

BOROUGH OF BOGOTA

**Financial Statements with
Supplementary Information
December 31, 2016**

(With Independent Auditor's Reports Thereon)

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BOROUGH OF BOGOTA

Table of Contents

Part I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1-4
	<u>FINANCIAL STATEMENTS</u>	
	<u>Current Fund</u>	
A	Comparative Balance Sheet - Statutory Basis	5-6
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	7
A-2	Statement of Revenues - Regulatory Basis	8-9
A-3	Statement of Expenditures - Regulatory Basis	10-16
	<u>Trust Funds</u>	
B	Comparative Balance Sheet - Regulatory Basis	17-18
	<u>General Capital Fund</u>	
C	Comparative Balance Sheet - Regulatory Basis	19
C-1	Statement of Fund Balance - Regulatory Basis	20
	<u>General Fixed Assets Account Group</u>	
D	Comparative Statement of General Fixed Assets - Regulatory Basis	21
	Notes to Financial Statements	22-56
	Supplementary Data	57-62

BOROUGH OF BOGOTA

Table of Contents (continued)

Part I, (Continued)

<u>Exhibit</u>		<u>Page</u>
	<u>Current Fund</u>	
A-4	Schedule of Cash - Collector Treasurer	63
A-5	Schedule of Cash - Change Funds	64
A-6	Schedule of Due from State of New Jersey- Senior Citizens' and Veterans' Deductions	65
A-7	Schedule of Taxes Receivable and Analysis of Property Tax Levy	66
A-8	Schedule of Property Acquired for Taxes	67
A-9	Schedule of Tax Title Liens	67
A-10	Schedule of Revenue Accounts Receivable	68
A-11	Schedule of Interfunds Due from/(to) Other Funds- Current Fund	69
A-12	Schedule of Deferred Charges N.J.S.A. 40A:4-53, Special Emergency Authorization	70
A-13	Schedule of Appropriation Reserves	71
A-14	Schedule of Reserve for Encumbrances	74
A-15	Schedule of Prepaid Taxes	75
A-16	Schedule of Tax Overpayments	75
A-17	Schedule of Amount Due to State of New Jersey	76
A-18	Schedule of Special Emergency Notes Payable	77
A-19	Schedule of Library Taxes Payable	78
A-20	Schedule of School Taxes Payable	79
A-21	Schedule of County Taxes Payable	79
A-22	Schedule of Grants Receivable- Federal and State Grant Fund	80
A-23	Schedule of Due from/(to) Current Fund - Federal and State Grant Fund	81
A-24	Schedule of Appropriated Grant Reserves -Federal and State Grant Fund	82
A-25	Schedule of Unappropriated Grant Reserves Federal and State Grant Fund	83

BOROUGH OF BOGOTA

Table of Contents (continued)

Part I, (Continued)

<u>Exhibit</u>		<u>Page</u>
	<u>Trust Funds</u>	
B-1	Schedule of Cash - Trust Funds	84
B-2	Schedule of Reserve for Animal License Trust Fund Expenditures	85
B-3	Schedule of Due to State of New Jersey- Animal License Trust Fund	86
B-4	Schedule of Interfund- Current Fund	87
B-5	Schedule of Payroll Deduction Payable- Other Trust Fund	88
B-6	Schedule of Miscellaneous Reserves- Other Trust Fund	89
B-7	Schedule of Reserve for Recreation Expenditures Recreation Trust Fund	90
B-8	Schedule of Reserve for Library Expenditures- Library Trust Fund	91
B-9	Schedule of Service Award Contributions Receivable- LOSAP	92
B-10	Schedule of Net Assets Available for Benefits- LOSAP	93
	<u>General Capital Fund</u>	
C-2	Schedule of General Capital Cash	94
C-3	Analysis of General Capital Cash	95
C-4	Schedule of Interfunds- General Capital Fund	96
C-5	Schedule of Deferred Charges to Future Taxation - Funded	97
C-6	Schedule of Deferred Charges to Future Taxation - Unfunded	98
C-7	Schedule of General Serial Bonds	99
C-8	Schedule of Capital Leases Payable	100
C-9	Schedule of Bond Anticipation Notes	101
C-10	Schedule of Improvement Authorizations	102
C-11	Schedule of Capital Improvement Fund	103
C-12	Schedule of Reserve for Payment of Debt	104
C-13	Schedule of Bonds and Notes Authorized but not Issues	105

BOROUGH OF BOGOTA

Table of Contents (continued)

<u>Exhibit</u>	<u>Page</u>
<u>Part II</u>	
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	106-107
Schedule of Findings and Questioned Costs	108-113
General Comments	114-116
Comments and Recommendations	117-120
Status of Prior Year Audit Findings/Recommendation	121
Acknowledgement	128

BOROUGH OF BOGOTA

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016

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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, 2016 and 2015, 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, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

Because of the matters described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on 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, 2016 and 2015, or changes in financial position for the years then ended.

Basis of Disclaimer of Opinion on Regulatory Basis of Accounting

Management was unable to provide appropriate documentation including general ledgers, subsidiary ledgers and bank reconciliations to support the amounts reported in the financial statements. We were unable to satisfy ourselves by alternative means concerning the amounts reported.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Borough of Bogota. Accordingly, we do not express an opinion on these financial statements.

Other Matters

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

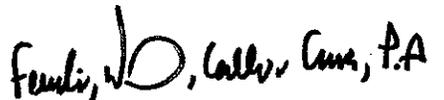
In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2018 on our consideration of the Borough of Bogota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

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

reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Bogota's internal control over financial reporting and compliance.



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



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

February 22, 2018



BOROUGH OF BOGOTA, N.J.

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2016 and 2015

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Current Fund:			
Cash	A-4	\$ 1,175,146	1,984,598
Change Fund	A-5	280	280
		<u>1,175,426</u>	<u>1,984,878</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	783	34,114
Property Acquired for Taxes			
Assessed Valuations	A-8	136,680	136,680
Tax Title Liens	A-9	8,112	12,446
Revenue Accounts Receivable	A-10	8,453	42,965
Interfunds Receivable:			
Due from Federal and State Grant Fund	A-11		268,398
Due from Animal Control Trust Fund	A-11	5,479	2,060
Due from Recreation Trust Fund	A-11	33,115	33,715
Due from Other Trust Fund	A-11	81,133	82,583
		<u>273,755</u>	<u>612,961</u>
Deferred Charges:			
Special Emergency - N.J.S.A. 40-A:4-55	A-12	80,000	188,400
		<u>80,000</u>	<u>188,400</u>
Total Current Fund		<u>1,529,181</u>	<u>2,786,239</u>
Federal and State Grant Fund:			
Cash	A-4	84,985	
Grants Receivable	A-22		339,000
Total Federal and State Grant Fund		<u>84,985</u>	<u>339,000</u>
		<u>1,614,166</u>	<u>3,125,239</u>

BOROUGH OF BOGOTA, N.J.

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3, A-13	\$ 293,370	350,319
Encumbrances Payable	A-14		83,736
Prepaid Taxes	A-15	43,534	90,286
Tax Overpayments	A-16		895
Fees Payable	A-17	1,544	1,721
Special Emergency Note Payable	A-18		188,400
Library Taxes Payable	A-19	114	114
Interfunds Payable:			
Due to Other Trust Fund	A-11		300,000
		<u>338,562</u>	<u>1,015,471</u>
Reserve for Receivables and Other Assets	A	273,755	612,961
Fund Balance	A-1	<u>916,864</u>	<u>1,157,807</u>
Total Current Fund		<u>1,529,181</u>	<u>2,786,239</u>
Federal and State Grant Fund:			
Interfunds Payable	A-23		268,398
Appropriated Grant Reserves	A-24	61,805	36,236
Unappropriated Grant Reserves	A-25	<u>23,180</u>	<u>34,366</u>
Total Federal and State Grant Fund		<u>84,985</u>	<u>339,000</u>
		<u>\$ 1,614,166</u>	<u>3,125,239</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 375,000	150,000
Miscellaneous Revenue Anticipated	1,403,917	1,719,314
Receipts from Delinquent Taxes	43,613	9,569
Receipts from Current Taxes	24,255,591	23,969,922
Non-Budget Revenues	49,658	276,817
Other Credits to Income:		
Appropriated Grants Canceled	5,748	
Unappropriated Grants Canceled	7,500	
Unexpended Balance of Appropriation Reserves	<u>88,102</u>	<u>158,424</u>
Total Revenue	<u>26,229,129</u>	<u>26,284,046</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	3,155,800	3,009,852
Other Expenses	3,997,402	4,198,186
Capital Improvements	50,000	50,000
Municipal Debt Service	1,096,139	998,834
Deferred Charges and Statutory Expenditures	800,965	777,500
Judgements	120,000	
School Taxes Payable	14,811,628	14,812,210
County Taxes Including Added Taxes	1,766,967	1,703,637
Interfunds Advanced		269,020
Prior Year Senior Citizen Disallowed	3,000	2,443
Grants Receivable Canceled	3,279	
Refunds	<u>289,892</u>	<u>22,557</u>
Total Expenditures	<u>26,095,072</u>	<u>25,844,239</u>
Statutory Excess to Fund Balance	134,057	439,807
Fund Balance - January 1,	1,157,807	868,000
Decreased by Utilization as Anticipated Revenue	<u>375,000</u>	<u>150,000</u>
Fund Balance - December 31,	<u>\$ 916,864</u>	<u>\$ 1,157,807</u>

See accompanying notes to financial statements.

