

**BOROUGH OF BUENA
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2012**

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BOROUGH OF BUENA

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2012



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of Borough Council
Borough of Buena, 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 Buena, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Buena on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Buena as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2013 on our consideration of the Borough of Buena's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Buena's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

April 18, 2013

**EXHIBIT - A
CURRENT FUND**

BOROUGH OF BUENA
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 547,960.06	\$ 340,045.55
Collector	A-5	9,216.76	197,967.13
Change Funds		575.00	575.00
		<u>557,751.82</u>	<u>538,587.68</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	160,102.60	145,514.60
Tax Title Liens Receivable	A-8	6,288.94	5,974.64
Property Acquired for Taxes (at Assessed Valuation)		258,600.00	258,600.00
Revenue Accounts Receivable	A-9	5,889.94	18,093.09
Interfunds:			
Due from Animal Control Fund	B	2.11	1,652.50
Due from General Capital Fund	C	-	1,172.68
Due from Federal and State Grant Fund	A	8,615.09	24,550.04
Due from Trust Funds - Other	B	8,169.26	3,657.59
		<u>447,667.94</u>	<u>459,215.14</u>
Deferred Charges:			
Emergency Authorization		40,400.00	33,800.00
Overexpenditure of Appropriation		578.61	-
		<u>40,978.61</u>	<u>33,800.00</u>
		<u>1,046,398.37</u>	<u>1,031,602.82</u>
Federal and State Grant Fund:			
Grants Receivable	A-11	176,218.72	158,898.88
		<u>176,218.72</u>	<u>158,898.88</u>
		<u>\$ 1,222,617.09</u>	<u>\$ 1,190,501.70</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF BUENA
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 99,871.46	\$ 9,655.55
Encumbrances/Accounts Payable	A-3	33,018.66	32,730.18
Prepaid Taxes		63,145.29	57,470.91
Tax Overpayments		22,074.31	12,427.00
County Taxes		-	0.04
Due County - Added & Omitted Taxes		2,631.47	3,243.90
Regional School Tax Payable		-	2.05
Payroll Deductions Payable		981.33	250.45
Due to State - Veterans & Senior Citizens		2,298.03	1,569.15
Due to General Capital Fund		23,425.09	-
Deposit for Redemption of Liens		2,071.28	-
Reserve for Revaluation Program		-	19,145.15
Street Opening/Performance Bonds		70,377.14	68,757.14
Prepaid PILOT Fees		15,262.00	-
		<u>335,156.06</u>	<u>205,251.52</u>
Reserve for Receivables and Other Assets		447,667.94	459,215.14
Fund Balance	A-1	<u>263,574.37</u>	<u>367,136.16</u>
		<u>1,046,398.37</u>	<u>1,031,602.82</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	1,725.92	1,352.07
Appropriated Reserves	A-13	143,228.09	105,721.93
Encumbrances Payable	A-13	22,649.62	27,274.84
Due to Current Fund	A	8,615.09	24,550.04
		<u>176,218.72</u>	<u>158,898.88</u>
		<u>\$ 1,222,617.09</u>	<u>\$ 1,190,501.70</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF BUENA
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Fund Balance Utilized	\$	185,000.00	\$ 135,000.00
Miscellaneous Revenue Anticipated		1,030,248.96	1,007,339.55
Receipts from Delinquent Taxes		140,544.24	239,957.29
Receipts from Current Taxes		7,835,075.95	7,485,083.07
Non-Budget Revenue		56,463.08	32,081.45
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		10,190.99	34,059.62
Interfunds Returned		22,417.72	51,786.32
Cancel Public Defender Trust Fund		5,973.65	-
Cancel Reserve for Revaluation		19,145.15	-
Cancel County Taxes Payable		0.04	-
Cancel Regional School Tax Payable		2.05	-
Cancel Tax Overpayments		933.03	-
Total Income		<u>9,305,994.86</u>	<u>8,985,307.30</u>
 <u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		1,394,703.00	1,273,578.00
Other Expenses		1,377,877.00	1,441,266.97
Deferred Charges & Statutory Expenditures		366,093.61	349,642.03
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		-	125,000.00
Other Expenses		329,385.07	70,047.28
Capital Improvements		43,400.00	65,000.00
Municipal Debt Service		223,008.24	250,689.49
Deferred Charges & Statutory Expenditures		31,069.35	50,000.00
Transferred to Board of Education for			
Use of Local Schools		12,496.00	12,454.00
Special District Taxes		305,558.00	303,228.00
County Taxes		1,113,400.25	1,084,620.54
County Added and Omitted Taxes		2,631.47	3,243.90
Regional High School Tax		4,017,573.45	3,805,809.13
Prior Year Senior Citizens Disallowed		2,500.00	-
Interfunds Created		8,171.37	25,947.37
Refund of Prior Year Revenue		15,262.00	-
Grants Receivable Canceled		22,406.45	-
Total Expenditures		<u>9,265,535.26</u>	<u>8,860,526.71</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF BUENA
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Excess In Revenue		\$ 40,459.60	\$ 124,780.59
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year		40,978.61	33,800.00
Expenditures Included Above Which were Funded by Bond Ordinance		-	60,000.00
		<u>40,978.61</u>	<u>93,800.00</u>
Statutory Excess to Fund Balance		81,438.21	218,580.59
Fund Balance January 1	A	<u>367,136.16</u>	<u>283,555.57</u>
		448,574.37	502,136.16
Decreased by:			
Utilization as Anticipated Revenue		<u>185,000.00</u>	<u>135,000.00</u>
Fund Balance December 31	A	<u>\$ 263,574.37</u>	<u>\$ 367,136.16</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF BUENA
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated		\$ 185,000.00	\$ -	\$ 185,000.00	\$ -
		185,000.00	-	185,000.00	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages		4,400.00		5,349.36	949.36
Fines and Costs:					
Municipal Court		104,000.00		93,281.10	(10,718.90)
Interest and Costs on Taxes		40,000.00		31,047.43	(8,952.57)
Interest on Investments and Deposits		3,200.00		1,711.53	(1,488.47)
Occupancy and Apartment Registrations		10,000.00		9,570.00	(430.00)
Fees and Permits for Trash Removal		3,000.00		2,790.00	(210.00)
Atlantic County - Election Reimbursement		2,000.00		300.00	(1,700.00)
Ambulance Fees		148,000.00		171,601.02	23,601.02
Cable Television Franchise Fees		13,203.58		13,203.58	-
Hotel/Motel Tax		9,000.00		10,319.94	1,319.94
Lease - Commerce Center		51,000.00		51,000.00	-
Buena Gardens - Payments in Lieu of Taxes		50,000.00		50,000.00	-
Borough of Buena Housing Authority - Payments in Lieu of Taxes		10,370.00		12,502.61	2,132.61
Consolidated Municipal Property Tax Relief Aid		49,645.00		49,645.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		369,627.00		369,627.00	-
Uniform Construction Code Fees		40,000.00		51,785.25	11,785.25
Special Items:					
Public and Private Programs Off-Set by Revenues:					
Clean Communities Program		9,130.00		9,130.00	-
EUDL Grant - Underage Drinking		4,800.00		4,800.00	-
Atlantic County Joint Insurance Fund - Safety Award		1,125.00		1,125.00	-
COPS Grant		74,347.00		74,347.00	-
Body Armor Grant		1,352.07		1,352.07	-
Impaired driving grant - 2012		-	4,400.00	4,400.00	-
distracted Driving grant - 2012		-	2,000.00	2,000.00	-
Click it or Ticket - 2012		-	4,000.00	4,000.00	-

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF BUENA
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

Ref.	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenues (continued):				
Special Items (continued):				
Other Special Items:				
Uniform Fire Safety Act	\$ 5,700.00	\$	\$ 5,361.07	\$ (338.93)
Total Miscellaneous Revenues	<u>1,003,899.65</u>	<u>10,400.00</u>	<u>1,030,248.96</u>	<u>15,949.31</u>
Receipts from Delinquent Taxes	<u>145,000.00</u>		<u>140,544.24</u>	<u>(4,455.76)</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	2,589,771.55		2,592,928.56	3,157.01
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>2,589,771.55</u>	<u>-</u>	<u>2,592,928.56</u>	<u>3,157.01</u>
Budget Totals	<u>3,923,671.20</u>	<u>10,400.00</u>	<u>3,948,721.76</u>	<u>14,650.56</u>
Non-Budget Revenues	<u>3,923,671.20</u>	<u>10,400.00</u>	<u>4,005,184.84</u>	<u>71,113.64</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF BUENA
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

Ref.

