

BOROUGH OF BOGOTA

**Financial Statements with
Supplementary Information
December 31, 2018**

(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, 2018

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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, 2018 and 2017, 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, 2018, 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 opinions 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.



The Honorable Mayor and
Members of the Borough Council
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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.

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, 2018 and 2017, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The Borough records of fixed assets have not been updated for additions and deletions for the current year as required by N.J.A.C. 5:30-5.6 and we were unable to satisfy ourselves as to the correct carrying value of the general fixed assets by other auditing procedures.

As described in Note 8 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 \$176,018 and \$141,777 for 2018 and 2017, respectively, were not audited and, therefore, we express no opinion of the LOSAP program.

Qualified Opinion of Regulatory Basis of Accounting

In our opinion, except for the effects of the matters 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, 2018, 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, 2018 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.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2018, the Borough adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this statement only required financial statement disclosure. Our opinions are not modified with respect to this matter.

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 Honorable Mayor and
Members of the Borough Council
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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 May 17, 2019 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 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

May 17, 2019

BOROUGH OF BOGOTA, N.J.

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2018 and 2017

| <u>Assets</u> | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|------------------|-------------------|
| Current Fund: | | | |
| Cash | A-4 | \$ 1,469,944 | 2,034,945 |
| Change Fund | A-5 | 1,280 | 280 |
| Due from State of New Jersey- Senior Citizen and Veteran's Deductions | A-6 | <u>21,558</u> | <u>8,668</u> |
| | | <u>1,492,782</u> | <u>2,043,893</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-7 | 20,643 | 1,273 |
| Property Acquired for Taxes | | | |
| Assessed Valuations | A-8 | 136,680 | 136,680 |
| Tax Title Liens | A-9 | 9,548 | 8,819 |
| Revenue Accounts Receivable | A-10 | 9,367 | 9,771 |
| Interfunds Receivable | A-11 | 271 | 547,023 |
| Prepaid School Taxes Payable | A-19 | <u>232,390</u> | <u> </u> |
| | | <u>408,899</u> | <u>703,566</u> |
| Deferred Charges: | | | |
| Overexpenditure of Appropriations | A-12 | | 92,565 |
| Emergency Appropriations | A-12 | 19,000 | |
| Overexpenditure of Appropriation Reserves | A-12 | <u>4,434</u> | <u>4,434</u> |
| | | <u>23,434</u> | <u>96,999</u> |
| Total Current Fund | | <u>1,925,115</u> | <u>2,844,458</u> |
| Federal and State Grant Fund: | | | |
| Grants Receivable | A-22 | 33,936 | 19,539 |
| Interfunds Receivable | A-23 | <u>120,082</u> | <u>105,225</u> |
| Total Federal and State Grant Fund | | <u>154,018</u> | <u>124,764</u> |
| | | <u>2,079,133</u> | <u>2,969,222</u> |

BOROUGH OF BOGOTA, N.J.

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2018 and 2017

| | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|---------------------|------------------|
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Current Fund: | | | |
| Appropriation Reserves | A-3, A-13 | \$ 206,682 | 422,852 |
| Encumbrances Payable | A-14 | 31,685 | 120,414 |
| Prepaid Taxes | A-15 | 67,248 | 352,726 |
| Tax Overpayments | A-16 | 511 | 2,777 |
| Due to State of New Jersey | A-17 | 10,083 | 1,429 |
| Due to Library | A-18 | 8,761 | 314 |
| County Taxes Payable | A-20 | 23,274 | |
| Miscellaneous Reserves | A-21 | 5,328 | |
| Interfunds Payable | A-11 | 128,044 | 644,475 |
| | | <u>481,616</u> | <u>1,544,987</u> |
| Reserve for Receivables and Other Assets | A | 408,899 | 703,566 |
| Fund Balance | A-1 | 1,034,600 | 595,905 |
| | | <u>1,925,115</u> | <u>2,844,458</u> |
| Federal and State Grant Fund: | | | |
| Appropriated Grant Reserves | A-24 | 136,471 | 106,992 |
| Unappropriated Grant Reserves | A-25 | 17,547 | 17,772 |
| | | <u>154,018</u> | <u>124,764</u> |
| Total Federal and State Grant Fund | | <u>154,018</u> | <u>124,764</u> |
| | | <u>\$ 2,079,133</u> | <u>2,969,222</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, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---|--------------|-------------|
| Revenue and Other Income Realized: | | |
| Fund Balance Utilized | \$ 570,000 | 794,765 |
| Miscellaneous Revenue Anticipated | 1,935,498 | 1,331,142 |
| Receipts from Delinquent Taxes | 1,273 | 783 |
| Receipts from Current Taxes | 25,056,741 | 24,399,023 |
| Non-Budget Revenues | 84,863 | 268,772 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Reserves | 236,270 | 291,160 |
| Prior Year Interfunds Returned | 547,023 | |
| | <hr/> | <hr/> |
| Total Revenue | 28,431,668 | 27,085,645 |
| | <hr/> | <hr/> |
| Expenditures: | | |
| Budget and Emergency Appropriations: | | |
| Operations: | | |
| Salaries and Wages | 3,569,232 | 3,444,009 |
| Other Expenses | 4,197,168 | 4,262,402 |
| Capital Improvements | 50,000 | 50,000 |
| Municipal Debt Service | 1,268,133 | 1,175,934 |
| Deferred Charges and Statutory Expenditures | 831,597 | 776,723 |
| Judgements | 149,993 | 151,036 |
| School Taxes Payable | 15,576,894 | 14,897,836 |
| County Taxes Including Added Taxes | 1,794,140 | 1,829,135 |
| Overexpenditure of Appropriation Reserves | | 4,434 |
| Interfunds Advanced | | 20,282 |
| Prior Year Senior Citizen Disallowed | | 2,000 |
| Tax Overpayments - Tax Court Judgements | | 95,047 |
| Refunds | 4,816 | |
| | <hr/> | <hr/> |
| Total Expenditures | 27,441,973 | 26,708,838 |
| | <hr/> | <hr/> |
| Excess/(Deficit) in Revenue | 989,695 | 376,807 |
| Adjustments to Income Before Fund Balance- | | |
| Expenditures Which are by Statute Deferred | | |
| Charges to Budget of Succeeding Year | | |
| Emergency Appropriations | 19,000 | |
| Overexpenditure of Appropriations | | 92,565 |
| Overexpenditure of Appropriation Reserves | | 4,434 |
| | <hr/> | <hr/> |
| Statutory Excess to Fund Balance | 1,008,695 | 473,806 |
| Fund Balance - January 1, | 595,905 | 916,864 |
| Decreased by Utilization as Anticipated Revenue | 570,000 | 794,765 |
| | <hr/> | <hr/> |
| Fund Balance - December 31, | \$ 1,034,600 | \$ 595,905 |
| | <hr/> | <hr/> |

See accompanying notes to financial statements.

BOROUGH OF BOGOTA, N.J.

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2018

| | <u>Budget</u> | <u>Realized</u> | <u>Excess (deficit)</u> |
|---|----------------------|----------------------|-----------------------------|
| Surplus Anticipated | \$ 570,000 | 570,000 | |
| Miscellaneous Revenues: | | | |
| Licenses: | | | |
| Alcoholic Beverages | 16,000 | 16,052 | 52 |
| Other | 9,900 | 7,041 | (2,859) |
| Fees and Permits | 16,000 | 84,832 | 68,832 |
| Fines and Costs - Municipal Court | 160,000 | 138,301 | (21,699) |
| Interest and Costs on Taxes | 24,750 | 29,713 | 4,963 |
| Interest on Investments and Deposits | 6,500 | 10,867 | 4,367 |
| Energy Receipts Tax | 592,886 | 610,760 | 17,874 |
| Consolidated Municipal Property Tax Relief | 84,790 | 66,916 | (17,874) |
| Uniform Construction Code Fees | 83,500 | 169,165 | 85,665 |
| State and Federal Revenues Offset with Appropriations | | | |
| NJ Clean Communities Program | 12,589 | 12,589 | |
| Drunk Driving Enforcement Fund | 6,600 | 6,600 | |
| NJ Alcohol Education and Rehabilitation Program | 708 | 708 | |
| NJ Body Armor Replacement Fund | 1,785 | 1,785 | |
| NJ Municipal Alliance on Alcoholism and Drug Abuse | 9,876 | 9,876 | |
| Community Stewardship Incentive Program | 10,000 | 10,000 | |
| Uniform Fire Safety | 33,000 | 17,091 | (15,909) |
| Cable T.V. Franchise Fee - Cablevision | 57,891 | 59,095 | 1,204 |
| Cable T.V. Franchise Fee - Verizon | 44,187 | 44,338 | 151 |
| Swim Club Rent | 9,500 | 10,000 | 500 |
| PILOT - 297 Palisades Avenue | 96,300 | 91,947 | (4,353) |
| Outside Police Employment - Administrative Fees | 36,640 | 98,958 | 62,318 |
| Capital Fund Balance | 41,851 | 41,851 | |
| Reserve for Payment of Debt | 23,438 | 23,438 | |
| Developers Contribution-River Development | 125,000 | 125,000 | |
| Cancelled Trust Reserve-Judgments | 248,575 | 248,575 | |
| Total Miscellaneous Revenues | <u>1,752,266</u> | <u>1,935,498</u> | <u>183,232</u> |
| Receipts from Delinquent Taxes | | <u>1,273</u> | <u>1,273</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget | | | |
| Local Tax for Municipal Purposes | 7,631,737 | 7,824,658 | 192,921 |
| Local Tax for Library Purposes | 243,439 | 243,439 | |
| | <u>7,875,176</u> | <u>8,068,097</u> | <u>192,921</u> |
| Budget Total | <u>\$ 10,197,442</u> | <u>10,574,868</u> | <u>377,426</u> |
| Non -Budget Revenue | | <u>84,863</u> | |
| | | <u>\$ 10,659,731</u> | |

BOROUGH OF BOGOTA, N.J.
Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2018

Analysis of Realized Revenue

| | |
|--|---------------------|
| Allocation of Current Tax Collections; | |
| Revenue from Collections | \$ 25,056,741 |
| Allocated to School, County and Local Taxes | <u>17,138,644</u> |
| Balance for Support of Municipal Budget Appropriations | 7,918,097 |
| Add: Appropriation - Reserve for Uncollected Taxes | <u>150,000</u> |
| Amount for Support of Municipal Budget Appropriations | <u>\$ 8,068,097</u> |
| Receipts from: | |
| Delinquent Tax Collections | <u>\$ 1,273</u> |

Analysis of Non-Budget Revenues

| | |
|-------------------------|------------------|
| Copies | \$ 3,467 |
| Property Maintenance | 250 |
| Refund-PERS | 1,200 |
| Utility Refund | 501 |
| County Snow Plowing | 5,700 |
| JIF | 16,072 |
| Refunds | 5,413 |
| Miscellaneous | 8,215 |
| PILOT-Senior Building | 3,000 |
| Restitution | 3,009 |
| DPW Clean Up Fees | 3,699 |
| Bus Stop Adv. | 368 |
| Workers Comp Refunds | 21,617 |
| Refunds-Crossing Guards | 2,072 |
| NJ-SLCHIP | 2,093 |
| DMV Fees | 1,650 |
| LEA Rebates | 6,287 |
| Returned Check Fee | 100 |
| Elections | 120 |
| EDRS | <u>30</u> |
| | <u>\$ 84,863</u> |

See accompanying notes to financial statements.

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

| | <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 | \$ 115,000 | 119,152 | 119,152 | | |
| Other Expenses | 50,000 | 77,776 | 77,776 | | |
| Mayor and Council: | | | | | |
| Salaries and Wages | 16,500 | 16,830 | 16,830 | | |
| Other Expenses | 3,500 | 3,500 | 3,188 | 312 | |
| Municipal Clerk: | | | | | |
| Salaries and Wages | 105,000 | 118,444 | 118,334 | 110 | |
| Other Expenses | 25,000 | 32,436 | 32,436 | | |
| Financial Administration: | | | | | |
| Salaries and Wages | 100,000 | 117,619 | 117,619 | | |
| Other Expenses | 75,000 | 122,000 | 121,875 | 125 | |
| Audit Services: | | | | | |
| Other Expenses | 40,000 | 74,745 | 74,745 | | |
| Computerized Data Processing: | | | | | |
| Other Expenses | 25,000 | 70,000 | 69,449 | 551 | |
| Revenue Administration (Tax Administration): | | | | | |
| Salaries and Wages | 50,000 | 50,620 | 50,620 | | |
| Other Expenses | 25,000 | 12,666 | 12,628 | 38 | |
| Assessment of Taxes: | | | | | |
| Salaries and Wages | 16,000 | 15,670 | 15,670 | | |
| Other Expenses | 5,000 | 5,000 | 3,047 | 1,953 | |

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

| | <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 | 175,000 | 115,000 | 111,834 | 3,166 | |
| Engineering Services and Costs: | | | | | |
| Other Expenses | 15,000 | 4,752 | 4,752 | | |
| Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.) | | | | | |
| Planning Board: | | | | | |
| Salaries and Wages | 7,500 | 2,416 | 2,416 | | |
| Other Expenses | 10,000 | 14,347 | 14,347 | | |
| Code Enforcement & Administration | | | | | |
| Property Maintenance: | | | | | |
| Salaries and Wages | 20,000 | 24,044 | 23,491 | 553 | |
| Other Expenses | 15,000 | 475 | 475 | | |
| Insurance: | | | | | |
| Liability Insurance | 325,000 | 305,000 | 277,481 | 27,519 | |
| Workman's Compensation Insurance | 200,000 | 155,769 | 155,769 | | |
| Employee Group Insurance | 675,000 | 665,000 | 660,055 | 4,945 | |
| Other Insurance Premiums | 20,000 | 10,000 | 9,819 | 181 | |
| Unemployment | 10,000 | 4,234 | 4,234 | | |
| Public Safety: | | | | | |
| Police Department: | | | | | |
| Salaries and Wages | 1,900,000 | 1,900,000 | 1,879,414 | 20,586 | |
| Other Expenses | 105,000 | 105,000 | 104,363 | 637 | |
| Police Clerical: | | | | | |
| Salaries and Wages | 40,000 | 40,800 | 40,800 | | |
| Crossing Guards: | | | | | |
| Salaries and Wages | 60,000 | 64,479 | 64,479 | | |