BOROUGH OF BOGOTA, N.J.
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2016

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ <u>375,000</u>	<u>375,000</u>	<u> </u>
Miscellaneous Revenues:			
Licenses:			
Alcoholic beverages	16,000	11,624	(4,376)
Other	13,000	9,000	(4,000)
Fees and permits	5,000	13,994	8,994
Fines and Costs - Municipal Court	127,000	136,929	9,929
Interest and Costs on Taxes	32,000	42,429	10,429
Interest on Investments and Deposits	10,000	6,130	(3,870)
Energy Receipts Tax	589,294	589,294	
Consolidated Municipal Property Tax Relief	88,382	88,382	
Uniform Construction Code Fees	88,000	94,690	6,690
State and Federal Revenues Offset with Appropriations			
NJ Clean Communities Program	12,962	12,962	
NJ Recycling Tonnage Grant	10,702	10,702	
NJ Alcohol Education and Rehabilitation Program	1,355	1,355	
NJ Body Armor Fund	1,847	1,847	
NJ Municipal Alliance on Alcoholism and Drug Abuse	9,876	9,876	
State Fees - Multi-Dwelling Inspections	7,500	2,946	(4,554)
Uniform Fire Safety -State		7,581	7,581
Uniform Fire Safety - Local	32,500	38,465	5,965
Cable T.V. Franchise Fee - Cablevision	58,598	58,598	
Cable T.V. Franchise Fee - Verizon	45,014	45,014	
Swim Club Rent	7,500	9,585	2,085
Outside Police Employment - Administrative Fees	135,000	212,514	77,514
Total Miscellaneous Revenues	<u>1,291,530</u>	<u>1,403,917</u>	<u>112,387</u>
Receipts from Delinquent Taxes		<u>43,613</u>	<u>43,613</u>
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	7,466,906	7,590,126	123,220
Local Tax for Library Purposes	236,870	236,870	
	<u>7,703,776</u>	<u>7,826,996</u>	<u>123,220</u>
Budget Total	<u>\$ 9,370,306</u>	<u>9,649,526</u>	<u>279,220</u>
Non -Budget Revenue		<u>49,658</u>	
		<u>\$ 9,699,184</u>	

BOROUGH OF BOGOTA, N.J.

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2016

Analysis of Realized Revenue

Allocation of Current Tax Collections; Revenue from Collections	\$ 24,255,591
Allocated to School, County and Local Taxes	<u>16,578,595</u>
Balance for Support of Municipal Budget Appropriations	7,676,996
Add: Appropriation - Reserve for Uncollected Taxes	<u>150,000</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 7,826,996</u>
Receipts from:	
Delinquent Tax Collections	37,114
Tax Title Liens	<u>6,499</u>
	<u>\$ 43,613</u>

Analysis of Non-Budget Revenues

Advertising Bins	\$ 455
County Snow Plowing	3,760
Crossing Guard Reimbursements	2,028
Copy Fees	6,044
Restitution	1,275
Homestead Printing Reimbursement from State	329
Insurance Reimbursements	15,328
Maintenance Liens	8,655
Miscellaneous	531
NJ 2% Vets/Senior Administrative Fees	1,098
NJ Inspection Fines	2,270
NSF Fees	250
Overpayment Refunds	988
PILOT Payments	2,250
Polling Place Rental	360
Sale of Municipal Assets	<u>4,037</u>
	<u>\$ 49,658</u>

See accompanying notes to financial statements.

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<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	\$ 107,100	107,800	107,800		
Other Expenses	50,000	69,000	68,398	602	
Mayor and Council:					
Salaries and Wages	16,500	16,500	16,032	468	
Other Expenses	3,500	3,500	2,877	623	
Municipal Clerk:					
Salaries and Wages	80,000	80,000	78,673	1,327	
Other Expenses	25,000	15,000	13,711	1,289	
Financial Administration:					
Salaries and Wages	80,000	80,000	74,047	5,953	
Other Expenses	25,000	25,000	15,638	9,362	
Audit Services:					
Other Expenses	30,000	30,000		30,000	
Computerized Data Processing:					
Other Expenses	25,000	54,000	48,656	5,344	
Revenue Administration (Tax Administration):					
Salaries and Wages	50,000	50,000	48,462	1,538	
Other Expenses	25,000	25,000	24,677	323	
Assessment of Taxes:					
Salaries and Wages	16,000	16,000	15,062	938	
Other Expenses	5,000	6,000	5,939	61	
Legal Services and Costs:					
Other Expenses	150,000	225,000	222,317	2,683	
Engineering Services and Costs:					
Other Expenses	15,000	5,000	2,228	2,772	

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)					
Planning Board:					
Salaries and Wages	7,500	7,500	2,400	5,100	
Other Expenses	4,500	6,000	5,512	488	
Code Enforcement & Administration					
Property Maintenance:					
Salaries and Wages	18,000	18,000	17,835	165	
Insurance:					
Liability Insurance	274,563	289,563	289,563	200	
Workman's Compensation Insurance	165,283	165,283	165,083	5,870	
Employee Group Insurance	688,480	563,255	557,385	1,099	
Unemployment	1,000	1,500	1,391		
Public Safety:					
Police Department:					
Salaries and Wages	1,825,000	1,653,500	1,652,873	627	
Other Expenses	100,000	115,000	114,490	510	
Police Clerical:					
Salaries and Wages	38,000	39,000	38,839	161	
Crossing Guards:					
Salaries and Wages	55,000	56,500	56,104	396	
Emergency Management:					
Other Expenses	5,000	5,000	2,741	2,259	
Aid to Volunteer Fire Companies:					
Other Expenses	85,000	85,000	74,437	10,563	
Rescue Squad:					
Other Expenses	20,000	21,500	21,127	373	
First Aid Organization:					
Other Expenses	45,000	5,000	4,489	511	
Uniform Fire Safety:					
Salaries and Wages	30,000	30,000	28,579	1,421	
Other Expenses	80,000	80,000	57,436	22,564	

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public Works Function:					
Streets and Roads:					
Streets and Road Maintenance:					
Salaries and Wages	450,000	450,000	428,335	21,665	
Other Expenses	100,000	102,500	102,150	350	
Shade Tree:					
Salaries and Wages	2,500	2,500	43,050	2,500	
Other Expenses	25,000	43,500	43,050	450	
Solid Waste Collection:					
Other Expenses	260,000	281,500	281,475	25	
Public Building and Grounds:					
Other Expenses	50,000	130,000	128,383	1,617	
Health and Welfare:					
Board of Health:					
Salaries and Wages	8,500	8,500	8,500		
Other Expenses	40,000	40,000	36,236	3,764	
Animal Control Services:					
Other Expenses-Contract	15,000	16,500	16,000	500	
Recreational Services and Programs:					
Recreation Commission:					
Salaries and Wages	75,000	75,000	70,659	4,341	
Other Expenses	50,000	28,500	11,383	17,117	
Uniform Construction Code:					
Code Enforcement and Administration:					
Salaries and Wages	90,000	90,000	74,229	15,771	
Other Expenses	5,000	6,000	5,975	25	
Utility Expenses and Bulk Purchases:					
Electricity	200,000	158,500	123,883	34,617	
Street Lighting	50,000	25,800	25,800	25,800	
Telephone	50,000	50,500	50,157	343	
Water	10,000	10,500	10,447	53	
Gasoline	75,000	69,500	41,925	27,575	

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Solid Waste Disposal Costs: Dump Fees	200,000	302,500	301,809	691	
Total Operations within "CAPS"	5,901,426	5,841,201	5,569,397	271,804	
Detail:					
Salaries & Wages	2,949,100	2,780,800	2,718,429	62,371	
Other Expenses (Including Contingent)	2,952,326	3,060,401	2,850,968	209,433	
Total:	5,901,426	5,841,201	5,569,397	271,804	
(E) Deferred Charges and Statutory Expenditures - Municipal within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	116,068	116,068	116,068		
Social Security System (O.A.S.I.)	150,000	150,000	150,000		
Police and Fireman's Retirement System of NJ	426,497	426,497	426,497		
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	692,565	692,565	692,565		
Total General Appropriations for Municipal Purposes within "CAPS"	6,593,991	6,533,766	6,261,962	271,804	
Other Appropriations - Excluded from "CAPS":					
Sewer Processing and Disposal [N.J.S.A. 40A:4-45.3(0)]:					
Other Expenses	701,675	701,675	701,675		
Maintenance of Free Public Library:					
Salaries and Wages	150,000	150,000	137,836	12,164	
Other Expenses	86,870	86,870	86,351	519	

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Police Dispatch/911:					
Salaries and Wages	180,000	195,000	194,257	743	
Other Expenses	2,500	2,500		2,500	
Insurance:					
Group Insurance	30,000	30,225	30,225		
LOSAP Contribution:					
Other Expenses	11,520	11,520	11,520		
	<u>1,162,565</u>	<u>1,177,790</u>	<u>1,161,864</u>	<u>15,926</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	28,472	1,528	
Other Expenses	65,000	65,000	61,152	3,848	
	<u>95,000</u>	<u>95,000</u>	<u>89,624</u>	<u>5,376</u>	
Total Interlocal Municipal Service Agreements					
Public and Private Programs Offset					
by Revenues:					
NJ Clean Communities Program	12,962	12,962	12,962		
NJ Recycling Tonnage Grant	10,702	10,702	10,702		
NJ Alcohol Education and Rehabilitation Program	1,355	1,355	1,355		
NJ Body Armor Fund	1,847	1,847	1,847		
NJ Muni Alliance-State	9,876	9,876	9,876		
NJ Muni Alliance-Local	2,469	2,469	2,469		
	<u>39,211</u>	<u>39,211</u>	<u>39,211</u>		
Total Public and Private Programs Offset					
by Revenues					
	<u>1,296,776</u>	<u>1,312,001</u>	<u>1,290,699</u>	<u>21,302</u>	
Total Operations-Excluded from "CAPS"					

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Detail:					
Salaries and Wages	360,000	375,000	360,565	14,435	
Other Expenses	936,776	937,001	930,134	6,867	
Total	1,296,776	1,312,001	1,290,699	21,302	
Capital Improvements-Excluded from "CAPS"					
Capital Improvement Fund	50,000	50,000	50,000		
Total Capital Improvements Excluded from "CAPS"	50,000	50,000	50,000		
Municipal Debt Service - Excluded from "CAPS"					
Bond-Principal	675,000	675,000	675,000		
Bond-Interest	120,535	120,535	120,535		
BCIA Loan - Principal	83,000	83,000	83,000		
BCIA Loan - Interest	3,935	3,935	3,935		
BAN - Principal	198,000	198,000	198,000		
BAN - Interest	14,002	14,002	14,002		
Special Emergency Note-Interest	1,667	1,667	1,667		
Total Municipal Debt Service-Excluded from "CAPS"	1,096,139	1,096,139	1,096,139		
Deferred Charges-Municipal- Excluded from "CAPS"					
Emergency Authorization					
Special Emergency Authorizations-	108,400	108,400	108,400		
5 Years (N.J.S.A. 40A:4-55)					
Total Deferred Charges-Municipal- Excluded from "CAPS"	108,400	108,400	108,400		
Judgements (N.J.S.A. 40A:4-3cc)	75,000	120,000	119,736	264	

BOROUGH OF BOGOTA, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,626,315</u>	<u>2,686,540</u>	<u>2,664,974</u>	<u>21,566</u>	
Subtotal General Appropriations	<u>9,220,306</u>	<u>9,220,306</u>	<u>8,926,936</u>	<u>293,370</u>	
Reserve for Uncollected Taxes	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>		
Total General Appropriations	<u>\$ 9,370,306</u>	<u>\$ 9,370,306</u>	<u>\$ 9,076,936</u>	<u>293,370</u>	

Adopted Budget \$ 9,370,306

\$ 9,370,306

Reserve for Uncollected Taxes	\$ 150,000
Grants	39,211
Special Emergency Authorizations	108,400
Cash	<u>8,779,325</u>
	<u>\$ 9,076,936</u>

See accompanying notes to the financial statements.