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenues from Collections	\$	7,835,075.95
Allocated to:		
School, County and Special District Taxes		5,439,163.17
Balance for Support of Municipal Budget Appropriations		2,395,912.78
Add: Appropriation		
"Reserve for Uncollected Taxes"		197,015.78
Amount for Support of Municipal Budget Appropriations	\$	2,592,928.56

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$	137,143.07	
Tax Title Lien Collections		3,401.17	
	\$		140,544.24

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:			
Police Detail - Administrative Fees	\$	25,694.91	
Payments in Lieu of Taxes on Real Property		8,782.98	
FEMA - June 30th Storm		5,548.89	
Inspection Fines		4,289.62	
Scibal Deduction Reimbursement		3,308.13	
County - EMS		3,000.00	
Street Opening Permits		2,758.75	
Cancel Old Outstanding Checks		944.11	
Miscellaneous		843.93	
Police Records		569.85	
Administrative Fee - Seniors and Veterans		274.36	
Registrar Fees (Mariage, Birth, Death)		273.00	
Tax Searches		90.00	
Variance Lists		60.00	
Photo Copies		24.55	
	\$		56,463.08

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF BUENA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Budget After Modification	Paid or Charged	Expended		Reserved	(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered			
OPERATIONS WITHIN "CAPS"								
GENERAL GOVERNMENT:								
Mayor and Council								
Salaries and Wages	\$ 31,800.00	\$	\$ 31,800.00	\$ 31,523.68	\$	\$	\$ 276.32	\$
Other Expenses	4,000.00		2,800.00	2,409.72	70.00		320.28	
Borough Administrator			4,374.00	4,057.65			316.35	
Municipal Clerk								
Salaries and Wages	90,300.00		91,300.00	90,620.77			679.23	
Other Expenses	26,000.00		26,000.00	20,730.08	2,404.63		2,865.29	
Financial Administration								
Salaries and Wages	60,500.00		60,500.00	57,624.51			2,875.49	
Other Expenses	14,000.00		14,000.00	10,270.54	2,198.99		1,530.47	
Audit Services								
Other Expenses	27,150.00		27,150.00	27,150.00			-	
Elections								
Other Expenses	3,200.00		1,920.00	1,916.04			3.96	
Computerized Data Processing								
Other Expenses	16,500.00		16,500.00	15,372.00			1,128.00	
Collection of Taxes								
Salaries and Wages	19,000.00		20,000.00	19,923.05			76.95	
Other Expenses	2,100.00		2,100.00	2,041.79			58.21	
Assessment of Taxes								
Salaries and Wages	25,700.00		25,700.00	25,699.80			0.20	
Other Expenses:								
Maintenance of Tax Map	2,000.00		1,000.00	510.00			490.00	
Miscellaneous Other Expenses	3,000.00		3,000.00	2,557.59			442.41	
Legal Services								
Salaries and Wages	25,000.00		25,000.00	24,038.50			961.50	
Other Expenses	47,700.00		70,700.00	64,117.34			6,582.66	
Engineering Services and Costs								
Other Expenses	15,000.00		15,000.00	12,299.22	2,682.50		18.28	
Court Interpreter								
Other Expenses								
Municipal Court								
Salaries and Wages	20,500.00		20,500.00	20,447.63			52.37	
Other Expenses	300.00		155.00	154.89			0.11	
Public Defender								
Salaries and Wages	88.00		88.00	87.70			0.30	
Grant Administration								
Other Expenses	4,000.00		4,000.00	1,600.00	800.00		1,600.00	

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF BUENA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Budget After Modification	Paid or Charged	Expended		Reserved	(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered			
LAND USE ADMINISTRATION:								
Land Use Board	\$ 28,200.00	\$ 24,800.00	\$ 24,800.00	\$ 24,348.80	\$	\$	451.20	\$
Salaries and Wages	2,000.00	2,000.00	2,000.00	1,300.07			699.93	
Other Expenses								
Zoning Board of Adjustment	5,750.00	5,750.00	5,750.00	5,599.88			150.12	
Salaries and Wages								
INSURANCE:								
General Liability	46,800.00	46,720.00	46,720.00	46,719.15			0.85	
Workers Compensation Insurance	104,000.00	102,805.00	102,805.00	102,801.85			3.15	
Employee Group Health	433,553.00	435,053.00	435,053.00	431,795.98	3,000.00		257.02	
Disability Insurance	2,000.00	1,100.00	1,100.00	986.44			113.56	
Health Benefit Waivers								
Salaries and Wages	500.00	500.00	500.00	500.00			-	
PUBLIC SAFETY:								
Police Department								
Salaries and Wages	710,000.00	725,000.00	725,000.00	687,557.70	1,000.00		36,442.30	
Other Expenses	52,300.00	52,300.00	52,300.00	42,644.58	5,318.22		4,337.20	
Police and Fire Communications								
Salaries and Wages	-	-	-	-			-	
Office of Emergency Management								
Salaries and Wages	500.00	500.00	500.00	483.00			17.00	
Other Expenses	1,000.00	1,000.00	1,000.00	88.31	751.30		160.39	
Emergency Medical Services								
Salaries and Wages	124,200.00	137,800.00	137,800.00	136,220.40			1,579.60	
Other Expenses	40,000.00	40,000.00	40,000.00	34,098.58	5,611.19		290.23	
Municipal Prosecutor								
Salaries and Wages								
Uniform Fire Safety Act - Fire Code Official								
Salaries and Wages	4,156.00	4,156.00	4,156.00	4,074.98			81.02	
Other Expenses	100.00	100.00	100.00	-			100.00	
PUBLIC WORKS:								
Streets and Road Maintenance								
Salaries and Wages	159,500.00	156,000.00	156,000.00	155,900.30			99.70	
Other Expenses	32,000.00	32,000.00	32,000.00	25,237.64	6,304.46		457.90	
Garbage and Trash Removal								
Other Expenses	251,000.00	234,400.00	234,400.00	232,516.46	320.92		1,562.62	

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF BUENA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Budget After Modification	Paid or Charged	Expended		Reserved	(Overexpended) Unexpended Balance Cancelled
	Budget				Encumbered			
PUBLIC WORKS (CONTINUED):								
Sanitary Landfill	\$ 4,000.00	\$	4,000.00	2,055.40	\$	1,944.60	\$	
Other Expenses								
Landfill License	5,000.00		5,000.00	4,941.23		58.77		
Other Expenses								
Building and Grounds	13,500.00		13,500.00	13,490.79		9.21		
Salaries and Wages	20,000.00		20,000.00	19,111.17	671.70	217.13		
Other Expenses								
HEALTH AND HUMAN SERVICES:								
Dog Regulation	11,400.00		11,400.00	11,400.00		-		
Other Expenses								
PARKS AND RECREATION:								
Recreation	2,500.00		2,500.00	2,500.00		-		
Other Expenses								
UNIFORM CONSTRUCTION CODE:								
State Uniform Construction Code	13,200.00		13,200.00	13,199.45		0.55		
Construction Official	3,000.00		3,000.00	1,586.51	100.00	1,313.49		
Salaries and Wages								
Other Expenses								
Sub-Code Official								
Salaries and Wages:								
Occupancy Inspector	2,911.00		2,911.00	2,856.10		54.90		
Building Inspector	10,200.00		10,200.00	9,807.81		392.19		
Plumbing Inspector	7,252.00		7,252.00	7,109.96		142.04		
Electrical Inspector	7,252.00		7,252.00	7,209.96		42.04		
Fire Prevention Official	3,570.00		3,570.00	3,500.12		69.88		
Enforcement Official	7,424.00		7,424.00	6,158.24		1,265.76		
Other Expenses:								
Facility Costs	8,000.00		8,000.00	8,000.00		-		

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF BUENA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Budget After Modification	Paid or Charged	Expended		Reserved	(Overexpended) Unexpended Balance Cancelled
	Budget	Budget			Encumbered	Reserved		
UTILITY EXPENSES AND BULK PURCHASES:								
Electricity	\$ 45,000.00	\$ 41,700.00	\$ 41,700.00	\$ 36,676.71	\$	\$	\$ 5,023.29	\$
Street Lighting	56,200.00	54,200.00	54,200.00	48,952.15			5,247.85	
Telephone	22,500.00	21,000.00	21,000.00	20,054.07			945.93	
Fuel Oil	12,000.00	9,000.00	9,000.00	6,403.48	425.66		2,170.86	
Gasoline	65,000.00	61,900.00	61,900.00	53,014.59			8,885.41	
TOTAL OPERATIONS WITHIN "CAPS"	2,755,306.00	2,772,580.00	2,772,580.00	2,646,054.36	31,659.57		94,866.07	-
Contingent								
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	2,755,306.00	2,772,580.00	2,772,580.00	2,646,054.36	31,659.57		94,866.07	-
Detail:								
Salaries and Wages	1,371,003.00	1,394,703.00	1,394,703.00	1,347,983.13	1,000.00		45,719.87	-
Other Expenses	1,384,303.00	1,377,877.00	1,377,877.00	1,298,071.23	30,659.57		49,146.20	-
DEFERRED CHARGES:								
Emergency Authorizations	3,016.00	3,016.00	3,016.00	3,016.00			-	
STATUTORY EXPENDITURES:								
Contributions to:								
Public Employees' Retirement System	82,850.00	82,850.00	82,850.00	82,850.00			-	(578.61)
Social Security System (O.A.S.I.)	108,000.00	112,666.00	112,666.00	113,244.61			-	
Police and Firemen's Retirement System of NJ	159,183.00	159,183.00	159,183.00	154,921.25			4,261.75	
Unemployment Compensation Insurance	7,500.00	7,500.00	7,500.00	6,904.85			595.15	
Defined Contribution Retirement Plan (DCRP)	300.00	300.00	300.00	151.51			148.49	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	360,849.00	365,515.00	365,515.00	361,088.22	-		5,005.39	(578.61)
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	3,116,155.00	3,138,095.00	3,138,095.00	3,007,142.58	31,659.57		99,871.46	(578.61)

