

BOROUGH OF BOGOTA
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2019

BOROUGH OF BOGOTA

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BOROUGH OF BOGOTA

BERGEN COUNTY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Bogota
Bogota, 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, as of December 31, 2019, and the related statements of operations and changes in fund balance - regulatory basis, statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 18 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2019. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 26 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2019.

Qualified Opinion on Regulatory Basis of Accounting

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

Other Matters

Prior Year’s Financial Statements Audited by Other Auditors

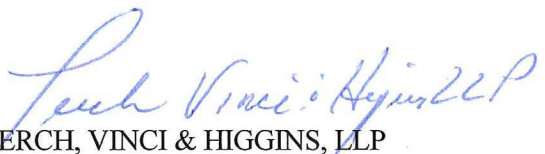
The financial statements of the Borough of Bogota as of and for the year ended December 31, 2018 were audited by other auditors whose report dated May 17, 2019 expressed an adverse opinion on the financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America but rather the regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. Their report also expressed a modified opinion on those financial statements – regulatory basis prepared in accordance with the regulatory basis of accounting. The auditors were unable to satisfy themselves as to the correct carrying value of the general fixed assets. In addition, the Length of Service Award Program amounts in the Borough’s trust fund financial statements were not audited.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 18, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Bogota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Bogota's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
September 18, 2020

BOROUGH OF BOGOTA
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Operating Fund			
Cash	A-4	\$ 2,228,735	\$ 1,469,944
Change Funds	A-5	280	1,280
Due from State of New Jersey - Senior Citizen and Veteran's Deductions	A-7	<u>22,272</u>	<u>21,558</u>
		<u>2,251,287</u>	<u>1,492,782</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes	A-8	4,392	20,643
Tax Title Liens	A-9	10,295	9,548
Property Acquired for Taxes	A-10	136,680	136,680
Revenue Accounts Receivable	A-12	6,903	9,367
Interfunds Receivable:			
Due from Animal Control Fund	B-2	2,420	
Due from Recreation Trust Fund	B-8	69,256	
Due from Other Trust Fund	B-5		271
Prepaid School Taxes Payable	A-16	<u>-</u>	<u>232,390</u>
		<u>229,946</u>	<u>408,899</u>
Deferred Charges			
Emergency Authorizations	A-11		19,000
Expenditures without Appropriation	A-11	69,500	
Overexpenditure of Appropriation Reserves	A-11	-	4,434
Overexpenditure of Appropriations	A-11	<u>49,300</u>	<u>-</u>
		<u>118,800</u>	<u>23,434</u>
		<u>2,600,033</u>	<u>1,925,115</u>
Federal and State Grant Fund			
Grants Receivable	A-6	32,505	33,936
Due from Current Fund	A	<u>147,985</u>	<u>120,082</u>
		<u>180,490</u>	<u>154,018</u>
		<u>\$ 2,780,523</u>	<u>\$ 2,079,133</u>

BOROUGH OF BOGOTA
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Liabilities:			
Appropriation Reserves	A-3,A-13	\$ 53,746	\$ 206,682
Encumbrances Payable/Accounts Payable	A-14	100,259	31,685
Prepaid Taxes	A-17	87,189	67,248
Tax Overpayments	A-18		511
Due to State of New Jersey	A-19	2,414	10,083
Due to Library	A-20	69,148	8,761
County Taxes Payable	A-15		23,274
Miscellaneous Reserves	A-21	37,466	5,328
Interfunds Payable			
Due to Federal and State Grant Fund	A	147,985	120,082
Due to Other Trust Fund	B-5	-	7,962
		<u>498,207</u>	<u>481,616</u>
Reserve for Receivables	A	229,946	408,899
Fund Balance	A-1	<u>1,871,880</u>	<u>1,034,600</u>
		<u>2,600,033</u>	<u>1,925,115</u>
Federal and State Grant Fund			
Appropriated Reserves	A-23	154,017	136,471
Unappropriated Reserves	A-22	<u>26,473</u>	<u>17,547</u>
		<u>180,490</u>	<u>154,018</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,780,523</u>	<u>\$ 2,079,133</u>

BOROUGH OF BOGOTA
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
STATUTORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 135,000	\$ 570,000
Miscellaneous Revenue Anticipated	A-2	1,625,552	1,935,498
Receipts from Delinquent Taxes	A-2	20,643	1,273
Receipts from Current Taxes	A-2	26,043,259	25,056,741
Non-Budget Revenue	A-2	69,926	84,863
Other Credits to Income			
Statutory Excess	B-2	2,420	
Unexpended Balance of Appropriation Reserves	A-13	72,732	236,270
Prior Year Interfunds Returned	A	271	547,023
Prepaid School Tax Applied	A-16	<u>232,390</u>	<u>-</u>
Total Income		<u>28,202,193</u>	<u>28,431,668</u>
EXPENDITURES			
Budget Appropriations:			
Operations			
Salaries and Wages	A-3	3,422,800	3,569,232
Other Expenses	A-3	4,453,446	4,197,168
Deferred Charges and Statutory			
Expenditures- Municipal	A-3	812,712	831,597
Judgments	A-3	100,000	149,993
Capital Improvements	A-3	50,000	50,000
Municipal Debt Service	A-3	646,741	1,268,133
Expenditures without Appropriation	A-11	69,500	
Local District School Taxes	A-16	15,749,210	15,576,894
County Taxes Payable	A-15	1,934,952	1,794,140
Due to County for Added and Omitted Taxes	A-15	26,746	
Interfund Advances	A	71,676	
Refund of Prior Year Taxes	A-4	9,930	
Refund of Prior Year Revenue	A-4	<u>1,000</u>	<u>4,816</u>
Total Expenditures		<u>27,348,713</u>	<u>27,441,973</u>
Excess in Revenues		853,480	989,695
Adjustment to Income before Fund Balance:			
Expenditures included above which are by Statute Deferred			
Charges to Budget of Succeeding Year			
Emergency Appropriations			19,000
Expenditures without Appropriation	A-11	69,500	
Overexpenditures of Appropriations	A-11	<u>49,300</u>	<u>-</u>
Statutory Excess to Fund Balance		972,280	1,008,695
Fund Balance, January 1	A-1	<u>1,034,600</u>	<u>595,905</u>
		2,006,880	1,604,600
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>135,000</u>	<u>570,000</u>
Fund Balance, December 31	A-1	<u>\$ 1,871,880</u>	<u>\$ 1,034,600</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF BOGOTA
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Reference	2019 Budget	Added by N.J.S. 40A:4-87	2019 Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 135,000	-	\$ 135,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-12	16,000		16,052	\$ 52
Other	A-12	7,300		5,615	(1,685)
Fees and Permits	A-12	27,434		34,761	7,327
Fines and Costs					
Municipal Court	A-12	140,000		156,551	16,551
Interest and Costs on Taxes	A-12	29,000		40,441	11,441
Interest on Investments and Deposits	A-12	10,000		22,149	12,149
Cable Television Franchise Fees	A-12	103,000		98,328	(4,672)
Energy Receipts Tax	A-12	610,760		610,760	
Consolidated Municipal Property Tax Relief Aid	A-12	66,916		66,916	
Uniform Construction Code Fees	A-12	120,000		273,589	153,589
State and Federal Revenues Offset with Appropriations					
Clean Communities Program	A-22	12,048		12,048	
Alcohol Education and Rehabilitation	A-22	659		659	
Recycling Tonnage Grant	A-22	2,689		2,689	
Forest Management	A-22	2,150		2,150	
Uniform Fire Safety Act	A-12	17,000		42,647	25,647
Swim Club Rent	A-12	10,000		10,000	-
Outside Police Employment-Administrative Fees	A-12	75,000		136,484	61,484
PILOT-297 Palisades Ave	A-12	90,000		93,713	3,713
Developer's Contribution- River Development Bogota Urban- Tax Relief	A	125,000	-	-	(125,000)
	A-1	1,464,956	-	1,625,552	160,596
RECEIPTS FROM DELINQUENT TAXES	A-1,A-2	-	-	20,643	20,643
AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes	A-2	7,763,465	-	8,246,114	482,649
Minimum Library Tax	A-2	261,237	-	261,237	-
Total Amount to be Raised by Taxes for Support of Municipal Budget		8,024,702	-	8,507,351	482,649
Total General Revenues	A-3	\$ 9,624,658	\$ -	10,288,546	\$ 663,888
Non-Budget Revenue	A-1,A-2			69,926	
				<u>\$ 10,358,472</u>	

BOROUGH OF BOGOTA
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 26,043,259
Less: Allocated to School and County Taxes	A-15,A-16	<u>17,710,908</u>
Balance for Support of Municipal Budget Appropriations		8,332,351
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>175,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 8,507,351</u>
Licenses - Other		
Board of Health	A-12	\$ 3,449
Borough Clerk	A-12	<u>2,166</u>
	A-2	<u>\$ 5,615</u>
Fees and Permits		
Borough Clerk	A-12	\$ 3
Board of Health	A-12	405
Property Maintenance	A-12	29,071
Planning/Zoning Boards	A-12	3,320
Police Department	A-12	<u>1,962</u>
	A-2	<u>\$ 34,761</u>
Miscellaneous Revenue Not Anticipated:		
Copies		\$ 2,562
BCUA Connection Fee Incentive		5,000
Polling Rentals		360
County Snow Plowing Refund		3,300
Prior Years' Void Checks		11,265
Payments in Lieu of Taxes		2,250
Administrative Fee - Senior Citizens and Veterans Deductions		946
LEA Rebate		9,361
Miscellaneous		<u>34,882</u>
	A-2,A-4	<u>\$ 69,926</u>

BOROUGH OF BOGOTA
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019 Appropriations</u>		<u>2019 Expended</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Overexpended</u>
OPERATIONS - WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries and Wages						
Administrator's Office	\$ 122,000	\$ 122,000	\$ 121,450	\$ 550		
Other Expenses						
Administrator's Office	75,000	76,000	75,342	658		
Mayor & Council						
Salaries and Wages	17,250	17,250	17,167	83		
Other Expenses	3,500	5,200	5,109	91		
Municipal Clerk						
Salaries and Wages	121,000	124,900	124,573	327		
Other Expenses	30,000	41,000	40,417	583		
Financial Administration						
Salaries and Wages	25,650	10,400	10,195	205		
Other Expenses	120,000	142,500	136,578	5,922		
Audit Services						
Annual Audit	60,000	51,530	51,530			
Data Processing						
Other Expenses	40,000	49,200	49,157	43		
Collection of Taxes						
Salaries and Wages	50,500	21,000	20,485	515		
Other Expenses	20,000	72,000	71,518	482		
Assessment of Taxes						
Salaries and Wages	16,000	16,000	15,983	17		
Other Expenses	5,000	5,000	4,990	10		
Legal Services and Costs						
Other Expenses	100,000	145,000	139,086	5,914		
Engineering Services and Costs						
Other Expenses	15,000	17,100	17,094	6		
LAND USE ADMINISTRATION						
Municipal Land Use Law (N.J.S.A. 40:55-1):						
Planning Board						
Salaries and Wages	2,500	2,500	2,468	32		
Other Expenses	14,000	19,000	18,897	103		
Code Enforcement						
Salaries and Wages	24,000	26,000	25,403	597		
Other Expenses	10,000	1,475	1,475			
INSURANCE						
Other Insurance Premiums	10,000	4,189	4,189			
Group Insurance Plan for Employees	665,000	568,342	567,886	456		
Health Benefit Waiver	10,000	10,000	10,000			
Liability Insurance	415,000	385,300	385,294	6		
Worker's Compensation Insurance	200,000	194,500	194,473	27		
Unemployment Insurance	10,000	5,054	5,054			
PUBLIC SAFETY FUNCTIONS						
Department of Police						
Salaries and Wages	1,776,000	1,869,500	1,866,036	3,464		
Other Expenses	125,000	136,000	134,335	1,665		
Uniforms - Other Expenses						
Police Cars						
Emergency Management Services						
Other Expenses	20,000	11,560	11,560			
First Aid Organization						
Salaries and Wages						
Other Expenses	100,000	100,000	99,433	567		