BOROUGH OF BOGOTA, N.J.

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Trust Fund:			
Reserve for Animal Trust Fund Expenditures	B-2	5,610	6,848
Due to State of New Jersey	B-3	385	403
Interfund - Current Fund	B-4	<u>5,479</u>	<u>2,060</u>
		<u>11,474</u>	<u>9,311</u>
Other Trust Fund:			
Payroll Deductions Payable	B-5	547,810	116,817
Interfund - Current Fund	B-4	81,133	82,583
Miscellaneous Reserves	B-6	<u>883,894</u>	<u>2,350,503</u>
		<u>1,512,837</u>	<u>2,549,903</u>
Recreation Trust Fund			
Interfund - Current Fund	B-4	33,115	33,715
Reserve for Expenditures	B-7	<u>56,997</u>	<u>78,455</u>
		<u>90,112</u>	<u>112,170</u>
Library Trust Fund			
Reserve for Expenditures	B-8	<u>44,227</u>	<u>27,083</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets Available for Benefits	B-10	<u>97,217</u>	<u>29,450</u>
		<u>\$ 1,755,867</u>	<u>2,727,917</u>

See accompanying notes to financial statements.

BOROUGH OF BOGOTA, N.J.

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2016 and 2015

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash	C-2,3	\$ 685,257	880,854
Deferred Charges to Future Taxation:			
Funded	C-5	3,829,000	4,587,000
Unfunded	C-6	<u>3,968,000</u>	<u>2,415,000</u>
		<u>\$ 8,482,257</u>	<u>7,882,854</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-7	3,647,000	4,322,000
Capital Leases Payable	C-8	182,000	265,000
Bond Anticipation Notes Payable	C-9	3,493,000	2,415,000
Improvement Authorizations:			
Funded	C-10	138	3,577
Unfunded	C-10	1,090,436	792,032
Capital Improvement Fund	C-11	38,005	77,005
Reserve for Payment of Debt	C-12	23,438	
Fund Balance	C-1	<u>8,240</u>	<u>8,240</u>
		<u>\$ 8,482,257</u>	<u>7,882,854</u>

There were \$475,000 and \$0 of Bonds and Notes Authorized But Not Issued on December 31, 2016 and December 31, 2015 (Exhibit C-13).

See accompanying notes to the financial statements.

BOROUGH OF BOGOTA, N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31,

	<u>2016</u>	<u>2015</u>
Balance - December 31,	\$ <u>8,240</u>	\$ <u>8,240</u>
Balance - December 31,	\$ <u><u>8,240</u></u>	\$ <u><u>8,240</u></u>

See accompanying notes to the financial statements.

BOROUGH OF BOGOTA, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>General Fixed Assets:</u>		
Land	\$ 5,968,400	5,968,400
Buildings	4,635,800	4,635,800
Machinery and Equipment	<u>5,124,081</u>	<u>5,124,081</u>
	<u>\$ 15,728,281</u>	<u>15,728,281</u>
Investment in Fixed Assets	<u>\$ 15,728,281</u>	<u>15,728,281</u>

See accompanying notes to financial statements.

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BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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, 2016 AND 2015
(CONTINUED)

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

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

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

The Borough has the following funds and account group:

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

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

Animal License Fund – This fund is used to account for fees collected from animal licenses and expenditures, which are regulated by NJS 4:19-15.11.

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

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

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

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(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, 2016 AND 2015
(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, 2016 AND 2015
(CONTINUED)

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

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

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

During the years ended December 31, 2016 and 2015, the Borough Council approved additional revenues and appropriations of \$-0- and \$339,000, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2016 and 2015.

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, 2016 AND 2015
(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, 2016 AND 2015
(CONTINUED)

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

C. Recent Accounting Pronouncements

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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

C. Recent Accounting Pronouncements, (continued)

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

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

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

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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

C. Recent Accounting Pronouncements, (continued)

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

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

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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

C. Recent Accounting Pronouncements, (continued)

In January 2016, the Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

D. Basic Financial Statements

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2016 and 2015, \$-0- of the Borough's bank balance of \$6,103,751 and \$6,824,288, respectively, was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

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

Concentration of Credit Risk

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Unaudited Investments

As more fully described in Note 9, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Advisors, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2016 and 2015 amount to \$27,384 and \$-0-, respectively, as no contributions have been deposited to date.

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2016 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
Obligation Debt	\$4,322,000	\$	\$675,000	\$3,647,000	\$695,000
Other Liabilities:					
PERS/PFRS Pension Deferral	119,593		11,225	108,368	12,231
Compensated Absences	427,550	37,025	18,562	446,013	
Capital Leases Payable	<u>265,000</u>		<u>83,000</u>	<u>182,000</u>	<u>88,000</u>
	<u>\$5,134,143</u>	<u>\$37,025</u>	<u>\$787,787</u>	<u>\$4,383,381</u>	<u>\$795,231</u>
	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
Obligation Debt	\$4,977,000	\$	\$655,000	\$4,322,000	\$675,000
Other Liabilities:					
PERS/PFRS Pension Deferral	129,958		10,365	119,593	11,225
Compensated Absences	463,236	49,973	85,659	427,550	
Capital Leases Payable	<u>342,000</u>		<u>77,000</u>	<u>265,000</u>	<u>83,000</u>
	<u>\$5,912,194</u>	<u>\$49,973</u>	<u>\$828,024</u>	<u>\$5,134,143</u>	<u>\$769,225</u>

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 3. MUNICIPAL DEBT, (continued)

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

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Issued:</u>			
General - Bonds, Notes and Loans	\$7,322,000	\$7,002,000	\$6,149,000
 <u>Authorized But Not Issued</u>			
General - Bonds and Notes	<u>475,000</u>	_____	_____
 Total Bonds, Notes and Loans Issued and Authorized But Not Issued	 7,797,000	 7,002,000	 6,149,000
 Less: Deductions	 <u>23,438</u>	 <u> </u>	 <u>88,960</u>
Net Debt	<u>\$7,773,562</u>	<u>\$7,002,000</u>	<u>\$6,060,040</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 1.088% for 2016.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$4,025,000	\$4,025,000	\$ -
General Debt	<u>7,797,000</u>	<u>23,438</u>	<u>7,773,562</u>
	<u>\$11,822,000</u>	<u>\$4,048,438</u>	<u>\$7,773,562</u>

Net debt of \$7,773,562 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$712,237,077 equals 1.088% for 2016.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 3. MUNICIPAL DEBT, (continued)

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

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

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

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

	<u>2016</u>	<u>2015</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$24,928,298	\$24,854,497
Net Debt	7,773,562	7,002,000
Remaining Borrowing Power	<u>\$17,154,736</u>	<u>\$17,852,497</u>

The Borough's long-term debt consisted of the following at December 31, 2016:

Paid by Current Fund:

	<u>2016</u>	<u>2015</u>
<u>General Serial Bonds</u>		
\$1,840,000, General Obligation Bonds - with an interest rate of 3.00% to 4.00%, issued March 15, 2004, due through March 15, 2017	\$205,000	\$405,000
\$2,667,000, General Obligation Bonds, with an interest rate of 4.125% to 4.25%, issued July 1, 2007, due through July 1, 2018	827,000	1,122,000
\$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	2,615,000	2,795,000
Total General Serial Bonds	<u>\$3,647,000</u>	<u>\$4,322,000</u>

**BOROUGH OF BOGOTA
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2016 AND 2015
 (CONTINUED)**

NOTE 3. MUNICIPAL DEBT, (continued)

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

<u>Year</u>	<u>General Capital Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$695,000	\$97,566	\$792,566
2018	712,000	77,185	789,185
2019	320,000	51,200	371,200
2020	320,000	44,800	364,800
2021	320,000	38,400	358,400
2022-2025	<u>1,280,000</u>	<u>84,800</u>	<u>1,364,800</u>
	<u>\$3,647,000</u>	<u>\$393,951</u>	<u>\$4,040,951</u>

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

At December 31, 2016 and 2015, the Borough had authorized but not issued debt as follows:

	<u>2016</u>	<u>2015</u>
General Capital Fund	<u>\$475,000</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, 2016 and 2015, the Borough had \$3,493,000 and \$2,415,000, respectively, in outstanding General Capital bond anticipation notes.

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 4. BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the periods ended December 31, 2016 and 2015:

	<u>Balance Dec. 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2016</u>
General Capital Notes Payable:				
Bogota Securities Corp.	\$525,000	\$	\$525,000	\$
Bogota Savings Bank	1,890,000		1,890,000	
Oppenheimer & Co., Inc.	<u> </u>	<u>3,493,000</u>	<u> </u>	<u>3,493,000</u>
	<u>\$2,415,000</u>	<u>\$3,493,000</u>	<u>\$2,415,000</u>	<u>\$3,493,000</u>
	<u>Balance Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2015</u>
General Capital Notes Payable:				
PNC Bank	\$830,000	\$	\$830,000	\$
Bogota Securities Corp.		525,000		525,000
Bogota Savings Bank	<u> </u>	<u>1,890,000</u>	<u> </u>	<u>1,890,000</u>
	<u>\$830,000</u>	<u>\$2,415,000</u>	<u>\$830,000</u>	<u>\$2,415,000</u>

NOTE 5. SPECIAL EMERGENCY NOTES

Following the adoption of an ordinance or resolution for special emergency appropriations, the Borough may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/3 or 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the third or fifth year following the date of the special emergency resolution.