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF BUENA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
NJPDES/Stormwater (40A:4-45.3cc)	\$ 1,050.00	\$ 1,050.00	\$ 1,050.00	\$ -	\$ -
Streets and Road Maintenance					
Other Expenses					
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	1,050.00	1,050.00	1,050.00	-	-
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>					
Police and Fire Communications	128,750.00	128,750.00	128,750.00	-	-
Other Expenses					
Borough of Buena MUJA					
Financial Administration	19,000.00	19,000.00	19,000.00	-	-
Other Expenses					
Township of Franklin					
Municipal Court					
Other Expenses	75,000.00	75,000.00	75,000.00	-	-
TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS	222,750.00	222,750.00	222,750.00	-	-
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>					
Clean Communities Program	9,130.00	9,130.00	9,130.00	-	-
Atlantic County Joint Insurance Fund					
Safety Award	1,125.00	1,125.00	1,125.00	-	-
Body Armor Grant	1,352.07	1,352.07	1,352.07	-	-
SFSP-Fire District Payment	1,567.00	1,567.00	1,567.00	-	-
EUDL Grant - Underage Drinking	4,800.00	4,800.00	4,800.00	-	-
Municipal Alliance Program - Local Share	2,864.00	2,864.00	2,864.00	-	-
Impaired Driving Police Grant					
(40A:4-87, \$4,400.00+)		4,400.00	4,400.00	-	-
Distracted Driving Police Grant					
(40A:4-87, \$2,000.00+)		2,000.00	2,000.00	-	-
COPS Grant	74,347.00	74,347.00	74,347.00	-	-
Clickit of Ticket Grant					
(40A:4-87, \$4,000.00+)		4,000.00	4,000.00	-	-
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	95,185.07	105,585.07	105,585.07	-	-

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF BUENA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved	
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 318,985.07	\$ 329,385.07	\$ 329,385.07	\$ -	\$ -
Detail:					
Salaries and Wages	318,985.07	329,385.07	329,385.07	-	-
Other Expenses	-	-	-	-	-
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	25,000.00	25,000.00	25,000.00	-	-
Downpayment on Improvements	-	18,400.00	18,400.00	-	-
Funded Emergency:					
Reconstruction of Emergency Medical Services (Emergency, \$40,000.00)	-	-	-	-	-
Replace Heating and Air Conditioning System at Senior Building (Emergency, \$20,000.00)	-	-	-	-	-
TOTAL CAPITAL IMPROVEMENTS	25,000.00	43,400.00	43,400.00	-	-
DEBT SERVICE					
Payment of Bond Principal	155,000.00	155,000.00	155,000.00	-	-
Payment of Bond Anticipation Notes & Capital Notes	42,000.00	42,000.00	42,000.00	-	-
Interest on Bonds	12,200.00	12,200.00	12,200.00	-	-
Interest on Notes	8,900.00	8,960.00	8,959.63	-	0.37
Green Trust Loan Program:					
Loan Repayments for Principal & Interest	4,850.00	4,850.00	4,848.61	-	1.39
TOTAL DEBT SERVICE	222,950.00	223,010.00	223,008.24	-	1.76
DEFERRED CHARGES EXCLUDED FROM "CAPS"					
Emergency Authorizations	30,784.00	30,784.00	30,784.00	-	-
Deferred Charges to Future Taxation - Unfunded Ordinance 566	262.55	262.55	262.55	-	-
Ordinance 582	22.80	22.80	22.80	-	-
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	31,069.35	31,069.35	31,069.35	-	-

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF BUENA
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Appropriations</u>		<u>Expended</u>		<u>(Overexpended) Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered Reserved</u>	
TRANSFERRED TO BOARD OF EDUCATION FOR USE OF LOCAL SCHOOLS (N.J.S.A. 40:48-17.1 & 17.3)	\$ 12,496.00	\$ 12,496.00	\$ 12,496.00	\$ -	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	610,500.42	639,360.42	639,358.66	-	1.76
SUBTOTAL GENERAL APPROPRIATIONS	<u>3,726,655.42</u>	<u>3,777,455.42</u>	<u>3,646,501.24</u>	<u>31,659.57</u>	<u>(576.85)</u>
Reserve for Uncollected Taxes	<u>197,015.78</u>	<u>197,015.78</u>	<u>197,015.78</u>	<u>-</u>	
TOTAL GENERAL APPROPRIATIONS	\$ <u>3,923,671.20</u>	\$ <u>3,974,471.20</u>	\$ <u>3,843,517.02</u>	\$ <u>31,659.57</u>	\$ <u>(576.85)</u>
Appropriated By N.J.S. 40A:4-87		\$ 10,400.00		Overexpenditure of Appropriations	\$ (578.61)
Emergency Authorization (40A:4-47)		40,400.00		Unexpended Balance Cancelled	1.76
Adopted Budget		<u>3,923,671.20</u>			
		\$ <u>3,974,471.20</u>			\$ <u>(576.85)</u>
Federal and State Grants			\$ 101,154.07		
Deferred Charges - Emergency (40A:4-47)			33,800.00		
Reserve for Uncollected Taxes			197,015.78		
Payroll Deductions Payable			584,542.96		
Disbursed			<u>2,927,004.21</u>		
			\$ <u>3,843,517.02</u>		

**EXHIBIT - B
TRUST FUND**

BOROUGH OF BUENA
TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ 2,319.00	\$ 3,826.99
Due from Borough Clerk		94.91	58.91
		<u>2,413.91</u>	<u>3,885.90</u>
<u>Other Funds</u>			
Cash and Investments - Treasurer	B-2	238,635.23	274,941.18
Cash and Investments - Collector	B-3	806.61	105.03
Accounts Receivable - Police Detail		7,926.84	3,269.52
		<u>247,368.68</u>	<u>278,315.73</u>
		<u>\$ 249,782.59</u>	<u>\$ 282,201.63</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

BOROUGH OF BUENA
TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-6	\$ 2,152.60	\$ 2,225.80
Due to State of New Jersey	B-8	9.60	7.60
Due to Current Fund	B-7	251.71	1,652.50
		<u>2,413.91</u>	<u>3,885.90</u>
<u>Other Funds</u>			
Due to Current Fund	B-13	8,169.26	3,657.59
Premiums Received at Tax Sale		700.00	-
Reserve for:			
Police Forfeited Funds	B-12	11,035.37	20,581.51
Small Cities Co-Op Landisville	B-9	36,559.78	36,559.78
Small Cities I - Rehabilitation	B-10	45,331.58	45,331.58
Small Cities II - Rehabilitation		4,886.62	4,886.62
Recreation Commission	B-11	10,890.66	18,057.90
Recycling Expenditures		14,095.13	23,870.78
Landfill Closure		29,683.88	29,417.97
Developers Escrow		79,883.11	85,728.06
Public Defender Escrow		-	5,673.65
Housing Escrow		2,613.45	2,613.45
Fire Penalty Fees		279.50	279.50
Police Detail		69.66	69.66
Rescue Squad Donations		2,908.72	1,325.72
Police Donations		261.96	261.96
		<u>247,368.68</u>	<u>278,315.73</u>
		<u>\$ 249,782.59</u>	<u>\$ 282,201.63</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - C
GENERAL CAPITAL FUND

BOROUGH OF BUENA
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
Cash and Investments	C-2,C-3	\$ 46,870.65	\$ 46,372.11
Deferred Charges to Future Taxation:			
Funded	C-5	150,000.00	309,777.51
Unfunded	C-6	1,686,601.70	618,285.35
Federal and State Grant Receivable		140,494.00	291,026.39
Due from Current Fund		23,425.09	-
		<u>\$ 2,047,391.44</u>	<u>\$ 1,265,461.36</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 150,000.00	\$ 305,000.00
Bond Anticipation Notes Payable	C-9	572,550.00	618,000.00
Green Trust Loan Payable	C-8A	-	4,777.51
Improvement Authorizations:			
Funded	C-7	156,991.64	219,012.29
Unfunded	C-7	1,147,770.50	62,991.36
Contracts Payable	C-7	14,687.69	34,415.91
Reserve for Emergency Housing		91.70	91.70
Capital Improvement Fund	C-4	-	14,700.00
Due to Current Fund		-	1,172.68
Fund Balance	C-1	5,299.91	5,299.91
		<u>\$ 2,047,391.44</u>	<u>\$ 1,265,461.36</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2012 and 2011 in the amounts of \$1,140,450.00 and \$285.35, respectively.

BOROUGH OF BUENA
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2011	<u>Ref.</u> C	\$ <u>5,299.91</u>
Balance December 31, 2012	C	\$ <u>5,299.91</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - G
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements – regulatory basis of the Borough of Buena have been prepared in conformity with a “Regulatory Basis of Accounting” as established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from Accounting Principles Generally Accepted in the United States of America (GAAP). The more significant of the Borough’s accounting policies are described below.

Description of Financial Reporting Entity

The Borough of Buena is a rural community located between Philadelphia, Pennsylvania and Atlantic City, New Jersey in the County of Atlantic, State of New Jersey. The population according to the 2000 census is 3,873.

The Borough is incorporated and operates under the Mayor and Council form of government. The Mayor is the Chief Executive Officer of the Borough and is elected by the voters.