BOROUGH OF BOGOTA
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019 Appropriations</u>		<u>2019 Expended</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Overexpended</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)						
PUBLIC SAFETY FUNCTIONS (Cont'd)						
Rescue Squad						
Other Expenses	\$ 30,000	\$ 27,500	\$ 27,461	\$ 39		
Fire (Uniform Fire Safety Act)						
Salaries and Wages	30,750	33,000	32,793	207		
Other Expenses	85,000	81,100	81,066	34		
PUBLIC WORKS FUNCTIONS						
Road Repairs and Maintenance						
Salaries and Wages	549,500	556,000	555,968	32		
Other Expenses	115,000	97,800	97,787	13		
Shade Tree Commission						
Other Expenses	25,000	18,650	18,644	6		
Garbage and Trash Removal						
Solid Waste Disposal Fees	300,000	246,700	296,000			\$ 49,300
Public Buildings and Grounds						
Other Expenses	120,000	150,000	149,459	541		
HEALTH AND HUMAN SERVICES FUNCTIONS						
Board of Health						
Salaries and Wages	8,750	8,750	8,742	8		
Other Expenses	40,000	39,150	38,435	715		
PARK AND RECREATION FUNCTIONS						
Animal Control Services						
Other Expenses	\$ 17,500	\$ 14,400	\$ 14,327	\$ 73		
Recreation Commission RS 40:12-1						
Salaries and Wages	90,000	85,000	85,000			
Other Expenses	75,000	14,400	14,399	1		
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Events						
Other Expenses	40,000	41,000	40,980	20		

BOROUGH OF BOGOTA
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019 Appropriations</u>		<u>2019 Expended</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Overexpended</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)						
UNIFORM CONSTRUCTION CODE -						
APPROPRIATIONS OFFSET BY DEDICATED						
REVENUES (N.J.A.C. 5:23-4.17)						
CODE ENFORCEMENT AND ADMINISTRATION						
Construction Code Officials						
Salaries and Wages	\$ 103,000	\$ 123,000	\$ 122,950	\$ 50		
Other Expenses	5,000	12,000	10,477	1,523	-	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Municipal Court- Borough of Little Ferry						
Salaries and Wages	30,500	30,500	30,495	5		
Other Expenses	75,000	75,000	73,414	1,586		
UNCLASSIFIED						
Electricity and Gas	150,000	210,000	209,790	210		
Telephone/Communications	55,000	55,450	55,426	24		
Gasoline	75,000	50,850	50,836	14	-	-
Water	35,000	23,250	23,214	36	-	-
Solid Waste Disposal Costs						
Dump Fees	300,000	300,000	286,390	13,610	-	-
Total Operations Within "CAPS"	6,451,900	6,437,500	6,447,321	39,479	-	\$ 49,300
Detail						
Salaries and Wages	2,936,900	3,015,300	3,009,213	6,087	-	-
Other Expenses	3,515,000	3,422,200	3,438,108	33,392	-	49,300
DEFERRED CHARGES AND STATUTORY						
EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures:						
Social Security System (O.A.S.I.)	160,000	161,000	160,999	1		
Public Employees Retirement System	148,017	148,017	148,017			
Police & Fireman's Retirement System of NJ	480,261	480,261	480,261	-		
Deferred Charges						
Emergency Authorizations	19,000	19,000	19,000			
Overexpenditure of Appropriation Reserves	4,434	4,434	4,434	-	-	-
Total Deferred Charges and Statutory Expenditures -						
Municipal Within "CAPS"	811,712	812,712	812,711	1	-	-
Total General Appropriations for Municipal Purposes						
Within "CAPS"	7,263,612	7,250,212	7,260,032	39,480	-	49,300

BOROUGH OF BOGOTA
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019 Appropriations</u>		<u>2019 Expended</u>			
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Overexpended</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
Sewer Processing and Disposal						
Other Expenses- Operations and Maintenance	\$ 550,000	\$ 550,000	\$ 544,639	\$ 5,361		
Other Expenses- Debt Service	181,000	181,000	181,000			
Maintenance of Free Public Library						
Salaries and Wages	163,000	175,000	174,996	4		
Other Expenses	112,000	112,000	112,000			
Police Dispatch/9111						
Salaries and Wages	202,000	202,000	199,086	2,914		
Other Expenses	5,000	5,000	5,000	-		
LOSAP Contribution						
Other Expenses	40,000	41,400	41,400	-	-	-
Total Other Operations - Excluded from "CAPS"	<u>1,253,000</u>	<u>1,266,400</u>	<u>1,258,121</u>	<u>8,279</u>	<u>-</u>	<u>\$ 49,300</u>
ADDITIONAL APPROPRIATIONS OFFSET BY						
REVENUES (N.J.S. 40A:4-45.3(h))						
Recycling Tonnage Grant	2,689	2,689	2,689			
Clean Communities Program	12,048	12,048	12,048			
Community Forestry Management Plan	2,150	2,150	2,150			
Alcohol Education and Rehabilitation Program	659	659	659	-	-	-
Total Appropriations Offset by Revenues	<u>17,546</u>	<u>17,546</u>	<u>17,546</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	<u>1,376,046</u>	<u>1,389,446</u>	<u>1,379,576</u>	<u>9,870</u>	<u>-</u>	<u>49,300</u>
Detail						
Salaries and Wages	395,500	407,500	404,577	2,923		
Other Expenses	<u>980,546</u>	<u>981,946</u>	<u>974,999</u>	<u>6,947</u>	<u>-</u>	<u>-</u>

BOROUGH OF BOGOTA
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019 Appropriations</u>		<u>2019 Expended</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Overpend</u>
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"						
Payment of Bond Principal	320,000	320,000	320,000			
Interest on Bonds	135,000	135,000	124,137		\$ 10,863	
Bond Anticipation Notes						
Principal	83,000	83,000	83,000			
Interest	122,000	122,000	119,604	-	2,396	-
Total Municipal Debt Service - Excluded from "CAPS"	660,000	660,000	646,741	-	13,259	-
Judgements	100,000	100,000	95,604	\$ 4,396	-	-
Total General Appropriations to Municipal Purposes Excluded from "CAPS"	2,186,046	2,199,446	2,171,921	14,266	13,259	\$ 49,300
Subtotal General Appropriations	9,449,658	9,449,658	9,431,953	53,746		
Reserve for Uncollected Taxes	175,000	175,000	175,000	-	-	-
Total General Appropriations	\$ 9,624,658	\$ 9,624,658	\$ 9,606,953	\$ 53,746	\$ 13,259	\$ 49,300
<u>Reference</u>	A-2	A-3	A-1	A,A-1		A-11

BOROUGH OF BOGOTA
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Reference</u>	<u>Appropriations Budget After Modification</u>	<u>Expended Paid or Charged</u>
Budget as Adopted	A-2	<u>\$ 9,624,658</u>	
Cash Disbursed	A-4		\$ 9,258,801
Encumbrances Payable	A-14		99,779
Appropriated Grant Reserves	A-23		17,546
Transfers to Miscellaneous Reserves	A-21		32,393
Deferred Charges	A-11		23,434
Reserve for Uncollected Taxes	A-2		<u>175,000</u>
			<u>\$ 9,606,953</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF BOGOTA
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
ASSETS			
ANIMAL CONTROL TRUST FUND			
Cash	B-1	\$ 6,823	\$ 4,624
		<u>6,823</u>	<u>4,624</u>
OTHER TRUST FUND			
Cash	B-1	673,360	442,954
Due from Current Fund	B-5	<u>-</u>	<u>7,962</u>
		<u>673,360</u>	<u>450,916</u>
RECREATION TRUST FUND			
Cash	B-1	<u>-</u>	<u>56,917</u>
		<u>-</u>	<u>56,917</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND - (UNAUDITED)			
Investments	B	201,080	134,618
Contributions Receivable	B	<u>40,119</u>	<u>41,400</u>
		<u>241,199</u>	<u>176,018</u>
Total Assets		<u>\$ 921,382</u>	<u>\$ 688,475</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF BOGOTA
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Due to Current Fund	B-2	\$ 2,420	
Due to State of New Jersey	B-3	22	
Reserve for Animal Control Trust Expenditures	B-4	<u>4,381</u>	\$ <u>4,624</u>
		<u>6,823</u>	<u>4,624</u>
OTHER TRUST FUND			
Payroll Deductions Payable	B-6	44,714	6,608
Due to Current Fund	B-5		271
Miscellaneous Reserves	B-7	<u>628,646</u>	<u>444,037</u>
		<u>673,360</u>	<u>450,916</u>
RECREATION TRUST FUND			
Due to Current Fund	B-8	69,256	
Reserve for Recreation Expenditures (Deficit)	B-9	<u>(69,256)</u>	<u>56,917</u>
		<u>-</u>	<u>56,917</u>
LENGTH OF SERVICE AWARDS PROGRAM			
FUND - (UNAUDITED)			
Net Assets Available for Benefits	B	<u>241,199</u>	<u>176,018</u>
		<u>241,199</u>	<u>176,018</u>
Total Liabilities and Reserves		<u><u>\$ 921,382</u></u>	<u><u>\$ 688,475</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF BOGOTA
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Cash	C-2,C-3	\$ 1,200,347	\$ 1,153,490
Grants Receivable	C-4	117,468	536,127
Deferred Charges to Future Taxation			
Funded	C-5	7,595,000	2,240,000
Unfunded	C-6	<u>6,077,271</u>	<u>6,529,130</u>
Total Assets		<u>\$ 14,990,086</u>	<u>\$ 10,458,747</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Improvement Authorizations			
Funded	C-7	\$ 966,779	
Unfunded	C-7	5,088,869	\$ 1,222,650
Encumbrances Payable	C-8	309,763	
Capital Improvement Fund	C-9	9,805	29,005
Serial Bonds Payable	C-10	7,595,000	2,240,000
Bond Anticipation Notes Payable	C-11	619,295	6,029,130
Reserve for Payment of Debt	C-12	235,481	151,835
Reserve for Grants Receivable	C-4	117,468	536,127
Reserve for Developer Contribution	C-13	-	250,000
Fund Balance	C-1	<u>47,626</u>	<u>-</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 14,990,086</u>	<u>\$ 10,458,747</u>

There were \$5,876,635 and \$500,000 in bonds and notes authorized but not issued at December 31, 2019 and 2018, respectively. (Exhibit C-14)

BOROUGH OF BOGOTA
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - STATUTORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Balance, January 1	C	\$ -	\$ 41,851
Increased by:			
Premium on Issuance of Serial Bonds	C-2	<u>47,626</u>	<u>-</u>
		47,626	41,851
Decreased by:			
Budgeted Revenue		<u>-</u>	<u>41,851</u>
Balance, December 31		<u>\$ 47,626</u>	<u>\$ -</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF BOGOTA
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Land	\$ 5,968,400	\$ 5,968,400
Buildings and Building Improvements	4,635,800	4,635,800
Machinery and Equipment	<u>5,894,528</u>	<u>5,850,492</u>
Total Assets	<u>\$ 16,498,728</u>	<u>\$ 16,454,692</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 16,498,728</u>	<u>\$ 16,454,692</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Bogota (the "Borough") was incorporated in 1894 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

B. Description of Regulatory Basis of Accounting

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

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2018 balances to conform to the December 31, 2019 presentation.

