------------|
| Prior Year Unappropriated Grant | \$ | 25,518 |
| Prior Year Appropriated Reserves | | 29,286 |
| Grants Receivable | | 2,405 |
| Grants Received - Unappropriated | | <u>34,366</u> |

91,575

91,575

Decreased by:

| | | |
|-----------------------|--|----------------|
| Cash Disbursements: | | |
| Appropriated Reserves | | <u>359,973</u> |

Balance - December 31, 2015 \$ (268,398)

BOROUGH OF BOGOTA, N.J.

Schedule of Appropriated Grant Reserves

Federal and State Grant Fund

Year Ended December 31, 2015

| <u>Purpose</u> | Transferred from Current <u>Fund</u> | Transferred from 2015 <u>Budget</u> | <u>Expended</u> | <u>Cancelled</u> | Balance, Dec. 31, <u>2015</u> |
|---|---|--|-----------------|------------------|-------------------------------------|
| Recycling Tonnage - 2009 | \$ 3,344 | | 3,344 | | |
| Recycling Tonnage - 2012 | 11,013 | | 5,940 | | 5,073 |
| Recycling Tonnage - 2014 | | 11,115 | | | 11,115 |
| Clean Communities Grant - 2012 | 9,403 | | 9,284 | | 119 |
| Clean Communities Grant - 2014 | | 10,663 | | | 10,663 |
| Alcohol Education Rehabilitation Program - 2013 | 5,526 | | | | 5,526 |
| Alcohol Education Rehabilitation Program - 2014 | | 1,890 | | | 1,890 |
| Body Armor Replacement Program - 2014 | | 1,850 | | | 1,850 |
| NJ Department of Transportation | | 339,000 | 339,000 | | |
| Municipal Alliance Grant | | 9,876 | 2,405 | 7,471 | |
| Municipal Alliance Grant - Match | | 2,469 | | 2,469 | |
| | <u>\$ 29,286</u> | <u>376,863</u> | <u>359,973</u> | <u>9,940</u> | <u>36,236</u> |
| Budget Appropriations | \$ | 351,346 | | | |
| Unappropriated Reserves | | <u>25,518</u> | | | |
| | \$ | <u>376,864</u> | | | |

BOROUGH OF BOGOTA, N.J.
Schedule of Unappropriated Grant Reserves
Federal and State Grant Fund
Year Ended December 31, 2015

| <u>Purpose</u> | Transfer from <u>Current Fund</u> | Appropriated in 2015 <u>Budget</u> | <u>Receipts</u> | Balance, Dec. 31, <u>2015</u> |
|---------------------------------|---|--|-----------------|-------------------------------------|
| Alcohol Rehabilitation | \$ 1,890 | 1,890 | 1,355 | 1,355 |
| Body Armor | 1,850 | 1,850 | 1,847 | 1,847 |
| Clean Communities | 10,663 | 10,663 | 12,962 | 12,962 |
| Impaired Driving Countermeasure | | | 7,500 | 7,500 |
| Recycling Tonnage Grant | 11,115 | 11,115 | 10,702 | 10,702 |
| | <u>\$ 25,518</u> | <u>25,518</u> | <u>34,366</u> | <u>34,366</u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2015

| | Animal Trust Fund | Other Trust Fund | Recreation Trust Fund | Library Trust Fund |
|--------------------------------|-------------------------|------------------------|-----------------------------|--------------------------|
| Balance - December 31, 2014 | \$ 14,537 | 923,597 | 49,663 | 31,684 |
| Increased by Receipts: | | | | |
| Animal License Fees | 2,296 | | | |
| Schedule of Interfunds | 27 | 21,297 | | |
| Due to State of New Jersey | 592 | | | |
| Payroll Deductions | | 4,515,668 | | |
| Various Trust Deposits | | 2,367,065 | | |
| Recreation Fees | | | 270,869 | |
| Library Collections | | | | 24,387 |
| Interest Earned on Investments | | 2,165 | 379 | |
| Total Receipts | 2,915 | 6,906,195 | 271,248 | 24,387 |
| | 17,452 | 7,829,792 | 320,911 | 56,071 |
| Decreased by Disbursements: | | | | |
| Animal License Expenditures | | | | |
| Schedule of Interfunds | 7,566 | 305,549 | 379 | |
| Due to State of New Jersey | 575 | | | |
| Payroll Deductions | | 4,461,803 | | |
| Various Trust Deposits | | 810,293 | | |
| Terminal Leave | | 2,244 | | |
| Recreation Fees | | | 208,362 | |
| Library Expenditures | | | | 28,988 |
| Total Disbursements | 8,141 | 5,579,889 | 208,741 | 28,988 |
| Balance - December 31, 2015 | \$ 9,311 | 2,249,903 | 112,170 | 27,083 |

BOROUGH OF BOGOTA, N.J.