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

| | Current Fund | | | | Unexpended |
|----------------------------------|------------------------------|--|--------------------|----------|---------------------|
| | Budget | Budget after Modification and Transfer | Paid or Charged | Reserved | Balance Canceled |
| | Year Ended December 31, 2018 | | | | |
| Emergency Management: | | | | | |
| Other Expenses | 5,000 | 5,000 | | 5,000 | |
| Aid to Volunteer Fire Companies: | | | | | |
| Other Expenses | 85,000 | 85,000 | 81,893 | 3,107 | |
| Rescue Squad: | | | | | |
| Other Expenses | 20,000 | 20,070 | 20,070 | | |
| First Aid Organization: | | | | | |
| Other Expenses | 15,000 | 15,000 | 13,422 | 1,578 | |
| Uniform Fire Safety: | | | | | |
| Salaries and Wages | 30,000 | 31,771 | 30,985 | 786 | |
| Other Expenses | 85,000 | 70,000 | 68,572 | 1,428 | |
| Public Works Function: | | | | | |
| Streets and Roads: | | | | | |
| Streets and Road Maintenance: | | | | | |
| Salaries and Wages | 490,000 | 533,000 | 531,889 | 1,111 | |
| Other Expenses | 100,000 | 100,000 | 95,687 | 4,313 | |
| Shade Tree: | | | | | |
| Salaries and Wages | 2,500 | | | | |
| Other Expenses | 25,000 | 25,000 | 19,327 | 5,673 | |
| Solid Waste Collection: | | | | | |
| Other Expenses | 298,000 | 298,000 | 271,333 | 26,667 | |
| Public Building and Grounds: | | | | | |
| Other Expenses | 100,000 | 146,000 | 145,985 | 15 | |
| Health and Welfare: | | | | | |
| Board of Health: | | | | | |
| Salaries and Wages | 8,500 | 8,557 | 8,557 | | |
| Other Expenses | 40,000 | 40,000 | 37,854 | 2,146 | |

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

| | <u>Budget</u> | <u>Budget after Modification and Transfer</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Canceled</u> |
|---------------------------------------|------------------|---|----------------------------|-----------------|--|
| Animal Control Services: | | | | | |
| Other Expenses-Contract | 17,500 | 17,500 | 13,951 | 3,549 | |
| Recreational Services and Programs: | | | | | |
| Recreation Commission: | | | | | |
| Salaries and Wages | 75,000 | 75,000 | 70,034 | 4,966 | |
| Other Expenses | 50,000 | 13,000 | 10,494 | 2,506 | |
| Uniform Construction Code: | | | | | |
| Code Enforcement and Administration: | | | | | |
| Salaries and Wages | 75,000 | 62,000 | 58,246 | 3,754 | |
| Other Expenses | 5,000 | 1,773 | 1,773 | | |
| Utility Expenses and Bulk Purchases: | | | | | |
| Electricity | 120,000 | 127,579 | 127,579 | | |
| Street Lighting | 50,000 | | | | |
| Telephone | 50,000 | 56,082 | 56,082 | | |
| Water | 10,000 | 35,225 | 35,225 | | |
| Gasoline | 100,000 | 54,719 | 53,914 | 805 | |
| Solid Waste Disposal Costs: | | | | | |
| Dump Fees | 300,000 | 300,000 | 295,302 | 4,698 | |
| Total Operations within "CAPS" | 6,385,000 | 6,368,050 | 6,235,272 | 132,778 | |
| Detail: | | | | | |
| Salaries & Wages | 3,111,000 | 3,180,402 | 3,148,536 | 31,866 | |
| Other Expenses (Including Contingent) | 3,274,000 | 3,187,648 | 3,086,736 | 100,912 | |
| Total: | 6,385,000 | 6,368,050 | 6,235,272 | 132,778 | |

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

| | Current Fund | | | | |
|---|------------------------------|--|-----------------|--------------|-----------------------------|
| | Budget | Budget after Modification and Transfer | Paid or Charged | Reserved | Unexpended Balance Canceled |
| | Year Ended December 31, 2018 | | | | |
| (E) Deferred Charges and Statutory Expenditures-Municipal within "CAPS": | | | | | |
| Deferred Charges: | | | | | |
| Emergency Authorizations | | 19,000 | 19,000 | | |
| Over Expenditure of Appropriation | 92,565 | 92,565 | 92,565 | | |
| Deficit in Police Vest Trust Reserve | 2,840 | 2,840 | 2,840 | | |
| Deficit in Uniform Fire Safety Trust Reserve | 1,020 | 1,020 | 1,020 | | |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Public Employees' Retirement System | 124,051 | 124,072 | 124,072 | | |
| Social Security System (O.A.S.I.) | 160,000 | 160,000 | 158,024 | 1,976 | |
| Police and Fireman's Retirement System of NJ | 432,100 | 432,100 | 432,100 | | |
| | <u>812,576</u> | <u>831,597</u> | <u>829,621</u> | <u>1,976</u> | |
| Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS" | | | | | |
| | 7,197,576 | 7,199,647 | 7,064,893 | 134,754 | |
| 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 | 752,000 | 754,198 | 754,198 | | |
| Maintenance of Free Public Library: | | | | | |
| Salaries and Wages | 147,000 | 158,830 | 158,733 | 97 | |
| Other Expenses | 96,439 | 96,439 | 36,148 | 60,291 | |

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

| | Current Fund | | | | Unexpended |
|---|------------------------------|--|------------------|---------------|------------------|
| | Budget | Budget after Modification and Transfer | Paid or Charged | Reserved | Balance Canceled |
| | Year Ended December 31, 2018 | | | | |
| Police Dispatch/911: | | | | | |
| Salaries and Wages | 200,000 | 200,000 | 194,511 | 5,489 | |
| Other Expenses | 2,500 | 2,500 | | 2,500 | |
| LOSAP Contribution: | | | | | |
| Other Expenses | 39,610 | 39,925 | 39,925 | | |
| | <u>1,237,549</u> | <u>1,251,892</u> | <u>1,183,515</u> | <u>68,377</u> | |
| Total Other Appropriations - Excluded from "CAPS" | | | | | |
| Interlocal Municipal Service Agreements-Excluded from "CAPS": | | | | | |
| Municipal Court-Borough of Little Ferry: | | | | | |
| Salaries and Wages | 30,000 | 30,000 | 29,751 | 249 | |
| Other Expenses | 74,900 | 74,900 | 71,598 | 3,302 | |
| | <u>104,900</u> | <u>104,900</u> | <u>101,349</u> | <u>3,551</u> | |
| Total Interlocal Municipal Service Agreements | | | | | |
| Public and Private Programs Offset | | | | | |
| by Revenues: | | | | | |
| NJ Clean Communities Program | 12,589 | 12,589 | 12,589 | | |
| Community Stewardship Investment Program | 10,000 | 10,000 | 10,000 | | |
| NJ Alcohol Education and Rehabilitation Program | 708 | 708 | 708 | | |
| NJ Body Armor Replacement Program | 1,785 | 1,785 | 1,785 | | |
| Drunk Driving Enforcement Fund | 6,600 | 6,600 | 6,600 | | |
| Municipal Alliance Program | 9,876 | 9,876 | 9,876 | | |
| | <u>41,558</u> | <u>41,558</u> | <u>41,558</u> | | |
| Total Public and Private Programs Offset | | | | | |
| by Revenues | | | | | |

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

| | <u>Budget</u> | <u>Budget after Modification and Transfer</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Canceled</u> |
|---|------------------|---|----------------------------|-----------------|--|
| Total Operations-Excluded from "CAPS" | <u>1,384,007</u> | <u>1,398,350</u> | <u>1,326,422</u> | <u>71,928</u> | |
| Detail: | | | | | |
| Salaries and Wages | 377,000 | 388,830 | 382,995 | 5,835 | |
| Other Expenses | <u>1,007,007</u> | <u>1,009,520</u> | <u>943,427</u> | <u>66,093</u> | |
| Total | <u>1,384,007</u> | <u>1,398,350</u> | <u>1,326,422</u> | <u>71,928</u> | |
| Capital Improvements-Excluded from "CAPS" | | | | | |
| Capital Improvement Fund | <u>50,000</u> | <u>50,000</u> | <u>50,000</u> | | |
| Total Capital Improvements Excluded from "CAPS" | <u>50,000</u> | <u>50,000</u> | <u>50,000</u> | | |
| Municipal Debt Service - Excluded from "CAPS" | | | | | |
| Bond-Principal | 712,000 | 712,000 | 712,000 | | |
| Bond-Interest | 77,185 | 77,185 | 77,185 | | |
| BCIA Loan - Principal | 94,000 | 94,000 | 94,000 | | |
| BCIA Loan - Interest | 992 | 992 | 991 | | 1 |
| BAN - Principal | 269,705 | 269,705 | 269,705 | | |
| BAN - Interest | 114,570 | 114,570 | 114,252 | | 318 |
| Total Municipal Debt Service-Excluded from "CAPS" | <u>1,268,452</u> | <u>1,268,452</u> | <u>1,268,133</u> | | <u>319</u> |
| Judgements (N.J.S.A. 40A:4-3cc) | <u>147,407</u> | <u>149,993</u> | <u>149,993</u> | | |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | <u>2,849,866</u> | <u>2,866,795</u> | <u>2,794,548</u> | <u>71,928</u> | <u>319</u> |

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

| | Budget | Budget after Modification and Transfer | Paid or Charged | Reserved | Unexpended Balance Canceled |
|---------------------------------|----------------------|--|--------------------|----------------|-----------------------------------|
| Subtotal General Appropriations | <u>10,047,442</u> | <u>10,066,442</u> | <u>9,859,441</u> | <u>206,682</u> | <u>319</u> |
| Reserve for Uncollected Taxes | <u>150,000</u> | <u>150,000</u> | <u>150,000</u> | | |
| Total General Appropriations | <u>\$ 10,197,442</u> | <u>10,216,442</u> | <u>10,009,441</u> | <u>206,682</u> | <u>319</u> |

Adopted Budget \$ 10,180,966
 Amended by N.J.S.A. 40A:4-87 16,476
 Emergency Authorization 19,000

\$ 10,216,442

| | |
|-------------------------------|------------------|
| Reserve for Uncollected Taxes | \$ 150,000 |
| Deferred Charges | 92,565 |
| Grants | 41,558 |
| Transfer to Reserve | 1,060 |
| Encumbrances | 31,685 |
| Interfunds | 170,619 |
| Cash | <u>9,614,519</u> |

\$ 10,102,006

See accompanying notes to the financial statements.

BOROUGH OF BOGOTA, N.J.

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2018 and 2017

| <u>Assets</u> | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------------|------------------|
| Animal Trust Fund: | | | |
| Cash | B-1 | \$ <u>4,624</u> | <u>15,156</u> |
| Other Trust Fund | | | |
| Cash | B-1 | 442,954 | 1,195,687 |
| Interfund - Current Fund | B-4 | 7,962 | |
| Deficit in Reserve for Uniform Fire Safety | B-6 | | 1,020 |
| Deficit in Reserve for Police Vests | B-6 | | <u>2,840</u> |
| | | <u>450,916</u> | <u>1,199,547</u> |
| Recreation Trust Fund | | | |
| Cash | B-1 | <u>56,917</u> | <u>125,775</u> |
| Emergency Services Volunteer Length of Service Award Program (unaudited): | | | |
| Cash in Plan | B-1 | 134,618 | 101,852 |
| Contributions Receivable | B-8 | <u>41,400</u> | <u>39,925</u> |
| | | <u>176,018</u> | <u>141,777</u> |
| | | <u>\$ 688,475</u> | <u>1,482,255</u> |

BOROUGH OF BOGOTA, N.J.

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2018 and 2017

| | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------------|------------------|
| <u>Liabilities, Reserves & Fund Balance</u> | | | |
| Animal Trust Fund: | | | |
| Reserve for Animal Trust Fund Expenditures | B-2 | 4,624 | 4,477 |
| Due to State of New Jersey | B-3 | | 8 |
| Interfund - Current Fund | B-4 | | 10,671 |
| | | <u>4,624</u> | <u>15,156</u> |
| Other Trust Fund: | | | |
| Payroll Deductions Payable | B-5 | 6,608 | 2,294 |
| Interfund - Current Fund | B-4 | 271 | 502,940 |
| Miscellaneous Reserves | B-6 | 444,037 | 694,313 |
| | | <u>450,916</u> | <u>1,199,547</u> |
| Recreation Trust Fund | | | |
| Interfund - Current Fund | B-4 | | 33,412 |
| Reserve for Expenditures | B-7 | 56,917 | 92,363 |
| | | <u>56,917</u> | <u>125,775</u> |
| Emergency Services Volunteer Length of Service Award Program (unaudited): | | | |
| Net Assets Available for Benefits | B-9 | 176,018 | 141,777 |
| | | <u>\$ 688,475</u> | <u>1,482,255</u> |

See accompanying notes to financial statements.

BOROUGH OF BOGOTA, N.J.