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 Mayor appoints members of the Borough’s Municipal Utilities Authority and guarantees the debt of the Authority. As such, if the provisions of GASB 14 had been complied with, the Authority’s financial statements would have to be either blended or discretely presented with the financial statements – regulatory basis of the Borough of Buena, the primary government. Requests for information should be addressed to the following organization;

Borough of Buena Municipal Utilities Authority
616 Central Avenue, P.O. Box 696
Minotola, N.J. 08341

Basis of Presentation, Fund Accounting

The financial statements – regulatory basis of the Borough of Buena contain all funds and account groups in accordance with the “Requirements of Audit” as promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 of Buena accounts for its financial transactions through the following separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP).

Current Fund

The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

Trust Funds

The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each fund was created.

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Capital Funds

The General Capital Fund accounts for the receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

Budgets and Budgetary Accounting

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2012 and 2011 statutory budgets included a reserve for uncollected taxes in the amount of \$173,132.99, and \$197,015.78. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2012 and 2011 statutory budgets was \$185,000 of \$367,136.16 available fund balance and \$135,000 of \$283,555.57 available fund balance.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by Borough Council. The following significant budget transfers were approved in the 2012 and 2011 calendar years.

	<u>2012</u>	<u>2011</u>
Mayor and Council – OE	(1,200)	
Municipal Clerk - OE		(2,600)
Financial Administration – S&W		(2,200)
Financial Administration - OE		(1,800)
Computerized Data Processing - OE		(1,075)
Maintenance of Tax Map – OE	1,000)	
Legal Services – OE	8,000	(1,200)
Engineering Services and Costs - OE		(4,000)
Land Use Board – OE	(4,000)	
Employee Group Insurance	1,500)	3,027
Workers Compensation Insurance	(1,195)	(1,417)
Police Department - S&W	15,000	2,200
Police Department - OE		5,088
Emergency Medical Service – S&W	13,600	
Emergency Medical Services - OE		1,200
Streets and Road Maintenance – S&W	(3,500)	(7,500)
Garbage and Trash – OE	(17,000)	(1,000)
Street Lighting	(2,000)	3,462
Telecommunications	(1,500)	
Heating Oil and Natural Gas	(3,100)	
Gasoline	(3,100)	
Social Security	4,666	1,480

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During the 2012 calendar year, Borough Council approved a budget insertion for Distracted Driving in the amount of \$2,000; one for Impaired Driving for \$4,400 and one for Click it or Ticket for \$4,000. During the 2011 calendar year, Borough Council approved a budget insertion for Clean Communities in the amount of \$9,103.15; one for Drunk Driving Enforcement for \$5,329.64; one for Alcohol Education and Rehab for \$1,348.37; one for EUDL Grant for \$4,800.00; one for COPS Grant for \$17,919.50 and for Click it or Ticket for \$4,000.00.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency or those funded by a subsequent bond ordinance, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Emergency authorizations were approved by Borough Council during 2012 for Municipal Clerk – S&W for \$1,000.00; Collection of Taxes – S&W for \$1,000.00; Legal Services – OE for \$15,000.00; Borough Administration – S&W for \$5,000.00 and Down payment on Improvements for \$18,400.00. Emergencies authorized 2011 were Legal Services – OE for \$4,300.00; Police S&W for \$8,400.00; Police OE for \$8,100.00; Gasoline for \$13,000.00; Reconstruction of Emergency Medical Building for \$40,000 and Replace HVAC at Senior Center for \$20,000.00.

Cash and Investments

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank approved by the State Department of Banking and Insurance and organized under laws of the United States or the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the Borough of Buena requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any governmental unit. Public depositories include banks (both state and federal), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

Generally, the Borough considers all investments that mature in one year or less to be cash equivalents.

All certificates of deposit are recorded as cash regardless of date of maturity.

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfunds

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to Fund Balance. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

General Fixed Assets

The Borough of Buena has developed a fixed assets accounting and reporting system in accordance with the requirements of the State of New Jersey, Division of Local Government Services. This reporting system differs in certain respects from Generally Accepted Accounting Principles.

Property and Equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

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

All fixed assets, with the exception of Land are valued at historical cost, or estimated historical cost if actual historical cost is not available. Land is valued at the Assessed Valuation of 1985 which is the year of implementation of fixed asset accounting for New Jersey Municipal Governments.

No depreciation on general fixed assets is recorded in the financial statements – regulatory basis.

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

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

Foreclosed Property

Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily, it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments by returning the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to municipal use, it will be capitalized in the General Fixed Assets Accounts Group. GAAP requires property to be recorded in the General Fixed Assets Account Group at the market value at the time of acquisition.

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Charges

The recognition of certain expenditures is deferred to future periods. These expenditures, or Deferred Charges, are generally overexpenditures of legally adopted budget appropriations made in accordance with N.J.S.A. 40A:4-46 et al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Appropriation Reserves

Appropriation Reserves covering unexpended appropriation balances are automatically created at year end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation Reserves are available, until lapsed at the close of the succeeding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation Reserves are not established under GAAP.

Liens Sold for Other Governmental Units

Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the other governmental unit net of costs of the sale. The related costs of sale are recognized as revenue when received.

Fund Balance

Fund Balance included in the Current Fund represent an amount available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues

Revenues are recorded as received in cash except for certain amounts that are due from other governmental units. Revenue from Federal and State Grants is realized as revenue when anticipated as such in the Borough's budget. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP generally requires that grant revenue be recognized when actual expenditures financed by the grant are made.

Property Tax Revenues

Property tax revenues are collected in quarterly installments due February 1st, May 1st, August 1st, and November 1st. Property taxes unpaid on their final due date are subject to tax sale in accordance with statutes. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenues to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

School Taxes

The Borough is responsible for levying, collecting and remitting school taxes for the Buena Regional School District. Fund Balance is charged for the full amount required to be raised from taxation to operate the regional school district from January 1st through December 31st. GAAP would account for school taxes in the same manner.

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

County Taxes

The Borough is responsible for levying, collecting and remitting county taxes for the County of Atlantic. Fund Balance is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition Fund Balance is charged for the County Share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

Reserve for Uncollected Taxes

The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Borough’s annual budget protects the Borough from taxes not paid currently. The minimum amount of the reserve, determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established 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 the encumbrance system. Outstanding encumbrances at December 31st are recorded as a cash liability. Appropriations for principal payments on outstanding General Capital and Utility Capital Fund bonds and notes are provided on the cash basis; interest on General Capital Fund indebtedness is on the cash basis, whereas interest on Utility Fund indebtedness is on the accrual basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long – term debt, which is recognized when due.

Compensated Absences and Post – Employment Benefits

Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a “pay as you go” basis. Likewise, no accrual is made for post employment benefits, if any, which are also funded on a “pay as you go” basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as expenditure in the operating funds and the remaining obligations is recorded as long – term obligations.

Required Financial Statements

Governmental Accounting Standards Board (GASB) prescribes the financial statement presentation requirements for governmental units which are significantly different from the reporting requirements under the regulatory basis of accounting in the State of New Jersey. Generally Accepted Accounting Principles (GAAP) prescribes that the financial statements must be presented on an entity wide basis including all funds exclusive of fiduciary funds and segregating only government type and business type funds. The statements are presented on a full accrual basis and include all of the non fiduciary assets and liabilities of the entity. In addition, GAAP requires separate fund basis financial statements for all governmental, proprietary and fiduciary funds. The New Jersey Regulatory basis requires reporting of the appropriate separate fund financial statements and the fixed asset account group

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Borough's financial position. However, comparative data has not been presented in the Statement of Revenue-Regulatory Basis and the Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

Recent Accounting Pronouncements Not Yet Effective

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the Borough's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the City's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the Borough's financial reporting.

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT

Changes in Long-Term Debt

The following schedule represents the changes in the Long-Term Debt:

	<u>Outstanding 12/31/11</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/12</u>	<u>Due within One Year</u>
General Capital Fund:					
Bonds Payable	\$ 305,000.00	\$	\$ 155,000.00	\$ 150,000.00	\$ 150,000.00
Loans Payable	4,777.51	<u> </u>	4,777.51	-	<u> </u>
Total General Capital Fund	<u>\$ 309,777.51</u>	<u>\$ -</u>	<u>\$ 159,777.51</u>	<u>\$ 150,000.00</u>	<u>150,000.00</u>

Summary of Municipal Debt

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
Issued:			
General:			
Bonds	\$ 150,000.00	\$ 305,000.00	\$ 460,000.00
Loans	-	4,777.51	9,460.89
Notes	572,550.00	618,000.00	545,095.00
Total Issued	<u>722,550.00</u>	<u>927,777.51</u>	<u>1,014,555.89</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	<u>29,847.95</u>	<u>3,449.65</u>	<u>34,809.65</u>
Net Debt Issued	<u>692,702.05</u>	<u>924,327.86</u>	<u>979,746.24</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	<u>1,140,450.00</u>	<u>285.35</u>	<u>-</u>
Total Authorized But Not Issued	<u>1,140,450.00</u>	<u>285.35</u>	<u>-</u>
Net Bonds, Notes and Loans Issued and Authorized But Not Issued	<u>\$ 1,833,152.05</u>	<u>\$ 924,613.21</u>	<u>\$ 979,746.24</u>

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .62%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School Purposes	\$ 3,416,140.10	\$ 3,416,140.10	\$ -
General Debt	<u>8,058,829.05</u>	<u>6,225,677.00</u>	<u>1,833,152.05</u>
	<u>\$ 11,474,969.15</u>	<u>\$ 9,641,817.10</u>	<u>\$ 1,833,152.05</u>

Net debt \$1,833,152.05 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$294,531,998.00 = .62%.