Reserve for Animal Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2015

| | | |
|-----------------------------|----|---------------------|
| Balance - December 31, 2014 | \$ | 7,124 |
| Increased by: | | |
| License Fees Collected | | <u>2,296</u> |
| | | 9,420 |
| Decreased by: | | |
| Statutory Excess | | <u>2,572</u> |
| Balance - December 31, 2015 | \$ | <u><u>6,848</u></u> |

Animal Licenses Collected

| <u>Year</u> | <u>Amount</u> |
|-------------|------------------------|
| 2014 | \$ 3,224 |
| 2013 | <u>3,624</u> |
| | <u><u>\$ 6,848</u></u> |

BOROUGH OF BOGOTA, N.J.
Schedule of Due to State of New Jersey
Animal License Trust Fund
Year Ended December 31, 2015

| | | |
|------------------------------|----|-----|
| Balance - December 31, 2014 | \$ | 386 |
| Increased by: | | |
| State License Fees collected | | 592 |
| | | 978 |
| Decreased by: | | |
| Cash Disbursements | | 575 |
| Balance - December 31, 2015 | \$ | 403 |

BOROUGH OF BOGOTA, N.J.

Schedule of Interfund - Current Fund

Trust Funds

Year Ended December 31, 2015

| | Due from/(to) Balance <u>Dec. 31, 2014</u> | <u>Increased</u> | <u>Decreased</u> | Due from/(to) Balance <u>Dec. 31, 2015</u> |
|---|--|------------------|-----------------------------|--|
| Animal License Trust Current Fund | \$ (7,027) | 7,566 | 2,599 | (2,060) |
| Total Animal Trust | <u>(7,027)</u> | <u>7,566</u> | <u>2,599</u> | <u>(2,060)</u> |
| Other Trust Current Fund | (71,036) | 11,915 | 23,462 | (82,583) |
| Total Other Trust | <u>(71,036)</u> | <u>11,915</u> | <u>23,462</u> | <u>(82,583)</u> |
| Other Trust - Police Outside Duty Current Fund | <u> </u> | 300,000 | <u> </u> | 300,000 |
| Total Other Trust - Outside Duty | <u> </u> | <u>300,000</u> | <u> </u> | <u>300,000</u> |
| Recreation Trust Current Fund | (33,715) | 379 | 379 | (33,715) |
| Total Recreation Trust | <u>(33,715)</u> | <u>379</u> | <u>379</u> | <u>(33,715)</u> |
| | <u>\$ (111,778)</u> | <u>319,860</u> | <u>26,440</u> | <u>181,642</u> |

| | | |
|-----------------------------|----------------|----------------|
| Statutory Excess | \$ | 2,572 |
| Cash Receipts | | 21,324 |
| Interest on Investments | | 2,544 |
| Reserve for POAA | 4,772 | |
| Reserve for Public Defender | 1,594 | |
| Cash Disbursements | <u>313,494</u> | |
| | \$ | <u>319,860</u> |
| | | <u>26,440</u> |

BOROUGH OF BOGOTA, N.J.
Schedule of Payroll Deductions Payable
Other Trust Fund
Year Ended December 31, 2015

| | | |
|-----------------------------|----|-----------------------|
| Balance - December 31, 2014 | \$ | 62,952 |
| Increased by: | | |
| Payroll Deposits | | <u>4,515,668</u> |
| | | 4,578,620 |
| Decreased by: | | |
| Payroll Disbursements | | <u>4,461,803</u> |
| Balance - December 31, 2015 | \$ | <u><u>116,817</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Miscellaneous Reserves

Other Trust Fund

Year Ended December 31, 2015

| | Balance Dec. 31, 2014 | <u>Increased</u> | <u>Decreased</u> | Balance Dec. 31, 2015 |
|-----------------------------------|--------------------------|----------------------------|------------------|--------------------------|
| Reserve for: | | | | |
| Escrow Deposits | \$ 95,789 | | 20,907 | 74,882 |
| Street Opening Deposits | 12,675 | | 12,675 | |
| Municipal Court - POAA | 31,552 | 4,772 | | 36,324 |
| Municipal Court - Public Defender | 3,625 | 1,594 | | 5,219 |
| Police Vests | (1,073) | 1,073 | | |
| Uniform Fire Safety | 14,373 | 46,428 | 35,510 | 25,291 |
| D.A.R.E. | 1,554 | | 1,554 | |
| Tax Title Liens | 364,172 | 458,234 | 523,509 | 298,897 |
| Medical Contributions | 2,151 | | 2,151 | |
| Outside Police Duty | 7,100 | 536,595 | 243,695 | 300,000 |
| Judgements | | 1,500,000 | | 1,500,000 |
| Recycling | | 32,522 | | 32,522 |
| Unallocated | 255,447 | | 255,447 | |
| Escrow Deposits (Accutrack) | | 78,781 | 14,913 | 63,868 |
| Vacant Property | | 13,500 | | 13,500 |
| | <u>\$ 787,365</u> | <u>2,673,499</u> | <u>1,110,361</u> | <u>2,350,503</u> |
| | | Interfunds \$ 6,366 | | |
| | | Cash Receipts 2,367,065 | | |
| | | Cash Disbursements 810,293 | | |
| | | Reallocation 300,068 | 300,068 | |
| | | <u>\$ 2,673,499</u> | <u>1,110,361</u> | |

BOROUGH OF BOGOTA, N.J.
Schedule of Reserve for Terminal Pay
Other Trust Fund
Year Ended December 31, 2015

| | |
|-----------------------------|------------------------|
| Balance - December 31, 2014 | \$ <u>2,244</u> |
| Decreased by: | |
| Cash Disbursements | \$ <u><u>2,244</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Reserve for Recreation Expenditures