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2018 and 2017

| <u>Assets</u> | <u>Ref.</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|----------------------|------------------|
| Cash | C-2,3 | \$ 1,153,490 | |
| Interfund Receivable | C-4 | | 539,250 |
| Grants Receivable | C-5 | 536,127 | 304,500 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-6 | 2,240,000 | 3,046,000 |
| Unfunded | C-7 | 6,529,130 | 5,092,000 |
| | | <u>\$ 10,458,747</u> | <u>8,981,750</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Deficit in Cash | C-2,3 | | 12,940 |
| Serial Bonds Payable | C-8 | 2,240,000 | 2,952,000 |
| Capital Leases Payable | C-9 | | 94,000 |
| Bond Anticipation Notes Payable | C-10 | 6,029,130 | 5,092,000 |
| Improvement Authorizations: | | | |
| Unfunded | C-11 | 1,222,650 | 421,016 |
| Capital Improvement Fund | C-12 | 29,005 | 40,005 |
| Reserve for Payment of Debt | C-13 | 151,835 | 23,438 |
| Reserve for Grants Receivable | C-14 | 536,127 | 304,500 |
| Reserve for Developer Contribution | C-15 | 250,000 | |
| Fund Balance | C-1 | | 41,851 |
| | | <u>\$ 10,458,747</u> | <u>8,981,750</u> |

There were \$500,000 and \$-0- of Bonds and Notes Authorized But Not Issued on December 31, 2018 and December 31, 2017 (Exhibit C-16).

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>2018</u> | <u>2017</u> |
|-----------------------------------|---------------------------------------|-----------------------------|
| Balance - December 31, | \$ 41,851 | \$ 8,240 |
| Increased by: | | |
| Premium on Bond Anticipation Note | <u> </u> | <u>33,611</u> |
| | 41,851 | 41,851 |
| Decreased by: | | |
| 2018 Budgeted Revenue | <u>41,851</u> | <u> </u> |
| Balance - December 31, | <u>\$ <u> </u></u> | <u>\$ <u>41,851</u></u> |

See accompanying notes to the financial statements.

BOROUGH OF BOGOTA, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--------------------------------|--------------------------|-----------------------|
| <u>General Fixed Assets:</u> | | |
| Land | \$ 5,968,400 | 5,968,400 |
| Buildings | 4,635,800 | 4,635,800 |
| Machinery and Equipment | <u>5,850,492</u> | <u>5,850,492</u> |
| | <u>\$ 16,454,692</u> | <u>16,454,692</u> |
| Investment in Fixed Assets | <u>\$ 16,454,692</u> | <u>16,454,692</u> |

See accompanying notes to financial statements.

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

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, 2018 AND 2017
(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.

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, 2018 AND 2017
(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, 2018 AND 2017
(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, 2018 AND 2017
(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.

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, 2018 AND 2017
(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, 2018 AND 2017
(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 or the notes to financial statements because their inclusion would make certain statements unduly complex and difficult to understand.

C. Recent Accounting Pronouncements

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Borough adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment 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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

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

C. Recent Accounting Pronouncements, (continued)

beginning after June 15, 2017. As a result of adopting this Statement, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Borough.

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.

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, 2018 and 2017, \$-0- of the Borough's bank balance of \$4,879,914 and \$4,455,925, 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.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

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.

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, 2018 and 2017 amount to \$134,618 and \$101,852, respectively, as no contributions have been deposited to date.

The following investments represent 5% or more of the total invested with Lincoln Financial Advisors on December 31, 2018 and 2017:

| | <u>2018</u> | <u>2017</u> |
|-------------------------------|------------------|------------------|
| Fixed Income | \$45,319 | \$30,136 |
| LVIP Blackrock Dividend Value | 7,238 | 6,808 |
| LVIP SSGA International | 9,559 | 9,006 |
| LVIP SSFA S&P 500 Index | 41,574 | 30,965 |
| All Others | <u>30,928</u> | <u>24,937</u> |
| | <u>\$134,618</u> | <u>\$101,852</u> |

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2018 and 2017 consisted of the following:

| | <u>Balance</u> <u>Dec. 31, 2017</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>Dec. 31, 2018</u> | <u>Amounts Due</u> <u>Within</u> <u>One Year</u> |
|----------------------------|--|-------------------|-------------------|--|--|
| Bonds Payable: | | | | | |
| Obligation Debt | \$2,952,000 | \$ | \$712,000 | \$2,240,000 | \$320,000 |
| Other Liabilities: | | | | | |
| PERS/PFRS Pension Deferral | 96,137 | | 13,619 | 82,518 | 14,896 |
| Compensated Absences | 446,013 | 180,077 | 149,828 | 476,262 | |
| Capital Leases Payable | <u>94,000</u> | <u> </u> | <u>94,000</u> | <u>0</u> | <u> </u> |
| | <u>\$3,588,150</u> | <u>\$180,077</u> | <u>\$969,447</u> | <u>\$2,798,780</u> | <u>\$334,896</u> |

| | <u>Balance</u> <u>Dec. 31, 2016</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>Dec. 31, 2017</u> | <u>Amounts Due</u> <u>Within</u> <u>One Year</u> |
|----------------------------|--|---------------------|-------------------|--|--|
| Bonds Payable: | | | | | |
| Obligation Debt | \$3,647,000 | \$ | \$695,000 | \$2,952,000 | \$712,000 |
| Other Liabilities: | | | | | |
| PERS/PFRS Pension Deferral | 108,368 | | 12,231 | 96,137 | 13,619 |
| Compensated Absences | 446,013 | | | 446,013 | |
| Capital Leases Payable | <u>182,000</u> | <u> </u> | <u>88,000</u> | <u>94,000</u> | <u>94,000</u> |
| | <u>\$4,383,381</u> | <u>\$ </u> | <u>\$795,231</u> | <u>\$3,588,150</u> | <u>\$819,619</u> |

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.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

| | <u>Year 2018</u> | <u>Year 2017</u> | <u>Year 2016</u> |
|--|--------------------|-----------------------------|--------------------|
| <u>Issued:</u> | | | |
| General - Bonds, Notes and Loans | \$8,269,130 | \$8,044,000 | \$7,322,000 |
| <u>Authorized But Not Issued</u> | | | |
| General - Bonds and Notes | <u>500,000</u> | <u> </u> | <u>475,000</u> |
| Total Bonds, Notes and Loans Issued and Authorized But Not Issued | 8,769,130 | 8,044,000 | 7,797,000 |
| Less: Deductions | <u>151,835</u> | <u>23,438</u> | <u>23,438</u> |
| Net Debt | <u>\$8,617,295</u> | <u>\$8,020,562</u> | <u>\$7,773,562</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 1.156% for 2018.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------|---------------------|--------------------|--------------------|
| School District Debt | \$2,530,000 | \$2,530,000 | \$0 |
| General Debt | <u>8,769,130</u> | <u>151,835</u> | <u>8,617,295</u> |
| | <u>\$11,299,130</u> | <u>\$2,681,835</u> | <u>\$8,617,295</u> |

Net debt of \$8,617,295 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$745,690,882 equals 1.156% for 2018.

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 1.112% for 2017.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------|---------------------|--------------------|--------------------|
| School District Debt | \$3,030,000 | \$3,030,000 | \$ - |
| General Debt | <u>8,044,000</u> | <u>23,438</u> | <u>8,020,562</u> |
| | <u>\$11,074,000</u> | <u>\$3,053,438</u> | <u>\$8,020,562</u> |

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 3. MUNICIPAL DEBT, (continued)

Net debt of \$8,020,562 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$721,324,306 equals 1.112% for 2017.

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

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| 3 ½% of Equalized Valuation Basis (Municipal) | \$26,099,181 | \$25,246,351 |
| Net Debt | <u>8,617,295</u> | <u>8,020,562</u> |
| Remaining Borrowing Power | <u>\$17,481,886</u> | <u>\$17,225,789</u> |

The Borough's long-term debt consisted of the following at December 31, 2018:

Paid by Current Fund:

| <u>General Serial Bonds</u> | <u>2018</u> | <u>2017</u> |
|--|--------------------|--------------------|
| \$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 | \$ | \$522,000 |
| \$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>2,240,000</u> | <u>2,430,000</u> |
| Total General Serial Bonds | <u>\$2,240,000</u> | <u>\$2,952,000</u> |

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> |
| 2019 | \$320,000 | \$51,200 | \$371,200 |
| 2020 | 320,000 | 44,800 | 364,800 |
| 2021 | 320,000 | 38,400 | 358,400 |
| 2022 | 320,000 | 32,000 | 352,000 |
| 2023 | 320,000 | 25,600 | 345,600 |
| 2024-2025 | <u>640,000</u> | <u>27,200</u> | <u>667,200</u> |
| | <u>\$2,240,000</u> | <u>\$219,200</u> | <u>\$2,459,200</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.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 3. MUNICIPAL DEBT, (continued)

At December 31, 2018 and 2017, the Borough had authorized but not issued debt as follows:

| | <u>2018</u> | <u>2017</u> |
|----------------------|------------------|---------------|
| General Capital Fund | <u>\$500,000</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, 2018 and 2017, the Borough had \$6,029,130 and \$5,092,000, respectively, in outstanding General Capital bond anticipation notes.

The following activity related to bond anticipation notes occurred during the periods ended December 31, 2018 and 2017:

| | <u>Balance</u> <u>Dec. 31, 2017</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>Dec. 31, 2018</u> |
|--------------------------------|--|--------------------|--------------------|--|
| General Capital Notes Payable: | | | | |
| Oppenheimer & Co., Inc. | \$5,092,000 | | \$5,092,000 | \$0 |
| Bogota Savings Bank | | \$4,825,130 | | 4,825,130 |
| Bogota Securities Corp. | | <u>1,204,000</u> | | <u>1,204,000</u> |
| | <u>\$5,092,000</u> | <u>\$6,029,130</u> | <u>\$5,092,000</u> | <u>\$6,029,130</u> |

| | <u>Balance</u> <u>Dec. 31, 2016</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>Dec. 31, 2017</u> |
|--------------------------------|--|--------------------|--------------------|--|
| General Capital Notes Payable: | | | | |
| Oppenheimer & Co., Inc. | <u>\$3,493,000</u> | <u>\$5,092,000</u> | <u>\$3,493,000</u> | <u>\$5,092,000</u> |

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 5. PENSION PLANS

Description of Plans:

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 5. PENSION PLANS, (continued)

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

a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

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

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 5. PENSION PLANS, (continued)

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

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, 2018 was \$82,518.

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 5. PENSION PLANS, (continued)

Contribution Requirements, (continued)

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. 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> |
|-------------|-------------|-------------|
| 2018 | \$124,051 | \$432,100 |
| 2017 | 101,865 | 425,078 |
| 2016 | 116,068 | 426,497 |

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, 2018, the Borough had a liability of \$2,612,012 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the Borough's proportion was .01326602 percent, which was an increase/(decrease) of .0011009912 percent from its proportion measured as of June 30, 2017.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 5. 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)

For the year ended December 31, 2018, the Borough recognized pension expense of \$124,051. At December 31, 2018, 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> |
|---|---|--|
| Difference in expected and actual experience | \$49,811 | \$13,468 |
| Changes in assumptions | 430,416 | 24,501 |
| Net difference between projected & actual earnings on pension plan investments | | 835,183 |
| Changes in proportion and differences between the Borough's contributions and proportionate share of contributions | <u>1,381,409</u> | <u>761,301</u> |
| Total | <u>\$1,861,636</u> | <u>\$1,634,453</u> |

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) 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: | |
|---------------------|-----------|
| 2019 | \$18,129 |
| 2020 | (25,099) |
| 2021 | (179,984) |
| 2022 | (156,013) |
| 2023 | (49,958) |

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 5. 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)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

| | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|---|----------------------|----------------------|
| Collective deferred outflows of resources | \$4,684,852,302 | \$6,424,455,842 |
| Collective deferred inflows of resources | 7,646,736,226 | 5,700,625,981 |
| Collective net pension liability | 19,689,501,539 | 23,278,401,588 |
| Borough's Proportion | 0.01326602% | 0.0121650288% |

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

| | |
|---------------------------|----------------------------------|
| Inflation | 2.25 Percent |
| Salary Increases: | |
| Through 2026 | 1.65-4.15 Percent (based on age) |
| Thereafter | 2.65-5.15 Percent (based on age) |
| Investment Rate of Return | 7.00 Percent |

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 5. 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)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 5. 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)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Risk Mitigation Strategies | 5.00% | 5.51% |
| Cash equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment grade credit | 10.00% | 3.78% |
| High yield | 2.50% | 6.82% |
| Global diversified credit | 5.00% | 7.10% |
| Credit oriented hedge funds | 1.00% | 6.60% |
| Debt related private equity | 2.00% | 10.63% |
| Debt related real estate | 1.00% | 6.61% |
| Private real asset | 2.50% | 11.83% |
| Equity related real estate | 6.25% | 9.23% |
| U.S. equity | 30.00% | 8.19% |
| Non-U.S. developed markets equity | 11.50% | 9.00% |
| Emerging markets equity | 6.50% | 11.64% |
| Buyouts/venture capital | 8.25% | 13.08% |

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 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 contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 5. 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)

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, 2018, 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, 2018 | | |
|--|---------------|---------------|--------------|
| | 1% | At Current | 1% |
| | Decrease | Discount Rate | Increase |
| | <u>4.66%</u> | <u>5.66%</u> | <u>6.66%</u> |
| Borough's proportionate share of the pension liability | \$3,284,306 | \$2,612,012 | \$2,048,003 |

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.