On December 31, 2016 and 2015, the Borough had \$-0- and \$188,400, respectively, in outstanding Current Fund Special Emergency Notes.

The following activity related to special emergency notes occurred during the calendar years ended December 31, 2016 and 2015:

	<u>Balance Dec. 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2016</u>
Current Fund:				
Bogota Securities Corp.	<u>\$188,400</u>	<u>\$</u>	<u>\$188,400</u>	<u>\$</u>

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 5. SPECIAL EMERGENCY NOTES, (continued)

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

NOTE 6. 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

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 6. PENSION PLANS, (continued)

Description of Plans: (continued)

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 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 50 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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 6. PENSION PLANS, (continued)

Description of Plans: (continued)

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.

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, 2016 was \$108,368.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 6. PENSION PLANS, (continued)

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. 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>
2016	\$116,068	\$426,497
2015	97,742	400,358
2014	109,010	405,037

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, 2016, the Borough had a liability of \$3,208,630 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the Borough's proportion was 0.0108336951 percent, which was an increase/(decrease) of 0.0108336951 percent from its proportion measured as of June 30, 2015.

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 6. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

For the year ended December 31, 2016, the Borough recognized pension expense of \$116,068. At December 31, 2016, 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	\$59,671	\$
Changes in assumptions	664,657	
Net difference between projected & actual earnings on pension plan investments	122,348	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>1,765,529</u>	<u>1,671,361</u>
Total	<u>\$2,612,205</u>	<u>\$1,671,361</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2016) 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:	
2017	\$190,621
2018	190,621
2019	220,841
2020	185,539
2021	59,054

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 6. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

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 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
Borough's Proportion	0.0108336951%	0%

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 6. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

The actuarial assumptions used in the June 30, 2015 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 plans actuary's modified MP-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 and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. 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 (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 6. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, 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, 2016 AND 2015
(CONTINUED)**

NOTE 6. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

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, 2016, 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, 2016		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
Borough's proportionate share of the pension liability	\$3,931,801	\$3,208,630	\$2,611,589

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, 2016, the Borough had a liability of \$9,464,234 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the Borough's proportion was 0.0495443258 percent, which was an increase/(decrease) of (0.00035142) percent from its proportion measured as of June 30, 2015.

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 6. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

For the year ended December 31, 2016, the Borough recognized pension expense of \$9,464,234. At December 31, 2016, 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	\$	\$62,039
Changes of assumptions	1,310,874	
Net difference between projected and actual earnings on pension plan investments	663,140	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>41,542</u>	<u>266,088</u>
Total	<u>\$2,015,556</u>	<u>\$328,127</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2016) 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:	
2017	\$457,681
2018	457,681
2019	616,675
2020	364,661
2021	15,277

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 6. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

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 5.58, 5.53 and 6.17 years for 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$4,547,316,543	\$3,512,729,953
Collective deferred inflows of resources	688,197,590	871,083,367
Collective net pension liability	20,706,699,056	16,656,514,197
Borough's Proportion	0.0495443258%	0.04989574690%

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

**BOROUGH OF BOGOTA
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2016 AND 2015
 (CONTINUED)**

NOTE 6. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Inflation	3.08 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	7.65 Percent

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 6. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% 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 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, 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, 2016 AND 2015
(CONTINUED)**

NOTE 6. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

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, 2016, 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, 2016		
	1% Decrease <u>4.55%</u>	At Current Discount Rate <u>5.55%</u>	1% Increase <u>6.55%</u>
Borough's proportionate share of the pension liability	\$12,433,460	\$9,464,234	\$7,043,008

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 7. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2016 and 2015 which has been appropriated as revenue in the 2017 and 2016 budgets is as follows:

	<u>2017</u>	<u>2016</u>
Current Fund	<u>\$550,000</u>	<u>\$375,000</u>

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 8. FIXED ASSETS

The following is a summary of General Fixed Assets Account Group as of December 31, 2016 and 2015:

	Balance Dec. 31, 2015	<u>Additions</u>	<u>Deletions</u>	Balance Dec. 31, 2016
General Fixed Assets:				
Land	\$5,968,400	\$	\$	\$5,968,400
Buildings and Improvements	4,635,800			4,635,800
Machinery and Equipment	<u>5,124,081</u>			<u>5,124,081</u>
	<u>\$15,728,281</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$15,728,281</u>
	Restated Balance Dec. 31, 2014	<u>Additions</u>	<u>Deletions</u>	Balance Dec. 31, 2015
General Fixed Assets:				
Land	\$5,968,400	\$	\$	\$5,968,400
Buildings and Improvements	4,635,800			4,635,800
Machinery and Equipment	<u>5,124,081</u>			<u>5,124,081</u>
	<u>\$15,728,281</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$15,728,281</u>

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

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

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

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

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

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

We have reviewed the plan for the year ended December 31, 2016 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 10. ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$446,013 as of December 31, 2016 and \$427,550 at December 31, 2015. The amount is not reported either as an expenditure or liability.

NOTE 11. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2016 consist of the following:

\$81,133	Due to the Current Fund from the Other Trust Fund for deposits in error and interest earned on investments
5,479	Due to the Current Fund from the Animal License Trust Fund for statutory excess.
<u>33,115</u>	Due to the Current Fund from the Recreation Trust Fund for reimbursement of expenditures paid.
<u>\$119,727</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, 2016 AND 2015
(CONTINUED)

NOTE 12. CAPITAL LEASE PAYABLE

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

<u>General Capital Leases</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$88,000	\$2,705	\$90,705
2018	<u>94,000</u>	<u>992</u>	<u>94,992</u>
	<u>\$182,000</u>	<u>\$3,697</u>	<u>\$185,697</u>

NOTE 13. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2016 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, 2016.

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 13. RISK MANAGEMENT, (continued)

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

NOTE 14. TAXES COLLECTED IN ADVANCE

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

	<u>Balance Dec. 31, 2016</u>	<u>Balance Dec. 31, 2015</u>
Prepaid Taxes	<u>\$43,534</u>	<u>\$90,286</u>
Cash Liability for Taxes Collected in Advance	<u>\$43,534</u>	<u>\$90,286</u>

NOTE 15. CONTINGENT LIABILITIES

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

NOTE 16. 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 December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Year's Budget</u>
<u>2016</u>			
Current Fund:			
Special Emergency Authorizations	<u>\$80,000</u>	<u>\$80,000</u>	<u>\$ _____</u>
Total Deferred Charges	<u>\$80,000</u>	<u>\$80,000</u>	<u>\$ _____</u>

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 16. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS, (continued)

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

NOTE 17. 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, 2016 was \$1,425,000.

NOTE 18. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through February 22, 2018, the date which the financial statements were available to be issued and no other items were noted for disclosure.

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SUPPLEMENTARY DATA

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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	
John G. Mitchell	Council President	
Michael Connors	Councilman	
Thomas Napolitano	Councilman	
Frank Miranda	Councilman	
Kathryn Gates-Ferris	Councilwoman	
Danielle Fede	Councilwoman	
Joseph Scarpa	Borough Administrator	\$1,000,000 (A)
Frank DiMaria	Chief Financial Officer	1,000,000 (A)
Jeanne M. Cook	Borough Clerk	
Frank DiMaria	Treasurer	1,000,000 (A)
Elizabeth Wiemer	Tax Collector	1,000,000 (A)
Daniel Howell	Construction Code Official	
Michael Quercia	Plumbing Subcode Official	
Giuseppe Randazzo	Municipal Court Judge	50,000 (B)
Pat Wilkens	Tax Assessor	
Daniel Maye	Chief of Police	
Robert Costa	Borough Engineer	
Craig Bossong	Borough Attorney	

(A) Blanket bond for all Municipal employees

(B) Blanket bond for all Court employees

BOROUGH OF BOGOTA

Supplementary data

Comparative Schedule of Tax Rate Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax rate	<u>3.773</u>	<u>3.729</u>	<u>3.630</u>
Apportionment of tax rate:			
Municipal	1.196	1.161	1.122
County	0.272	0.262	0.253
County Open Space	0.003	0.003	0.003
Local School	<u>2.302</u>	<u>2.303</u>	<u>2.252</u>

Assessed Value

2016	\$ 643,656,400
2015	643,315,800
2014	643,434,700

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>
2016	\$ 24,302,358	24,255,591	99.81%
2015	24,001,027	23,969,922	99.87%
2014	23,376,478	23,345,097	99.87%

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>
2016	\$ 783	8,112	8,895	0.04%
2015	34,114	12,446	46,560	0.19%
2014	27,531	9,619	37,150	0.16%

BOROUGH OF BOGOTA

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2016 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>
2016	\$	136,680
2015		136,680
2014		136,680

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2016	\$ 916,864	550,000
	2015	1,157,807	375,000
	2014	868,000	150,000
	2013	290,414	158,304
	2012	186,191	-0-

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BOROUGH OF BOGOTA

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2016

State & County Programs	Grant Number	Grant Year	Allocation or Grant Award Amount	Cash		MEMO Total Cumulative Expenditures
				Received	Expended	
<u>State Programs:</u>						
<u>Environmental Protection Agency:</u>						
Clean Communities Program	4900-765-042-4900-004	2012	9,700			9,284
Clean Communities Program	4900-765-042-4900-004	2014	10,663			*
Clean Communities Program	4900-765-042-4900-004	2015	12,962			*
Clean Communities Program	4900-765-042-4900-004	2016	14,818	14,818	1,297	7,237
Recycling Tonnage Grant	4910-100-042-4910-224	2012	11,013			*
Recycling Tonnage Grant	4910-100-042-4910-224	2014	11,115			*
Recycling Tonnage Grant	4910-100-042-4910-224	2015	10,702			*
Recycling Tonnage Grant	4910-100-042-4910-224	2016	6,538	6,538		*
				21,356	1,297	16,521
						*
<u>Department of Transportation</u>						
Leonia Avenue Improvements Project, Section 1	MA-2014, MA-D-2013	2015	339,000	339,000		339,000
				339,000		339,000
						*
<u>Department of Law and Public Safety:</u>						
Body Armor Replacement Grant	1020-718-066-1020-001	2014	1,850			*
Body Armor Replacement Grant	1020-718-066-1020-001	2015	1,847			*
Body Armor Replacement Grant	1020-718-066-1020-001	2016	1,703	1,703		*
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	121		*
				1,824		*
				362,180	1,297	355,521
						*

Total State Assistance

BOROUGH OF BOGOTA

Schedule of Expenditures of State Awards and Other Financial Assistance

Year ended December 31, 2016

	<u>Grant Number</u>	<u>Grant Year</u>	<u>Allocation or Grant Award Amount</u>	<u>Cash Received</u>	<u>Expended</u>	<u>MEMO Total Cumulative Expenditures</u>
<u>State & County Programs</u>						
<u>Other Financial Assistance:</u>						*
<u>County of Bergen:</u>						*
Municipal Alliance Grant Fund	100-082-2000-044	2015	9,876			*
Municipal Alliance Grant Fund	100-082-2000-044	2016	6,597	6,597	6,597	*
Total Other Financial Assistance				6,597	6,597	*
Total State and Other Financial Assistance				368,777	7,894	*

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

BOROUGH OF BOGOTA, N.J.