Recreation Trust Fund

Year Ended December 31, 2015

| | | |
|-----------------------------|----|----------------------|
| Balance - December 31, 2014 | \$ | 15,948 |
| Increased by: | | |
| Recreation Fees Collected | | <u>270,869</u> |
| | | 286,817 |
| Decreased by: | | |
| Cash Disbursements | | <u>208,362</u> |
| Balance - December 31, 2015 | \$ | <u><u>78,455</u></u> |

BOROUGH OF BOGOTA, N.J.
Schedule of Reserve for Library Expenditures
Library Trust Fund
Year Ended December 31, 2015

| | | |
|-----------------------------|----|----------------------|
| Balance - December 31, 2014 | \$ | 31,684 |
| Increased by: | | |
| Library Collections | \$ | 24,294 |
| Interest Earned | | <u>93</u> |
| | | <u>24,387</u> |
| | | 56,071 |
| Decreased by: | | |
| Library Disbursements | | <u>28,988</u> |
| Balance - December 31, 2015 | \$ | <u><u>27,083</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Service Award Contributions Receivable

Emergency Services Volunteer Length of Service Award Program

Year Ended December 31, 2015

| | |
|-----------------------------|-------------------------|
| Increased by: | |
| Service Award Contribution | \$ <u>29,450</u> |
| Balance - December 31, 2015 | \$ <u><u>29,450</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Net Assets Available for Benefits

Emergency Services Volunteer Length of Service Award Program

Year Ended December 31, 2015

| | |
|-----------------------------|-------------------------|
| Increased by: | |
| Service Award Contribution | \$ <u>29,450</u> |
| Balance - December 31, 2015 | \$ <u><u>29,450</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2015

| | | | |
|----------------------------------|----|-----------|-----------------------|
| Balance - December 31, 2014 | | \$ | 319,308 |
| Increased by Receipts: | | | |
| Bond Anticipation Notes Proceeds | \$ | 1,700,000 | |
| Budget Appropriation - | | | |
| Capital Improvement Fund | | 50,000 | |
| Interfunds | | 1,079 | |
| Reserve for Payment of Debt | | 91,754 | |
| | | | <u>1,842,833</u> |
| | | | 2,162,141 |
| Decreased by Disbursements: | | | |
| Improvement Authorizations | | 1,099,494 | |
| Interfunds | | 181,793 | |
| | | | <u>1,281,287</u> |
| Balance - December 31, 2015 | | \$ | <u><u>880,854</u></u> |

BOROUGH OF BOGOTA, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2015

| | | |
|--------------------------|----|--------|
| Capital Improvement Fund | \$ | 77,005 |
| Fund Balance | | 8,240 |

Improvement Authorizations:

Ordinance

| <u>Number</u> | <u>Improvement Description</u> | |
|---------------|--|-------------------|
| 1419 | Various Public Improvements and Acquisitions | 3,577 |
| 1441 | Acquisition of Passenger Bus | 550 |
| 1442 | Improvements to Facilities | 2,780 |
| 1449 | 2014 Road Program | 97,205 |
| 1462 | Various Public Improvements | 549,076 |
| 1463 | Sanitary Sewer System Improvements | <u>142,421</u> |
| | | <u>\$ 880,854</u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2015

| | | <u>Increased</u> | <u>Decreased</u> |
|--------------------------------|---------|------------------|------------------|
| Current Fund | \$ | <u>181,793</u> | <u>181,793</u> |
| | | <u>181,793</u> | <u>181,793</u> |
| Reserve for Payment of Debt \$ | | | 180,714 |
| Disbursements | 181,793 | | |
| Interest on Investments | | | <u>1,079</u> |
| | | <u>181,793</u> | <u>181,793</u> |

BOROUGH OF BOGOTA, N.J.

**Schedule of Deferred Charges to Future
Taxation - Funded**

General Capital Fund

Year Ended December 31, 2015

| | | | |
|-------------------------------------|----|---------------|-------------------------|
| Balance - December 31, 2014 | | \$ | 5,319,000 |
| Decreased by: | | | |
| Current Year Budget Appropriations: | | | |
| Serial Bonds | \$ | 655,000 | |
| Capital Leases | | <u>77,000</u> | |
| | | | <u>732,000</u> |
| Balance - December 31, 2015 | | \$ | <u><u>4,587,000</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2015

| Ordinance Number | Improvement Description | Balance Dec. 31, 2014 | 2015 Authorizations | Decreased | Balance Dec. 31, 2015 | Analysis of Balance, Dec. 31, 2015 | |
|------------------------------|--------------------------------------|-----------------------|---------------------|----------------|-----------------------|-------------------------------------|--------------------------------------|
| | | | | | | Financed by Bond Anticipation Notes | Unexpended Improvement Authorization |
| <u>General Improvements:</u> | | | | | | | |
| 1424 | Refunding of Tax Appeals | \$ 465,000 | | 115,000 | 350,000 | 350,000 | |
| 1441 | Acquisition of Passenger Bus | 80,000 | | | 80,000 | 80,000 | |
| 1442 | Improvements to Municipal Facilities | 95,000 | | | 95,000 | 95,000 | |
| 1449 | 2014 Road Improvement Program | 190,000 | | | 190,000 | 190,000 | |
| 1462 | Various Public Improvements | | 1,047,000 | | 1,047,000 | 1,047,000 | |
| 1463 | Sanitary Sewer System Improvements | | 238,000 | | 238,000 | 238,000 | |
| 1467 | Refunding Bonds (Tasca) | | 415,000 | | 415,000 | 415,000 | |
| | | <u>\$ 830,000</u> | <u>1,700,000</u> | <u>115,000</u> | <u>2,415,000</u> | <u>2,415,000</u> | |

BOROUGH OF BOGOTA, N.J.