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

3-1/2% of Equalized Valuation Basis	\$ 18,260,983.88
Net Debt	<u>1,833,152.05</u>
	<u>\$ 16,427,831.83</u>

Description of Bonds and Loans Payable

At December 31, 2012, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$1,565,000 General Improvement Bonds dated October 15, 2002, due in annual installments through October 15, 2013, bearing interest at a rate of 4.00% per annum. The balance remaining as of December 31, 2012 is \$150,000.00.

Related Party Transactions

As of December 31, 2012, the Borough of Buena Municipal Utilities Authority has bonds and loans issued and outstanding of \$6,225,677.00. This debt is guaranteed by the Borough of Buena. The bonds will be paid from non-ad valorem revenues (user fees) of the Municipal Utilities Authority. These bonds and loans have been recorded by the Municipal Utilities Authority and are not reported in the Borough of Buena's financial statements.

Schedule of Annual Debt Service for Principal and Interest for Loans and Serial Bonds Issued and Outstanding

Year Ending December 31,	General Capital Fund	
	<u>Principal</u>	<u>Interest</u>
2013	\$ <u>150,000.00</u>	\$ <u>6,000.00</u>
	<u>\$ 150,000.00</u>	<u>\$ 6,000.00</u>

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Short-Term Debt

Short-term debt provides for financing of governmental activities and capital projects. On August 9, 2012, the Borough issued \$402,000.00 of bond anticipation notes. The notes consisted of renewals of \$402,000.00 originally issued in 2004, 2005 and 2007 at an interest rate of 1.19% and paid \$3,450.00 with cash on hand and \$34,450.00 with a 2012 budget appropriation. On December 6, 2012, the Borough renewed \$170,550.00 of bond anticipation notes originally issued in 2003, 2007, 2008 and 2009 to finance various capital improvements at an interest rate of 1.19% and paid \$7,550.00 with a 2012 budget appropriation.

The following is a summary of changes in short-term debt for the year ended December 31, 2012.

	<u>Current Fund</u>	<u>General Capital Fund</u>	<u>Total</u>
Balance December 31, 2011	\$ -	\$ 618,000.00	\$ 618,000.00
Increases		572,550.00	572,550.00
Decreases		618,000.00	618,000.00
Balance December 31, 2012	<u>\$ -</u>	<u>\$ 572,550.00</u>	<u>\$ 572,550.00</u>

NOTE 3: COMPENSATED ABSENCES

The Borough has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2012, the Borough estimates this liability to approximate \$223,324.87 based on 2012 pay rates and compensated absence balances.

NOTE 4: TAXES COLLECTED IN ADVANCE

Taxes collected in advance include amounts set forth as cash liabilities in the financial statements as follows:

	<u>Balance December 31, 2012</u>	<u>Balance December 31, 2011</u>
Prepaid Taxes - Cash Liability	\$ 63,145.29	\$ 57,470.91

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 5: POST-EMPLOYMENT MEDICAL BENEFITS

Plan Description: The Borough of Buena contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1974, the Borough of Buena authorized participation in the SHBP's post-retirement benefit program through a resolution. The Borough provides retirees with 25 years or more of service to the Borough, post retirement medical benefits for the retirees and spouses. In addition, the Borough reimburses the retirees for Medicare Part B expense paid by them, which amounted to \$8,749.60 during 2012.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf

Funding Policy: Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough of Buena on a monthly basis.

The Borough of Buena's contributions to SHBP for the years ended December 31, 2012, 2011, and 2010, were \$85,855.61, 88,530.48, and \$88,161.30, respectively, which equaled the required contributions for each year. There were approximately 6, 5, and 5 retired participants eligible at December 31, 2012, 2011, and 2010, respectively.

NOTE 6: RETIREMENT PLANS

All eligible employees participate in the Public Employees' Retirement System and the Police and Fireman's Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. The plans have a Board of Trustees that are primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 6: RETIREMENT PLANS (Continued)

Plan Descriptions

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Members contribute at a uniform rate of 10% of base salary.

The Borough is billed annually for its normal contribution plus any accrued liability.

Pension Deferral Program

Public Law 2009, c.19 (S-21) was enacted on March 17, 2009 and allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying the full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the PERS and/or PFRS obligations for payments due in the State fiscal year ending June 30, 2009. The amount deferred will be repaid starting in April of 2012 over a 15 year period. The Borough of Buena has elected to defer that portion of their PERS and PFRS obligations allowed by law. The deferred amounts for PERS and PFRS are shown below:

For the Public Employees' Retirement System, the Borough's contributions, equal to the required contribution for each fiscal year, was as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Life Insurance</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Chapter 19 P.L. 2009</u>	<u>Paid by Borough</u>
2012	\$ 24,689.00	\$ 4,719.00	\$ 49,377.00	\$ 78,785.00	\$ 4,065.00	\$ 82,850.00
2011	29,274.00	5,766.00	46,646.00	81,686.00		81,686.00
2010	25,615.00	8,116.00	32,912.00	66,643.00		66,643.00

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 6: RETIREMENT PLANS (Continued)

For the Police and Firemen's Retirement System, the Borough's contributions, equal to the required contribution for each fiscal year, was as follows:

Fiscal Year	Normal Contribution	Life Insurance	Accrued Liability	Total Liability	Chapter 19, P.L. 2009	Paid by Borough
2012	\$ 67,276.00	\$ 5,237.00	\$ 75,714.00	\$ 148,227.00	\$ 6,456.00	\$ 154,683.00
2011	79,360.00	6,220.00	63,634.00	149,214.00	-	149,214.00
2010	75,841.00	6,603.00	54,032.00	136,476.00	-	136,476.00

NOTE 7: DEFINED CONTRIBUTION RETIREMENT PROGRAM

Plan Description

The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefits Provisions

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer.

Retirement benefits for members are determined according to the applicable Tier level:

Tier 1 Membership: The retirement age is 60 for a Service or Deferred Retirement. For an Early Retirement, a member must have at least 25 years of service credit; however, if a member is under the age of 55 at the time of retirement, the retirement allowance is reduced 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

Tier 2 Membership: The retirement age is 60 for a Service or Deferred Retirement. For an Early Retirement a member must have at least 25 years of service credit; however, if a member is under the age of 60 at the time of retirement, the retirement allowance is reduced 1 percent per year (1/12 of 1 percent per month) for each year the member is under age 60 but over age 55, and 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

Tier 3 Membership: The retirement age is 62 for a Service or Deferred Retirement. For an Early Retirement a member must have at least 25 years of service credit; however, if a member is under the age of 62 at the time of retirement, the retirement allowance is reduced 1 percent per year (1/12 of 1 percent per month) for each year the member is under age 62 but over age 55, and 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 7: DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Funding Policy

Members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. The Borough has one (1) employee enrolled in the Defined Contribution Retirement Program (DCRP) during the year ended December 31, 2012. The Borough's contribution was \$151.51 for 2012.

NOTE 8: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the Borough's bank balance of \$921,586.28 as of December 31, 2012, \$14,337.37 was uninsured and uncollateralized.

Investments

For the year ended December 31, 2012, the Borough had no investments:

NOTE 9: PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchase properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ration to true value.

Upon the filing of certified adopted budgets by the municipality, the local and regional school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof is set forth in N.J.S.A 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due February 1 and May 1 of the succeeding fiscal year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. Pursuant to P.L. 1991, c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. The interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in the tax sale in accordance with New Jersey statutes.

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 9: PROPERTY TAXES (Continued)

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 of each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. Due to errors or delinquencies in notices sent to property owners, the April 1 deadline to file an appeal petition may be extended. The County Board of Taxation has the authority after hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels the County Board of Taxation unsatisfactorily reviewed the petition, appeal may be made to the Tax Court of New Jersey for further hearing. Some Tax Court appeals may take several years prior to settlement and any losses in tax collection from prior years are charged to a reserve set aside for this purpose or directly charged to Fund Balance.

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparative Schedule of Tax Rates

	2012	2011	2010
Tax Rate	\$ 2.531	\$ 2.405	2.335
Apportionment of Tax Rate:			
Municipal	0.848	0.805	0.805
County	0.367	0.356	0.326
Regional School	1.316	1.244	1.204

Assessed Valuation

2012	\$ 305,100,041.00
2011	305,713,227.00
2010	304,462,834.00

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2012	\$ 7,987,935.73	\$ 7,835,075.95	98.09%
2011	7,625,879.71	7,485,083.07	98.15%
2010	7,413,902.19	7,173,339.02	96.76%

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 9: PROPERTY TAXES (Continued)

Delinquent Taxes and Tax Title Liens				
Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2012	\$ 6,288.94	\$ 160,102.60	\$ 166,391.54	2.08%
2011	5,974.64	145,514.60	151,489.24	1.99%
2010	3,151.11	242,079.04	245,230.15	3.31%

Property Acquired by Tax Title Lien Liquidation

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

Year	Amount
2012	\$ 258,600.00
2011	258,600.00
2010	258,600.00

NOTE 10: ECONOMIC DEPENDENCY

The Borough of Buena receives support from the State of New Jersey through state aid and grants. A significant reduction in the level of support, if this were to occur, would have an effect on the Borough's programs and activities.