Schedule of Cash - Collector/Treasurer

Current Fund

Year Ended December 31, 2016

	Current Fund	Grant Fund
Balance - December 31, 2015	\$ 1,984,598	
Increased by Receipts:		
Miscellaneous Revenues Not Anticipated	49,658	
Senior Citizens and Veterans Deductions	54,878	
Taxes Receivable	24,143,517	
Revenue Accounts Receivable	1,062,062	
Tax Title Lien Redemptions	6,499	
Interfunds	30,685	
Due to State of NJ	7,127	
Prepaid Taxes	43,534	
Tax Overpayments	24,968	
Grants Receivable		345,597
Unappropriated Grant Reserves		23,180
	<u>25,422,928</u>	<u>368,777</u>
	<u>27,407,526</u>	<u>368,777</u>
Decreased by Disbursements:		
Current Year Budget Appropriations	8,779,325	
Interfunds	1,190	275,898
Due to State of NJ	6,604	
Appropriation Reserves	345,953	
Special Emergency Note	188,400	
School Taxes Payable	14,811,628	
County Taxes Payable	1,766,967	
Tax Overpayments	42,257	
Library Taxes Payable	164	
Appropriated Grant Reserves		7,894
Refunds	289,892	
	<u>26,232,380</u>	<u>283,792</u>
Balance - December 31, 2016	<u>\$ 1,175,146</u>	<u>84,985</u>

BOROUGH OF BOGOTA, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2016

Balance - December 31, 2015	\$ <u>280</u>
Balance - December 31, 2016	\$ <u><u>280</u></u>
Analysis of Balance:	
Borough Clerk	125
Tax Collector	100
Municipal Court	50
Library	<u>5</u>
	\$ <u><u>280</u></u>

BOROUGH OF BOGOTA, N.J.

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

Current Fund

Year Ended December 31, 2016

Increased by:			
Senior Citizens' and Veterans' Deductions			
per Tax Billings	\$	57,500	
Senior Citizens' and Veterans' Allowed-2016		<u>3,309</u>	
			\$ <u>60,809</u>
			60,809
Decreased by:			
Deductions Disallowed-2015		3,000	
Canceled		1,024	
Deductions Disallowed-2016		1,907	
Cash Received		<u>54,878</u>	
			<u>60,809</u>
Balance - December 31, 2016	\$		<u><u> </u></u>

BOROUGH OF BOGOTA, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2016

Year	Balance, Dec. 31, 2015	2016 Levy	Added Taxes	Collected in 2015	Collected in 2016	Senior & Veteran's Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2016
2013	\$ 9,740				9,740				
2014	10,705				10,705				
2015	13,669		3,000		16,669				
	34,114		3,000		37,114				
2016		24,285,157	17,201	90,286	24,106,403	58,902	3,908	42,076	783
	\$ 34,114	24,285,157	20,201	90,286	24,143,517	58,902	3,908	42,076	783

Tax Yield:

General Property Tax
Added Tax (R.S. 54:4-63.1 et seq.):

\$ 24,285,157
17,201
<u>\$ 24,302,358</u>

Tax Levy:

Local District School Tax
County Tax
County Open Space Taxes
County Added and Omitted Taxes

\$ 14,811,628
1,747,747
17,966
1,254
<u>16,578,595</u>

Local Tax for Municipal Purposes
Local Tax for Library
Local Tax for Library Added and Omitted
Add: Additional Taxes Levied

7,466,906
236,870
164
19,823
<u>7,723,763</u>
<u>\$ 24,302,358</u>

Local Tax for Municipal Purposes

BOROUGH OF BOGOTA, N.J.
Schedule of Property Acquired for Taxes

Current Fund

Year Ended December 31, 2016

Balance - December 31, 2015	\$ <u>136,680</u>
Balance - December 31, 2016	\$ <u><u>136,680</u></u>

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2016

Balance - December 31, 2015	\$ 12,446
Increased by:	
Transferred from Taxes Receivable	<u>3,908</u>
	16,354
Decreased by:	
Cash Received	\$ 6,499
Cancelled	<u>1,743</u>
	<u>8,242</u>
Balance - December 31, 2016	\$ <u><u>8,112</u></u>

BOROUGH OF BOGOTA, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Accrued in <u>2016</u>	<u>Collected</u>	Balance, Dec. 31, <u>2016</u>
Licenses				
Alcoholic Beverages	\$	11,624	11,624	
Other		9,000	9,000	
Fees and permits		13,994	13,994	
Construction Code Fees		94,690	94,690	
Municipal Court - Fines and Costs	9,027	136,355	136,929	8,453
Interest and Cost on Taxes		42,429	42,429	
Interest on Investments and Deposits		6,130	6,130	
Consolidated Municipal Purpose Tax Relief Aid		88,382	88,382	
Energy Receipts Tax		589,294	589,294	
Sewer Charges	33,938		33,938	
State Fees - Multi-Dwelling Inspections		5,006	5,006	
Uniform Fire Safety Act - State		5,521	5,521	
Uniform Fire Safety Act - Local		38,465	38,465	
Cable T.V. Franchise Fee - Cablevision		58,598	58,598	
Cable T.V. Franchise Fee - Verizon		45,014	45,014	
Swim Club Rent		9,585	9,585	
Outside Police Employment - Administrative Fee		212,514	212,514	
	\$ <u>42,965</u>	<u>1,366,601</u>	<u>1,401,113</u>	<u>8,453</u>
		Cash \$	1,062,062	
		Cancelled	33,938	
		Interfunds	<u>305,113</u>	
		\$	<u>1,401,113</u>	

BOROUGH OF BOGOTA, N.J.

Schedule of Interfunds Due from/(to) Other Funds

Current Fund

Year Ended December 31, 2016

	Balance Dec. 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, <u>2016</u>
Grant Fund	\$ 268,398	7,500	275,898	
Trust Funds:				
Animal Control Trust Fund	2,060	3,538	119	5,479
Recreation Trust Fund	33,715	529	1,129	33,115
Other Trust Fund	82,583	3,982	5,432	81,133
Other Trust - Police Outside Duty	(300,000)	300,000		
General Capital Fund	<u> </u>	<u>1,763</u>	<u>1,763</u>	<u> </u>
	<u>\$ 86,756</u>	<u>317,312</u>	<u>284,341</u>	<u>119,727</u>
			Cash Receipts \$ 30,685	
		Cash Disbursements 1,190		
		Statutory Excess 3,509		
		Miscellaneous Revenue Anticipated 300,000		
		Interest on Investments 5,113		
		Reimbursement for Expenses Paid	250,318	
		Unappropriated Grant Reserves Cancelled 7,500		
		Funds Deposited in Error	<u>3,338</u>	
		<u>\$ 317,312</u>	<u>284,341</u>	

BOROUGH OF BOGOTA, N.J.

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

Current Fund

Year Ended December 31, 2016

<u>Purpose</u>	<u>Date</u>	<u>Amount Authorized</u>	<u>Not Less Than 1/5 of Amount Authorized</u>	<u>Balance, Dec. 31, 2015</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2016</u>
Terminal Pay	January 20, 2011	32,000	6,400	6,400	6,400	
Terminal Pay	November 10, 2011	110,000	22,000	22,000	22,000	
Reassessment of Real Property	October 18, 2012	70,000	14,000	28,000	14,000	14,000
Hurricane Sandy	November 8, 2012	330,000	66,000	132,000	66,000	66,000
				<u>\$ 188,400</u>	<u>108,400</u>	<u>80,000</u>

BOROUGH OF BOGOTA, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administration	\$ 765	765		765
Mayor and Council	876	876		876
Municipal Clerk	637	637		637
Financial Administration	7,446	446		446
Revenue Administration (Tax Administration)	486	486		486
Assessment of Taxes	235	235		235
Uniform Construction Code Enforcement Functions	676	676		676
Police Department	10,786	786		786
Police Clerical	32	32		32
Crossing Guards	329	329		329
Uniform Fire Safety	420	420		420
Streets and Road Maintenance	899	899		899
Recreation Commission	1,849	349		349
Uniform Construction Code	4,735	735		735
Total Salaries and Wages Within "CAPS"	30,171	7,671		7,671
Other Expenses Within "CAPS":				
General Administration	513	3,228	2,474	754
Mayor and Council	597	626		626
Municipal Clerk	327	327		327
Financial Administration	304	6,199	5,071	1,128
Audit Services		31,305	31,305	
Computerized Data Processing	600	5,672	586	5,086
Tax Administration	76	3,337	1,011	2,326
Assessment of Taxes	292	3,236	1,444	1,792
Legal Services	7,813	813		813
Engineering Services and Costs	4,094	94		94
Planning Board	10	10		10
Liability Insurance	144,171	209,171	208,197	974
Workman's Compensation Insurance	867	867		867
Employee Group Insurance	28,939	939		939
Unemployment	393	393		393
Police	778	6,606	3,151	3,455
Emergency Management	253	353	325	28
Aid to Volunteer Fire Companies	510	7,191	4,079	3,112
Rescue Squad	475	475		475
First Aid Organization	1,966	852	390	462
Uniform Fire Safety	486	1,486	1,071	415
Streets and Road Maintenance	16,914	10,007	4,993	5,014