Financial Statements – Regulatory Basis

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Borough of Bogota follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

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

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

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

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

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

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

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

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Bogota has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

General Fixed Assets purchased after December 31, 2015 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2015 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Other Trust Fund
 General Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. The Borough did not increase the original 2019 budget. During 2018 the Borough Council increased the original budget by \$35,476. In 2018, the increase was funded by additional state aid allotted to the Borough and an emergency resolution for roof repairs. In addition, the governing body approved several budget transfers during 2019 and 2018.

B. **Excess Expenditures Over Appropriations**

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

<u>2019</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Current Fund			
Garbage and Trash Removal			
Solid Waste Disposal Fees	<u>\$246,700</u>	<u>\$296,000</u>	<u>\$49,300</u>

In addition, the Borough had expenditures without appropriations totaling \$69,500.

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

C. **Deficit Fund Balances**

The Borough has an accumulated deficit of \$69,256 in the Recreation Trust Fund. The Fund anticipated funding this deficit through a budget contribution in 2020.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2019 and 2018, the book value of the Borough's deposits were \$4,109,545 and \$3,129,209 and bank and brokerage firm balances of the Borough's deposits amounted to \$4,317,871 and \$4,879,914, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2019</u>	<u>2018</u>
Insured	\$ 4,317,871	\$ 4,879,914
	<u>\$ 4,317,871</u>	<u>\$ 4,879,914</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2019 and 2018, none of the Borough's bank balances were exposed to custodial credit risk.

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2019 and 2018, the Borough had the following investments:

	<u>Fair Value</u> <u>(LOSAP Unaudited)</u>	
	<u>2019</u>	<u>2018</u>
Investment:		
Lincoln Financial LOSAP Investment Fund	\$ 201,080	\$ 134,618
	<u>\$ 201,080</u>	<u>\$ 134,618</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2019 and 2018, \$201,080 and \$134,618 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u> <u>(LOSAP Unaudited)</u>	
	<u>2019</u>	<u>2018</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 201,080	\$ 134,618
	<u>\$ 201,080</u>	<u>\$ 134,618</u>

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2019 and 2018, the Borough's investment in Lincoln National Corporation was rated Baa1 by Moody's Investor Service and A- by Standard and Poor's.

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

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Property Taxes	\$ 4,392	\$ 20,643
Tax Title Liens	<u>10,295</u>	<u>9,548</u>
	<u>\$ 14,687</u>	<u>\$ 30,191</u>

In 2019 and 2018, the Borough collected \$20,643 and \$1,273 from delinquent taxes, which represented 100%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2019</u>		<u>2018</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund:				
Regular	\$ 71,676	\$ 147,985	\$ 271	128,044
Grants	147,985		120,082	
Trust Fund:				
Animal Control		2,420		
Other Trust			7,962	271
Rereation Trust Fund	<u>-</u>	<u>69,256</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 219,661</u>	<u>\$ 219,661</u>	<u>\$ 128,315</u>	<u>\$ 128,315</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2019</u>			
Current Fund			
Expenditures without Appropriation	\$69,500	\$69,500	
Overexpenditure of Appropriations	49,300		\$49,300
Trust Fund			
Recreation Deficit	69,256	69,256	
125 th Anniversary Celebration Deficit	8,684	8,684	
<u>2018</u>			
Current Fund			
Overexpenditure of Appropriation Reserves	\$4,434	\$4,434	
Emergency Authorization	19,000	19,000	

NOTE 7 FUND BALANCES APPROPRIATED

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

	<u>2019</u>		<u>2018</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,730,808	\$ 508,684	\$ 989,608	\$ 135,000
Non-Cash Surplus	<u>141,072</u>	<u>-</u>	<u>44,992</u>	<u>-</u>
	<u>\$ 1,871,880</u>	<u>\$ 508,684</u>	<u>\$ 1,034,600</u>	<u>\$ 135,000</u>

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2019 and 2018.

	Balance December 31, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2019</u>
<u>2019</u>				
Land	\$ 5,968,400			\$ 5,968,400
Buildings and Building Improvements	4,635,800			4,635,800
Machinery and Equipment	<u>5,850,492</u>	<u>\$ 253,873</u>	<u>\$ 209,837</u>	<u>5,894,528</u>
	<u>\$ 16,454,692</u>	<u>\$ 253,873</u>	<u>\$ 209,837</u>	<u>\$ 16,498,728</u>
	Balance December 31, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2018</u>
<u>2018</u>				
Land	\$ 5,968,400			\$ 5,968,400
Buildings and Building Improvements	4,635,800			4,635,800
Machinery and Equipment	<u>5,850,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,850,492</u>
	<u>\$ 16,454,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,454,692</u>

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et. seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2019</u>	<u>2018</u>
Issued		
General		
Bonds and Notes	\$ 8,214,295	\$ 8,269,130
Less Funds Temporarily Held to Pay Bonds and Notes	<u>654,140</u>	<u>151,835</u>
Net Debt Issued	7,560,155	8,117,295.00
Authorized But Not Issued		
General		
Bonds and Notes	<u>5,876,635</u>	<u>500,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 13,436,790</u>	<u>\$ 8,617,295</u>

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 1.736% and 1.156% at December 31, 2019 and 2018, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2019</u>			
General Debt	\$ 14,090,930	\$ 654,140	\$ 13,436,790
School Debt	<u>2,040,000</u>	<u>2,040,000</u>	<u>-</u>
Total	<u>\$ 16,130,930</u>	<u>\$ 2,694,140</u>	<u>\$ 13,436,790</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	\$ 8,769,130	\$ 151,835	\$ 8,617,295
School Debt	<u>2,530,000</u>	<u>\$ 2,530,000</u>	<u>-</u>
Total	<u>\$ 11,299,130</u>	<u>\$ 2,681,835</u>	<u>\$ 8,617,295</u>

Statutory Borrowing Power

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

	<u>2019</u>	<u>2018</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 27,091,471	\$ 26,099,181
Less: Net Debt	<u>13,436,790</u>	<u>8,617,295</u>
Remaining Borrowing Power	<u>\$ 13,654,681</u>	<u>\$ 17,481,886</u>

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2019</u>	<u>2018</u>
\$3,295,000, 2012 Bonds, due in annual installments of \$320,000 through December 1, 2025, interest at 2.00-3.00%	\$ 1,920,000	\$ 2,240,000
\$5,675,000, 2019 Bonds, due in annual installments of \$300,000 to \$600,000 through May 1, 2032, interest at 2.00-3.00%	<u>5,675,000</u>	<u>-</u>
Total	<u>\$ 7,595,000</u>	<u>\$ 2,240,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2019 is as follows:

Calendar	General		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	620,000	187,675	807,675
2021	620,000	175,275	795,275
2022	620,000	162,875	782,875
2023	620,000	150,475	770,475
2024	620,000	136,475	756,475
2025-2029	2,720,000	457,912	3,177,912
2030-2032	<u>1,775,000</u>	<u>80,625</u>	<u>1,855,625</u>
Total	<u>\$ 7,595,000</u>	<u>\$ 1,351,312</u>	<u>\$ 8,946,312</u>

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2019 and 2018 were as follows:

	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2019</u>					
General Capital Fund Bonds Payable	\$ <u>2,240,000</u>	\$ <u>5,675,000</u>	\$ <u>320,000</u>	\$ <u>7,595,000</u>	\$ <u>620,000</u>
General Capital Fund Long-Term Liabilities	\$ <u>2,240,000</u>	\$ <u>5,675,000</u>	\$ <u>320,000</u>	\$ <u>7,595,000</u>	\$ <u>620,000</u>
	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
General Capital Fund Bonds Payable	\$ <u>2,952,000</u>	\$ <u>-</u>	\$ <u>712,000</u>	\$ <u>2,240,000</u>	\$ <u>320,000</u>
General Capital Fund Long-Term Liabilities	\$ <u>2,952,000</u>	\$ <u>-</u>	\$ <u>712,000</u>	\$ <u>2,240,000</u>	\$ <u>320,000</u>

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2019 and 2018 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, December 31, <u>2018</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	Balance, December 31, <u>2019</u>
<u>2019</u>						
<u>General Capital Fund</u>						
Acquisition of Passenger Bus	2.04	5/10/2019	\$ 61,111		\$ 61,111	
Improvements to Municipal Facility	2.04	5/10/2019	86,724		86,724	
2014 Road Improvement Program	2.04	5/10/2019	170,000		170,000	
Various Public Improvements	2.04	5/10/2019	3,706,308		3,706,308	
Various Public Improvements	2.29	5/10/2019	1,204,000		1,204,000	
Sanitary Sewer System Improvements	2.04	5/10/2019	234,987		234,987	
Refunding Bonds (Tasca)	2.60	4/17/2020	166,000	\$ 83,000	166,000	\$ 83,000
Reconstruction of Shore Ave	2.04	5/10/2019	200,000		200,000	-
Reconstruction of Leonia Ave Phase II	2.60	4/17/2020	200,000	155,500	200,000	155,500
Reconstruction of Leonia Ave Phase III & IV	2.60	4/17/2020	-	380,795	-	380,795
Total General Capital Fund			<u>\$ 6,029,130</u>	<u>\$ 619,295</u>	<u>\$ 6,029,130</u>	<u>\$ 619,295</u>

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, December 31, <u>2017</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	Balance, December 31, <u>2018</u>
<u>2018</u>						
<u>General Capital Fund</u>						
Refunding Tax Appeals	2.04	5/10/2019	\$ 120,000		\$ 120,000	
Acquisition of Passenger Bus	2.04	5/10/2019	80,000	\$ 61,111	80,000	\$ 61,111
Improvements to Municipal Facility	2.04	5/10/2019	95,000	86,724	95,000	86,724
2014 Road Improvement Program	2.04	5/10/2019	190,000	170,000	190,000	170,000
Various Public Improvements	2.04	5/10/2019	3,745,000	3,706,308	3,745,000	3,706,308
Various Public Improvements	2.29	5/10/2019		1,204,000		1,204,000
Sanitary Sewer System Improvements	2.04	5/10/2019	238,000	234,987	238,000	234,987
Refunding Bonds (Tasca)	2.04	5/10/2019	224,000	166,000	224,000	166,000
Reconstruction of Shore Ave	2.04	5/10/2019	200,000	200,000	200,000	200,000
Reconstruction of Leonia Ave Phase II	2.04	5/10/2019	200,000	200,000	200,000	200,000
Total General Capital Fund			<u>\$ 5,092,000</u>	<u>\$ 6,029,130</u>	<u>\$ 5,092,000</u>	<u>\$ 6,029,130</u>

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2019</u>			
	Preston St. Wall Project	\$118,865	2020
<u>2018</u>			
	None		

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$584,344 and \$476,262 at December 31, 2019 and 2018, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Deferred Pension Obligation

During the year ended December 31, 2009 the Borough elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$171,430 and will be paid back with interest over 15 years beginning in the 2012 year. The Borough is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (7.00% effective July 1, 2017 and 7.65% effective July 1, 2016 through June 30, 2017) at December 31, 2019 and 2018 is \$61,728 and \$82,518, respectively.