Schedule of Capital Leases Payable

General Capital Fund

Year Ended December 31, 2015

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding, December 31, 2015 | Interest Rate | Balance | |
|-----------------------------------|---------------|----------------|--|---------------|-------------------|----------------|
| | | | | | Dec. 31, 2014 | Dec. 31, 2015 |
| BCIA Loan Refunding Revenue Bonds | May 17, 2012 | 427,000 | 83,000 | 1.24% | 342,000 | 265,000 |
| | | | 88,000 | 1.64% | | |
| | | | 94,000 | 2.11% | | |
| | | | | | <u>\$ 342,000</u> | <u>265,000</u> |

BOROUGH OF BOGOTA, N.J.
Schedule of Bond Anticipation Notes Payable
General Capital Fund
Year Ended December 31, 2015

| Ordinance Number | Improvement Description | Date of Original Issue | Date of Issue | Date of Maturity | Interest Rate | Balance | | Increased | Decreased | Balance Dec. 31, 2015 |
|------------------|--------------------------------------|------------------------|---------------|------------------|---------------|---------------|----------------------|-----------|-----------|-----------------------|
| | | | | | | Dec. 31, 2014 | Dec. 31, 2015 | | | |
| 1424 | Refunding Tax Appeals | Jun. 14, 2013 | May 15, 2015 | May 13, 2016 | 0.89% | \$ 465,000 | \$ 465,000 | 350,000 | 465,000 | 350,000 |
| 1441 | Acquisition of Passenger Bus | July 24, 2014 | May 15, 2015 | May 13, 2016 | 0.89% | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 |
| 1442 | Improvements to Municipal Facilities | July 24, 2014 | May 15, 2015 | May 13, 2016 | 0.89% | 95,000 | 95,000 | 95,000 | 95,000 | 95,000 |
| 1446 | 2014 Road Improvement Program | Nov. 13, 2014 | Nov. 13, 2015 | May 13, 2016 | 0.99% | 190,000 | 190,000 | 190,000 | 190,000 | 190,000 |
| 1462 | Various Public Improvements | Nov. 13, 2015 | Nov. 13, 2015 | May 13, 2016 | 0.99% | | 1,047,000 | 1,047,000 | | 1,047,000 |
| 1463 | Sanitary Sewer System Improvements | Nov. 13, 2015 | Nov. 13, 2015 | May 13, 2016 | 0.99% | | 238,000 | 238,000 | | 238,000 |
| 1467 | Refunding Bonds (Tasca) | Nov. 13, 2015 | Nov. 13, 2015 | May 13, 2016 | 0.99% | | 415,000 | 415,000 | | 415,000 |
| | | | | | | \$ 830,000 | \$ 2,415,000 | 2,415,000 | 830,000 | 2,415,000 |
| | | | | | | | Cash \$ 1,700,000 | | | |
| | | | | | | | Budget Appropriation | | 115,000 | |
| | | | | | | | Renewed | 715,000 | 715,000 | |
| | | | | | | | \$ 2,415,000 | 2,415,000 | 830,000 | 2,415,000 |

BOROUGH OF BOGOTA, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2015

| Ordinance Number | Improvement Description | Ordinance Amount | Balance Dec. 31, 2014 | | 2015 Authorizations | Paid or Charged | Balance Dec. 31, 2015 | |
|------------------|--|------------------|--|----------|---------------------|-----------------|-----------------------|----------|
| | | | Funded | Unfunded | | | Funded | Unfunded |
| 1419 | Various Public Improvements and Acquisitions | \$ 1,171,900 | \$ 19,567 | | | 15,990 | 3,577 | |
| 1441 | Acquisition of Passenger Bus | 85,000 | | 550 | | | | 550 |
| 1442 | Improvements to Facilities | 100,000 | | 8,193 | | 5,413 | | 2,780 |
| 1449 | 2014 Road Program | 200,000 | | 101,793 | | 4,588 | | 97,205 |
| 1462 | Various Public Improvements | 1,100,000 | | | 1,100,000 | 550,924 | | 549,076 |
| 1463 | Sanitary Sewer System Improvements | 250,000 | | | 250,000 | 107,579 | | 142,421 |
| 1467 | Refunding Bonds (Tasca) | 415,000 | | | 415,000 | 415,000 | | |
| | | | \$ 19,567 | 110,536 | 1,765,000 | 1,099,494 | 3,577 | 792,032 |
| | | | Capital Improvement Fund \$ | | 65,000 | | | |
| | | | Deferred Charges to Future Taxation - Unfunded | | 1,700,000 | | | |
| | | | | | \$ 1,765,000 | | | |

BOROUGH OF BOGOTA, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2015

| | | |
|--|----|---------|
| Balance - December 31, 2014 | \$ | 92,005 |
| Increased by: | | |
| Budget Appropriation | | 50,000 |
| | | 142,005 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | 65,000 |
| Balance - December 31, 2015 | \$ | 77,005 |

BOROUGH OF BOGOTA, N.J.