BOROUGH OF BOGOTA, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Shade Tree	1,855	55		55
Solid Waste Collection	4,695	195		195
Public Buildings and Grounds	138	14,914	8,437	6,477
Board of Health	1,334	1,334		1,334
Animal Control Services	1,000	1,000		1,000
Recreation Commission	367	367		367
Uniform Construction Code Enforcement Functions	981	981		981
Electricity	788	21,298	15,215	6,083
Street Lighting	3,613	113		113
Telephone	5,925	3,658	1,762	1,896
Water	4,896	777	381	396
Natural Gas		500	413	87
Gasoline	5,905	5,681	2,776	2,905
Solid Waste Disposal Fees	5,420	32,370	15,950	16,420
Total Other Expenses Within "CAPS"	247,295	376,430	309,031	67,399
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security (O.A.S.I.)	2,724	424		424
Total Deferred Charges and Statutory Expenditures Within "CAPS"	2,724	424		424
Total Reserves Within "CAPS"	280,190	384,525	309,031	75,494
Other Appropriations - Excluded from "CAPS"				
Maintenance of Free Public Library	910	6,410	5,248	1,162
Police Dispatch/911:				
Salaries and Wages	7,389	390		390
Other Expenses	2,500			
LOSAP Contribution	50,000	31,000	29,450	1,550
Total Other Appropriations - Excluded from "CAPS"	60,799	37,800	34,698	3,102
Interlocal Municipal Service Agreements - Excluded from "CAPS"				
Municipal Court - Borough of Little Ferry				
Salaries and Wages	1,480	1,480		1,480
Other Expenses	7,850	7,850		7,850
Total Interlocal Municipal Service Agreements	9,330	9,330		9,330

BOROUGH OF BOGOTA, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Municipal Debt Service - Excluded from "CAPS"				
BCIA Loan - Interest	<u> </u>	2,400	<u>2,224</u>	<u>176</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u> </u>	2,400	<u>2,224</u>	<u>176</u>
 Total Reserves	 \$ <u>350,319</u>	 <u>434,055</u>	 <u>345,953</u>	 <u>88,102</u>
		Appropriation reserves 350,319		
		Encumbrances <u>83,736</u>		
		\$ <u>434,055</u>		

BOROUGH OF BOGOTA, N.J.
Schedule of Reserve for Encumbrances
Current Fund
Year Ended December 31, 2016

Balance - December 31, 2015	\$ <u>83,736</u>
Decreased by:	
Transferred to Appropriation Reserves	\$ <u><u>83,736</u></u>

BOROUGH OF BOGOTA, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2016

Balance - December 31, 2015	\$	90,286
Increased by:		
Prepaid Taxes Received		<u>43,534</u>
		133,820
Decreased by:		
Taxes Realized as Revenue		<u>90,286</u>
Balance - December 31, 2016	\$	<u><u>43,534</u></u>

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2016

Balance - December 31, 2015	\$	895
Increased by:		
County Board Judgements	\$	16,394
Cash Receipts		<u>24,968</u>
		<u>41,362</u>
		42,257
Decreased by:		
Cash Disbursements	\$	<u><u>42,257</u></u>

BOROUGH OF BOGOTA, N.J.

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

Current Fund

Year Ended December 31, 2016

	<u>Marriage License Fee</u>	<u>Construction Training Fee</u>	<u>Total</u>
Balance - December 31, 2015	\$ 325	1,396	1,721
Increased by:			
Collections	<u>1,325</u>	<u>5,802</u>	<u>7,127</u>
	1,650	7,198	8,848
Decreased by:			
Interfunds	700		700
Payments	<u>850</u>	<u>5,754</u>	<u>6,604</u>
	<u>1,550</u>	<u>5,754</u>	<u>7,304</u>
Balance - December 31, 2016	<u>\$ 100</u>	<u>1,444</u>	<u>1,544</u>

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

Current Fund

Year Ended December 31, 2016

<u>Number</u>	<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2015</u>	<u>Matured</u>
15-1RSEN	Special Emergency Note	May 15, 2015			\$ 28,400	\$ 28,400
15-1RSEN	Special Emergency Note	May 15, 2015			<u>160,000</u>	<u>160,000</u>
					<u>\$ 188,400</u>	<u>\$ 188,400</u>

BOROUGH OF BOGOTA, N.J.
Schedule of Library Taxes Payable
Current Fund
Year Ended December 31, 2016

Balance - December 31, 2015	\$	114
Increased by:		
Levy: Added and Omitted Taxes		<u>164</u>
		278
Decreased by:		
Cash Disbursement		<u>164</u>
Balance - December 31, 2016	\$	<u><u>114</u></u>

BOROUGH OF BOGOTA, N.J.
Schedule of School Taxes Payable
Current Fund
Year Ended December 31, 2016

Increased by:	
Levy	\$ <u>14,811,628</u>
Decreased by:	
Cash Disbursed	\$ <u><u>14,811,628</u></u>

BOROUGH OF BOGOTA, N.J.
Schedule of County Taxes Payable
Current Fund
Year Ended December 31, 2016

Increased by:	
Tax Levy	\$ 1,747,747
Added and Omitted Taxes	1,240
Open Space Tax Levy	17,966
Open Space Added and Omitted Taxes	<u>14</u>
	<u>1,766,967</u>
Decreased by:	
Cash Disbursed	\$ <u><u>1,766,967</u></u>

BOROUGH OF BOGOTA, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2016

<u>Purpose</u>	Balance, Dec. 31, <u>2015</u>	2016 Budget Revenue <u>Realized</u>	<u>Received</u>	<u>Cancelled</u>
Municipal Alliance	\$	9,876	6,597	3,279
Clean Communities		12,962	12,962	
Recycling Tonnage Grant		10,702	10,702	
Body Armor Replacement		1,847	1,847	
NJ Department of Transportation	339,000		339,000	
Alcohol Education Rehabilitation Program		1,355	1,355	
	<u>\$ 339,000</u>	<u>36,742</u>	<u>372,463</u>	<u>3,279</u>
		Cash receipts \$	345,597	
		Unappropriated Reserves	<u>26,866</u>	
			<u>\$ 372,463</u>	

BOROUGH OF BOGOTA, N.J.
Schedule of Due from/(to) Current Fund
Federal and State Grant Fund
Year Ended December 31, 2016

Balance - December 31, 2015	\$ (268,398)
Increased by:	
Cash Disbursements	<u>275,898</u>
Decreased by:	
Unappropriated Grant Cancelled	\$ <u><u>7,500</u></u>

BOROUGH OF BOGOTA, N.J.

Schedule of Appropriated Grant Reserves

Federal and State Grant Fund

Year Ended December 31, 2016

<u>Purpose</u>	Transferred from Current Fund	Transferred from 2016 Budget	<u>Expended</u>	<u>Cancelled</u>	Balance, Dec. 31, 2016
Recycling Tonnage - 2012	\$ 5,073		1,297		3,776
Recycling Tonnage - 2014	11,115				11,115
Recycling Tonnage - 2015		10,702			10,702
Clean Communities Grant - 2012	119				119
Clean Communities Grant - 2014	10,663				10,663
Clean Communities Grant - 2015		12,962			12,962
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
Body Armor Replacement Program - 2014	1,850				1,850
Body Armor Replacement Program - 2015		1,847			1,847
Municipal Alliance Grant		9,876	6,597	3,279	
Municipal Alliance Grant - Match		2,469		2,469	
	<u>\$ 36,236</u>	<u>39,211</u>	<u>7,894</u>	<u>5,748</u>	<u>61,805</u>
Budget Appropriations	\$	12,345			
Unappropriated Reserves		<u>26,866</u>			
		<u>\$ 39,211</u>			

BOROUGH OF BOGOTA, N.J.

Schedule of Unappropriated Grant Reserves

Federal and State Grant Fund

Year Ended December 31, 2016

<u>Purpose</u>	Balance, Dec. 31, <u>2015</u>	Appropriated in 2016 <u>Budget</u>	<u>Receipts</u>	<u>Cancelled</u>	Balance, Dec. 31, <u>2016</u>
Alcohol Rehabilitation	\$ 1,355	1,355	121		121
Body Armor	1,847	1,847	1,703		1,703
Clean Communities	12,962	12,962	14,818		14,818
Impaired Driving Countermeasure	7,500			7,500	
Recycling Tonnage Grant	10,702	10,702	6,538		6,538
	<u>\$ 34,366</u>	<u>26,866</u>	<u>23,180</u>	<u>7,500</u>	<u>23,180</u>

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BOROUGH OF BOGOTA, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2016

	Animal Trust Fund	Other Trust Fund	Recreation Trust Fund	Library Trust Fund	Emergency Service LOSAP Fund
Balance - December 31, 2015	\$ 9,311	2,249,903	112,170	27,083	
Increased by Receipts:					
Animal License Fees	2,181				
Due to State of New Jersey	530				
Payroll Deductions		5,445,051			
Various Trust Deposits		3,409,873			
Recreation Fees			207,155		
Library Collections				43,036	
Interest Earned on Investments	29	3,982	529	107	
Interest Income/Gain on Investments					1,034
Contributions Deposited					26,350
Total Receipts	2,740	8,858,906	207,684	43,143	27,384
	12,051	11,108,809	319,854	70,226	27,384
Decreased by Disbursements:					
Schedule of Interfunds	29	5,432	529		
Due to State of New Jersey	548				
Payroll Deductions		5,014,058			
Various Trust Deposits		4,576,482			
Recreation Fees			229,213		
Library Expenditures				25,999	
Total Disbursements	577	9,595,972	229,742	25,999	
Balance - December 31, 2016	\$ 11,474	1,512,837	90,112	44,227	27,384

BOROUGH OF BOGOTA, N.J.

Reserve for Animal Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2016

Balance - December 31, 2015		\$	6,848
Increased by:			
License Fees Collected	\$	2,181	
Interfund		<u>90</u>	
			<u>2,271</u>
			9,119
Decreased by:			
Statutory Excess			<u>3,509</u>
Balance - December 31, 2016		\$	<u><u>5,610</u></u>

Animal Licenses Collected

<u>Year</u>		<u>Amount</u>
2015	\$	2,296
2014		<u>3,314</u>
	\$	<u><u>5,610</u></u>

BOROUGH OF BOGOTA, N.J.