During the years ended December 31, 2019, 2018 and 2017 the Borough was required to contribute for the deferred pension obligation the following amounts which equaled the required contribution for each year.

<u>Years Ended</u> <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2019	\$ 5,134	\$ 21,432
2018	5,105	21,337
2017	5,041	21,123

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2019 and 2018 were as follows:

	<u>Balance,</u> <u>December 31,</u> <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>December 31,</u> <u>2019</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<u>2019</u>					
Compensated Absences	\$ 476,262	\$ 108,082		\$ 584,344	
Deferred Pension Obligation	82,518	5,776	\$ 26,566	61,728	\$ 26,716
Net Pension Liability - PERS	2,612,012		91,402	2,520,610	
Net Pension Liability - PFRS	6,350,667		1,220,917	5,129,750	
Net OPEB Liability	6,122,874	-	1,118,341	5,004,533	-
Total Other Long-Term Liabilities	<u>\$ 15,644,333</u>	<u>\$ 113,858</u>	<u>\$ 2,457,226</u>	<u>\$ 13,300,965</u>	<u>\$ 26,716</u>

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
Compensated Absences	\$ 446,013	\$ 180,077	\$ 149,828	\$ 476,262	
Capital Leases	94,000		94,000	-	
Deferred Pension Obligation	96,137	12,823	26,442	82,518	\$ 26,566
Net Pension Liability - PERS	2,831,824		219,812	2,612,012	
Net Pension Liability - PFRS	7,165,259		814,592	6,350,667	
Net OPEB Liability	<u>8,746,977</u>	<u>-</u>	<u>2,624,103</u>	<u>6,122,874</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 19,380,210</u>	<u>\$ 192,900</u>	<u>\$ 3,928,777</u>	<u>\$ 15,644,333</u>	<u>\$ 26,566</u>

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

The following represents the membership tiers for PFRS:

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

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

The following represents the membership tiers for PERS:

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

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

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

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

Other Pension Funds

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

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

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 and 2018 is \$18.1 billion and \$19.7 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 56.27% and 53.60% respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2019 and 2018 is \$14.2 billion and \$15.4 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 65.00% and 62.48%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018, respectively.

Actuarial Methods and Assumptions

In the July 1, 2018 and 2017 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2019 and 2018 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2019 and 2018 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2019, 2018 and 2017 were equal to the required contributions.

During the years ended December 31, 2019, 2018 and 2017, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2019	\$ 458,829	\$ 131,954
2018	432,100	124,051
2017	425,078	101,865

In addition for the years ended December 31, 2019, 2018 and 2017 the Borough contributed for long-term disability insurance premiums (LTDI) \$705, \$1,717 and \$579 respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2019 and 2018, the Borough reported a liability of \$2,520,610 and \$2,612,012, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2019, the Borough's proportionate share was .01398 percent, which was an increase of .00072 percent from its proportionate share measured as of June 30, 2018 of .01326 percent.

BOROUGH OF BOGOTA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough's pension expense to be \$176,667 and \$183,394, respectively, for PERS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$131,954 and \$124,051, respectively. At December 31, 2019 and 2018, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2019</u>		<u>2018</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 45,242	\$ 11,135	\$ 49,811	\$ 13,468
Changes of Assumptions	251,692	874,896	430,416	835,183
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		39,789		24501
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,030,343</u>	<u>306,271</u>	<u>1,381,409</u>	<u>761,301</u>
Total	<u>\$ 1,327,277</u>	<u>\$ 1,232,091</u>	<u>\$ 1,861,636</u>	<u>\$ 1,634,453</u>

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ 29,601
2021	29,601
2022	29,601
2023	9,494
2024	(3,111)
Thereafter	<u>-</u>
	<u>\$ 95,186</u>

BOROUGH OF BOGOTA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	2.00-6.00%	1.65-4.15%
	Based on Years of Service	Based on Age
Thereafter	3.00%-7.00%	2.65%-5.15%
	Based on Years of Service	Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018 and July 1, 2011 to June 30, 2014, respectively.

BOROUGH OF BOGOTA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.78%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	2.50%	6.82%
Global Diversified Credit	-	-	5.00%	7.10%
Credit Oriented Hedge Funds	-	-	1.00%	6.60%
Debt Related Private Equity	-	-	2.00%	10.63%
Debt Related Real Estate	-	-	1.00%	6.61%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.28%
2018	June 30, 2018	5.66%

BOROUGH OF BOGOTA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

	<u>2019</u>	<u>2018</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2057	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2057 and Thereafter	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2019 and 2018 calculated using the discount rate of 6.28% and 5.66%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.28% and 4.66%, respectively or 1-percentage-point higher 7.28% and 6.66%, respectively than the current rate:

	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
<u>2019</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>3,183,940</u>	\$ <u>2,520,610</u>	\$ <u>1,961,660</u>
	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
<u>2018</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>3,284,304</u>	\$ <u>2,612,012</u>	\$ <u>2,048,002</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

BOROUGH OF BOGOTA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2019 and 2018, the Borough reported a liability of \$5,129,750 and \$6,350,667, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2019, the Borough's proportionate share was .04191 percent, which was a decrease of .00502 percent from its proportionate share measured as of June 30, 2018 of .04693 percent.

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough pension expense to be \$184,827 and \$353,196, respectively, for PFRS based on the actuarial valuations which are less than the actual contributions reported in the Borough's financial statements of \$458,829 and \$432,100, respectively. At December 31, 2019 and 2018, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 43,302	\$ 32,477	\$ 64,610	\$ 26,281
Changes of Assumptions	175,773	1,657,888	545,119	1,627,566
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		69,506		34,744
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	59,480	906,968	85,522	412,612
Total	<u>\$ 278,555</u>	<u>\$ 2,666,839</u>	<u>\$ 695,251</u>	<u>\$ 2,101,203</u>

BOROUGH OF BOGOTA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2020	\$ (560,960)
2021	(560,960)
2022	(560,960)
2023	(474,007)
2024	(231,397)
Thereafter	-
	<u>\$ (2,388,284)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through	All Future Years	2026
	3.25%-15.25%	2.10%-8.98%
	Based on Years	Based on Age
	of Service	
Thereafter	Not Applicable	3.10%-9.98%
		Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub - 2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and July 1, 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018 and July 1, 2010 to June 30, 2013, respectively.

BOROUGH OF BOGOTA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.87%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	2.50%	6.82%
Global Diversified Credit	-	-	5.00%	7.10%
Credit Oriented Hedge Funds	-	-	1.00%	6.60%
Debt Related Private Equity	-	-	2.00%	10.63%
Debt Related Real Estate	-	-	1.00%	6.61%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.85%
2018	June 30, 2018	6.51%

BOROUGH OF BOGOTA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

	<u>2019</u>	<u>2018</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2076	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2076 and Thereafter	From July 1, 2062 and Thereafter

* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2019 and 2018 calculated using the discount rate of 6.85% and 6.51%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.85% and 5.51%, respectively or 1-percentage-point higher 7.85% and 7.51%, respectively than the current rate:

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
<u>2019</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 6,933,553</u>	<u>\$ 5,129,750</u>	<u>\$ 3,636,843</u>
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
<u>2018</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 8,499,580</u>	<u>\$ 6,350,667</u>	<u>\$ 4,578,205</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

BOROUGH OF BOGOTA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

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

At December 31, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$809,997 and \$862,633 respectively. For the years ended December 31, 2019 and 2018, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$94,115 and \$102,178, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$54,577 and \$51,089, respectively. At December 31, 2019 (measurement date June 30, 2019) the State's share of the PFRS net pension liability attributable to the Borough was .04191 percent, which was a decrease of .00502 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .04693 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Borough.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program covering substantially all eligible local government employees from local participating employers.

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

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 above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2019 and 2018 is \$13.5 billion and \$15.7 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% and 1.97%, respectively.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018.

- Actuarial Methods and Assumptions

In the June 30, 2018 and 2017 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Special Funding Situation (Continued)

At December 31, 2019 and 2018, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$5,004,533 and \$6,122,874, respectively. For the years ended December 31, 2019 and 2018 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$66,336 and \$185,347, respectively. At December 31, 2019, (measurement date June 30, 2019), the State's share of the OPEB liability attributable to the Borough was .09056 percent, which was a decrease of .00797 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .09853 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

OPEB Plan Fiduciary Net Position

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

NOTE 14 RISK MANAGEMENT

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

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

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

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

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 15 MUNICIPAL EXCESS JOINT INSURANCE FUND LOAN

The Borough entered into a loan agreement with the Municipal Excess Joint Insurance Fund (MEL) in order to finance the payout of a litigation settlement in the sum of \$1,500,000. The Borough shall reimburse the MEL in twenty (20) installments of \$75,000 plus interest, with the first payment being made on or before December 31, 2016 and subsequent payments to be made annually before the end of each calendar year thereafter until the full amount of the Borough's share of the settlement has been repaid to the MEL, together with interest equal to the rate of interest the MEL is currently receiving on its investments, which fluctuates, but which, at the moment is 0.87%. The annual payment must be accompanied by an interest payment on the unpaid principal. Under the terms and conditions of the agreement, if the Borough should resign or fail to renew its membership for any reason and 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, 2019 and 2018 was \$1,200,000 and \$1,275,000, respectively.

NOTE 16 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2019 and 2018. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be immaterial. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2019 and 2018, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 17 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2019 and 2018, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 18 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Bogota Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on June 19, 2012 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Bogota approved the adoption of the Plan at the general election held on November 6, 2012.

The first year of eligibility for entrance into the Plan was calendar year 2013. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$650 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Bogota has contributed \$1,216 and \$1,175 for 2019 and 2018, respectively, for each eligible volunteer member into the Plan. The total Borough contributions were \$40,119 and \$41,400 for 2019 and 2018, respectively.

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

BOROUGH OF BOGOTA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 20 SUBSEQUENT EVENTS

Bond Anticipation Notes

On April 17, 2020 the Borough issued bond anticipation notes in the amount of \$1,436,595 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to Bogota Securities Corp. at an interest rate of 0.75%. These notes dated April 17, 2020 will mature on April 16, 2021.