Police and Firemen's Retirement System (PFRS)

At December 31, 2018, the Borough had a liability of \$6,350,667 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the Borough's proportion was .0469319543 percent, which was an increase/(decrease) of .0005190240 percent from its proportion measured as of June 30, 2017.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 5. 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)

For the year ended December 31, 2018, the Borough recognized pension expense of \$432,100. At December 31, 2018, 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 | \$64,610 | \$26,281 |
| Changes of assumptions | 545,119 | 1,627,566 |
| Net difference between projected and actual earnings on pension plan investments | | 34,744 |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | <u>85,522</u> | <u>412,612</u> |
| Total | <u>\$695,251</u> | <u>\$2,101,203</u> |

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) 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 (excluding changes in proportion) will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|-----------|
| 2019 | \$54,616 |
| 2020 | (184,109) |
| 2021 | (515,070) |
| 2022 | (330,640) |
| 2023 | (103,659) |

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 5. 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)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

| | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|---|----------------------|----------------------|
| Collective deferred outflows of resources | \$1,988,215,695 | \$2,941,952,753 |
| Collective deferred inflows of resources | 4,286,994,294 | 3,262,432,093 |
| Collective net pension liability | 13,531,648,591 | 17,167,260,198 |
| Borough's Proportion | 0.0469319543% | 0.0464129303% |

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

| | |
|---------------------------|----------------------------------|
| Inflation | 2.25 Percent |
| Salary Increases: | |
| Through 2026 | 2.10-8.98 Percent (based on age) |
| Thereafter | 3.10-9.98 Percent (based on age) |
| Investment Rate of Return | 7.00 Percent |

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 5. 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)

Mortality Rates

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 5. 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> |
|-----------------------------------|--------------------------|---|
| Risk Mitigation Strategies | 5.00% | 5.51% |
| Cash equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment grade credit | 10.00% | 3.78% |
| High yield | 2.50% | 6.82% |
| Global diversified credit | 5.00% | 7.10% |
| Credit oriented hedge funds | 1.00% | 6.60% |
| Debt related private equity | 2.00% | 10.63% |
| Debt related real estate | 1.00% | 6.61% |
| Private real asset | 2.50% | 11.83% |
| Equity related real estate | 6.25% | 9.23% |
| U.S. equity | 30.00% | 8.19% |
| Non-U.S. developed markets equity | 11.50% | 9.00% |
| Emerging markets equity | 6.50% | 11.64% |
| Buyouts/venture capital | 8.25% | 13.08% |

Discount Rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 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 and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 5. 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)

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, 2018, 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, 2018 | | |
|---|---------------|---------------|--------------|
| | 1% | At Current | 1% |
| | Decrease | Discount Rate | Increase |
| | <u>5.51%</u> | <u>6.51%</u> | <u>7.51%</u> |
| Borough's proportionate share of the pension liability | \$8,791,474 | \$6,350,667 | \$4,337,446 |

Special Funding Situation - PFRS

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

**BOROUGH OF BOGOTA
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017
 (CONTINUED)**

NOTE 5. 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)

At December 31, 2018 and 2017, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$862,633 and \$802,569, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$102,178 and \$98,172, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$51,089 and \$40,132, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the 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.

NOTE 6. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2018 and 2017 which has been appropriated as revenue in the 2019 and 2018 budgets is as follows:

| | <u>2019</u> | <u>2018</u> |
|--------------|------------------|------------------|
| Current Fund | <u>\$135,000</u> | <u>\$570,000</u> |

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 7. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of December 31, 2018 and 2017:

| | <u>Balance</u> <u>Dec. 31, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>Dec. 31, 2018</u> |
|----------------------------|--|--------------------|------------------|--|
| General Fixed Assets: | | | | |
| Land | \$5,968,400 | \$ | \$ | \$5,968,400 |
| Buildings and Improvements | 4,635,800 | | | 4,635,800 |
| Machinery and Equipment | <u>5,850,492</u> | | | <u>5,850,492</u> |
| | <u>\$16,454,692</u> | <u>\$</u> | <u>\$</u> | <u>\$16,454,692</u> |
| | | | | |
| | <u>Balance</u> <u>Dec. 31, 2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>Dec. 31, 2017</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>1,008,427</u> | <u>282,016</u> | <u>5,850,492</u> |
| | <u>\$15,728,281</u> | <u>\$1,008,427</u> | <u>\$282,016</u> | <u>\$16,454,692</u> |

NOTE 8. 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 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.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 8. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)

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, 2018 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 9. 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 \$476,262 as of December 31, 2018 and \$446,013 at December 31, 2017. The amount is not reported either as an expenditure or liability.

NOTE 10. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2018 consist of the following:

| | |
|------------------|---|
| \$271 | Due to the Current Fund from the Other Trust Fund - Escrow Accutrack for interest earned on investments. |
| 4,912 | Due to the Payroll Agency Account from the Current Fund for employee portion of SUI. |
| 3,050 | Due to the Other Trust Fund from the Current Fund for Public Defender Fees deposited in error. |
| <u>120,082</u> | Due to the Federal and State Grant Fund from the Current Fund for grant monies received less expenditures paid. |
| <u>\$128,315</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, 2018 AND 2017
(CONTINUED)

NOTE 11. 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 2018 calendar year, the Borough did not incur claims in excess of their coverage and 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.

There has been no provision included in the financial statements for claims incurred but not reported as of December 31, 2018.

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.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 12. 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</u> <u>Dec. 31, 2018</u> | <u>Balance</u> <u>Dec. 31, 2017</u> |
|--|--|--|
| Prepaid Taxes | <u>\$67,248</u> | <u>\$352,726</u> |
| Cash Liability for Taxes Collected in Advance | <u>\$67,248</u> | <u>\$352,726</u> |

NOTE 13. 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 14. 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>2018</u> | | | |
| Current Fund: | | | |
| Overexpenditure of Appropriation Reserves | \$4,434 | \$4,434 | \$ |
| Emergency Authorization | <u>19,000</u> | <u>19,000</u> | <u> </u> |
| Total Current Fund | <u>23,434</u> | <u>23,434</u> | <u> </u> |
| Total Deferred Charges | <u>\$23,434</u> | <u>\$23,434</u> | <u>\$ </u> |

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 14. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS, (continued)

| | <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>2017</u> | | | |
| Current Fund: | | | |
| Overexpenditure of Appropriations | \$92,565 | \$92,565 | \$ |
| Overexpenditure of Appropriation Reserves | <u>4,434</u> | <u> </u> | <u>4,434</u> |
| Total Current Fund | <u>96,999</u> | <u>92,565</u> | <u>4,434</u> |
| Other Trust Fund: | | | |
| Reserve for Uniform Fire Safety | 1,020 | 1,020 | |
| Reserve for Police Vests | <u>2,840</u> | <u>2,840</u> | <u> </u> |
| Total Other Trust Fund | <u>3,860</u> | <u>3,860</u> | <u> </u> |
| Total Deferred Charges | <u>\$100,859</u> | <u>\$96,425</u> | <u>\$4,434</u> |

NOTE 15. 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, 2016 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. The amount outstanding at December 31, 2018 was \$1,275,000.

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 5, the Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan. However, benefits are provided as described below:

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

SPECIAL FUNDING SITUATION PFRS WITH STATE HEALTH LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred inflows of resources or deferred outflows of resources to report in the financial statements of the local participating employers related to this legislation.

At December 31, 2018, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$6,122,874 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$185,347.

NOTE 17. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through May 17, 2019, 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 | |
| Daniele Fede | Council President | |
| Thomas Napolitano | Councilman | |
| David Macfarlane | Councilman | |
| Frank Miranda | Councilman | |
| Mary Ellen Murphy | Councilwoman | |
| Kathryn Gates-Ferris | Councilwoman | |
| Joseph Scarpa | Borough Administrator | \$1,000,000 (A) |
| Judith Curran | Chief Financial Officer (1/11/18 - 3/26/18) | |
| Raymond Herr | Chief Financial Officer (3/26/18 - 5/28/18) | |
| Gregory Bock | Chief Financial Officer (6/26/18 - Present) | 1,000,000 (A) |
| Jeanne M. Cook | Borough Clerk | |
| Judith Curran | Treasurer (1/11/18 - 3/26/18) | |
| Raymond Herr | Treasurer (3/26/18 - 5/28/18) | |
| Gregory Bock | Treasurer (6/26/18 - Present) | 1,000,000 (A) |
| Elizabeth Wiemer | Tax Collector | 1,000,000 (A) |
| Daniel Howell | Construction Code Official | |
| Michael Quercia | Plumbing Subcode Official | |
| Giuseppe Randazzo | Municipal Court Judge | 50,000 (B) |
| Pat Wilkens | Tax Assessor | |
| Daniel Maye | Chief of Police | |
| Robert Costa | Borough Engineer | |
| Craig Bossong, Esq. | 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>2018</u> | <u>2017</u> | <u>2016</u> |
|----------------------------|--------------|--------------|--------------|
| Tax rate | <u>3.920</u> | <u>3.800</u> | <u>3.773</u> |
| Apportionment of tax rate: | | | |
| Municipal | 1.234 | 1.196 | 1.196 |
| County | 0.269 | 0.274 | 0.272 |
| County Open Space | 0.012 | 0.011 | 0.003 |
| Local School | <u>2.405</u> | <u>2.319</u> | <u>2.302</u> |

Assessed Value

| | |
|------|----------------|
| 2018 | \$ 638,018,600 |
| 2017 | 642,458,400 |
| 2016 | 643,656,400 |

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> |
| 2018 | \$ 25,078,113 | 25,056,741 | 99.91% |
| 2017 | 24,433,460 | 24,399,023 | 99.86% |
| 2016 | 24,302,358 | 24,255,591 | 99.81% |

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> |
|----------------|-----------------------------------|------------------------|-------------------------|-------------------------------|
| 2018 | \$ 20,643 | 9,548 | 30,191 | 0.12% |
| 2017 | 1,273 | 8,819 | 10,092 | 0.04% |
| 2016 | 783 | 8,112 | 8,895 | 0.04% |

BOROUGH OF BOGOTA

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2018 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by 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> |
|-------------|----|---------------|
| 2018 | \$ | 136,680 |
| 2017 | | 136,680 |
| 2016 | | 136,680 |

Comparative Schedule of Fund Balance

| | <u>Year</u> | | <u>Dec. 31</u> | Utilized in budget of succeeding <u>year</u> |
|--------------|-------------|----|----------------|---|
| Current Fund | 2018 | \$ | 1,034,600 | 135,000 |
| | 2017 | | 595,905 | 570,000 |
| | 2016 | | 916,864 | 794,765 |
| | 2015 | | 1,157,807 | 375,000 |
| | 2014 | | 868,000 | 150,000 |

BOROUGH OF BOGOTA

Schedule of Expenditure of Federal Awards

Year ended December 31, 2018

| Program | CFDA Number | FAIN Number | Grant or State Project Number | Grant Period | Grant Award | Receipts | Expenditures | MEMO |
|--|-------------|-------------|---------------------------------|--------------|-------------|----------|--------------|-------------------------------|
| | | | | | | | | Total Cumulative Expenditures |
| Federal and State Grant Fund Environmental Protection Agency Green Communities Grant | 10.664 | FS16-228 | 4870-100-042-4870-038-V42F-6120 | 2018 | 2,150 | \$ 2,150 | * | * |
| Total Environmental Protection Agency | | | | | | 2,150 | * | * |
| Total Federal and State Grant Fund | | | | | | 2,150 | * | * |
| | | | | | | \$ 2,150 | * | * |

Note: This schedule is not subject to an audit in accordance with the Uniform Guidance.

BOROUGH OF BOGOTA

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2018

| | Grant Number | Grant Year | Allocation or Grant Award Amount | Cash Received | Expended | MEMO Total Cumulative Expenditures |
|--|-----------------------|------------|----------------------------------|---------------|----------|------------------------------------|
| | 4900-765-042-4900-004 | 2012 | 9,700 \$ | | | 9,284 |
| | 4900-765-042-4900-004 | 2014 | 10,663 | | | * |
| | 4900-765-042-4900-004 | 2015 | 12,962 | | | * |
| | 4900-765-042-4900-004 | 2016 | 14,818 | | | * |
| | 4900-765-042-4900-004 | 2017 | 12,589 | | | * |
| | 4900-765-042-4900-004 | 2018 | 12,048 | 12,048 | | * |
| | | | | 12,048 | | 9,284 |
| | 4910-100-042-4910-224 | 2012 | 11,013 | | | * |
| | 4910-100-042-4910-224 | 2014 | 11,115 | | | * |
| | 4910-100-042-4910-224 | 2015 | 10,702 | | | * |
| | 4910-100-042-4910-224 | 2016 | 6,538 | | | * |
| | 4910-100-042-4910-224 | 2017 | 2,690 | | | * |
| | | | | | | 7,237 |
| | 1020-718-066-1020-001 | 2014 | 1,850 | | | * |
| | 1020-718-066-1020-001 | 2015 | 1,847 | | | * |
| | 1020-718-066-1020-001 | 2016 | 1,703 | | | * |
| | 1020-718-066-1020-001 | 2017 | 1,785 | | | * |
| | | | | | | |

Federal and State Grant Fund:

State Programs:

Environmental Protection Agency:

- Clean Communities Program

- Recycling Tonnage Grant

Department of Law and Public Safety:

- Body Armor Replacement Grant

BOROUGH OF BOGOTA

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2018

| | Grant Number | Grant Year | Allocation or Grant Award Amount | Cash Received | Expended | MEMO Total Cumulative Expenditures |
|---|-----------------------|------------|----------------------------------|---------------|----------|------------------------------------|
| 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 | | | * |
| Alcohol Education Rehabilitation Program | 9735-760-098-9735-001 | 2016 | 121 | | | * |
| Alcohol Education Rehabilitation Program | 9735-760-098-9735-001 | 2017 | 708 | | | * |
| Alcohol Education Rehabilitation Program | 9735-760-098-9735-001 | 2018 | 659 | 659 | | * |
| | | | 659 | 659 | | * |
| Drunk Driving Enforcement Fund | 4230-100-046-4750-241 | 2018 | 6,600 | 6,600 | 6,600 | * |
| | | | 6,600 | 6,600 | 6,600 | * |
| <i>Total State Assistance</i> | | | 19,307 | 6,600 | 6,600 | 23,121 |
| <u>Other Financial Assistance:</u> | | | | | | * |
| <u>County of Bergen:</u> | | | | | | * |
| Municipal Alliance Grant Fund | 100-082-2000-044 | 2017 | 9,876 | 4,068 | 5,479 | 9,548 |
| Municipal Alliance Grant Fund | 100-082-2000-044 | 2018 | 9,876 | 1,411 | | |
| Prosecutor Confiscated Fund | | 2017 | 25,253 | | | 11,522 |
| Community Stewardship Investment Program | | 2018 | 10,000 | | | |
| | | | 5,479 | 5,479 | 5,479 | 21,070 |
| <i>Total Other Financial Assistance</i> | | | | | | * |
| <i>Total Federal and State Grant Fund</i> | | | \$ | 24,786 | 12,079 | 44,191 |
| | | | | | | * |

BOROUGH OF BOGOTA, N.J.