NOTE 11: FUND BALANCES APPROPRIATED

The following schedule details the amount of Fund Balances available at the end of each year and the amounts utilized in the subsequent year's budgets.

Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
2012	\$ 263,574.37	\$ 130,000.00	49.32%
2011	367,136.16	185,000.00	50.39%
2010	283,555.57	135,000.00	47.61%
2009	98,524.01	70,000.00	71.05%
2008	253,599.86	185,000.00	72.95%

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 12: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2012 are as follows:

<u>Amount</u>	<u>Due To</u>	<u>Due From</u>
\$ 8,169.26	Current Fund	Trust Fund - Other
2.11	Current Fund	Animal Control Fund
8,615.09	Current Fund	Federal and State Grant Fund
23,425.09	General Capital Fund	Current Fund
<u>\$ 40,211.55</u>		

The interfunds from Trust –Other and Animal Control are due to interest earned in these funds and Police Overtime payments made that has not been turned over to or reimbursed by the Current Fund. The interfund from the federal and state grant fund is due to grant expenditures made on a reimbursement basis where the grant proceeds have not been received. The interfund from Current Fund to General Capital is due to general Capital activity in the Current Fund that has not been reimbursed. All interfunds will be liquidated in 2013.

NOTE 13: FEDERAL AND STATE GRANTS

In the normal course of operations, the Borough receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

NOTE 14: POSTCLOSURE CARE COST AND LANDFILL MANAGEMENT ESCROW

The Borough is required to prepare and submit to the State Department of Environmental Protection a "Schedule of Cash Receipts and Disbursement" of the Borough's Landfill Escrow Account. The Borough reports the Landfill Escrow as a reserve in the Other Trust Funds. Funds are on deposit and maintained in an interest bearing escrow account to fund post closure care costs. Annual testing and monitoring is performed and funded in the Borough's budget each year. There are no estimates available for annual post closure care costs. If the Borough prepared its financial statements in accordance with generally accepted accounting principles for governmental units, the Borough would be required to recognize a liability for the post-closure care costs. During the year 2012, the reserve increased from interest earnings by \$265.91. The escrow balance at December 31, 2012 was \$29,683.88.

NOTE 15: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough of Buena is a member of the Atlantic County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

- Workers' Compensation
- General Liability, Law Enforcement Liability
- Employee Benefits Liability
- Public Official Liability
- Property, Real and Personal
- Automobile Liability
- Boiler and Machinery
- Crime, Fidelity

BOROUGH OF BUENA
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 15: RISK MANAGEMENT – (Continued)

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. During the year ended December 31, 2012 and 2011 the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 16: GENERAL FIXED ASSETS

The following schedule is a summarization of the changes in General Fixed Assets for the year ended December 31, 2012:

	Balance as of December 31, 2011	Additions	Disposals	Balance as of December 31, 2012
Land	\$ 351,100.00	\$ -	\$ -	\$ 351,100.00
Building Improvements	1,196,618.00	-	-	1,196,618.00
Machinery & Equipment	1,256,159.83	84,661.56	710.20	1,340,111.19
Total	\$ <u>2,803,877.83</u>	\$ <u>84,661.56</u>	\$ <u>710.20</u>	\$ <u>2,887,829.19</u>

NOTE 17: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2012 through April 18, 2013, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure.

SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of Borough Council
Borough of Buena, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated April 18, 2013, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying *schedule of findings and responses* that we consider to be significant deficiencies as items 2012-1 and 2012-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* identified in the accompanying *schedule of findings and responses* as 2012-2.

Borough's Responses to Findings

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

April 18, 2013

BOROUGH OF BUENA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012

Federal Grantor / Pass-through Grantor Program	CFDA Number	Pass-Through Entity ID#	Grant Period From To	Program or Award Amount	Unexpended Balance 12/31/11	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustments	Unexpended Balance 12/31/12	Accumulated Expenditures
Department of Transportation (Passed thru State of NJ)										
Distracted Driving Grant	20.614	N/A	Open	2,000.00	-	2,000.00	2,000.00	-	-	2,000.00
Click it or Ticket Grant	20.600	N/A	Open	4,000.00	-	4,000.00	4,000.00	-	-	4,000.00
Impaired Driving Grant	20.607	N/A	Open	4,400.00	-	4,400.00	4,200.00	-	200.00	4,200.00
Total Department of Transportation					-	10,400.00	10,200.00	-	200.00	
Department of Justice										
Bulletproof Vest Partnership	16.607	N/A	Open	2,585.00	1,025.00	-	1,025.00	(50.00)	-	2,585.00
Enforcing Underage Drinking Laws	16.727	N/A	1/1/2010 12/31/2010	4,000.00	50.00	-	-	-	-	4,000.00
Enforcing Underage Drinking Laws	16.727	N/A	1/1/2012 12/31/2012	4,800.00	12,148.72	4,800.00	1,200.00	-	3,600.00	1,200.00
COPS Grant	16.710	N/A	10/1/2011 9/30/2014	223,173.00	13,223.72	74,347.00	39,675.39	(50.00)	46,820.33	45,446.17
Total Department of Justice					13,223.72	79,147.00	41,900.39	(50.00)	50,420.33	
Department of Housing and Urban Development (Passed thru County of Atlantic)										
Community Development Block Grant	14.218	N/A	1/1/2007 12/31/2007	67,818.00	910.38	-	-	(910.38)	-	66,907.62
Total Department of Housing and Urban Development					910.38	-	-	(910.38)	-	
Total Federal Assistance					14,134.10	89,547.00	52,100.39	(960.38)	50,620.33	

**BOROUGH OF BUENA
SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012**

State Grantor / Pass-Through Grantor / Program	State Account Number	Grant Period From To	Grant Award	Unexpended Balance 12/31/11	Receipts or Revenue Recognized	Disbursements/Expenditures	Adjustments	Unexpended Balance 12/31/12	Accumulated Expenditures
Department of Transportation:									
Trust Fund Authority Act of 1984: By Formula									
Reconstruction of Forest Grove Road	6320-480-601385-61	1/1/2010 12/31/2010	\$ 190,000.00	\$ 43,250.00	\$ -	\$ -	\$ -	\$ 43,250.00	\$ 146,750.00
Trust Fund Authority Act of 1984: By Formula									
Bike Path - Phase IV	6320-480-601385-61	1/1/2011 12/31/2011	150,000.00	130,500.00	-	126,647.62	-	3,852.38	146,147.62
Trust Fund Authority Act of 1984: By Formula									
Louis Drive Storm Drain	6320-480-601385-61	1/1/2011 12/31/2011	94,444.00	94,444.00	-	126,647.62	-	94,444.00	-
Total Department of Transportation				268,194.00	-	126,647.62	-	141,546.38	-
Department of Law and Public Safety:									
Municipal Court Alcohol Educ. & Rehab Program	9735-760-098-Y900	1/1/2011 12/31/2011	1,343.60	1,343.60	1,725.92	1,343.60	-	0.00	1,343.60
Body Armor Grant	1020-718-066-1020	1/1/2012 12/31/2012	1,725.92	1,725.92	1,725.92	-	-	1,725.92	0.00
Body Armor Grant	1020-718-066-1020	1/1/2011 12/31/2011	1,352.07	1,352.07	1,352.07	-	-	0.00	1,352.07
Body Armor Grant	1020-718-066-1020	1/1/2010 12/31/2010	1,209.62	1,209.62	1,209.62	-	-	0.00	1,209.62
Body Armor Grant	1020-718-066-1020	1/1/2009 12/31/2009	744.18	427.30	744.18	427.30	-	0.00	744.18
Drunk Driving Enforcement	6400-100-078-6400	1/1/2009 12/31/2009	4,017.89	411.73	4,017.89	4,332.59	-	411.73	3,606.16
Total Department of Law and Public Safety				3,392.25	3,077.99	4,332.59	-	2,137.65	-
Department of Environmental Protection									
Hazardous Site Discharge Remediation									
Mazzoni Site	N/A	Open	85,622.00	38,237.73	9,130.00	270.00	(185.69)	37,967.73	47,654.27
Clean Community Program	4900-765-042-4900	1/1/2012 12/31/2012	9,130.00	9,130.00	9,130.00	3,355.35	-	5,888.96	3,541.04
Clean Community Program	4900-765-042-4900	1/1/2011 12/31/2011	9,103.15	4,301.68	8,615.98	1,318.50	-	2,983.18	6,119.97
Clean Community Program	4900-765-042-4900	1/1/2009 12/31/2009	8,615.98	1,541.92	7,143.24	-	-	1,541.92	7,074.06
Clean Community Program	4900-765-042-4900	1/1/2008 12/31/2008	7,143.24	859.35	-	-	-	859.35	6,283.89
Recycling Tonnage Grant	4855-100-042-4855	1/1/2012 12/31/2012	-	-	-	-	-	-	-
Recycling Tonnage Grant	4855-100-042-4855	1/1/2011 12/31/2011	-	-	-	-	-	-	-
Recycling Tonnage Grant	4855-100-042-4855	1/1/2010 12/31/2010	-	-	-	-	-	-	-
Recycling Tonnage Grant	4855-100-042-4855	1/1/2009 12/31/2009	-	-	-	-	-	-	-
Recycling Tonnage Grant	4855-100-042-4855	1/1/2008 12/31/2008	-	-	-	-	-	-	-
Municipal Stormwater Regulation Grant	4855-100-042-4855	1/1/2005 12/31/2005	-	-	-	-	-	0.00	-
Municipal Stormwater Regulation Grant	4855-100-042-4855	1/1/2004 12/31/2004	-	-	-	-	-	0.00	-
Total Department of Environmental Protection				44,940.68	9,130.00	4,943.85	(185.69)	48,941.14	-
Total State Assistance				316,526.93	12,207.99	135,924.06	(185.69)	192,625.17	-