Debt Authorized

During 2020 the Borough adopted bond ordinances authorizing the issuance \$1,266,000 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

**BOROUGH OF BOGOTA
STATEMENT OF CURRENT CASH - TREASURER**

Balance, December 31, 2018		\$ 1,469,944
Increased by Receipts:		
Taxes Receivable	\$ 25,948,654	
Revenue Accounts Receivable	1,608,006	
Miscellaneous Revenue Not Anticipated	69,926	
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	47,286	
Receipts from Recreation Trust Fund	50,597	
Receipts from Other Trust Fund- Payroll	32,859	
Change Fund	1,000	
Miscellaneous Reserves	6,373	
Fees Payable	12,074	
Reserve for Grants - Unappropriated	26,472	
Grants Receivable	1,431	
Prepaid Taxes	87,189	
		<u>27,891,867</u>
		29,361,811
Decreased by Disbursements:		
2019 Budget Appropriations	9,258,801	
2018 Appropriation Reserves	86,347	
Encumbrances Payable	18,421	
Expenditure without Appropriations	69,500	
County Taxes Payable	1,984,972	
Local District School Taxes Payable	15,516,820	
Miscellaneous Reserves	6,628	
Fees Payable	19,743	
Tax Overpayments	511	
Payments to Other Trust Fund	40,550	
Recreation Trust Fund Expenditures paid by Current Fund	119,853	
Refund of Prior Year Taxes	9,930	
Refund of Prior Year Revenue	1,000	
		<u>27,133,076</u>
Balance, December 31, 2019		<u>\$ 2,228,735</u>

EXHIBIT A-5

STATEMENT OF CHANGE FUNDS

Balance, December 31, 2018	\$ 1,280
Decreased by:	
Funds Returned	<u>1,000</u>
Balance, December 31, 2019	<u>\$ 280</u>

Analysis of Balance

Borough Clerk	\$ 125
Tax Collector	100
Municipal Court	50
Library	<u>5</u>
	<u>\$ 280</u>

**BOROUGH OF BOGOTA
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2018</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2019</u>
Municipal Alliance	\$ 10,205	\$ 1,431	\$ 8,774
Bergen County Confiscated Funds	13,731		13,731
Community Stewardship Incentive Program	<u>10,000</u>	<u>-</u>	<u>10,000</u>
	<u>\$ 33,936</u>	<u>\$ 1,431</u>	<u>\$ 32,505</u>

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

Balance, December 31, 2018		\$ 21,558
Increased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings	\$ 48,250	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector	<u>250</u>	
		<u>48,500</u>
		70,058
Decreased by:		
Cash Received from State of New Jersey	47,286	
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector	<u>500</u>	
		<u>47,786</u>
Balance, December 31, 2019		<u>\$ 22,272</u>

BOROUGH OF BOGOTA
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>Year</u>	<u>Balance,</u> <u>December 31,</u> <u>2018</u>	<u>Tax</u> <u>Levy</u>	<u>Added</u> <u>Assessments</u>	<u>Senior</u> <u>Citizens' and</u> <u>Veterans'</u> <u>Deductions</u> <u>Disallowed</u>	<u>Collected In</u>		<u>Tax</u> <u>Overpayments</u> <u>Applied</u>	<u>Senior</u> <u>Citizens' and</u> <u>Veterans'</u> <u>Deductions</u> <u>Allowed</u>	<u>Transferred to</u> <u>Tax Title</u> <u>Liens</u>	<u>Adjusted,</u> <u>Remitted, or</u> <u>Cancelled</u>	<u>Balance,</u> <u>December 31,</u> <u>2019</u>
					<u>2018</u>	<u>2019</u>					
2018	\$ 20,643	-	-	-	-	\$ 20,643	-	-	-	-	-
	20,643	-	-	-	-	20,643		-	-	-	-
2019	-	\$ 25,712,576	\$ 363,971	\$ 500	\$ 67,248	25,928,011	\$ -	\$ 48,500	\$ 747	\$ 28,149	\$ 4,392
	\$ 20,643	\$ 25,712,576	\$ 363,971	\$ 500	\$ 67,248	\$ 25,948,654	\$ -	\$ 48,500	\$ 747	\$ 28,149	\$ 4,392

Analysis of 2019 Property Tax Levy

General Purpose Tax	\$ 25,712,576
Added Taxes (54:4-63.1 et seq.)	<u>363,971</u>
	<u>\$ 26,076,547</u>

Tax Levy	
Local District School Tax (Abstract)	\$ 15,749,210
County Tax (Abstract)	\$ 1,855,589
Due County for Added and Omitted Taxes	26,746
County Open Space Tax	<u>79,363</u>
Total County Taxes	<u>1,961,698</u>
	17,710,908
Local Tax for Municipal Purposes	7,763,465
Minimum Library Tax	261,237
Additional Taxes Levied	<u>340,937</u>
Total Local Tax for Municipal Purposes	<u>8,365,639</u>
	<u>\$ 26,076,547</u>

**BOROUGH OF BOGOTA
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2018	\$ 9,548
Increased by:	
Transfers from Taxes Receivable	<u>747</u>
Balance, December 31, 2019	<u>\$ 10,295</u>

EXHIBIT A-10

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2018	<u>\$ 136,680</u>
Balance, December 31, 2019	<u>\$ 136,680</u>

EXHIBIT A-11

STATEMENT OF DEFERRED CHARGES

	Balance, December 31, <u>2018</u>	Raised in 2019 <u>Budet</u>	Amount Resulting <u>from 2019</u>	Balance, December 31, <u>2019</u>
Emergency Authorization	\$ 19,000	\$ 19,000		
Expenditure without Appropriation			\$ 69,500	\$ 69,500
Overexpenditure of Appropriation Reserves	4,434	4,434	-	
Overexpenditure of Appropriations	<u>-</u>	<u>-</u>	<u>49,300</u>	<u>49,300</u>
	<u>\$ 23,434</u>	<u>\$ 23,434</u>	<u>\$ 118,800</u>	<u>\$ 118,800</u>

BOROUGH OF BOGOTA
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2018</u>	Accrued in 2019	<u>Collected</u>	Balance, December 31, <u>2019</u>
Board of Health				
Alcoholic Beverages/Licenses		\$ 16,052	\$ 16,052	
Other Licenses		3,449	3,449	
Fees and Permits		405	405	
Borough Clerk				
Other Licenses		2,166	2,166	
Fees and Permits		3	3	
Property Maintenance				
Fees and Permits		29,071	29,071	
Planning/Zoning Boards				
Fees and Permits		3,320	3,320	
Police Department				
Fees and Permits		1,962	1,962	
Construction Code Fees		273,589	273,589	
Municipal Court				
Fines and Costs	\$ 9,367	154,087	156,551	\$ 6,903
Interest and Costs on Taxes		40,441	40,441	
Interest on Investments & Deposits		22,149	22,149	
Cable Television Franchise Fees		98,328	98,328	
Energy Receipts Tax		610,760	610,760	
Consolidated Municipal Purpose Tax Relief Aid		66,916	66,916	
Uniform Fire Safety Act		42,647	42,647	
Swim Club Rent	-	10,000	10,000	-
Outside Police Employment- Administrative Fees		136,484	136,484	
PILOT- 297 Palisades Avenue	-	93,713	93,713	-
	<u>\$ 9,367</u>	<u>\$ 1,605,542</u>	<u>\$ 1,608,006</u>	<u>\$ 6,903</u>

BOROUGH OF BOGOTA
STATEMENT OF 2018 APPROPRIATION RESERVES

	Balance December 31, <u>2018</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Other Expenses		\$ 480	\$ 600	\$ 600	
Mayor and Council					
Other Expenses	\$ 312		312		\$ 312
Municipal Clerk					
Salaries and Wages	110		110		110
Other Expenses		356	356		356
Financial Administration					
Other Expenses	125	488	613		613
Computerized Data Processing					
Other Expenses	551	437	988		988
Assessment of Taxes					
Other Expenses	1,953	250	2,203		2,203
Collection of Taxes					
Other Expenses	38		38		38
Legal Services and Costs					
Other Expenses	3,166	3,298	7,742	2,233	5,509
LAND USE ADMINISTRATION					
Municipal Land Use Law (N.J.S.A. 40:55-1):					
Property Maintenance					
Salaries and Wages	553		553		553
Planning and Zoning					
Other Expenses			14,725	14,725	-
Shade Tree Commission					
Other Expenses	5,673		5,673	3,025	2,648
PUBLIC SAFETY FUNCTIONS					
Department of Police					
Salaries and Wages	20,586		4,463		4,463
Other Expenses	637	1,191	1,828	1,401	427
Emergency Management					
Other Expenses	5,000		5,000		5,000
Aid to Volunteer Fire Companies					
Other Expenses	3,107	604	3,711	2,200	1,511
First Aid Organization					
Other Expenses	1,578		1,578		1,578
Uniform Fire Safety					
Salaries and Wages	786		786		786
Other Expenses	1,428		1,428		1,428
Rescue Squad					
Other Expenses		70	70		70
PUBLIC WORKS FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages	1,111		1,111		1,111
Other Expenses	4,313	1,740	6,053	4,751	1,302
PARK AND RECREATION FUNCTIONS					
Department of Recreation					
Salaries and Wages	4,966		4,966		4,966
Other Expenses	2,506		2,506	607	1,899

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BOROUGH OF BOGOTA
STATEMENT OF ENCUMBRANCES PAYABLE/ACCOUNTS PAYABLE

Balance, December 31, 2018	\$	31,685
Increased by:		
Charges to 2019 Budget Appropriations	\$	99,779
Charges to 2018 Budget Appropriations		<u>480</u>
		<u>100,259</u>
		131,944
Decreased by:		
Cash Disbursements		18,421
Cancelled to Appropriation Reserves		<u>13,264</u>
		<u>31,685</u>
Balance, December 31, 2019	\$	<u><u>100,259</u></u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2018	\$	23,274
Increased by:		
2019 Tax Levy		
County Tax (Abstract)	\$	1,855,589
County Open Space Preservation		79,363
County Tax for Added Taxes		<u>26,746</u>
(54:4-63.1)		<u>1,961,698</u>
		1,984,972
Decreased by:		
Cash Disbursements		<u>1,984,972</u>
Balance, December 31, 2019	\$	<u><u>-</u></u>

**BOROUGH OF BOGOTA
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES**

Balance, December 31, 2018 (Prepaid)	\$ (232,390)
Increased by:	
Levy - Calendar Year 2019	<u>15,749,210</u>
	15,516,820
Decreased by:	
Cash Disbursements	<u>15,516,820</u>
Balance, December 31, 2019	<u><u>\$ -</u></u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2018	\$ 67,248
Increased by:	
Collection of 2020 Taxes	<u>87,189</u>
	154,437
Decreased by:	
Applied to 2019 Taxes Receivable	<u>67,248</u>
Balance, December 31, 2019	<u><u>\$ 87,189</u></u>

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2018	\$ 511
Decreased by:	
Overpayments Refunded	<u>511</u>
Balance, December 31, 2019	<u><u>\$ -</u></u>

**BOROUGH OF BOGOTA
STATEMENT OF FEES PAYABLE TO STATE OF NJ**

	Marriage License Fee	Construction Training Fee	Total
Balance, December 31, 2018	\$ 350	\$ 9,733	\$ 10,083
Increased by:			
Collections	<u>1,275</u>	<u>10,799</u>	<u>12,074</u>
	1,625	20,532	22,157
Decreased by:			
Payments	<u>1,050</u>	<u>18,693</u>	<u>19,743</u>
Balance, December 31, 2019	<u>\$ 575</u>	<u>\$ 1,839</u>	<u>\$ 2,414</u>

EXHIBIT A-20

STATEMENT OF DUE TO LIBRARY

Balance, December 31, 2018	\$ 8,761
Increased by:	
Transfer from 2018 Appropriation Reserves	<u>60,387</u>
Balance, December 31, 2019	<u>\$ 69,148</u>