Schedule of Cash - Collector/Treasurer

Current Fund

Year Ended December 31, 2018

| | Current Fund |
|---|----------------------------|
| Balance - December 31, 2017 | \$ 2,034,945 |
| Increased by Receipts: | |
| Miscellaneous Revenues Not Anticipated | 84,863 |
| Petty Cash | 1,000 |
| Senior Citizens and Veterans Deductions | 49,906 |
| Taxes Receivable | 24,642,492 |
| Revenue Accounts Receivable | 1,644,824 |
| Interfunds | 1,101,202 |
| Due to State of NJ | 14,863 |
| Prepaid Taxes | 67,248 |
| Tax Overpayments | 86,041 |
| Miscellaneous Reserves | 4,268 |
| Grants Receivable | 12,079 |
| Unappropriated Grants | 14,857 |
| | <u>27,723,643</u> |
| | <u>29,758,588</u> |
| Decreased by Disbursements: | |
| Current Year Budget Appropriations | 9,614,519 |
| Interfunds | 915,750 |
| Due to State of NJ | 6,209 |
| Appropriation Reserves | 299,206 |
| School Taxes Payable | 15,576,894 |
| County Taxes Payable | 1,770,866 |
| Tax Overpayments | 88,305 |
| Appropriated Grants | 12,079 |
| Refunds | 4,816 |
| | <u>28,288,644</u> |
| Balance - December 31, 2018 | \$ <u><u>1,469,944</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2018

| | |
|-----------------------------|------------------------|
| Balance - December 31, 2017 | \$ 280 |
| Increased by: | |
| Cash Receipt | <u>1,000</u> |
| Balance - December 31, 2018 | <u><u>\$ 1,280</u></u> |

Analysis of Balance:

| | |
|--------------------|------------------------|
| Change Fund | |
| Borough Clerk | 125 |
| Tax Collector | 100 |
| Municipal Court | 50 |
| Library | 5 |
| Petty Cash | |
| Administration | 200 |
| Police | 400 |
| Treasurer | 200 |
| DPW | <u>200</u> |
| | <u><u>\$ 1,280</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, 2018

| | | | |
|---|----|---------------|----------------------|
| Balance - December 31, 2017 | | \$ | 8,668 |
| Increased by: | | | |
| Senior Citizens' and Veterans' Deductions per Tax Billings | \$ | 51,500 | |
| Senior Citizens' and Veterans' Allowed-2018 | | <u>13,260</u> | |
| | | | <u>64,760</u> |
| | | | 73,428 |
| Decreased by: | | | |
| Deductions Disallowed-2018 | | 1,964 | |
| Cash Received | | <u>49,906</u> | |
| | | | <u>51,870</u> |
| Balance - December 31, 2018 | | \$ | <u><u>21,558</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2018

| Year | Balance, Dec. 31, 2017 | 2018 Levy | Collected in 2017 | Collected in 2018 | Senior & Veteran's Deductions | Transferred to Tax Title Liens | Balance, Dec. 31, 2018 |
|------|------------------------------|--------------|----------------------|----------------------|-------------------------------------|--------------------------------------|------------------------------|
| 2017 | \$ 1,273 | | | 1,273 | | | |
| | 1,273 | | | 1,273 | | | |
| 2018 | | 25,078,113 | 352,726 | 24,641,219 | 62,796 | 729 | 20,643 |
| | \$ 1,273 | 25,078,113 | 352,726 | 24,642,492 | 62,796 | 729 | 20,643 |

Tax Yield:

| | |
|-----------------------------------|----------------------|
| General Property Tax | \$ 25,010,329 |
| Added Tax (R.S.54:4-63.1 et seq.) | 67,784 |
| | <u>\$ 25,078,113</u> |

Tax Levy:

| | |
|--------------------------------|-------------------|
| Local District School Tax | \$ 15,344,504 |
| County Tax | 1,715,982 |
| County Open Space Taxes | 73,298 |
| County Added and Omitted Taxes | 4,860 |
| | <u>17,138,644</u> |

| | |
|----------------------------------|------------------|
| Local Tax for Municipal Purposes | 7,631,737 |
| Local Tax for Library | 243,439 |
| Add: Additional Taxes Levied | 64,293 |
| | <u>7,939,469</u> |

| | |
|----------------------------------|---------------|
| Local Tax for Municipal Purposes | \$ 25,078,113 |
|----------------------------------|---------------|

Exhibit A-8

BOROUGH OF BOGOTA, N.J.

Schedule of Property Acquired for Taxes

Current Fund

Year Ended December 31, 2018

| | |
|-----------------------------|--------------------------|
| Balance - December 31, 2017 | \$ <u>136,680</u> |
| Balance - December 31, 2018 | \$ <u><u>136,680</u></u> |

Exhibit A-9

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2018

| | |
|-----------------------------------|------------------------|
| Balance - December 31, 2017 | \$ 8,819 |
| Increased by: | |
| Transferred from Taxes Receivable | <u>729</u> |
| Balance - December 31, 2018 | \$ <u><u>9,548</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2018

| | Balance, Dec. 31, <u>2017</u> | Accrued in <u>2018</u> | <u>Collected</u> | Balance, Dec. 31, <u>2018</u> |
|--|-------------------------------------|---------------------------|------------------|-------------------------------------|
| Licenses | | | | |
| Alcoholic Beverages | \$ | 16,052 | 16,052 | |
| Other | | 7,041 | 7,041 | |
| Fees and Permits | | 84,832 | 84,832 | |
| Municipal Court - Fines and Costs | 9,771 | 137,897 | 138,301 | 9,367 |
| Interest and Cost on Taxes | | 29,713 | 29,713 | |
| Interest on Investments and Deposits | | 10,867 | 10,867 | |
| Consolidated Municipal Purpose Tax Relief Aid | | 66,916 | 66,916 | |
| Energy Receipts Tax | | 610,760 | 610,760 | |
| Construction Code Fees | | 169,165 | 169,165 | |
| Uniform Fire Safety Act | | 17,091 | 17,091 | |
| Cable T.V. Franchise Fee - Cablevision | | 59,095 | 59,095 | |
| Cable T.V. Franchise Fee - Verizon | | 44,338 | 44,338 | |
| Swim Club Rent | | 10,000 | 10,000 | |
| Outside Police Employment - Administrative Fee | | 98,958 | 98,958 | |
| PILOT - 297 Palisades Avenue | | 91,947 | 91,947 | |
| Capital Fund Balance | | 41,851 | 41,851 | |
| Reserve for Payment of Debt | | 23,438 | 23,438 | |
| Developers Contribution-River Development | | 125,000 | 125,000 | |
| Cancelled Trust Reserve-Judgments | | 248,575 | 248,575 | |
| | <u>\$ 9,771</u> | <u>1,893,536</u> | <u>1,893,940</u> | <u>9,367</u> |
| | | Cash \$ 1,644,824 | | |
| | | Interfund <u>249,116</u> | | |
| | | <u>\$ 1,893,940</u> | | |

BOROUGH OF BOGOTA, N.J.

Schedule of Interfunds Due from/(to) Other Funds

Current Fund

Year Ended December 31, 2018

| | Balance Dec. 31, <u>2017</u> | <u>Increased</u> | <u>Decreased</u> | Balance Dec. 31, <u>2018</u> |
|-------------------------------------|------------------------------------|---------------------|------------------|------------------------------------|
| Grant Fund | \$ (105,225) | | 14,857 | (120,082) |
| Trust Funds: | | | | |
| Animal Control Trust Fund | 10,671 | 1,791 | 12,462 | |
| Recreation Trust Fund | 33,412 | 541 | 33,953 | |
| Other Trust Fund | 270,987 | 398,575 | 672,612 | (3,050) |
| Escrow Accutrack | 44,333 | 271 | 44,333 | 271 |
| Payroll Agency | 187,620 | 315,959 | 508,491 | (4,912) |
| General Capital Fund | <u>(539,250)</u> | <u>539,250</u> | | |
| | <u>\$ (97,452)</u> | <u>1,256,387</u> | <u>1,286,708</u> | <u>(127,773)</u> |
| Due to Current Fund | 547,023 | 717,137 | 1,263,889 | 271 |
| Due From Current Fund | <u>(644,475)</u> | <u>539,250</u> | <u>22,819</u> | <u>(128,044)</u> |
| | <u>(97,452)</u> | <u>1,256,387</u> | <u>1,286,708</u> | <u>(127,773)</u> |
| Cash Receipts | | | \$ 1,101,202 | |
| Cash Disbursements | | 915,750 | | |
| Statutory Excess | | 1,791 | | |
| Miscellaneous Revenue Anticipated | | 248,575 | | |
| Interest on Investments | | 812 | | |
| Deferred Charges | | | 3,860 | |
| Unappropriated Grants | | | 14,857 | |
| Reimbursement for Expenditures Paid | | <u>89,459</u> | <u>166,789</u> | |
| | | <u>\$ 1,256,387</u> | <u>1,286,708</u> | |

BOROUGH OF BOGOTA, N.J.

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2018

| | Balance, Dec. 31, <u>2017</u> | Added in 2018 | <u>Reduced</u> | Balance, Dec. 31, <u>2018</u> |
|---|-------------------------------------|------------------|----------------|-------------------------------------|
| Overexpenditure of Appropriations | \$ 92,565 | | 92,565 | |
| Overexpenditure of Appropriation Reserves | 4,434 | | | 4,434 |
| Emergency Authorization | | 19,000 | | 19,000 |
| | <u>96,999</u> | <u>19,000</u> | <u>92,565</u> | <u>23,434</u> |
| | \$ | | | |

BOROUGH OF BOGOTA, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

| | Balance, Dec. 31, <u>2017</u> | Balance after <u>Transfers</u> | Paid or <u>Charged</u> | Balance <u>Lapsed</u> |
|---|-------------------------------------|--------------------------------------|---------------------------|--------------------------|
| Salaries and Wages Within "CAPS": | | | | |
| Financial Administration | \$ 6,636 | 6,636 | | 6,636 |
| Revenue Administration (Tax Administration) | 569 | 569 | | 569 |
| Assessment of Taxes | 637 | 637 | | 637 |
| Planning Board | 5,100 | 5,100 | | 5,100 |
| Uniform Construction Code Enforcement Functions | 34,042 | 34,042 | | 34,042 |
| Crossing Guards | 2,942 | 2,942 | | 2,942 |
| Uniform Fire Safety | 703 | 703 | | 703 |
| Shade Tree | 2,500 | 2,500 | | 2,500 |
| Recreation Commission | 11,877 | 11,877 | | 11,877 |
| Total Salaries and Wages Within "CAPS" | <u>65,006</u> | <u>65,006</u> | | <u>65,006</u> |
| Other Expenses Within "CAPS": | | | | |
| Mayor and Council | 63 | 63 | 55 | 8 |
| Municipal Clerk | 447 | 447 | 180 | 267 |
| Financial Administration | 7,383 | 7,383 | 4,625 | 2,758 |
| Audit Services | 30,000 | 30,000 | 30,000 | |
| Tax Administration | 11,633 | 11,633 | | 11,633 |
| Assessment of Taxes | 425 | 425 | | 425 |
| Legal Services | 45,059 | 45,059 | 11,523 | 33,536 |
| Engineering Services and Costs | 2,638 | 2,638 | | 2,638 |
| Code Enforcement and Administration | 23,850 | 23,850 | 125 | 23,725 |
| Employee Group Insurance | 9,912 | 9,912 | | 9,912 |
| Other Insurance Premiums | 5,234 | 5,234 | | 5,234 |
| Unemployment | 5,125 | 5,125 | 5,003 | 122 |
| Police | 4,871 | 12,231 | 12,222 | 9 |
| Emergency Management | 1,460 | 2,340 | 880 | 1,460 |
| Aid to Volunteer Fire Companies | 4,703 | 4,703 | 4,597 | 106 |
| Rescue Squad | 85 | 85 | | 85 |
| First Aid Organization | 8,654 | 8,654 | | 8,654 |
| Uniform Fire Safety | 1,262 | 1,262 | 243 | 1,019 |
| Solid Waste Collection | 2,000 | 2,000 | | 2,000 |
| Public Buildings and Grounds | | | (930) | 930 |
| Animal Control Services | 3,750 | 3,750 | | 3,750 |
| Recreation Commission | 14,799 | 14,799 | 454 | 14,345 |
| Uniform Construction Code Enforcement Functions | 3,357 | 3,357 | | 3,357 |
| Electricity | 1,370 | 1,370 | 1,370 | |
| Street Lighting | 10,000 | 10,000 | 10,000 | |
| Telephone | 16,709 | 16,709 | 3,895 | 12,814 |
| Water | 7,346 | 7,346 | 638 | 6,708 |
| Natural Gas | 73,910 | 73,910 | 73,910 | |
| Gasoline | 27,657 | 27,657 | 17,652 | 10,005 |
| Solid Waste Disposal Fees | 6,248 | 28,016 | 22,184 | 5,832 |
| Total Other Expenses Within "CAPS" | <u>329,950</u> | <u>359,958</u> | <u>198,626</u> | <u>161,332</u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