Schedule of Due to State of New Jersey

Animal License Trust Fund

Year Ended December 31, 2016

Balance - December 31, 2015	\$	403
Increased by:		
State License Fees collected		<u>530</u>
		933
Decreased by:		
Cash Disbursements		<u>548</u>
Balance - December 31, 2016	\$	<u><u>385</u></u>

BOROUGH OF BOGOTA, N.J.

Schedule of Interfund - Current Fund

Trust Funds

Year Ended December 31, 2016

	Due from/(to) Balance <u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2016</u>
Animal License Trust				
Current Fund	\$ (2,060)	119	3,538	(5,479)
Total Animal Trust	<u>(2,060)</u>	<u>119</u>	<u>3,538</u>	<u>(5,479)</u>
Other Trust				
Current Fund	(82,583)	5,432	3,982	(81,133)
Total Other Trust	<u>(82,583)</u>	<u>5,432</u>	<u>3,982</u>	<u>(81,133)</u>
Other Trust - Police Outside Duty				
Current Fund	300,000		300,000	
Total Other Trust - Outside Duty	<u>300,000</u>		<u>300,000</u>	
Recreation Trust				
Current Fund	(33,715)	1,129	529	(33,115)
Total Recreation Trust	<u>(33,715)</u>	<u>1,129</u>	<u>529</u>	<u>(33,115)</u>
	<u>\$ 181,642</u>	<u>6,680</u>	<u>308,049</u>	<u>(119,727)</u>
Due to	300,000		300,000	
Due from	(118,358)	6,680	8,049	(119,727)
	<u>\$ 181,642</u>	<u>6,680</u>	<u>308,049</u>	<u>(119,727)</u>
Statutory Excess			\$ 3,509	
Interest on Investments			4,540	
Reserve for Police Outside Duty			300,000	
Reserve for Recreation Expenditures		600		
Reserve for Animal Expenditures		90		
Cash Disbursements		5,990		
		<u>\$ 6,680</u>	<u>308,049</u>	

BOROUGH OF BOGOTA, N.J.
Schedule of Payroll Deductions Payable
Other Trust Fund
Year Ended December 31, 2016

Balance - December 31, 2015	\$ 116,817
Increased by:	
Payroll Deposits	<u>5,445,051</u>
	5,561,868
Decreased by:	
Payroll Disbursements	<u>5,014,058</u>
Balance - December 31, 2016	<u><u>\$ 547,810</u></u>

BOROUGH OF BOGOTA, N.J.

Schedule of Miscellaneous Reserves

Other Trust Fund

Year Ended December 31, 2016

	<u>Balance</u>			<u>Balance</u>
	<u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2016</u>
Reserve for:				
Escrow Deposits	\$ 74,882	2,059,106	2,046,115	87,873
Municipal Court - POAA	36,324	298		36,622
Municipal Court - Public Defender	5,219	628	140	5,707
Police Vests		1,355	4,595	(3,240)
Uniform Fire Safety	25,291	3,202		28,493
Tax Title Liens	298,897	416,926	399,207	316,616
Outside Police Duty	300,000		300,000	
Judgements	1,500,000	875,000	2,126,425	248,575
Recycling	32,522	11,238		43,760
Community Garden		120		120
Escrow Deposits (Accutrack)	63,868			63,868
Vacant Property	13,500	42,000		55,500
	<u>\$ 2,350,503</u>	<u>3,409,873</u>	<u>4,876,482</u>	<u>883,894</u>

Interfunds \$		300,000
Cash Receipts	3,409,873	
Cash Disbursements		4,576,482
Reallocation		
	<u>\$ 3,409,873</u>	<u>4,876,482</u>

BOROUGH OF BOGOTA, N.J.

Schedule of Reserve for Recreation Expenditures

Recreation Trust Fund

Year Ended December 31, 2016

Balance - December 31, 2015		\$	78,455
Increased by:			
Recreation Fees Collected	\$	207,155	
Due from Current		<u>600</u>	
			<u>207,755</u>
			286,210
Decreased by:			
Cash Disbursements			<u>229,213</u>
Balance - December 31, 2016		\$	<u><u>56,997</u></u>

BOROUGH OF BOGOTA, N.J.

Schedule of Reserve for Library Expenditures

Library Trust Fund

Year Ended December 31, 2016

Balance - December 31, 2015		\$	27,083
Increased by:			
Library Collections	\$	43,036	
Interest Earned		<u>107</u>	
			<u>43,143</u>
			70,226
Decreased by:			
Library Disbursements			<u>25,999</u>
Balance - December 31, 2016		\$	<u><u>44,227</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, 2016

Balance - December 31, 2015		\$	29,450
Increased by:			
2015 Service Award Contribution	\$	30,225	
2016 Service Award Contribution		<u>39,608</u>	
			<u>69,833</u>
			99,283
Decreased by:			
Cash Receipts		26,350	
Return of Prior Year Contributions		<u>3,100</u>	
			<u>29,450</u>
Balance - December 31, 2016		\$	<u><u>69,833</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, 2016

Balance - December 31, 2015		\$	29,450
Increased by:			
Service Award Contribution	\$	69,833	
Gain on Investments		<u>1,034</u>	
		\$	<u>70,867</u>
			100,317
Decreased by:			
Return of Prior Year Contribution			<u>3,100</u>
Balance - December 31, 2016		\$	<u><u>97,217</u></u>

BOROUGH OF BOGOTA, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2016

Balance - December 31, 2015		\$	880,854
Increased by Receipts:			
Bond Anticipation Notes Proceeds	\$	1,276,000	
Budget Appropriation -			
Capital Improvement Fund		50,000	
Interfunds		1,763	
Reserve for Payment of Debt		<u>23,438</u>	
			<u>1,351,201</u>
			2,232,055
Decreased by Disbursements:			
Improvement Authorizations		1,545,035	
Interfunds		<u>1,763</u>	
			<u>1,546,798</u>
Balance - December 31, 2016		\$	<u><u>685,257</u></u>

BOROUGH OF BOGOTA, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2016

Reserve for Payment of Debt	\$	23,438
Capital Improvement Fund		38,005
Fund Balance		8,240

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
1441	Acquisition of Passenger Bus	15,550
1462	Various Public Improvements	105,711
1463	Sanitary Sewer System Improvements	108,857
1476	Various Public Improvements	568,393
1483	Various Improvements to Buildings	(183,075)
1488	Various Improvements to Buildings	138
		<u>138</u>
		<u>\$ 685,257</u>

BOROUGH OF BOGOTA, N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2016

		<u>Increased</u>	<u>Decreased</u>
Current Fund	\$	<u>1,763</u>	<u>1,763</u>
		<u>1,763</u>	<u>1,763</u>
Disbursements \$		1,763	
Interest on Investments		<u> </u>	<u>1,763</u>
		<u>1,763</u>	<u>1,763</u>

BOROUGH OF BOGOTA, N.J.
Schedule of Deferred Charges to Future
Taxation - Funded
General Capital Fund
Year Ended December 31, 2016

Balance - December 31, 2015		\$ 4,587,000
Decreased by:		
Current Year Budget Appropriations:		
Serial Bonds	\$ 675,000	
Capital Leases	<u>83,000</u>	
		<u>758,000</u>
Balance - December 31, 2016		<u><u>\$ 3,829,000</u></u>

BOROUGH OF BOGOTA, N.J.

Schedule of Capital Leases Payable

General Capital Fund

Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2016		Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
			Date	Amount				
BCIA Loan Refunding Revenue Bonds	May 17, 2012	427,000	03/15/17	88,000	1.64%	265,000	83,000	182,000
			03/15/18	94,000	2.11%			
						<u>\$ 265,000</u>	<u>83,000</u>	<u>182,000</u>

BOROUGH OF BOGOTA, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
1424	Refunding Tax Appeals	Jun. 14, 2013	May 13, 2016	May 12, 2017	2.00%	\$ 350,000	235,000	350,000	235,000
1442	Acquisition of Passenger Bus	July 24, 2014	May 13, 2016	May 12, 2017	2.00%	80,000	80,000	80,000	80,000
1443	Improvements to Municipal Facilities	July 24, 2014	May 13, 2016	May 12, 2017	2.00%	95,000	95,000	95,000	95,000
1445	2014 Road Improvement Program	Nov. 13, 2014	May 13, 2016	May 12, 2017	2.00%	190,000	190,000	190,000	190,000
1462	Various Public Improvements	Nov. 13, 2015	May 13, 2016	May 12, 2017	2.00%	1,047,000	1,047,000	1,047,000	1,047,000
1463	Sanitary Sewer System Improvements	Nov. 13, 2015	May 13, 2016	May 12, 2017	2.00%	238,000	238,000	238,000	238,000
1467	Refunding Bonds (Tasca)	Nov. 13, 2015	May 13, 2016	May 12, 2017	2.00%	415,000	332,000	415,000	332,000
1476	Various Public Improvements	May 13, 2016	May 13, 2016	May 12, 2017	2.00%		1,276,000		1,276,000
						<u>\$ 2,415,000</u>	<u>3,493,000</u>	<u>2,415,000</u>	<u>3,493,000</u>
							Cash \$ 1,276,000		
							Budget Appropriation Renewed 2,217,000	198,000	
								<u>2,217,000</u>	
							\$ 3,493,000	<u>2,415,000</u>	

BOROUGH OF BOGOTA, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2015		2016 Authorizations	Paid or Charged	Adjustment	Balance Dec. 31, 2016	
			Funded	Unfunded				Funded	Unfunded
1419	Various Public Improvements and Acquisition	\$ 1,171,900	\$ 3,577				3,577		15,550
1442	Acquisition of Passenger Bus	85,000		550			(15,000)		
1443	Improvements to Facilities	100,000		2,780		10,264	(7,484)		
1445	2014 Road Program	200,000		97,205			97,205		
1450	Acquisition of Various Equipment	30,000				11,524	(11,524)		
1462	Various Public Improvements	1,100,000		549,076		413,031	30,334		105,711
1463	Sanitary Sewer System Improvements	250,000		142,421		130,672	(97,108)		108,857
1476	Various Public Improvements	1,340,000			1,340,000	771,607			568,393
1483	Various Improvements to Buildings	200,000			200,000	193,075			6,925
1488	Various Improvements to Buildings	300,000			300,000	14,862		138	283,000
			\$ 3,577	792,032	1,840,000	1,545,035		138	1,090,436

Capital Improvement Fund \$ 89,000

Deferred Charges to Future Taxation - Unfunded 1,751,000

\$ 1,840,000

BOROUGH OF BOGOTA, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2016

Balance - December 31, 2015	\$ 77,005
Increased by:	
Budget Appropriation	<u>50,000</u>
	127,005
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>89,000</u>
Balance - December 31, 2016	<u><u>\$ 38,005</u></u>

BOROUGH OF BOGOTA, N.J.