Schedule of Reserve for Payment of Debt

General Capital Fund

Year Ended December 31, 2015

| | | | |
|---|----|---------------|-----------------------|
| Balance - December 31, 2014 | | \$ | 88,960 |
| Increased by: | | | |
| Cash Receipts | | | <u>91,754</u> |
| | | | 180,714 |
| Decreased by: | | | |
| Interfunds: | | | |
| Budgeted Revenue - Current Fund | \$ | 88,960 | |
| Miscellaneous Revenue Not Anticipated - Current Fund | | <u>91,754</u> | |
| | | \$ | <u><u>180,714</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2015

| <u>Ordinance Number</u> | <u>Improvement Description</u> | | <u>2015 Authorizations</u> | <u>Bond Anticipation Notes Issued</u> |
|-----------------------------|------------------------------------|----|--------------------------------|---|
| 1462 | Various Public Improvements | \$ | 1,047,000 | 1,047,000 |
| 1463 | Sanitary Sewer System Improvements | | 238,000 | 238,000 |
| 1467 | Refunding Bonds (Tasca) | | 415,000 | 415,000 |
| | | \$ | <u>1,700,000</u> | <u>1,700,000</u> |

BOROUGH OF BOGOTA

PART II

LETTER ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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

Honorable Mayor and
Members of the Borough Council
Borough of Bogota
County of Bergen, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Bogota in the County of Bergen as of and for the year ended December 31, 2015 and the related notes to the financial statements, and have issued our report thereon dated September 13, 2016, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for LOSAP not being audited.

Internal Control Over Financial Reporting

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

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



Honorable Mayor and
Members of the Borough Council
Page 2.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 to be material weaknesses.

We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2015-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Bogota's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002 and 2015-003.

We also noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Bogota in the accompanying comments and recommendations section of this report.

Purpose of this Report

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



Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

September 13, 2016



BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Section I – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2015-001

Based on the result of audit procedures performed, a material adjustment to the financial statements was required.

Criteria or Specific Requirements:

SAS 115 suggest that such correction are indicators of significant deficiencies in an entity's internal controls over financial reporting.

Condition:

The Borough recorded budget reimbursements in excess of expenditures incurred during the current year.

Context:

The Borough transferred funds from the Reserve for Police Outside Duty in the Other Trust Fund to the Current Fund as budget reimbursements in excess of actual charges incurred during the current year.

Effect:

An interfund in the amount of \$300,000 from the Current Fund to the Other Trust Fund was recorded and budget appropriations were increased by the same amount which reduced appropriation reserves in the Current Fund.

Cause:

Unkown

Recommendation:

That more care be taken to ensure the amount of the budget reimbursement is equal to the actual charges incurred.

Management's Response:

The Borough has reviewed this finding and has indicated corrective action will be taken.

BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)

Section I – Financial Statement Findings

Finding 2015-002

The Borough does not utilize the approved accounting software (Munidex) for general ledgers, subsidiary ledgers or bank reconciliations.

Criteria or Specific Requirements:

N.J.A.C. 5:30-5.7 General Ledger Accounting Systems.

Condition:

The Borough does not utilize the approved accounting software for general ledgers, subsidiary ledgers or bank reconciliations. Microsoft Excel is utilized for revenue subsidiary ledgers and QuickBooks is utilized for general ledgers.

Context:

The approved accounting software would provide integrated modules for all transactions including revenues, expenditures and general ledgers reducing the risk of material misstatement.

Effect:

Manual entries are required to record transactions in the general ledger, which are performed at year end.

Cause:

The Borough does not utilize the approved accounting software for general ledgers, subsidiary ledgers or bank reconciliations.

Recommendation:

That all transactions be entered into the Munidex accounting software which will provide integrated modules for all transactions.

Management's Response:

The Borough has reviewed this finding and has indicated corrective action will be taken.

BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)

Section I – Financial Statement Findings

Finding 2015-003

Our audit revealed numerous instances in which expenses were not encumbered prior to the goods and/or services being ordered.

Criteria or Specific Requirement:

N.J.A.C. 5:30-5.2 Encumbrance Systems

Condition:

Purchase orders were not always created for goods and services prior to expense being incurred.

Questioned Costs:

Unknown

Context:

There were instances in which vendor invoices were dated prior to the purchase orders being created.

Effect:

Commitments may exist and are not being recorded in the financial statements and funds may not be available to commit to the purchase.

Cause:

Internal control policies in places are not being adhered to.

Recommendation:

That controls over purchasing procedures be enhanced to ensure that purchase orders are issued and funds are encumbered when the goods and/or services are ordered.

Management's Response:

The Borough has reviewed this finding and has indicated corrective action will be taken.

BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-001

The Current Fund financial statements made available for audit were materially different than the Annual Financial Statement originally filed with the State of New Jersey.

Condition:

General ledgers were restated to include revised cash reconciliations and additional financial activity.

Recommendation:

That procedures be implemented to ensure the local unit's books are monitored and maintained at a higher level to reduce all deficiencies in timeliness, completeness, accuracy and monitoring of daily record keeping.

Current Status:

Corrective action has been taken, the current year financial statements were not materially different than the Annual Financial Statement filed with the State of New Jersey.

Finding 2014-002

Certain accounts in the general ledgers for the year ended December 31, 2014 were not in agreement with the supporting reconciliations, subsidiary records and/or journals.

Condition:

- Current Fund monthly bank reconciliation was not reconciled with the monthly cash balance in the general ledger.
- Subsidiary ledgers for budget appropriations and revenues were not reconciled to financial transactions reflected in the general ledger on a monthly basis.

Recommendation:

General ledgers be reconciled to the respective subsidiary ledgers including bank reconciliations and other original records of entry on a monthly basis.

Current Status:

Corrective action has not been taken, see Finding 2015-002.

BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)

Section I – Financial Statement Findings

STATUS OF PRIOR YEAR FINDINGS, CONTINUED

Finding 2014-003

Certain receipt transactions were not properly recorded in the revenue subsidiary records and/or journals.

Condition:

Receipts are not always being posted to the revenue/receipt journals.

Recommendation:

All receipt transactions be properly recorded by the Treasurer in the revenue/receipt subsidiary ledgers.

Current Status:

Corrective action was not taken, see Finding 2015-002.

Finding 2014-004

Certain disbursement transactions were not properly recorded in the appropriation subsidiary records and/or journals.

Condition:

Disbursements are not always being posted to appropriation/expenditure journals.

Recommendation:

All disbursement transactions be properly recorded by the Treasurer in the appropriation/expenditure subsidiary ledgers.

Current Status:

Corrective action was not taken, see Finding 2015-002.

BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)

Section I – Financial Statement Findings

STATUS OF PRIOR YEAR FINDINGS, CONTINUED

Finding 2014-005

Our audit revealed numerous instances noted where recurring expenses were not encumbered prior to the goods being provided and/or services were rendered.

Condition:

Purchase order were not always issued for goods and/or services prior to receipt.

Recommendation:

That controls over purchasing procedures be enhanced to ensure that purchase orders are issued and funds are encumbered prior to the goods and/or services being ordered.

Current Status:

Corrective action has not been taken, see Finding 2015-003.

Finding 2014-006

The fixed asset inventory was not updated to reflect current year additions and/or deletions.

Condition:

The fixed asset inventory has not been updated for current year additions and deletions.

Recommendation:

The Borough's fixed asset accounting and reporting system be updated to reflect current additions and deletions.

Current Status:

Corrective action was taken, the Borough retained an outside service organization to prepare the fixed asset report.

BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)

Section I – Financial Statement Findings

STATUS OF PRIOR YEAR FINDINGS, CONTINUED

Finding 2014-007

Purchases relating to acquisition of an ambulance and bus exceed the bid threshold in aggregate and the documents to verify purchases were awarded by public bid in accordance with N.J.S.A. 40A:11 et. seq. or by State contract were not made available for audit.

Condition:

The Borough contracted for various goods/services where no evidence of public bidding, State contract or quotes existed.

Recommendation:

Internal control procedures be reviewed and revised to ensure purchases in excess of the bid threshold are made in accordance with the Local Public Contracts Law.

Current Status:

Corrective action was not taken.

BOROUGH OF BOGOTA

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-3 states:

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to 25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (I) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A. 40A:11-4 states:

- a. Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act of specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

BOROUGH OF BOGOTA

GENERAL COMMENTS (CONTINUED)

Effective July 1, 2010, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000. On July 1, 2015, the threshold was increased to \$40,000 with a qualified purchasing agent.

Effective January 1, 2011, P.L., 2009, c.166 eliminated the previous lower non-qualified purchasing agent threshold of \$26,000. Thus a contracting unit without a qualified purchasing agent now has a maximum bid threshold of \$17,500.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

- Leasing of Real Property at 282 Leonia Avenue for Construction, Operation and Maintenance of Wireless Communications Equipment
- Garbage and Recycling Pickup
- Wireless Communication Equipment
- Leonia Avenue Improvements Project, Section 1
- Pascack Valley Cooperative Road Resurfacing
- Tree and Stump Removal
- 2015 Palisade Avenue Road Improvement
- Cleaning and Maintenance Service for Borough Hall, Library, Senior Center and Recreation Center
- Renovations and Improvements to Department of Public Works
- 2015 Drainage Improvements at Queen Anne Road

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

BOROUGH OF BOGOTA

**GENERAL COMMENTS
(CONTINUED)**

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 3, 2015, adopted the following amended resolution authorizing interest to be charged on delinquent taxes:

“NOW THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of Bogota, that taxes due to the Borough shall be payable February 1st, May 1st, August 1st, and November 1st each year, after which dates, if unpaid, shall become delinquent and from and after the respective dates herein before provided for taxes to become delinquent, the tax payer or property assessed shall be subject to interest at 8% per annum on the first \$1,500 and 18% thereafter and a 6% additional penalty for a delinquency over \$10,000 if not paid by the end of the calendar year. Delinquent water bills over \$100 shall be subject to interest at 1% per month thirty days after the due date.