| | Balance, Dec. 31, <u>2017</u> | Balance after <u>Transfers</u> | Paid or <u>Charged</u> | Balance <u>Lapsed</u> |
|---|-------------------------------------|--------------------------------------|---------------------------|--------------------------|
| Other Appropriations - Excluded from "CAPS" | | | | |
| Maintenance of Free Public Library | | | | |
| Salaries and Wages | 5,098 | 5,098 | 5,098 | |
| Other Expenses | 14,466 | 14,466 | 14,466 | |
| Police Dispatch/911: | | | | |
| Other Expenses | <u>2,500</u> | <u>2,500</u> | | 2,500 |
| Total Other Appropriations - Excluded from "CAPS" | <u>22,064</u> | <u>22,064</u> | <u>19,564</u> | <u>2,500</u> |
| Interlocal Municipal Service Agreements - Excluded from "CAPS" | | | | |
| Township of Saddle Brook | | | | |
| Municipal Court - Borough of Little Ferry | | | (1,600) | 1,600 |
| Salaries and Wages | 832 | 832 | | 832 |
| Other Expenses | <u>5,000</u> | <u>5,000</u> | | <u>5,000</u> |
| Total Interlocal Municipal Service Agreements | <u>5,832</u> | <u>5,832</u> | <u>(1,600)</u> | <u>7,432</u> |
| Judgements (N.J.S.A. 40A:4-3cc) | | <u>90,406</u> | <u>90,406</u> | |
| Total Reserves | <u>\$ 422,852</u> | <u>543,266</u> | <u>306,996</u> | <u>236,270</u> |
| Appropriation Reserves \$ 422,852 | | | | |
| Encumbrances <u>120,414</u> | | | | |
| <u>\$ 543,266</u> | | | | |
| Cash Disbursements \$ 299,206 | | | | |
| Transferred to Due to Library <u>7,790</u> | | | | |
| <u>\$ 306,996</u> | | | | |

BOROUGH OF BOGOTA, N.J.

Schedule of Reserve for Encumbrances

Current Fund

Year Ended December 31, 2018

| | |
|--|-------------------------|
| Balance - December 31, 2017 | \$ 120,414 |
| Increased by: | |
| 2018 Encumbrances | <u>31,685</u> |
| | 152,099 |
| Decreased by: | |
| Transferred to Appropriation Reserves | <u>120,414</u> |
| Balance - December 31, 2018 | <u><u>\$ 31,685</u></u> |

Exhibit A-15

BOROUGH OF BOGOTA, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2018

| | | |
|-----------------------------|----|----------------------|
| Balance - December 31, 2017 | \$ | 352,726 |
| Increased by: | | |
| Prepaid Taxes Received | | <u>67,248</u> |
| | | 419,974 |
| Decreased by: | | |
| Taxes Realized as Revenue | | <u>352,726</u> |
| Balance - December 31, 2018 | \$ | <u><u>67,248</u></u> |

Exhibit A-16

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2018

| | | |
|-----------------------------|----|-------------------|
| Balance - December 31, 2017 | \$ | 2,777 |
| Increased by: | | |
| Cash Receipts | | <u>86,041</u> |
| | | 88,818 |
| Decreased by: | | |
| Adjustment | \$ | 2 |
| Cash Disbursements | | <u>88,305</u> |
| | | <u>88,307</u> |
| Balance - December 31, 2018 | \$ | <u><u>511</u></u> |

BOROUGH OF BOGOTA, N.J.

**Schedule of Amount Due to the
State of New Jersey**

Current Fund

Year Ended December 31, 2018

| | <u>Marriage License Fee</u> | <u>Construction Training Fee</u> | <u>Total</u> |
|-----------------------------|---------------------------------|--------------------------------------|---------------|
| Balance - December 31, 2017 | \$ 375 | 1,054 | 1,429 |
| Increased by: | | | |
| Collections | <u>1,550</u> | <u>13,313</u> | <u>14,863</u> |
| | 1,925 | 14,367 | 16,292 |
| Decreased by: | | | |
| Payments | <u>1,575</u> | <u>4,634</u> | <u>6,209</u> |
| Balance - December 31, 2018 | <u>\$ 350</u> | <u>9,733</u> | <u>10,083</u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Due to Library

Current Fund

Year Ended December 31, 2018

| | | | |
|--------------------------------------|----|--------------|---------------------|
| Balance - December 31, 2017 | | \$ | 314 |
| Increased by: | | | |
| Levy: Added and Omitted Taxes | \$ | 657 | |
| Transfer from Appropriation Reserves | | <u>7,790</u> | |
| | | | <u>8,447</u> |
| Balance - December 31, 2018 | | \$ | <u><u>8,761</u></u> |

Exhibit A-19

BOROUGH OF BOGOTA, N.J.

Schedule of School Taxes Payable/(Prepaid)

Current Fund

Year Ended December 31, 2018

| | | |
|-----------------------------|----|-------------------------|
| Increased by: | | |
| Levy | \$ | <u>15,344,504</u> |
| Decreased by: | | |
| Cash Disbursed | | <u>15,576,894</u> |
| Balance - December 31, 2018 | \$ | <u><u>(232,390)</u></u> |

Exhibit A-20

BOROUGH OF BOGOTA, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2018

| | | |
|------------------------------------|----|----------------------|
| Increased by: | | |
| Tax Levy | \$ | 1,715,982 |
| Added and Omitted Taxes | | 4,652 |
| Open Space Tax Levy | | 73,298 |
| Open Space Added and Omitted Taxes | | <u>208</u> |
| | \$ | <u>1,794,140</u> |
| Decreased by: | | |
| Cash Disbursed | | <u>1,770,866</u> |
| Balance - December 31, 2018 | \$ | <u><u>23,274</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Miscellaneous Reserves

Current Fund

Year Ended December 31, 2018

| | <u>Increased</u> | Balance, Dec. 31, <u>2018</u> |
|-----------------------|------------------|-------------------------------------|
| Credit Card Fees | \$ 4,268 | 4,268 |
| Emergency Roof Repair | <u>1,060</u> | <u>1,060</u> |
| | <u>\$ 5,328</u> | <u>5,328</u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2018

| <u>Purpose</u> | Balance, Dec. 31, 2017 | 2018 Budget Revenue <u>Realized</u> | <u>Received</u> | Balance, Dec. 31, 2018 |
|--|------------------------------|---|---------------------------------------|------------------------------|
| Municipal Alliance | \$ 5,808 | 9,876 | 5,479 | 10,205 |
| Clean Communities | | 12,589 | 12,589 | |
| Body Armor Replacement | | 1,785 | 1,785 | |
| Bergen County Confiscated Funds | 13,731 | | | 13,731 |
| Alcohol Education Rehabilitation Program | | 708 | 708 | |
| Community Stewardship Incentive Program | | 10,000 | | 10,000 |
| Drunk Driving Enforcement Fund | | 6,600 | 6,600 | |
| | <u>\$ 19,539</u> | <u>41,558</u> | <u>27,161</u> | <u>33,936</u> |
| | | | Cash Receipts \$ 12,079 | |
| | | | Unappropriated Reserves <u>15,082</u> | |
| | | | <u>\$ 27,161</u> | |

BOROUGH OF BOGOTA, N.J.

Schedule of Due from/(to) Current Fund

Federal and State Grant Fund

Year Ended December 31, 2018

| | |
|-----------------------------|--------------------------|
| Balance - December 31, 2017 | \$ 105,225 |
| Increased by: | |
| Unappropriated Grants | <u>14,857</u> |
| Balance - December 31, 2018 | \$ <u><u>120,082</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Appropriated Grant Reserves

Federal and State Grant Fund

Year Ended December 31, 2018

| <u>Purpose</u> | Balance, Dec. 31, 2017 | Transferred from 2018 <u>Budget</u> | <u>Expended</u> | Balance, Dec. 31, 2018 |
|---|------------------------------|--|-----------------|------------------------------|
| Recycling Tonnage - 2012 | \$ 3,776 | | | 3,776 |
| Recycling Tonnage - 2014 | 11,115 | | | 11,115 |
| Recycling Tonnage - 2015 | 10,702 | | | 10,702 |
| Recycling Tonnage - 2016 | 6,538 | | | 6,538 |
| Clean Communities Grant - 2012 | 119 | | | 119 |
| Clean Communities Grant - 2014 | 10,663 | | | 10,663 |
| Clean Communities Grant - 2015 | 12,962 | | | 12,962 |
| Clean Communities Grant - 2016 | 14,818 | | | 14,818 |
| Clean Communities Grant - 2017 | | 12,589 | | 12,589 |
| Alcohol Education Rehabilitation Program - 2013 | 5,526 | | | 5,526 |
| Alcohol Education Rehabilitation Program - 2014 | 1,890 | | | 1,890 |
| Alcohol Education Rehabilitation Program - 2015 | 1,355 | | | 1,355 |
| Alcohol Education Rehabilitation Program - 2016 | 121 | | | 121 |
| Alcohol Education Rehabilitation Program - 2017 | | 708 | | 708 |
| Body Armor Replacement Program - 2014 | 1,850 | | | 1,850 |
| Body Armor Replacement Program - 2015 | 1,847 | | | 1,847 |
| Body Armor Replacement Program - 2016 | 1,703 | | | 1,703 |
| Body Armor Replacement Program - 2017 | | 1,785 | | 1,785 |
| Drunk Driving Enforcement Fund - 2018 | | 6,600 | 6,600 | |
| Bergen County Confiscated Funds | 13,731 | | | 13,731 |
| Municipal Alliance Grant | 5,807 | | 5,479 | 328 |
| Municipal Alliance Grant - Match | 2,469 | | | 2,469 |
| Municipal Alliance - 2018 | | 9,876 | | 9,876 |
| Community Stewardship Investment Program - 2018 | | 10,000 | | 10,000 |
| | <u>\$ 106,992</u> | <u>41,558</u> | <u>12,079</u> | <u>136,471</u> |
| Budget Appropriations | \$ 10,000 | | | |
| Appropriations by 40A:4-87 | | 16,476 | | |
| Unappropriated Reserves | | <u>15,082</u> | | |
| | | <u>\$ 41,558</u> | | |

BOROUGH OF BOGOTA, N.J.

Schedule of Unappropriated Grant Reserves

Federal and State Grant Fund

Year Ended December 31, 2018

| <u>Purpose</u> | Balance, Dec. 31, <u>2017</u> | Appropriated in 2018 <u>Budget</u> | <u>Receipts</u> | Balance, Dec. 31, <u>2018</u> |
|------------------------------|-------------------------------------|--|-----------------|-------------------------------------|
| Alcohol Rehabilitation Grant | \$ 708 | 708 | 659 | 659 |
| Body Armor Replacement Grant | 1,785 | 1,785 | | |
| Clean Communities Grant | 12,589 | 12,589 | 12,048 | 12,048 |
| Green Communities Grant | | | 2,150 | 2,150 |
| Recycling Tonnage Grant | 2,690 | | | 2,690 |
| | <u>\$ 17,772</u> | <u>15,082</u> | <u>14,857</u> | <u>17,547</u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2018

| | Animal Trust Fund | Other Trust Fund | Recreation Trust Fund | Emergency Service LOSAP Fund |
|--------------------------------|-------------------------|------------------------|-----------------------------|---------------------------------------|
| Balance - December 31, 2017 | \$ 15,156 | 1,195,687 | 125,775 | 101,852 |
| Increased by Receipts: | | | | |
| Animal License Fees | 1,938 | | | |
| Schedule of Interfunds | | 157,661 | | |
| Due to State of New Jersey | 442 | | | |
| Payroll Deductions | | 6,848,831 | | |
| Various Trust Deposits | | 354,193 | | |
| Recreation Fees | | | 172,128 | |
| LOSAP Contribution | | | | 39,925 |
| Interest Earned on Investments | | 271 | 542 | |
| Total Receipts | 2,380 | 7,360,956 | 172,670 | 39,925 |
| | 17,536 | 8,556,643 | 298,445 | 141,777 |
| Decreased by Disbursements: | | | | |
| Schedule of Interfunds | 12,462 | 936,875 | 33,954 | |
| Due to State of New Jersey | 450 | | | |
| Payroll Deductions | | 6,815,245 | | |
| Various Trust Deposits | | 361,569 | | |
| Recreation Fees | | | 207,574 | |
| Loss on Investments | | | | 6,134 |
| Account Charges | | | | 1,025 |
| Total Disbursements | 12,912 | 8,113,689 | 241,528 | 7,159 |
| Balance - December 31, 2018 | \$ 4,624 | 442,954 | 56,917 | 134,618 |

BOROUGH OF BOGOTA, N.J.