BOROUGH OF BUENA
 SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2012

State Grantor / Pass-Through Grantor / Program	State Account Number	Grant Period From To	Grant Award	Unexpended Balance 12/31/11	Receipts or Revenue Recognized	Disbursements/Expenditures	Adjustments	Unexpended Balance 12/31/12	Accumulated Expenditures
Local Assistance									
Atlantic County Municipal Joint Insurance Fund									
Safety Incentive		1/1/2001 12/31/2001	\$ -	\$ 3.67				\$ 3.67	\$ (3.67)
Safety Incentive		1/1/2004 12/31/2004		0.33				0.33	(0.33)
Safety Incentive		1/1/2007 12/31/2007		0.90				0.90	(0.90)
Safety Incentive		1/1/2011 12/31/2011	1,125.00		1,125.00	1,125.00		0.00	1,125.00
Total Local Assistance				4.90	1,125.00	1,125.00	0.00	4.90	
Total State and Local Assistance				\$ 316,531.83	\$ 13,332.99	\$ 137,049.06	\$ (185.69)	\$ 192,630.07	
Total Federal and State and Local Assistance				\$ 330,665.93	\$ 102,879.99	\$ 189,149.45	\$ (1,146.07)	\$ 243,250.40	

BOROUGH OF BUENA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012

Note 1: General

The accompanying schedule of expenditures of state financial assistance present the activity of all state financial assistance programs of the Borough of Buena. The Borough is defined in Note 1 to the Borough's financial statements – regulatory basis.

Note 2: Basis of Accounting

The accompanying schedule of federal financial assistance and the schedule of state and local financial assistance are presented using the modified accrual basis of accounting in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. 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 funds required by accounting principles generally accepted in the United States of America (GAAP).

Note 3: Relationship to Financial Statements

Amounts reported in the accompanying schedule agree with amounts reported in the Borough's financial statements – statutory basis. The financial statements – statutory basis present the Grant Fund and Capital Funds on a budgetary basis. The Grant Fund and the Capital Funds are presented in the accompanying schedule on the grant accounting basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

	<u>Federal</u>		<u>State</u>		<u>Other</u>		<u>Total</u>
Grant Fund	\$ 52,100.39	\$	9,276.44	\$	1,125.00	\$	62,501.83
General Capital Fund			126,647.62		-		126,647.62
Total Financial Assistance	<u>\$ 52,100.39</u>	\$	<u>135,924.06</u>	\$	<u>1,125.00</u>	\$	<u>189,149.45</u>

Note 4: Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related state financial reports excluding the recognition of encumbrances as expenditures.

BOROUGH OF BUENA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2012

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Adverse Opinion in accordance with U.S. Generally Accepted Accounting Principles and Unqualified Opinion issued on the Financial Statements – Regulatory Basis of Accounting” dated April 18, 2013**

Internal control over financial reporting:

- | | |
|---|------------|
| 1) Material Weakness identified? | No |
| 2) Significant deficiencies identified? | Yes |

Non-Compliance material to Financial Statements – Regulatory Basis noted? **Yes**

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed the following findings relating to the financial statements – regulatory basis that are required to be reported.

Finding #2012-1:

The Tax Collector's bank accounts were not reconciled from May to December 2012.

Criteria:

Bank account reconciliations are important internal controls related to cash and cash equivalents.

Condition:

No bank reconciliations were available for the Tax Account, the Lien Redemption Account and the Premium Account at year end.

Cause:

Personnel in the Tax Office were on leave for a significant time during 2012 and replacement personnel did not reconcile the accounts during that period.

Effect:

Internal controls over cash were compromised in the Tax Office

Recommendation:

That all Tax Collector bank accounts be reconciled and proven on a monthly basis.

Management Response:

Management agrees with this finding.

Finding #2012-2:

Signed and bound minutes of one Borough Council meeting could not be found.

Criteria:

The Minute Book is the official record of proceedings of Borough Council.

Condition:

The minutes for the meeting of June 11, 2012 were not bound in the minute book.

BOROUGH OF BUENA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2012
(CONTINUED)

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (CONTINUED)

Cause:

Personnel in the Municipal Clerk's Office were on leave for a significant time during 2012 and minutes that were taken by replacement personnel could not be located.

Effect:

The official record of the proceedings is not available.

Recommendation:

That minutes for all Borough Council meetings be maintained, approved and bound.

Management Response:

Management agrees with this finding.

Finding #2012-3:

There are Performance Bonds/Street Opening Deposits on the books with no analysis of who the funds belong to.

Criteria:

A separate analysis of the balance must be maintained in order to identify the funds.

Condition:

No analysis has been maintained to identify the \$45,377.14.

Cause:

Unknown.

Effect:

There could be balances that are owed back to depositors or there could be balances due to the Borough.

Recommendation:

That a complete analysis of the balance in Performance Bonds/Street Opening Deposits be made.

Management Response:

Management agrees with this finding.

Finding # 2012-4:

The Borough overexpended a budgetary line item at December 31, 2012.

Criteria:

Sufficient appropriation balances should exist prior to the issuance of any purchase order for goods or services.

Condition:

An overexpenditure of appropriations was noted in the current fund as of December 31, 2012.

Cause:

The overexpenditure resulted because of a termination leave payment made at year end that caused an overexpenditure in the social security line.

Effect:

Overexpenditures of appropriations are not permitted by law (NJSA 40A:4-57) and are deferred charges to be raised in the budget of the succeeding year.

BOROUGH OF BUENA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2012
(CONTINUED)

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (Continued)

Recommendation:

That internal controls be strengthened to eliminate overexpenditures of appropriations.

Management Response:

Management agrees with this finding.

STATUS OF PRIOR YEAR FINDINGS

Financial Statements:

Finding #2011-1:

The Municipal Court Monthly Financial Report indicates an unusually large amount of open time payment balances. The balance is in excess of \$590,000 at December 31, 2011 (Traffic is \$439,696 and Criminal is \$150,856).

Criteria:

The Municipal Court Judge has approved time payments in prior years where defendants can make minimum payments over a period of time.

Condition:

Some time payments have had no activity for an extended period of time resulting in a large accounts receivable due to the Borough.

Cause:

Many of the defendants have left the area and cannot be located for enforcement. Proper warrant and closeout procedures have not been instituted.

Effect:

These delinquent balances still remain in the ATS/ACS computer system.

Recommendation:

That all open time payment accounts be reviewed by the Municipal Court Administrator and appropriate warrant and closeout procedures be instituted.

Status of Finding:

Corrective action has been taken.

BOROUGH OF BUENA
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2011		\$ 340,045.55	\$ -
Increased By Receipts:			
Collector	\$	8,154,037.61	\$
Revenue Accounts Receivable		954,296.92	
State of New Jersey - Senior Citizens and Veterans		56,978.88	
Due from Animal Control Fund		1,652.50	
Due to Trust Fund - Other - Public Defender		5,973.65	
Due to Trust Funds - Other		357.16	
Due to Trust Funds - Other - Police Detail		97,334.10	
Performance Bonds & Deposits Payable		2,710.00	
Deposit for Redemption of Liens		2,071.28	
Prepaid PILOT Fees		15,262.00	
Grant Balances Canceled from Federal and State Grant Fund		114.55	
Due from General Capital Fund		2,076.77	
Due from Grant Fund		15,934.95	
Federal and State Grants Receivable			81,450.64
Federal and State Grants - Unappropriated			1,725.92
		<u>9,308,800.37</u>	<u>83,176.56</u>
		9,648,845.92	83,176.56

BOROUGH OF BUENA
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Ref.	Current Fund	Federal and State Grant Fund
Decreased By Disbursements:		
2012 Appropriations	\$ 2,927,004.21	\$
2011 Appropriation Reserves	30,835.65	
County Taxes	1,113,400.25	
County Added and Omitted Taxes	3,243.90	
Regional School District Tax	4,017,573.45	
Special District Taxes	305,558.00	
Payroll Deductions Payable	583,812.08	
Tax Overpayments Refunded	1,114.90	
Performance Bonds & Deposits Payable	1,090.00	
Refund of Prior Year Revenue	15,262.00	
Due from Trust Funds - Other - Police Detail		114.55
Grant Balances Canceled to Current Fund		15,934.95
Due to Current fund		67,127.06
Reserve for Federal and State Grants - Appropriated		
	9,100,885.86	83,176.56
Balance December 31, 2012	\$ 547,960.06	\$ -