BOROUGH OF BOGOTA
STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2018</u>	Transfer from 2019 <u>Budget</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2019</u>
Reserve for:					
Credit Card Fees	\$ 4,268		\$ 6,373	\$ 6,628	\$ 4,013
Emergency Roof Repairs	1,060		-	-	1,060
Emergency Sanitary Sewer/ Catch Basin Repairs	-	\$ 32,393	-	-	32,393
	<u>\$ 5,328</u>	<u>\$ 32,393</u>	<u>\$ 6,373</u>	<u>\$ 6,628</u>	<u>\$ 37,466</u>

STATEMENT OF UNAPPROPRIATED GRANT RESERVES

<u>Grant</u>	Balance, December 31, <u>2018</u>	Budgeted <u>Revenue</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2019</u>
Alcohol Ed and Rehabilitation	\$ 659	\$ 659	\$ 402	\$ 402
Clean Communities	12,048	12,048	13,445	13,445
Body Armor			1,956	1,956
Green Communities	2,150	2,150		-
Recycling Tonnage	<u>2,690</u>	<u>2,689</u>	<u>10,669</u>	<u>10,670</u>
	<u>\$ 17,547</u>	<u>\$ 17,546</u>	<u>\$ 26,472</u>	<u>\$ 26,473</u>

BOROUGH OF BOGOTA
STATEMENT OF APPROPRIATED GRANT RESERVES

	Balance, December 31, <u>2018</u>	Transferred from Budget <u>Appropriations</u>	Balance, December 31, <u>2019</u>
Recycling Tonnage-2012	\$ 3,776		\$ 3,776
Recycling Tonnage-2014	11,115		11,115
Recycling Tonnage-2015	10,702		10,702
Recycling Tonnage-2016	6,538		6,538
Recycling Tonnage- 2018		\$ 2,689	2,689
Clean Communities- 2012	119		119
Clean Communities-2015	10,663		10,663
Clean Communities- 2015	12,962		12,962
Clean Communities- 2016	14,818		14,818
Clean Communities- 2017	12,589		12,589
Clean Communities- 2018		12,048	12,048
Alcohol Education Rehabilitation Program- 2013	5,526		5,526
Alcohol Education Rehabilitation Program- 2014	1,890		1,890
Alcohol Education Rehabilitation Program- 2015	1,355		1,355
Alcohol Education Rehabilitation Program- 2016	121		121
Alcohol Education Rehabilitation Program- 2017	708		708
Alcohol Education Rehailitation Program- 2018		659	659
Body Armor Replacement Program- 2014	1,850		1,850
Body Armor Replacement Program- 2015	1,847		1,847
Body Armor Replacement Program- 2016	1,703		1,703
Body Armor Replacement Program- 2017	1,785		1,785
Forest Management		2,150	2,150
Bergen County Confiscated Funds	13,731		13,731
Municipal Alliance Grant	328		328
Municipal Alliance Grant- Match	2,469		2,469
Municipal Alliance- 2018	9,876		9,876
Community Stewardship Investment Program- 2018	<u>10,000</u>	<u>-</u>	<u>10,000</u>
	<u>\$ 136,471</u>	<u>\$ 17,546</u>	<u>\$ 154,017</u>

TRUST FUND

BOROUGH OF BOGOTA
STATEMENT OF TRUST CASH - TREASURER

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Recreation Trust Fund</u>
Balance, December 31, 2018	\$ 4,624	\$ 442,954	\$ 56,917
Increased by Receipts:			
Animal Control Licenses	\$ 3,408		
State Fees Collected	488		
Miscellaneous Reserves		\$ 944,383	
Receipts from Current Fund		40,550	
Payroll Deposits		7,396,741	
Recreation Fees	-	-	\$ 151,985
	<u>3,896</u>	<u>8,381,674</u>	<u>151,985</u>
	8,520	8,824,628	208,902
Decreased by Disbursements:			
Miscellaneous Reserves		759,774	
Payments to Current Fund		32,859	50,597
Payments to State of New Jersey	466		
Expenditures Under R.S. 4:19-15.1	1,231		
Recreation Expenditures			158,305
Payroll Deductions Payable	-	7,358,635	-
	<u>1,697</u>	<u>8,151,268</u>	<u>208,902</u>
Balance, December 31, 2019	<u>\$ 6,823</u>	<u>\$ 673,360</u>	<u>\$ -</u>

EXHIBIT B-2

**BOROUGH OF BOGOTA
STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL TRUST FUND**

Increased by:	
Statutory Excess	\$ <u>2,420</u>
Balance, December 31, 2019	\$ <u><u>2,420</u></u>

EXHIBIT B-3

**STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL TRUST FUND**

Increased by:	
State Fees Collected	\$ 488
Decreased by:	
Payments to State of New Jersey	<u>466</u>
Balance, December 31, 2019	\$ <u><u>22</u></u>

BOROUGH OF BOGOTA
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance, December 31, 2018		\$ 4,624
Increased by:		
Dog License Fees Collected		<u>3,408</u>
		8,032
Decreased by:		
Statutory Excess	\$ 2,420	
Expenditures Under R.S. 4:19-15.1	<u>1,231</u>	
		<u>3,651</u>
Balance, December 31, 2019		<u><u>\$ 4,381</u></u>

License Fees Collected

2017	\$ 2,443
2018	<u>1,938</u>
	<u><u>\$ 4,381</u></u>

STATEMENT OF DUE FROM/TO CURRENT FUND
OTHER TRUST FUND

Balance, December 31, 2018		
Due from Current- Other Trust	\$ 3,050	
Due from Current- Payroll Agency	4,912	
Due to Current- Escrow	<u>(271)</u>	
		\$ 7,691
Increased by:		
Payments to Current Fund- Payroll	32,588	
Payments to Current Fund- Escrow	<u>271</u>	
		<u>32,859</u>
Decreased by:		40,550
Receipts from Current Fund- Payroll	\$ 37,500	
Receipts from Current Fund- Other Trust	<u>3,050</u>	
		<u>40,550</u>
Balance, December 31, 2019		<u><u>\$ -</u></u>

**BOROUGH OF BOGOTA
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE**

Balance, December 31, 2018	\$ 6,608
Increased by:	
Payroll Deposits	<u>7,396,741</u>
	7,403,349
Decreased by:	
Payroll Disbursements	<u>7,358,635</u>
Balance, December 31, 2019	<u>\$ 44,714</u>

BOROUGH OF BOGOTA
STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2019</u>
Reserved for:				
Escrow Deposits	\$ 12,991			\$ 12,991
Municipal Court - POAA	37,838	\$ 764		38,602
Municipal Court - Public Defender	11,717	-	\$ 150	11,567
Police Vests	300	300		600
Uniform Fire Safety	1,850			1,850
Tax Title Lien Redemption/ Premiums	66,701	406,410	201,512	271,599
Community Garden	950	725	360	1,315
Recycling	62,174	8,710	5,100	65,784
Unallocated	120	20		140
Outside Police Detail		499,221	493,074	6,147
Escrow - Accutrack	95,239		17,674	77,565
Vacant Properties	55,379			55,379
COAH Trust	98,778	4,829	9,816	93,791
125th Anniversary Celebration	-	23,404	32,088	(8,684)
	<u>\$ 444,037</u>	<u>\$ 944,383</u>	<u>\$ 759,774</u>	<u>\$ 628,646</u>

**BOROUGH OF BOGOTA
STATEMENT OF DUE TO CURRENT FUND
RECREATION TRUST FUND**

Increased by:		
Recreation Expenditures Paid by Current	\$	119,853
Decreased by:		
Payments to Current Fund		<u>50,597</u>
Balance, December 31, 2019	\$	<u><u>69,256</u></u>

STATEMENT OF RESERVE FOR RECREATION EXPENDITURES

Balance, December 31, 2018	\$	56,917	
Increased by:			
Recreation Fees Collected		<u>151,985</u>	
			208,902
Decreased by:			
Recreation Expenditures Paid by Current Fund	\$	119,853	
Cash Disbursements		<u>158,305</u>	
			<u>278,158</u>
Balance, December 31, 2019 (Deficit)	\$	<u><u>(69,256)</u></u>	

GENERAL CAPITAL FUND

BOROUGH OF BOGOTA
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2018		\$ 1,153,490
Increased by Receipts:		
Serial Bond Proceeds	\$ 5,675,000	
Bond Anticipation Notes	380,795	
Premium on Issuance of Serial Bonds and Notes	47,626	
Grants Receivable	418,659	
Reserve for Payment of Debt:		
CDBG Grant Receipts	80,000	
Accrued Interest	3,646	
Reimbursements	1,081	
Current Fund Budget Appropriation		
Capital Improvement Fund	50,000	
Paydown on Bond Anticipation Notes	<u>83,000</u>	
		<u>6,739,807</u>
		7,893,297
Decreased by Disbursements:		
Improvement Authorizations	902,320	
Bond Anticipation Note Payable	<u>5,790,630</u>	
		<u>6,692,950</u>
Balance, December 31, 2019		<u><u>\$ 1,200,347</u></u>

BOROUGH OF BOGOTA
ANALYSIS OF GENERAL CAPITAL CASH

		Balance, December 31, <u>2019</u>
Capital Improvement Fund		\$ 9,805
Reserve for Payment of Debt		235,481
Encumbrances Payable		309,763
Fund Balance		47,626
Excess Note Proceeds		418,659
Ord.		
<u>No.</u>	<u>Improvement Authorizations</u>	
1442	Acquisition of Passenger Bus	(1,111)
1443	Improvements to Municipal Facilities	(1,724)
1476	Various Public Improvements	950
1488	Various Improvements to Buildings	131
1492	Reconstruction of West Shore Ave	(149,000)
1493	Reconstruction of Leonia Ave (Phase II)	2,268
1494	Various Public Improvements	16,319
1511	Various Public Improvements	604,439
1516	Resurfacing Leonia Ave (Phase III and IV)	78,450
1522	Improvements to Palisade Avenue (Phase III)	(75,419)
1523	Various Public Improvements	(560,512)
1528	Rehabilitation of Basketball and Tennis Courts at Olsen Park	16,000
1532	Construction of New Recreation Center at Olsen Park	<u>248,222</u>
		<u>\$ 1,200,347</u>

**BOROUGH OF BOGOTA
STATEMENT OF GRANTS RECEIVABLE**

Balance, December 31, 2018	\$ 536,127
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Decreased by:

Cash Receipts	<u>418,659</u>
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Balance, December 31, 2019	<u>\$ 117,468</u>
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Analysis of Balance

Reserve for Receivable:

Department of Transportation

Ord. 1516- Leonia Avenue

<u>\$ 117,468</u>

BOROUGH OF BOGOTA
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2018	\$ 2,240,000
Increased by:	
Serial Bond Proceeds	<u>5,675,000</u>
	7,915,000
Decreased by:	
Current Fund Budget Appropriations	
Serial Bond Principal	<u>320,000</u>
Balance, December 31, 2019	<u>\$ 7,595,000</u>