Reserve for Animal Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2018

| | |
|-----------------------------|------------------------|
| Balance - December 31, 2017 | \$ 4,477 |
| Increased by: | |
| License Fees Collected | <u>1,938</u> |
| | 6,415 |
| Decreased by: | |
| Statutory Excess | <u>1,791</u> |
| Balance - December 31, 2018 | <u><u>\$ 4,624</u></u> |

Animal Licenses Collected

| <u>Year</u> | <u>Amount</u> |
|-------------|------------------------|
| 2016 | \$ 2,181 |
| 2017 | <u>2,443</u> |
| | <u><u>\$ 4,624</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Due to State of New Jersey

Animal License Trust Fund

Year Ended December 31, 2018

| | | |
|------------------------------|----|-------------------|
| Balance - December 31, 2017 | \$ | 8 |
| Increased by: | | |
| State License Fees Collected | | <u>442</u> |
| | | 450 |
| Decreased by: | | |
| Cash Disbursements | \$ | <u><u>450</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Interfund - Current Fund

Trust Funds

Year Ended December 31, 2018

| | Due from/(to) Balance <u>Dec. 31, 2017</u> | <u>Increased</u> | <u>Decreased</u> | Due from/(to) Balance <u>Dec. 31, 2018</u> |
|-------------------------------|--|------------------|------------------|--|
| Animal License Trust | | | | |
| Current Fund | \$ (10,671) | 12,462 | 1,791 | |
| Total Animal Trust | <u>(10,671)</u> | <u>12,462</u> | <u>1,791</u> | |
| Other Trust | | | | |
| Current Fund - Escrow | (44,333) | 44,333 | 271 | (271) |
| Current Fund - Other Trust | (270,987) | 672,612 | 398,575 | 3,050 |
| Current Fund - Payroll Agency | <u>(187,620)</u> | <u>508,491</u> | <u>315,959</u> | <u>4,912</u> |
| Total Other Trust | <u>(502,940)</u> | <u>1,225,436</u> | <u>714,805</u> | <u>7,691</u> |
| Recreation Trust | | | | |
| Current Fund | <u>(33,412)</u> | <u>33,954</u> | <u>542</u> | |
| Total Recreation Trust | <u>(33,412)</u> | <u>33,954</u> | <u>542</u> | |
| | <u>\$ (547,023)</u> | <u>1,271,852</u> | <u>717,138</u> | <u>7,691</u> |

| | | |
|-----------------------------------|----------------|------------------|
| Statutory Excess | \$ | 1,791 |
| Cash Receipts | | 157,661 |
| Interest on Investments | | 813 |
| Cash Disbursements | 983,291 | |
| Deferred Charges Raised in Budget | 3,860 | |
| Public Defender Fees | 3,050 | |
| Employee SUI Deductions | 4,912 | |
| Deposit in Error | 109,980 | |
| Cancelled Reserve due to Current | | 248,575 |
| Reimbursement for Expenses Paid | <u>166,759</u> | <u>308,299</u> |
| | <u>\$</u> | <u>1,271,852</u> |
| | | <u>717,139</u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Payroll Deductions Payable

Other Trust Fund

Year Ended December 31, 2018

| | | | |
|-------------------------------------|----|---------------|---------------------|
| Balance - December 31, 2017 | | \$ | 2,294 |
| Increased by: | | | |
| Payroll Deposits | \$ | 6,848,831 | |
| Interfund - Employee SUI Deductions | | <u>4,912</u> | |
| | | | <u>6,853,743</u> |
| | | | 6,856,037 |
| Decreased by: | | | |
| Payroll Disbursements | | 6,815,245 | |
| Interfund to Current | | <u>34,184</u> | |
| | | | <u>6,849,429</u> |
| Balance - December 31, 2018 | | \$ | <u><u>6,608</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Miscellaneous Reserves

Other Trust Fund

Year Ended December 31, 2018

| | Balance Dec. 31, 2017 | Increased | Decreased | Balance Dec. 31, 2018 |
|--------------------------------------|--------------------------|----------------|----------------|--------------------------|
| Reserve for: | | | | |
| Escrow Deposits (Other Trust) | \$ 83,373 | 25,000 | 95,382 | 12,991 |
| Municipal Court POAA | 37,194 | 644 | | 37,838 |
| Municipal Court Public Defender | 8,667 | 3,050 | | 11,717 |
| Police Vests | (2,840) | 3,140 | | 300 |
| Police Outside Duty | | 109,980 | 109,980 | |
| Uniform Fire Safety | (1,020) | 2,870 | | 1,850 |
| Tax Title Liens | 177,489 | 186,732 | 297,520 | 66,701 |
| Community Garden | 225 | 725 | | 950 |
| Recycling | 56,199 | 10,700 | 4,725 | 62,174 |
| Judgements | 248,575 | | 248,575 | |
| Unallocated Other Trust Transactions | 120 | | | 120 |
| Escrow - Accutrack | 26,971 | 99,846 | 31,578 | 95,239 |
| Vacant Properties | 55,500 | | 121 | 55,379 |
| COAH | | 98,778 | | 98,778 |
| | <u>\$ 690,453</u> | <u>541,465</u> | <u>787,881</u> | <u>444,037</u> |

| | | |
|--------------------|-------------------|----------------|
| Cash Receipts | \$ 354,193 | |
| Cash Disbursements | | 361,569 |
| Reallocation | 70,382 | 70,382 |
| Interfunds | 116,890 | 355,930 |
| | <u>\$ 541,465</u> | <u>787,881</u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Reserve for Recreation Expenditures

Recreation Trust Fund

Year Ended December 31, 2018

| | |
|-----------------------------|-------------------------|
| Balance - December 31, 2017 | \$ 92,363 |
| Increased by: | |
| Recreation Fees Collected | <u>172,128</u> |
| | 264,491 |
| Decreased by: | |
| Cash Disbursements | <u>207,574</u> |
| Balance - December 31, 2018 | <u><u>\$ 56,917</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, 2018

| | | |
|---------------------------------|----|----------------------|
| Balance - December 31, 2017 | \$ | 39,925 |
| Increased by: | | |
| 2018 Service Award Contribution | | <u>41,400</u> |
| | | 81,325 |
| Decreased by: | | |
| Cash Receipts | | <u>39,925</u> |
| Balance - December 31, 2018 | \$ | <u><u>41,400</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, 2018

| | | | |
|-----------------------------|----|--------------|-----------------------|
| Balance - December 31, 2017 | | \$ | 141,777 |
| Increased by: | | | |
| Service Award Contribution | | | <u>41,400</u> |
| | | | 183,177 |
| Decreased by: | | | |
| Loss on Investments | \$ | 6,134 | |
| Account Charges | | <u>1,025</u> | |
| | | | <u>7,159</u> |
| Balance - December 31, 2018 | | \$ | <u><u>176,018</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2018

| | | | |
|------------------------------------|----|----------------|-------------------------|
| Balance - December 31, 2017 | | \$ | (12,940) |
| Increased by Receipts: | | | |
| Bond Anticipation Notes Proceeds | \$ | 1,204,000 | |
| Budget Appropriation - | | | |
| Capital Improvement Fund | | 50,000 | |
| Grant Proceeds | | 149,000 | |
| Interfunds | | 739,250 | |
| Reserve for Payment of Debt | | 2,835 | |
| Reserve for Developer Contribution | | <u>250,000</u> | |
| | | | <u>2,395,085</u> |
| | | | 2,382,145 |
| Decreased by Disbursements: | | | |
| Improvement Authorizations | | 963,366 | |
| Interfunds | | 200,000 | |
| Reserve for Payment of Debt | | 23,438 | |
| Fund Balance | | <u>41,851</u> | |
| | | | <u>1,228,655</u> |
| Balance - December 31, 2018 | | \$ | <u><u>1,153,490</u></u> |

BOROUGH OF BOGOTA, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2018

| | | |
|------------------------------------|----|---------|
| Reserve for Payment of Debt | \$ | 151,835 |
| Reserve for Developer Contribution | | 250,000 |
| Capital Improvement Fund | | 29,005 |

Improvement Authorizations:

Ordinance

| <u>Number</u> | <u>Improvement Description</u> | |
|---------------|--|--------------|
| 1442 | Acquisition of Passenger Bus | 15,550 |
| 1492 | Reconstruction of West Shore Ave | 1,686 |
| 1493 | Reconstruction of Leonia Ave (Phase II) | 9,433 |
| 1494 | Various Public Improvements | 51,819 |
| 1511 | Various Public Improvements | 680,657 |
| 1516 | Resurfacing of Leonia Ave (Phase III & IV) | (36,495) |
| | | <hr/> |
| | | \$ 1,153,490 |
| | | <hr/> <hr/> |

BOROUGH OF BOGOTA, N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2018

| | Due from/(to) Balance <u>Dec. 31, 2017</u> | <u>Increased</u> | <u>Decreased</u> |
|------------------|--|------------------|------------------|
| Current Fund | \$ 539,250 | | \$ 539,250 |
| Other Trust Fund | | 200,000 | 200,000 |
| | <u>539,250</u> | <u>200,000</u> | <u>739,250</u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Grants Receivable

General Capital Fund

Year Ended December 31, 2018

| | |
|-----------------------------|--------------------------------|
| Balance - December 31, 2017 | \$ 304,500 |
| Increased by: | |
| Improvement Authorizations | <u>380,627</u> |
| | 685,127 |
| Decreased by: | |
| Cash Receipt | <u>149,000</u> |
| Balance - December 31, 2018 | <u><u>\$ 536,127</u></u> |
| | Ord. 1493 - DOT \$ 155,500 |
| | Ord. 1516 - DOT <u>380,627</u> |
| | <u><u>\$ 536,127</u></u> |

BOROUGH OF BOGOTA, N.J.

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

General Capital Fund

Year Ended December 31, 2018

| | | | |
|-------------------------------------|----|---------------|-------------------------|
| Balance - December 31, 2017 | | \$ | 3,046,000 |
| Decreased by: | | | |
| Current Year Budget Appropriations: | | | |
| Serial Bonds | \$ | 712,000 | |
| Capital Leases | | <u>94,000</u> | |
| | | | <u>806,000</u> |
| Balance - December 31, 2018 | | \$ | <u><u>2,240,000</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2018

| Ordinance Number | Improvement Description | Analysis of Balance, Dec. 31, 2018 | | | Unexpended Improvement Authorization |
|------------------|--|------------------------------------|---------------------|-----------|--------------------------------------|
| | | Balance Dec. 31, 2017 | 2018 Authorizations | Decreased | |
| | | \$ | | | |
| | General Improvements: | | | | |
| 1424 | Refunding of Tax Appeals | 120,000 | | 120,000 | |
| 1442 | Acquisition of Passenger Bus | 80,000 | | 8,889 | 71,111 |
| 1443 | Improvements to Municipal Facilities | 95,000 | | 3,276 | 91,724 |
| 1445 | 2014 Road Improvement Program | 190,000 | | 10,000 | 180,000 |
| 1462 | Various Public Improvements | 1,047,000 | | 38,692 | 1,008,308 |
| 1463 | Sanitary Sewer System Improvements | 238,000 | | 3,013 | 234,987 |
| 1467 | Refunding Bonds (Tasca) | 224,000 | | 83,000 | 141,000 |
| 1476 | Various Public Improvements | 1,276,000 | | | 1,276,000 |
| 1483 | Various Improvements to Buildings | 190,000 | | | 190,000 |
| 1488 | Various Improvements to Buildings | 285,000 | | | 285,000 |
| 1492 | Reconstruction of West Shore Ave | 200,000 | | | 200,000 |
| 1493 | Reconstruction of Leonia Ave (Phase II) | 200,000 | | | 200,000 |
| 1494 | Various Public Improvements | 947,000 | | | 947,000 |
| 1511 | Various Public Improvements | | 1,204,000 | | 1,204,000 |
| 1516 | Resurfacing of Leonia Ave (Phase III & IV) | | 500,000 | | 500,000 |
| | | \$ 5,092,000 | 1,704,000 | 266,870 | 6,529,130 |
| | | | | | 36,495 |
| | | | | | 6,029,130 |
| | | | | | 463,505 |

| Improvement Authorizations - Unfunded \$ | |
|--|------------|
| Less: Unexpended proceeds of Bond Anticipation Notes | 1,222,650 |
| Ordinance: | |
| 1442 | 15,550 |
| 1492 | 1,686 |
| 1493 | 9,433 |
| 1494 | 51,819 |
| 1511 | 680,657 |
| | 759,145 |
| | \$ 463,505 |

BOROUGH OF BOGOTA, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2018

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding, December 31, 2018 | Interest Rate | Balance Dec. 31, 2017 | Decreased | Balance Dec. 31, 2018 |
|--------------------------------|------------------|----------------|--|---------------|-----------------------|----------------|-----------------------|
| | | | | | | | |
| 2007 General Improvement Bonds | July 1, 2007 | 2,677,000 | | | 522,000 | 522,000 | |
| 2012 General Improvement Bonds | December 1, 2012 | 3,295,000 | 12/01/19 | 320,000 | 2,430,000 | 190,000 | 2,240,000 |
| | | | 12/01/20 | 320,000 | | | |
| | | | 12/01/21 | 320,000 | | | |
| | | | 12/01/22 | 320,000 | | | |
| | | | 12/01/23 | 320,000 | | | |
| | | | 12/01/24 | 320,000 | | | |
| | | | 12/01/25 | 320,000 | | | |
| | | | | | \$ 2,952,000 | 712,000 | 2,240,000 |

BOROUGH OF BOGOTA, N.J.