ALSO, BE IT RESOLVED, that in the event said taxes shall be paid within ten days from the due date the interest shall be waived except in the office of the Tax Collector is closed on the tenth day of February, May, August or November then the grace period shall be extended to include the first business day thereafter; and,

BE IT FURTHER RESOLVED that the interest rates so stated will revert back to the due date of any installment of taxes or assessments received after the expiration of the ten-day grace period or as otherwise provided in the Resolution.”

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

Delinquent Taxes and Tax Title Liens

A tax sale was held on December 17, 2015, and was complete.

Inspection of the sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

| <u>Year</u> | <u>Number of liens</u> |
|-------------|----------------------------|
| 2015 | 2 |
| 2014 | 4 |
| 2013 | 1 |

BOROUGH OF BOGOTA
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2015

COMMENTS:

Finance:

1. *Transactions for all funds are not maintained through one software system.
2. Cash receipts are being posted as budget off-sets rather than anticipated as revenue in the budget.
3. Municipal and Outside Liens are not being maintained in the Munidex system.
4. The Municipal Alliance Grant was cancelled without approval via resolution.
5. The Borough did not request a Dedication by Rider from the Director of Local Government Services for the Vacant Property Fund.
6. A corrective action plan for the year ended December 31, 2014 audit comments and recommendations was not prepared.
7. Prior year interfund balances were not liquidated prior to the close of the current fiscal year.
8. There were instances in which tax collections were not allocated properly to interest and principal.
9. There were instances in which interest on delinquent taxes was inconsistently charged.
10. Payments to the State of New Jersey for State Training Fees and Dog License collections are not being made in a timely manner.
11. The fixed asset report does not include all eligible items purchased in the year under review.

Payroll:

1. The amount being withheld from employee gross wages for Unemployment Insurance does not agree to tax rate required by the State of New Jersey.
2. The portion of employees' unemployment withholdings for state unemployment insurance that is to be retained by the Borough is not being deposited into a separate reserve for unemployment as required under the Benefit Reimbursement Method.
3. Employee payroll deductions for deferred compensation are not being remitted to proper agencies in a timely manner.
4. An analysis of the remaining balance in the Payroll Deductions bank account was not provided at the time of audit.
5. Payroll transactions are not posted to the subsidiary appropriations ledger for the entire year.
6. The bank reconciliation prepared by the client for the Net Payroll Account does not include all outstanding checks recorded in the payroll registers.
7. *Proper termination documents are not on file for employees who were terminated.
8. There were instances in which enrolled employees health benefits deductions were not being calculated in accordance with Chapter 78, P.L. 2011.
9. Supporting documentation for hours worked could not be verified at time of audit for select individuals.
10. The Recreation Director received additional pay as a Bus Driver that was not approved by Mayor and Council.

**BOROUGH OF BOGOTA
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2015**

COMMENTS, Continued:

Payroll, Continued:

11. There was an instance in which a new hire was not properly enrolled in the PERS pension plan.
12. There were instances in which W-4 forms could not be located for review for selected individuals.

Municipal Clerk:

1. *Minutes of Mayor and Council meetings are not being signed by the Town Clerk

Building Department:

1. Receipts per the Building Department Permit Fee Log does not agree to the amount posted in the current fund.

Fire Prevention:

1. Receipts are not being posted to the department's ledger in a timely manner.
2. Deposits are not always made within 48 hours of receipt as required by N.J.S.A.40A:5-15.
3. There were instances where multiple payments were received for the same invoice with no refunds being issued.

Recreation:

1. *Deposits are not always made within 48 hours of receipt as required by N.J.S.A.40A:5-15.
2. *Fees are not approved/ratified by Council Resolution.
3. *Instances where fees charged did not agree to program flyer and/or website.
4. Receipts per the Recreation receipt ledger do not agree to the amount being deposited.

Municipal Court:

1. There are 61 tickets Eligible for DSUS/RSUS on the December Monthly Management Report.
2. There are 140 tickets Assigned over 180 days on the December Monthly Management Report.
3. There are 14 tickets Issued but Not Assigned on the December Monthly Management Report.
4. There are 35 tickets Eligible for FTA over 14 days on the December Monthly Management Report.
5. The reconciled cash bail balance does not agree to the Bail on Account per ATS/ACS.
6. The reconciliation for the General Account and the Bail Account are not being prepared accurately.