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

<u>Analysis of Balance</u>											
<u>Ord. No.</u>	<u>Description</u>	<u>Balance, December 31, 2018</u>	<u>Adjustment/ Reallocations</u>	<u>2019 Authorizations</u>	<u>Grant Receipts</u>	<u>Funded by Serial Bonds</u>	<u>Paydown by Budget</u>	<u>Balance, December 31, 2019</u>	<u>Bond Anticipation Notes</u>	<u>Unexpended Improvement Expenditures</u>	<u>Unexpended Improvement Authorizations</u>
1442	Acquisition of Passenger Bus	\$ 71,111	\$ (10,000)			\$ 60,000		\$ 1,111		\$ 1,111	
1443	Improvements to Municipal Facilities	91,724	(5,000)			85,000		1,724		1,724	
1445/1449	2014 Road Improvement Program	180,000	(10,000)			170,000					
1462	Various Public Improvements	1,008,308				1,008,308					
1463	Sanitary Sewer System Improvements	234,987				234,987					
1467	Refunding Bonds (Tasca)	141,000	25,000				\$ 83,000	83,000	\$ 83,000		
1476	Various Public Improvements	1,276,000				1,276,000					
1483	Various Improvements to Buildings	190,000				190,000					
1488	Various Improvements to Buildings	285,000				285,000					
1492	Reconstruction of West Shore Ave	200,000				51,000		149,000		149,000	
1493	Reconstruction of Leonia Ave (Phase II)	200,000			\$ 155,500	44,500					
1494	Various Public Improvements	947,000				947,000					
1511	Various Public Improvements	1,204,000				1,204,000					
1516	Resurfacing Leonia Ave (Phase III & IV)	500,000			263,159	119,205		117,636	117,636		
1522	Improvements to Palisade Avenue (Phase III)			\$ 103,800				103,800		75,419	\$ 28,381
1523	Various Public Improvements			952,000				952,000		560,512	391,488
1528	Rehabilitation of Basketball and Tennis Courts at Olsen Park			319,000				319,000			319,000
1532	Construction of New Recreation Center at Olsen Park	-	-	4,350,000	-	-	-	4,350,000	-	-	4,350,000
		<u>\$ 6,529,130</u>	<u>\$ -</u>	<u>\$ 5,724,800</u>	<u>\$ 418,659</u>	<u>\$ 5,675,000</u>	<u>\$ 83,000</u>	<u>\$ 6,077,271</u>	<u>\$ 200,636</u>	<u>\$ 787,766</u>	<u>\$ 5,088,869</u>

BOROUGH OF BOGOTA
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Description	Ordinance Date	Amount	Balance, December 31, 2018		2019 Authorizations	Reimbursements	Expended	Balance, December 31, 2019	
				Funded	Unfunded				Funded	Unfunded
1442	Acquisition of Passenger Bus		\$ 85,000		\$ 15,550			\$ 15,550		
1476	Various Public Improvements						\$ 950		\$ 950	
1488	Various Improvements to Buildings						131		131	
1492	Reconstruction of West Shore Ave	2/2/2017	200,000		1,686			1,686	-	
1493	Reconstruction of Leonia Ave (Phase II)	2/2/217	200,000		9,433			7,165	2,268	
1494	Various Public Improvements	4/6/2017	995,000		51,819			35,500	16,319	
1511	Various Public Improvements	4/19/2018	1,265,000		680,657			76,218	604,439	
1516	Resurfacing of Leonia Ave (Phase III & IV)	8/16/2015	500,000		463,505			385,055	78,450	
1522	Improvements to Palisade Avenue (Phase III)	4/4/2019	109,000			\$ 109,000		80,619	-	\$ 28,381
1523	Various Public Improvements	4/4/2019	1,000,000			1,000,000		608,512	-	391,488
1528	Rehabilitation of Basketball and Tennis Courts at Olsen Park	8/15/2019	335,000			335,000			16,000	319,000
1532	Construction of New Recreation Center at Olsen Park	10/3/2019	4,600,000	-	-	4,600,000	-	1,778	248,222	4,350,000
				<u>\$ -</u>	<u>\$ 1,222,650</u>	<u>\$ 6,044,000</u>	<u>\$ 1,081</u>	<u>\$ 1,212,083</u>	<u>\$ 966,779</u>	<u>\$ 5,088,869</u>
				Deferred Charges- Unfunded		\$ 5,724,800				
				Capital Improvement Fund		69,200				
				Reserve for Developers Contribution		- 250,000				
						<u>\$ 6,044,000</u>				
				Cash Disbursements				\$ 902,320		
				Encumbrances Payable				<u>309,763</u>		
								<u>\$ 1,212,083</u>		

**BOROUGH OF BOGOTA
STATEMENT OF ENCUMBRANCES PAYABLE**

Increased by:	
Charges to Improvement Authorizations	\$ <u>309,763</u>
Balance, December 31, 2019	\$ <u><u>309,763</u></u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2018	\$ 29,005
Increased by:	
Current Fund Budget Appropriation	<u>50,000</u>
	79,005
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>69,200</u>
Balance, December 31, 2019	\$ <u><u>9,805</u></u>

**BOROUGH OF BOGOTA
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2018</u>		<u>Interest Rate</u>	<u>Balance,</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance,</u>
			<u>Date</u>	<u>Amount</u>		<u>December 31,</u>			<u>2019</u>
2012 General Improvement Bonds	12/1/2002	\$ 3,295,000	12/1/2020	\$ 320,000	2.00%				
			12/1/2021	320,000	2.00%				
			12/1/2022	320,000	2.00%				
			12/1/2023	320,000	2.00%				
			12/1/2024	320,000	2.50%				
			12/1/2025	320,000	3.00%	\$ 2,240,000		\$ 320,000	\$ 1,920,000
2019 General Improvement Bonds	5/1/2019	5,675,000	5/1/2020	300,000	2.00%				
			5/1/2021	300,000	2.00%				
			5/1/2022	300,000	2.00%				
			5/1/2023	300,000	2.00%				
			5/1/2024	300,000	2.00%				
			5/1/2025	300,000	2.00%				
			5/1/2026	500,000	2.25%				
			5/1/2027	525,000	2.50%				
			5/1/2028	525,000	3.00%				
			5/1/2029	550,000	3.00%				
			5/1/2030	575,000	3.000%				
			5/1/2031	600,000	3.000%				
			5/1/2032	600,000	3.000%	-	\$ 5,675,000	-	5,675,000
						\$ 2,240,000	\$ 5,675,000	\$ 320,000	\$ 7,595,000
								\$ 320,000	
Paid by Budget Appropriation								\$ 320,000	

BOROUGH OF BOGOTA
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2018	Increased	Decreased	Balance, December 31, 2019
1442	Acquisition of Passenger Bus	7/24/2014	5/11/2018	5/10/2019	2.04 %	\$ 61,111		\$ 61,111	
1443	Improvements to Municipal Facilities	7/24/2014	5/11/2018	5/10/2019	2.04	86,724		86,724	
1445	2014 Road Improvement Program	11/13/2014	5/11/2018	5/10/2019	2.04	170,000		170,000	
1462	Various Public Improvements	11/13/2015	5/11/2018	5/10/2019	2.04	1,008,308		1,008,308	
1463	Sanitary Sewer System Improvements	11/13/2015	5/11/2018	5/10/2019	2.04	234,987		234,987	
1467	Refunding Bonds (Tasca)	11/13/15	5/11/2018	5/10/2019	2.04	166,000		166,000	
			4/18/2019	4/17/2020	2.60		\$ 83,000		\$ 83,000
1476	Various Public Improvements	5/13/2016	5/11/2018	5/10/2019	2.04	1,276,000		1,276,000	
1483	Various Public Improvements	5/12/2017	5/11/2018	5/10/2019	2.04	190,000		190,000	
1488	Various Public Improvements	5/12/2017	5/11/2018	5/10/2019	2.04	285,000		285,000	
1492	Reconstruction of Shore Ave	5/12/2017	5/11/2018	5/10/2019	2.04	200,000		200,000	
1493	Reconstruction of Leonia Ave Phase II	5/12/2017	5/11/2018	5/10/2019	2.04	200,000		200,000	
			4/18/2019	4/17/2020	2.60		155,500		155,500
1494	Various Public Improvements	5/12/2017	5/11/2018	5/10/2019	2.04	947,000		947,000	-
1511	Various Public Improvements	8/1/2018	8/1/2018	5/10/2019	2.29	1,204,000		1,204,000	
1516	Resurfacing Leonia Ave Phase III & IV	4/18/2019	4/18/2019	4/17/2020	2.60	-	380,795	-	380,795
						<u>\$ 6,029,130</u>	<u>\$ 619,295</u>	<u>\$ 6,029,130</u>	<u>\$ 619,295</u>
						Renewals	\$ 238,500	\$ 238,500	
						Issued for Cash	380,795		
						Paid with Serial Bond Proceeds		5,555,795	
						Paid by Budget Appropriation		83,000	
						Paid with Capital Cash	-	151,835	
							<u>\$ 619,295</u>	<u>\$ 6,029,130</u>	

**BOROUGH OF BOGOTA
STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, December 31, 2018		\$ 151,835
Increased by:		
Accrued Interest on Bonds & Notes	\$ 3,646	
Grant Proceeds	<u>80,000</u>	
		<u>83,646</u>
Balance, December 31, 2019		<u><u>\$ 235,481</u></u>

STATEMENT OF RESERVE FOR DEVELOPER CONTRUBUTION

Balance, December 31, 2018		\$ 250,000
Decreased by:		
Appropriated to Fund Improvement Authorization		<u>250,000</u>
Balance, December 31, 2019		<u><u>\$ -</u></u>

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

<u>Ord. No.</u>	<u>Description</u>	Balance, December 31, <u>2018</u>	2019 <u>Authorizations</u>	Funded by <u>Serial Bonds</u>	Notes <u>Issued</u>	Notes not <u>Renewed</u>	Balance, December 31, <u>2019</u>
1442	Acquisition of Passenger Bus					\$ 1,111	\$ 1,111
1443	Improvements to Municipal Facilities					1,724	1,724
1492	Reconstruction of West Shore Ave					149,000	149,000
1516	Resurfacing Leonia Ave (Phase III & IV)	\$ 500,000		\$ 119,205	\$ 380,795		-
1522	Improvements to Palisade Avenue (Phase III)		\$ 103,800				103,800
1523	Various Public Improvements		952,000				952,000
1528	Rehabilitation of Basketball and Tennis Courts at Olsen Park		319,000				319,000
1532	Construction of New Recreation Center at Olsen Park	-	4,350,000	-	-	-	4,350,000
		<u>\$ 500,000</u>	<u>\$ 5,724,800</u>	<u>\$ 119,205</u>	<u>\$ 380,795</u>	<u>\$ 151,835</u>	<u>\$ 5,876,635</u>

BOROUGH OF BOGOTA
PART II
GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER F. LERCH, CPA, RMA, PSA
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GARY W. HIGGINS, CPA, RMA, PSA
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MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Bogota as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2020. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Bogota's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Bogota's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of findings and responses as item 2019-001.

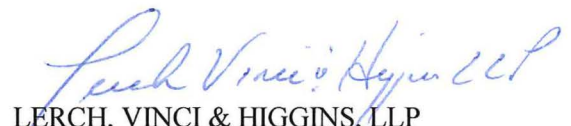
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Bogota in Part III of this report of audit entitled; "Letter of Comments and Recommendations",


Borough of Bogota's Responses to Findings

The Borough of Bogota's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Borough of Bogota's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
September 18, 2020

BOROUGH OF BOGOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Grant Award Amount</u>	<u>Balance, January 1, 2019</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Cancelled/ Adjustments</u>	<u>Balance, December 31, 2019</u>
Environmental Protection Agency (Passed through State of New Jersey) Green Communities Grant	2018	10.664	\$ 2,150	\$ -	\$ 2,150	\$ -	\$ -	\$ 2,150
				<u>\$ -</u>	<u>\$ 2,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,150</u>

Note: This schedule was not subject to Single Audit requirements of U.S. Uniform Guidance.