Schedule of Capital Leases Payable

General Capital Fund

Year Ended December 31, 2018

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding, December 31, 2018 | | Interest Rate | Balance Dec. 31, 2017 | Decreased |
|-----------------------------------|---------------|----------------|--|--------|---------------|-----------------------|---------------|
| | | | Date | Amount | | | |
| BCIA Loan Refunding Revenue Bonds | May 17, 2012 | 427,000 | | | \$ | 94,000 | 94,000 |
| | | | | | \$ | <u>94,000</u> | <u>94,000</u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2018

| Ordinance Number | Improvement Description | Date of Original Issue | Date of Issue | Date of Maturity | Interest Rate | Balance | | Decreased | Increased | Balance Dec. 31, 2018 |
|------------------|--|------------------------|---------------|------------------|---------------|----------------------|--|--------------|-----------|-----------------------|
| | | | | | | Dec. 31, 2017 | | | | |
| 1424 | Refunding Tax Appeals | Jun. 14, 2013 | May 11, 2018 | May 10, 2019 | 2.04% | \$ 120,000 | | 120,000 | | 61,111 |
| 1442 | Acquisition of Passenger Bus | July 24, 2014 | May 11, 2018 | May 10, 2019 | 2.04% | 80,000 | | 80,000 | 61,111 | 86,724 |
| 1443 | Improvements to Municipal Facilities | July 24, 2014 | May 11, 2018 | May 10, 2019 | 2.04% | 95,000 | | 95,000 | 86,724 | 170,000 |
| 1445 | 2014 Road Improvement Program | Nov. 13, 2014 | May 11, 2018 | May 10, 2019 | 2.04% | 190,000 | | 190,000 | 170,000 | 1,008,308 |
| 1462 | Various Public Improvements | Nov. 13, 2015 | May 11, 2018 | May 10, 2019 | 2.04% | 1,047,000 | | 1,047,000 | 1,008,308 | 234,987 |
| 1463 | Sanitary Sewer System Improvements | Nov. 13, 2015 | May 11, 2018 | May 10, 2019 | 2.04% | 238,000 | | 238,000 | 234,987 | 224,000 |
| 1467 | Refunding Bonds (Tasca) | Nov. 13, 2015 | May 11, 2018 | May 10, 2019 | 2.04% | 224,000 | | 224,000 | 166,000 | 1,276,000 |
| 1476 | Various Public Improvements | May 13, 2016 | May 11, 2018 | May 10, 2019 | 2.04% | 1,276,000 | | 1,276,000 | 1,276,000 | 190,000 |
| 1483 | Various Public Improvements | May 12, 2017 | May 11, 2018 | May 10, 2019 | 2.04% | 190,000 | | 190,000 | 190,000 | 285,000 |
| 1488 | Various Public Improvements | May 12, 2017 | May 11, 2018 | May 10, 2019 | 2.04% | 285,000 | | 285,000 | 285,000 | 200,000 |
| 1492 | Reconstruction of Shore Ave | May 12, 2017 | May 11, 2018 | May 10, 2019 | 2.04% | 200,000 | | 200,000 | 200,000 | 200,000 |
| 1493 | Reconstruction of Leontia Ave Phase II | May 12, 2017 | May 11, 2018 | May 10, 2019 | 2.04% | 200,000 | | 200,000 | 200,000 | 947,000 |
| 1494 | Various Public Improvements | May 12, 2017 | May 11, 2018 | May 10, 2019 | 2.04% | 947,000 | | 947,000 | 947,000 | 1,204,000 |
| 1511 | Various Public Improvements | Aug. 1, 2018 | Aug. 1, 2018 | May 10, 2019 | 2.29% | | | | 1,204,000 | |
| | | | | | | \$ 5,092,000 | | 5,092,000 | 6,029,130 | 6,029,130 |
| | | | | | | Cash \$ | | | 1,204,000 | |
| | | | | | | Budget Appropriation | | | 266,870 | |
| | | | | | | Renewed | | | 4,825,130 | |
| | | | | | | \$ | | \$ 6,029,130 | 5,092,000 | |

BOROUGH OF BOGOTA, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2018

| Ordinance Number | Improvement Description | Adopted | Ordinance Amount | Balance Dec. 31, 2017 | | 2018 Authorizations | Paid or Charged | Balance Dec. 31, 2018 | |
|------------------|--|---------------|------------------|-----------------------|----------|---------------------|-----------------|-----------------------|-----------|
| | | | | Funded | Unfunded | | | Funded | Unfunded |
| 1442 | Acquisition of Passenger Bus | | 85,000 \$ | | 15,550 | | | | 15,550 |
| 1492 | Reconstruction of West Shore Ave | Feb. 2, 2017 | 200,000 | | 5,616 | | 3,930 | | 1,686 |
| 1493 | Reconstruction of Leonia Ave (Phase II) | Feb. 2, 2017 | 200,000 | | 19,085 | | 9,652 | | 9,433 |
| 1494 | Various Public Improvements | Apr. 6, 2017 | 995,000 | | 380,765 | | 328,946 | | 51,819 |
| 1511 | Various Public Improvements | Apr. 19, 2018 | 1,265,000 | | | 1,265,000 | 584,343 | | 680,657 |
| 1516 | Resurfacing of Leonia Ave (Phase III & IV) | Aug. 16, 2018 | 500,000 | | | 500,000 | 36,495 | | 463,505 |
| | | | \$ | | 421,016 | 1,765,000 | 963,366 | | 1,222,650 |

Capital Improvement Fund \$ 61,000
 Deferred Charges to Future Taxation - Unfunded 1,704,000
 \$ 1,765,000

BOROUGH OF BOGOTA, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2018

| | | |
|---|----|----------------------|
| Balance - December 31, 2017 | \$ | 40,005 |
| Increased by: | | |
| Budget Appropriation | | <u>50,000</u> |
| | | 90,005 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | <u>61,000</u> |
| Balance - December 31, 2018 | \$ | <u><u>29,005</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Reserve for Payment of Debt

General Capital Fund

Year Ended December 31, 2018

| | | | |
|---------------------------------|----|--------------|-----------------------|
| Balance - December 31, 2017 | | \$ | 23,438 |
| Increased by: | | | |
| Grants Receivable | \$ | 149,000 | |
| Excess Downpayment on Notes | | <u>2,835</u> | |
| | | | <u>151,835</u> |
| | | | 175,273 |
| Decreased by: | | | |
| Budgeted Revenue - Current Fund | | | <u>23,438</u> |
| Balance - December 31, 2018 | | \$ | <u><u>151,835</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Reserve for Grants Receivable

General Capital Fund

Year Ended December 31, 2018

| | |
|-----------------------------|--------------------------------|
| Balance - December 31, 2017 | \$ 304,500 |
| Increased by: | |
| Improvement Authorizations | <u>380,627</u> |
| | 685,127 |
| Decreased by: | |
| Cash Receipt | <u>149,000</u> |
| Balance - December 31, 2018 | <u><u>\$ 536,127</u></u> |
| | |
| | Ord. 1493 - DOT \$ 155,500 |
| | Ord. 1516 - DOT <u>380,627</u> |
| | <u><u>\$ 536,127</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Reserve for Developer Contribution

General Capital Fund

Year Ended December 31, 2018

| | |
|-----------------------------|--------------------------|
| Increased by: | |
| Cash Receipt | \$ <u>250,000</u> |
| Balance - December 31, 2018 | \$ <u><u>250,000</u></u> |

BOROUGH OF BOGOTA, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2018

| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>2018 Authorizations</u> | <u>Bond Anticipation Notes Issued</u> | <u>Balance Dec. 31, 2018</u> |
|-----------------------------|--|--------------------------------|---|----------------------------------|
| 1511 | Various Public Improvements | \$ 1,204,000 | 1,204,000 | |
| 1516 | Resurfacing of Leonia Ave (Phase III & IV) | 500,000 | | 500,000 |
| | | <u>\$ 1,704,000</u> | <u>1,204,000</u> | <u>500,000</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, 2018

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
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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, 2018 and the related notes to the financial statements, and have issued our report thereon dated May 17, 2019, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

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 did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 to be a significant deficiency.

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 2018-001 and 2018-002.

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. Wielkottz, C.P.A.
Registered Municipal Accountant
No. CR00413


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

May 17, 2019



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

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 2018-001

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 place 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 that corrective action will be taken.

BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(continued)

Section I – Financial Statement Findings, (continued)

Finding 2018-002

The Borough has neglected to maintain an accurate Fixed Asset Report.

Criteria or specific requirement:

Technical Accounting Directive 86-2, codified as New Jersey Administrative Code 5:30-5.6 requires all municipalities to maintain a record of all fixed assets purchased and put into service. The Directive also requires the records to be updated annually for any changes.

Condition:

The Borough is not in compliance with Technical Accounting Directive 86-2, New Jersey Administrative Code 5:30-5.6 since December 31, 2017.

Questioned costs:

None.

Context:

The Borough has not updated the financial statements of the general fixed assets account group and has not implemented a system to record assets in accordance with state requirements.

Effect:

Failure to comply with New Jersey Administrative Code.

Cause:

The Borough has not updated the December 31, 2017 report.

Recommendation:

The Borough's fixed asset accounting and reporting system be updated to reflect additions and deletions on an annual basis.

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, 2018

STATUS OF PRIOR YEAR FINDINGS

Finding 2017-001

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

Condition:

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

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.

Current Status:

Corrective action was not taken, see finding 2018-001.

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:

Leonia Avenue Project - Phase IV
Pascack Valley Cooperative Pricing System - 2018 Road Paving Program
Ground Lease at DPW Building

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.

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 11, 2018, adopted the following amended resolution authorizing interest to be charged on delinquent taxes:

BOROUGH OF BOGOTA

**GENERAL COMMENTS
(CONTINUED)**

“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.

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 20, 2018, 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> |
|-------------|----------------------------|
| 2018 | 1 |
| 2017 | 1 |
| 2016 | 1 |

**BOROUGH OF BOGOTA
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2018**

COMMENTS:

Finance:

1. *Technical Accounting Directive #2, codified as N.J.A.C. 5:30-5.6, requires the Borough to place a value on all fixed assets put into service. The fixed asset report provided does not include Land and Building/Improvements and was not updated for 2018.
2. *The Reserve for Tax Title Lien Premiums and Redemptions within the Other Trust Fund does not agree to the analysis prepared for outside liens.
3. The Borough is carrying old outstanding checks as reconciling items in the following accounts: Capital Fund, Other Trust Fund, Recreation Trust Fund, and Payroll Agency Fund.
4. Petty cash funds were not returned at year end in accordance with N.J.S.A. 40A:5-21.

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. *There were instances in which the certification of available funds was not included in resolutions awarding contracts resulting from bids requested by public advertising.
3. *Documentation of formal evaluations for Request for Qualification submissions were not available at time of audit.
4. 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.
5. Goods and services are being ordered prior to the execution of a purchase order in violation of Technical Accounting Directive #1.
6. There were several instances in which a valid New Jersey Business Registration Certificate for vendors doing business with the Borough could not be located for review.

Tax Collector:

1. The listing of municipal liens per the Munidex System includes liens which are not valid.

Payroll:

1. There were instances in which detailed monthly health benefit rosters were not available for review.

Borough Clerk:

1. There were instances in which Mayor and Council Meeting minutes were not signed by the Borough Clerk.

**BOROUGH OF BOGOTA
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2018**

COMMENTS (continued):

Municipal Court:

1. There are 17 tickets eligible for FTA over 14 days on the December Monthly Management Report.
2. There are 35 tickets Eligible for Dismissal on the December Monthly Management Report.
3. There are 47 tickets Eligible for Order of D/L Suspension on the December Monthly Management Report.
4. There are 20 tickets in Other Case Statuses on the December Monthly Management Report.
5. There are 17 tickets Assigned over 180 Days on the December Monthly Management Report.
6. There are 36 tickets issued but not Assigned on the December Monthly Management Report.
7. There are 36 complaints Eligible for FTA over 14 days on the December Monthly Management Report.
8. The reconciled cash balance in the Bail Account does not agree to the Bail on Account per the ATS/ACS System.
9. There are bank service charges from prior years being carried as reconciling items in the Fines Account.
10. Deposits into the Bail Account are not being made in a timely manner.
11. Overpayments are not being refunded in a timely manner.
12. The Over/Under Payment List does not accurately reflect the outstanding balance as of December 31, 2018.

**BOROUGH OF BOGOTA
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2018**

RECOMMENDATIONS:

Finance:

1. *That the Fixed Asset Report be updated to include all eligible Borough owned assets.
2. *That the Reserve for Tax Title Lien Premiums and Redemptions within the Other Trust Fund be reviewed to ensure adequate funds are available to support all outstanding certificates.
3. That all reconciling items be reviewed and cancelled as appropriate.
4. The Borough should return all petty cash funds at year-end in accordance with N.J.S.A. 40A:5-21.

Purchasing:

1. *That resolutions awarding contracts for Request for Qualifications contain the required language in accordance with N.J.S.A. 19:44A-20.4.
2. *That a certification of available funds be included in all resolutions awarding contracts.
3. *That documentation of formal evaluations be prepared prior to awarding contracts resulting from Request for Qualifications.
4. That all purchases in excess of 15% of the bid threshold have informal quotes obtained as required by Local Public Contracts Law.
5. That all goods/services be encumbered prior to being ordered in accordance with Technical Accounting Directive #1.
6. A valid New Jersey Business Registration Certificate be maintained on file for all vendors for which the Town does business with.

Tax Collector:

1. That all liens be reviewed and the system updated accordingly.

Payroll:

1. That detailed monthly health benefit rosters be maintained and available for audit.

Borough Clerk:

1. That all Mayor and Council Meeting minutes be signed by the Borough Clerk.

**BOROUGH OF BOGOTA
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2018**

RECOMMENDATIONS (continued):

Municipal Court:

1. That tickets Eligible for FTA over 14 Days be processed in a timely manner.
2. That tickets Eligible for Dismissal be processed in a timely manner.
3. That tickets Eligible for Order of D/L Suspension be processed in a timely manner.
4. That tickets in Other Case Statuses be processed in a timely manner.
5. That tickets Assigned over 180 Days be recalled by the Court Administrator.
6. That all tickets be assigned prior to issuance by the Court Administrator.
7. That all complaints Eligible for FTA over 17 Days be processed in a timely manner.
8. Bail on Account must be reconciled to the Bail Account cash on a monthly basis.
9. That all long outstanding reconciling items be reviewed and properly accounted for.
10. That all deposits be made within 48 hours of receipt in accordance with N.J.S.A. 40A:5-
11. That all overpayments collected be refunded in a timely manner.
12. That the Over/Under Payment List be reviewed and corrections made to accurately reflect balances.

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



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

May 17, 2019