Schedule of Reserve for Payment of Debt

General Capital Fund

Year Ended December 31, 2016

Increased by:	
Cash Receipts	\$ <u>23,438</u>
Balance - December 31, 2016	\$ <u><u>23,438</u></u>

BOROUGH OF BOGOTA, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2016

<u>Ordinance Number</u>	<u>Improvement Description</u>	2016 <u>Authorizations</u>	Bond Anticipation <u>Notes Issued</u>	Balance <u>Dec. 31, 2016</u>
1476	Various Public Improvements	\$ 1,276,000	1,276,000	
1483	Various Improvements to Buildings	190,000		190,000
1488	Various Improvements to Buildings	<u>285,000</u>	<u> </u>	<u>285,000</u>
		<u>\$ 1,751,000</u>	<u>1,276,000</u>	<u>475,000</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, 2016

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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

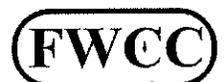
Honorable Mayor and
Members of the Borough Council
Borough of Bogota
County of Bergen, New Jersey

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, 2016 and the related notes to the financial statements, and have issued our report thereon dated February 22, 2018, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. A disclaimer of opinion was issued on the regulatory basis for a lack of supporting documentation.

Internal Control Over Financial Reporting

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

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



Honorable Mayor and
Members of the Borough Council
Page 2.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 to be material weaknesses.

We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2016-003 and 2016-004 to be significant deficiencies.

Compliance and Other Matters

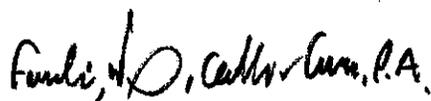
As part of obtaining reasonable assurance about whether the Borough of Bogota's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002, 2016-003 and 2016-004.

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

Purpose of this Report

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


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


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



February 22, 2018

BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 2016-001

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

Criteria or Specific Requirements:

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

Condition:

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

Context:

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

Effect:

The Borough did not produce general ledgers, subsidiary ledgers or bank reconciliations for audit.

Cause:

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

Recommendation:

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

Management's Response:

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

BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(continued)

Section I – Financial Statement Findings

Finding 2016-002

Our audit revealed instances in which there were material discrepancies within the Annual Financial Statement filed with the State of New Jersey.

Criteria or Specific Requirement:

Amounts reported as cash and interfunds were inconsistent throughout the Annual Financial Statement.

Condition:

The Current Fund Cash reported on the Cash Reconciliation page did not agree to the Trial Balance. Amounts recorded as “Due to Other Trust” in the Current Fund Trial Balance do not appear as “Due from Current Fund” in the Other Trust Trial Balance.

Questioned Costs:

Unknown

Context:

The amounts reported within the Annual Financial Statement were not consistent throughout the document.

Effect:

The Annual Financial Statement included material misstatements. General ledgers, subsidiary ledgers and bank reconciliations were not provided for audit; therefore an audit opinion could not be expressed on the financial statements.

Cause:

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

Recommendation:

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

Management's Response:

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

BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(continued)

Section I – Financial Statement Findings

Finding 2016-003

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

Criteria or Specific Requirement:

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

Condition:

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

Questioned Costs:

Unknown

Context:

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

Effect:

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

Cause:

Internal control policies in 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 corrective action will be taken.

BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(continued)

Section I – Financial Statement Findings

Finding 2016-004

Our audit revealed instances in which purchase order and check numbers were duplicated.

Criteria or Specific Requirement:

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

Condition:

Local units shall maintain internal controls that ensure that all purchases to Other Expenses or other non-salary line items shall be sequentially numbered either through pre-printed multiple copy purchase orders or a computerized system that produces appropriate purchasing internal control.

Questioned Costs:

Unknown

Context:

There were instances in which purchase order and check numbers were duplicated however only one item is reflected in the system generated check registers.

Effect:

Unrecorded transactions may not be recorded in the financial statements which could result in material misstatement.

Cause:

Internal control policies in place are not being adhered to.

Recommendation:

That controls over purchasing procedures be enhanced to ensure that duplicate purchase orders and checks are not issued and all transaction are properly recorded in the system.

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, 2016

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-001

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

Condition:

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

Recommendation:

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

Current Status:

Unknown, the Borough could not produce general ledgers, subsidiary ledgers or bank reconciliations for the current year.

Finding 2015-002

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

Condition:

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

Recommendation:

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

Current Status:

Corrective action has not been taken, see Finding 2016-001.

BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(continued)

Section I – Financial Statement Findings

STATUS OF PRIOR YEAR FINDINGS, CONTINUED

Finding 2015-003

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 2016-003.

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:

- Borough Hall Renovations
- 2017 Volvo VHD64F Tandem Axel Truck or Approved Equal
- Construction of New DPW Building
- Garbage and Recycling Collection Services

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 3, 2016, 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, 2016, 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>
2016	1
2015	2
2014	4

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**BOROUGH OF BOGOTA
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2016**

COMMENTS:

Finance:

1. A corrective action plan for the year ended December 31, 2015 audit comments and recommendations was not prepared.
2. Prior year interfund balances were not liquidated prior to the close of the current fiscal year.
3. There were instances in which interest on delinquent taxes was inconsistently charged.
4. 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. A fixed asset report was not prepared for the year ended December 31, 2016.

Payroll:

1. *The portion of employees' unemployment withholdings for state unemployment insurance that is to be retained by the Borough is not being deposited into a separate reserve for unemployment as required under the Benefit Reimbursement Method.
2. *There were two manual check books used throughout the course of the year for the Payroll Deductions bank account.
3. *An analysis of the remaining balance in the Payroll Deductions bank account was not provided at the time of audit.
4. *There were instances in which enrolled employees health benefits deductions were not being calculated in accordance with Chapter 78, P.L. 2011.
5. *There were instances in which employee W-4 forms could not be located for review for selected individuals.
6. Quarterly payroll tax reports were not made available at the time of audit.

Municipal Clerk:

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

Board of Health:

1. Amounts paid to the State for Marriage License fee were not in agreement with amounts collected per the cash journal resulting in an underpayment.

Library:

1. Deposits are not being made within 48 hours of receipt as required by N.J.S.A. 40A:5-15.

**BOROUGH OF BOGOTA
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2016**

COMMENTS, Continued:

Municipal Court:

1. There are 25 tickets Eligible for DSUS/RSUS on the December Monthly Management Report.
2. There are 112 tickets Assigned over 180 days on the December Monthly Management Report.
3. There are 23 tickets Issued but Not Assigned on the December Monthly Management Report.
4. There are 37 tickets Eligible for FTA over 14 days on the December Monthly Management Report.
5. *The reconciled cash bail balance does not agree to the Bail on Account per ATS/ACS.

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 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.
3. *IRS Form 1099's were not issued to eligible vendors that were compensated in excess of IRS thresholds.
4. *Documentation of formal evaluations for Request for Qualification submissions were not available at the time of audit
5. *There were instances in which the certification of available funds was not included in resolutions awarding contracts resulting from bids requested by public advertising.
6. There were instances in which purchase orders were missing required signatures and supporting documentation.
7. There were instances in which checks were dated prior to goods and/or services being received and/or rendered.
8. There were instances in which disbursements were not included on the bill list approved by Mayor and Council.
9. There were various instances in which purchase orders selected for review were not available at the time of audit.

**BOROUGH OF BOGOTA
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2016**

RECOMMENDATIONS:

Finance:

1. That a corrective action plan be prepared and approved by Mayor and Council.
2. That all interfund balances be liquidated prior to the close of the year.
3. That interest on delinquent taxes be charged consistently in accordance with the resolution adopted by Mayor and Council.
4. That a fixed asset report be prepared on an annual basis.

Payroll:

1. *That the Borough create a separate reserve for the percentage portion of the employees' unemployment withholdings required to be maintained.
2. *That only one checkbook be utilized for the issuance of manual checks from the Payroll Deductions bank account.
3. *That an analysis of the remaining balance be maintained for the Payroll Deductions bank account.
4. *That all employees' health benefit deductions be calculated in accordance with Chapter 78, P.L. 2011.
5. That all W-4 forms be made available for review at the time of audit.
6. That all quarterly tax reports be made available for review.

Municipal Clerk:

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

Board of Health:

1. That more care be taken to ensure that payments made to the State for Marriage License fees agree to amounts collected.

Library:

1. *That more care be taken to ensure deposits are made within 48 hours of receipt as required by N.J.S.A.40A:5-15.

Municipal Court:

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

**BOROUGH OF BOGOTA
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2016**

RECOMMENDATIONS, Continued:

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 all purchases in excess of 15% or the bid threshold include documentation of quotes obtained as required by the Local Public Contracts Law.
3. *That IRS Form 1099's be issued to all eligible vendors as required by IRS Rev. Rul. 2003-66.
4. *That documentation of formal evaluations be prepared prior to awarding contracts resulting from Request for Qualifications.
5. *That a certification of available funds be included in all resolutions awarding contracts.
6. That more care be taken to ensure all purchase order contain the required signatures and supporting documentation prior to payment in accordance with the Division of Local Government Services, Requirements of Audit for Expenditures and Disbursements.
7. That more care be taken to ensure payments for goods and/or services are not made prior to receipt of goods and/or services rendered in accordance as prescribed by Technical Directive #1.
8. That more care be taken to ensure that all items are included on bill lists submitted for approval in accordance with N.J.S.A. 40A:5-17.
9. That more care be taken to ensure all requested purchase orders are available for review in accordance with the Division of Local Government Services, Requirements of Audit for Expenditures and Disbursements.

BOROUGH OF BOGOTA

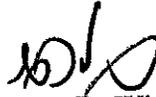
STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

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

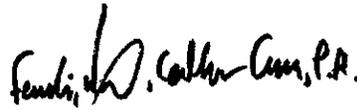
ACKNOWLEDGMENT

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

February 22, 2018

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