BOROUGH OF BOGOTA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Balance, December 31, 2018</u>	<u>2019 Revenue Realized</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2019</u>
Environmental Protection Agency									
Clean Communities	4900-765-042-4900-004	2012	\$ 9,700		\$ 119				\$ 119
Clean Communities	4900-765-042-4900-004	2014	10,663		10,663				10,663
Clean Communities	4900-765-042-4900-004	2015	12,962		12,962				12,962
Clean Communities	4900-765-042-4900-004	2016	14,818		14,818				14,818
Clean Communities	4900-765-042-4900-004	2017	12,589		12,589				12,589
Clean Communities	4900-765-042-4900-004	2018	12,048			\$ 12,048			12,048
Clean Communities	4900-765-042-4900-004	2019	13,445	\$ 13,445					
Recycling Tonnage	4030-752-050550-50	2012	11,013		3,776				3,776
Recycling Tonnage	4030-752-050550-50	2014	11,115		11,115				11,115
Recycling Tonnage	4030-752-050550-50	2015	10,702		10,702				10,702
Recycling Tonnage	4030-752-050550-50	2016	6,538		6,538				6,538
Recycling Tonnage	4030-752-050550-50	2018	2,690			2,689			2,689
Recycling Tonnage	4030-752-050550-50	2019		10,669					
Body Armor Replacement	1020-718-066-1020-001	2014	1,850		1,850				1,850
Body Armor Replacement	1020-718-066-1020-001	2015	1,847		1,847				1,847
Body Armor Replacement	1020-718-066-1020-001	2016	1,703		1,703				1,703
Body Armor Replacement	1020-718-066-1020-001	2017	1,785		1,785				1,785
		2019	1,956	1,956					-
Alcohol Education Rehabilitation Program	9735-760-098-9735-001	2013	5,526		5,526				5,526
Alcohol Education Rehabilitation Program	9735-760-098-9735-001	2014	1,890		1,890				1,890
Alcohol Education Rehabilitation Program	9735-760-098-9735-001	2015	1,355		1,355				1,355
Alcohol Education Rehabilitation Program	9735-760-098-9735-001	2016	121		121				121
Alcohol Education Rehabilitation Program	9735-760-098-9735-001	2017	708		708				708
Alcohol Education Rehabilitation Program	9735-760-098-9735-001	2018	659			659			659
Alcohol Education Rehabilitation Program	9735-760-098-9735-001	2019	402	402					
Municipal Alliance Grant Fund	100-082-2000-044	2017	9,876		328				328
Municipal Alliance Grant Fund	100-082-2000-044	2018	9,876		9,876				9,876
Department of Transportation									
Resurfacing of Leonia Avenue, Phase III & IV (Ord. 1516)			380,627		344,132	-	344,132	-	-
					<u>\$ 454,403</u>	<u>\$ 15,396</u>	<u>\$ 344,132</u>	<u>-</u>	<u>\$ 125,667</u>

Note: This schedule was not subject to Single Audit requirements of NJ OMB 15-08.

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

BOROUGH OF BOGOTA
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2019

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 2,150	\$ 15,396	\$ 17,546
Total Financial Awards	<u>\$ 2,150</u>	<u>\$ 15,396</u>	<u>\$ 17,546</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 DE MINIMIS INDIRECT COST RATE

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

**BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Modified - Unaudited LOSAP Fund

Internal control over financial reporting:

1) Material weakness(es) identified	<u> </u> yes	<u> X </u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	<u> X </u> yes	<u> </u> none
Noncompliance material to the financial statements noted?	<u> X </u> yes	<u> </u> no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF BOGOTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18.5.20 of *Government Auditing Standards*.

Finding 2019-001

Our audit indicated that sufficient appropriations were not always available prior to the commitment and expenditure of Borough funds. As a result, the Borough incurred expenditures without appropriation and certain current fund budget line items and trust fund accounts were over expended.

Criteria or Specific Requirement

N.J.S.A. 40A:4 (Local Budget Law)

Condition

The Borough expended funds for various purposes without sufficient appropriation available.

Context

The Borough incurred expenditures for emergency sewer repairs in the amount of \$69,500. No appropriation was made available for such expenditures. The Borough incurred expenditures of \$296,000 for garbage and trash removal, however only \$246,700 was available for such expenditures. This resulted in a budgetary overexpenditure of \$49,300. The Trust Fund accounts for Recreation and 125th anniversary celebration ended the year in deficit positions of \$69,526 and \$8,684, respectively.

Effect

The Borough is not in compliance with Local Budget Law. Deferred charges for the aforementioned expenditures are required to be raised in the subsequent budget.

Recommendation

Internal controls be enhanced to prevent expenditures without appropriation, budgetary overexpenditures and Trust Fund deficits.

View of Responsible Officials and Planned Corrective Action

Management has indicated corrective action will be taken.

**BOROUGH OF BOGOTA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

Finding 2018-001:

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

Current Status

Corrective action has been taken.

Finding 2018-002:

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

Current Status

Corrective action has been taken.

BOROUGH OF BOGOTA
BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA
LETTER OF COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

**BOROUGH OF BOGOTA
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
CURRENT FUND**

	<u>Year 2019</u>			<u>Year 2018</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 135,000	0.49 %	\$	570,000	2.00 %
Miscellaneous - From Other Than Local					
Property Tax Levies	1,695,478	6.01		2,020,361	7.11
Collection of Delinquent Taxes					
and Tax Title Liens	20,643	0.07		1,273	0.00
Collection of Current Tax Levy	26,043,259	92.34		25,056,741	88.13
Other Credits	307,813	1.09		783,293	2.76
	<u>28,202,193</u>	<u>100.00</u> %		<u>28,431,668</u>	<u>100.00</u> %
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	9,485,699	34.68		10,066,123	36.68 %
County Taxes	1,961,698	7.17		1,794,140	6.54
Local District School Taxes	15,749,210	57.59		15,576,894	56.76
Other Expenditures	152,106	0.56		4,816	0.02
	<u>27,348,713</u>	<u>100.00</u> %		<u>27,441,973</u>	<u>100.00</u> %
Less: Expenditures to be Raised by Future Revenue	<u>118,800</u>			<u>19,000</u>	
Total Adjusted Expenditures	<u>27,229,913</u>			<u>27,422,973</u>	
Excess in Revenue	972,280			1,008,695	
Fund Balance, January 1	<u>1,034,600</u>			<u>595,905</u>	
	2,006,880			1,604,600	
Less Utilization as Anticipated Revenue	<u>135,000</u>			<u>570,000</u>	
Fund Balance, December 31	<u>\$ 1,871,880</u>			<u>\$ 1,034,600</u>	

**BOROUGH OF BOGOTA
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rate</u>	<u>\$4.018</u>	<u>\$3.920</u>	<u>\$3.800</u>

Apportionment of Tax Rate

Municipal	1.254	1.234	1.196
County	.290	.269	.274
County Open Space	.012	.012	.011
Local School	2.462	2.405	2.319

Assessed Valuation

2019	<u>\$639,934,700</u>	
2018	<u>\$638,018,600</u>	
2017		<u>\$642,458,400</u>

Comparison of Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2019	\$ 26,076,547	\$ 26,043,259	99.87%
2018	25,078,113	25,056,741	99.91%
2017	24,433,460	24,399,023	99.86%

**BOROUGH OF BOGOTA
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2019	\$ 4,392	\$ 10,295	\$ 14,687	0.06%
2018	20,643	9,548	30,191	0.12%
2017	1,273	8,819	10,092	0.04%

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2019 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2019	\$136,680
2018	136,680
2017	136,680

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2019	\$1,871,880	\$508,684
	2018	1,034,600	135,000
	2017	595,905	570,000
	2016	916,864	794,765
	2015	1,157,807	375,000

**BOROUGH OF BOGOTA
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	
Christopher Kelemen	Mayor		
Mary Ellen Murphy	Council President		
Consuelo Carpenter	Councilwoman		
Kathryn Gates-Ferris	Councilwoman		
David MacFarlane	Councilman		
Thomas Napolitano	Councilman		
Robert Robbins	Councilman		
Joseph Scarpa	Administrator	\$1,000,000	(A)
Gregory Bock	Chief Financial Officer	1,000,000	(A)
Jeanne M. Cook	Borough Clerk		
Elizabeth Wiemer	Tax Collector (1/1/19-11/1/19)	1,000,000	(A)
Chris Battaglia	Tax Collector (11/1/19-present)	1,000,000	(A)
Daniel Howell	Construction Code Official		
Michael Quercia	Plumbing Subcode Official		
Giuseppe Randazazo	Municipal Court Judge	50,000	(B)
Pat Wilkens	Tax Assessor		
Daniel Maye	Chief of Police		
Robert Costa	Borough Engineer		
William Betesh, Esq.	Borough Attorney		

- (A) Blanket bond for all Municipal employees
(B) Blanket bond for all Court employees

BOROUGH OF BOGOTA
LETTER OF COMMENTS AND RECOMMENDATION

GENERAL COMMENTS

Current Year Findings

Our audit indicated that cancelled checks for Borough disbursements were not always retained and made available for audit. It is recommended that the Borough retain copies of all cancelled checks until completion of the audit.

Our audit indicated that unexpended balances reflected on the Borough's capital improvement authorization ledger was not in agreement with audited amounts. It is recommended that the general capital improvement authorization ledger be in agreement with audited balances.

Our audit indicated that payroll tax returns are addressed to the third party payroll provider. It is recommended that State and Federal payroll tax returns be addressed to Borough Hall.

Our audit of the municipal court indicated that stale dated checks remain outstanding on the bail bank account reconciliation. It is recommended that old outstanding checks in the municipal court bail account be cleared of record.

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$21,000 except by contract or agreement".

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:

Palisade Avenue Road Improvements Project
2018 Leonia Avenue Improvements Project
Cleaning and Maintenance Services for Municipal Buildings
Preston Street Wall Project

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

Our examination of expenditures revealed an instance where individual payment exceeded for \$21,000 "for the performance of any work, or the furnishing or hiring of any materials or supplies," where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. One such instance was detected

BOROUGH OF BOGOTA
LETTER OF COMMENTS AND RECOMMENDATION

GENERAL COMMENTS (Continued)

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 3, 2019 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, by the Mayor and Council of the Borough of Bogota, County of Bergen, State of New Jersey, that the rate of interest on taxes delinquent is set at eight (8) percent for the first (\$1,500) fifteen hundred dollars, and eighteen (18) percent on any amount in excess of \$1,500 fifteen hundred dollars, and

BE IT FURTHER RESOLVED, that no interest shall be charged if payment of any installment is made within ten (10) days after the date upon which the same is payable, and

BE IT RESOLVED, that in any case where the tax is not paid within those extended days the full penalty from this date due attaches.

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

There was a tax sale held on December 18, 2019

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>
2019	1
2018	1
2017	1

**BOROUGH OF BOGOTA
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:


1. Internal controls be enhanced to prevent expenditures without appropriation, budgetary overexpenditures and Trust account deficits.
2. The Borough retain copies of all cancelled checks until completion of the audit.
3. The general capital improvement authorization ledger be in agreement with audited balances.
4. State and Federal payroll tax returns be addressed to Borough Hall.
5. Old outstanding checks in the municipal court bail account be cleared of record.

* * * * *

The recommendations noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.


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


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398