**BOROUGH OF BOGOTA
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2015**

COMMENTS, Continued:

Purchasing:

1. *The awarding resolutions for Request for Qualifications do not include the required information such as the anticipated value of the contract or "not to exceed" cost language and a certification of availability of funds.
2. *IRS Form 1099's were not issued to eligible vendors that were compensated in excess of IRS thresholds.
3. *Documentation of formal evaluations for Request for Qualification submissions were not available at the time of audit
4. There were instances in which purchase orders were missing required signatures verifying that funds were encumbered and approval by councilmembers.
5. There were instances in which the account numbers printed on the purchase orders did not agree to account numbers charged in the budget history.
6. There were instances in which the information included in the approved bill list (vendor name, check number, check amount) was different than checks issued.
7. *There were instances in which informal quotes were not obtained for purchases which exceeded 15% of the bid threshold as required by N.J.S.A. 40A:11-6.1.
8. There were instances in which the certification of available funds was not included in resolutions awarding contracts resulting from bids requested by public advertising.
9. There were various instances in which purchase orders selected for review were not available at the time of audit.
10. The interest payment for the Bergen County Improvement Authority Series 2012 loan was not paid in a timely manner.

RECOMMENDATIONS:

Finance:

1. *That all transactions be processed through the approved software, Munidex.
2. That receipts collected for services provided be recorded as part of anticipated revenues not budget reimbursements.
3. That all liens be maintained with the tax system.
4. That all cancellations be approved by resolution before execution.
5. That approval as a Dedication by Rider be obtained from the Director of the Division of Local Government Services to pay expenditures of the Vacant Properties Fund in accordance with N.J.S.A. 40A:4-39.
6. That a corrective action plan be prepared and approved by Mayor and Council.
7. That all interfund balances be liquidated prior to the close of the year.
8. That more care be taken to ensure payments received are allocated correctly.
9. That interest on delinquent taxes be charged consistently in accordance with the resolution adopted by Mayor and Council.

**BOROUGH OF BOGOTA
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2015**

RECOMMENDATIONS, Continued

Finance, Continued

10. That fees collected that are due to the State be remitted in a timely manner.
11. That more care be taken to ensure all eligible purchases are included in the fixed asset report.

Payroll:

1. That the amount withheld from employee gross wages be adjusted to the proper amounts.
2. That the Borough create a separate reserve for the percentage portion of the employees' unemployment withholdings required to be maintained.
3. That all employee deductions be remitted to the proper agencies in a timely manner.
4. That an analysis of the remaining balance be maintained for the Payroll Deductions bank account.
5. That all payroll transactions be posted to the subsidiary appropriations ledger.
6. That more care be taken to ensure all items are included in the reconciling items.
7. *That termination documents be filed for employees who leave the Borough.
8. That all employees' health benefit deductions be calculated in accordance with Chapter 78, P.L. 2011.
9. That all supporting documentation for hours worked be provided at time of audit for select individuals.
10. That all additional payments and/or position be approved by Mayor and Council.
11. That more care be taken to ensure all eligible individuals are properly enrolled in the pension system.
12. That all W-4 forms be made available for review at the time of audit.

Municipal Clerk:

1. *That official minutes of the Mayor and Council meetings be signed by the Town Clerk.

Building Department:

1. That more care be taken to ensure receipts per the Building Department Permit Fee Log agree to the amount posted in the current fund.

**BOROUGH OF BOGOTA
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2015**

RECOMMENDATIONS, Continued:

Fire Prevention:

1. That more care be taken to ensure receipts are posted to the department's ledger in a timely manner.
2. That more care be taken to ensure deposits are made within 48 hours of receipt as required by N.J.S.A.40A:5-15.
3. That more care be taken to ensure receipts are posted accurately to eliminate duplicate billings.

Recreation

1. *That more care be taken to ensure deposits are made within 48 hours of receipt as required by N.J.S.A.40A:5-15.
2. *That all fees be approved/ratified by Council Resolution.
3. *That all fees charged agree to program flyer and/or website.
4. That more care be taken to ensure receipts per the Recreation receipt ledger agree to the amount being deposited.

Municipal Court:

1. That tickets Eligible for DSUS/RSUS be processed in a timely manner.
2. That tickets Assigned over 180 days be recalled by the Court Administrator.
3. That more care be taken to ensure tickets are assigned prior to issuance.
4. That tickets Eligible for FTA be processed in a timely manner.
5. That more care be taken to ensure the reconciled cash bail balance agrees to the Bail on Account per ATS/ACS.
6. That more care be taken to ensure reconciliations are properly prepared.

Purchasing:

1. *That resolutions awarding contracts for Request for Qualifications contain the required language.
2. *That IRS Form 1099's be issued to all eligible vendors as required by IRS Rev. Rul. 2003-66.
3. That documentation of formal evaluations be prepared prior to awarding contracts resulting from Request for Qualifications.
4. That more care be taken to ensure all purchase order contain the required signatures prior to payment.
5. That more care be taken to ensure the proper budget account is recorded on purchase orders.
6. That more care be taken to ensure the bill list submitted for approval contains the proper information.
7. That all purchases in excess of 15% or the bid threshold include documentation of quotes obtained as required by the Local Public Contracts Law.
8. That a certification of available funds be included in all resolutions awarding contracts.
9. That more care be taken to ensure all requested purchase orders are available for review.
10. That more care be taken to ensure payments are made in a timely manner.

BOROUGH OF BOGOTA

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all except for the Findings/Recommendations marked with an “*”.

ACKNOWLEDGMENT

We received the complete cooperation of all of the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted,



Steven D. Wielkocz
Registered Municipal Accountant
No. CR00413



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Certified Public Accountants
Pompton Lakes, New Jersey

September 13, 2016