BOROUGH OF BUENA
CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR

Balance December 31, 2011	<u>Ref.</u> A		\$ 197,967.13
Increased By Receipts:			
Taxes Receivable		\$ 7,847,107.20	
Revenue Accounts Receivable		31,047.43	
Tax Title Liens Receivable		3,401.17	
Tax Overpayments		20,586.15	
Prepaid Taxes		<u>63,145.29</u>	
			<u>7,965,287.24</u>
			8,163,254.37
Decreased By Disbursements:			
Payments to Treasurer		<u>8,154,037.61</u>	
			<u>8,154,037.61</u>
Balance December 31, 2012	A		\$ <u><u>9,216.76</u></u>

**BOROUGH OF BUENA
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2011	2012 Levy	Added Taxes	2011 Collections	2012 Collections	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2012
1997	\$ 4.71	\$	\$	\$	\$	\$	\$	\$ 4.71
1998	0.72							0.72
2002	1.69							1.69
2003	2.58							2.58
2004	0.84							0.84
2007	11.95							11.95
2009	1,493.38				44.12	5.74	208.34	1,493.38
2010	3,202.09		2,500.00	137,098.95			1,705.32	2,943.89
2011	140,796.64		2,500.00	-	137,143.07	5.74	1,913.66	4,492.37
	145,514.60							8,952.13
2012		7,987,935.73		57,470.91	7,777,605.04		1,709.31	151,150.47
	\$ 145,514.60	\$ 7,987,935.73	\$ 2,500.00	\$ 57,470.91	\$ 7,914,748.11	\$ 5.74	\$ 3,622.97	\$ 160,102.60
Ref.	A							A

\$ 7,847,107.20 Taxes Receivable
 8,890.91 Overpayments Applied
 58,750.00 Senior Citizens and Veterans
\$ 7,914,748.11

Analysis of 2012 Property Tax Levy
 Tax Yield:
 General Property Tax
 Special District Taxes
 Added Taxes (54-4-63.1 et. Seq.)

\$ 7,661,374.96
 307,817.18
 18,743.59
\$ 7,987,935.73

Tax Levy:
 Regional High School Tax
 County Taxes
 County Taxes Added and Omitted
 Special District Tax
 Local Tax for Municipal Purposes
 Add: Additional Tax Levied

\$ 4,017,573.45
 1,113,400.25
 2,631.47
 305,558.00
 \$ 2,589,771.55
(40,998.99)
\$ 2,548,772.56
\$ 7,987,935.73

BOROUGH OF BUENA
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2011	<u>Ref.</u> A		\$	5,974.64
Increased By:				
Transferred from Taxes Receivable		\$		3,622.97
Interest and Costs from Sale				
of January 18, 2012		<u>92.50</u>		<u>3,715.47</u>
				<u>9,690.11</u>
Decreased By:				
Collections		<u>3,401.17</u>		<u>3,401.17</u>
Balance December 31, 2012	A		\$	<u><u>6,288.94</u></u>

BOROUGH OF BUENA
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Miscellaneous Revenue Anticipated:	Ref.	Balance Dec. 31, 2011	Accrued In 2012	Collected	Balance Dec. 31, 2012
Clerk:					
Alcoholic Beverages		\$ -	\$ 5,349.36	\$ 5,349.36	\$ -
Construction Code Official:					
Fees and Permits		8,148.17	44,488.78	51,785.25	851.70
Occupancy and Apartment Rentals		990.00	10,950.00	9,570.00	2,370.00
Uniform Fire Code Fees		35.00	5,431.07	5,361.07	105.00
Fees and Permits for Trash Removal Municipal Court		-	2,790.00	2,790.00	-
Fines and Costs		9,447.48	86,322.27	93,281.10	2,488.65
Interest on Investments and Deposits		(602.10)	2,314.56	1,711.53	0.93
Interest and Costs on Taxes		-	31,047.43	31,047.43	-
Atlantic County - Election Reimbursement		-	300.00	300.00	-
Cable Television Franchise Fee		-	13,203.58	13,203.58	-
Hotel/Motel Tax		-	10,319.94	10,319.94	-
Ambulance Fees		-	171,601.02	171,601.02	-
Lease - Commerce Center		-	51,000.00	51,000.00	-
Energy Receipts Tax		-	369,627.00	369,627.00	-
Consolidated Municipal Property Tax Relief		-	49,645.00	49,645.00	-
Buena Housing Authority					
Payment in Lieu of Taxes		-	12,502.61	12,502.61	-
Buena Gardens - Payments in Lieu of Taxes		-	50,000.00	50,000.00	-
<u>Miscellaneous Revenue Not Anticipated</u>					
General Revenues		74.54	56,462.20	56,463.08	73.66
TOTALS		<u>\$ 18,093.09</u>	<u>\$ 973,354.82</u>	<u>\$ 985,557.97</u>	<u>\$ 5,889.94</u>
	Ref.	A		A	
Tax Collector			\$	\$ 31,047.43	
Due from Trust Fund - Other	A-5			211.51	
Due from Animal Control Fund				2.11	
Treasurer	A-4			<u>954,296.92</u>	
			\$	<u>985,557.97</u>	

BOROUGH OF BUENA
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2011

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses:				
Mayor and Council	\$ 738.32	\$ 738.32	\$ 729.17	\$ 9.15
Municipal Clerk	395.28	395.28	382.58	12.70
Financial Administration	2,319.04	2,319.04	2,251.53	67.51
Collection of Taxes	47.50	47.50	(99.00)	146.50
Engineering Services and Costs	3,388.78	3,388.78	3,388.78	-
Court Interpreter	600.00	600.00	600.00	-
Municipal Court	46.02	46.02	(29.14)	75.16
Police Department	1,259.25	1,259.25	874.10	385.15
Office of Emergency Management	480.20	480.20	480.18	0.02
Emergency Medical Services	7,021.63	7,021.63	6,654.63	367.00
Streets and Road Maintenance	2,905.43	2,905.43	1,010.20	1,895.23
Garbage and Trash Removal	1,023.78	1,023.78	289.12	734.66
Utility Expenses and Bulk Purchases		-		-
Electricity	4,687.96	4,687.96	3,360.21	1,327.75
Street Lighting	4,220.01	4,220.01	4,219.56	0.45
Telephone	1,200.99	1,200.99	1,125.98	75.01
Fuel Oil	865.15	865.15	768.98	96.17
Gasoline	3,714.36	3,714.36	3,689.34	25.02
Capital Improvements:				
Replace heating and Air Conditioning at Senior Building	1,145.25	1,145.25	1,139.43	5.82
Other Accounts - No Change	4,967.69	4,967.69	-	4,967.69
TOTALS	\$ 41,026.64	\$ 41,026.64	\$ 30,835.65	\$ 10,190.99
			A-4	A-1
Reserve for Encumbrances	\$ 31,371.09			
Appropriation Reserves	9,655.55			
	\$ 41,026.64			

BOROUGH OF BUENA
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose	Balance Dec. 31, 2011	Anticipated Revenues	Received	Unappropriated Reserves	Cancelled	Balance Dec. 31, 2012
State:						
Hazardous Discharge Remediation Grant Mazonna Site	\$ 44,664.00	\$	\$	\$	\$	\$ 44,664.00
Clean Communities Program 2012	-	9,130.00	8,944.31		185.69	0.00
New Jersey Transportation Trust Fund - 2010	93,400.00					93,400.00
Police Body Armor Grant	-	1,352.07		1,352.07		-
Federal:						
Click it or Ticket - 2012	-	4,000.00	4,000.00			-
Impaired Driving Grant - 2012	-	4,400.00	4,400.00			-
Distracted Driving Grant - 2012		2,000.00	2,000.00			
COPS Grant:						
2011	17,919.50		17,919.50			-
2012		74,347.00	40,997.28			33,349.72
Community Development Block Grant Funds (Passed thru County of Atlantic)					795.83	-
Park Bleachers - 2007	2,865.38		2,069.55			-
US Department of Justice - Enforcing Underage Drinking Laws (EUDL) 2010	50.00				50.00	-
Underage Drinking Laws (EUDL) 2012		4,800.00				4,800.00
Local:						
Atlantic County JIF Safety Award: Safety Incentive 2012	-	1,125.00	1,120.00			5.00
TOTALS	\$ 158,898.88	\$ 101,154.07	\$ 81,450.64	\$ 1,352.07	\$ 1,031.52	\$ 176,218.72
	A					A

BOROUGH OF BUENA
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

<u>Purpose</u>	<u>Balance Dec. 31, 2011</u>	<u>Received</u>	<u>Anticipated Revenues</u>	<u>Balance Dec. 31, 2012</u>
State:				
Police Body Armor Grant				
2011	\$ 1,352.07	\$	\$ 1,352.07	\$ -
2012		1,725.92		1,725.92
TOTALS	\$ <u>1,352.07</u>	\$ <u>1,725.92</u>	\$ <u>1,352.07</u>	\$ <u>1,725.92</u>
	A		A	A

**BOROUGH OF BUENA
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

<u>Purpose</u>	<u>Balance Dec. 31, 2011</u>	<u>Budget Appropriations</u>	<u>Expended</u>	<u>Cancelled/ Adjustment</u>	<u>Balance Dec. 31, 2012</u>
State:					
Drunk Driving Enforcement Fund					
2009	\$ 411.73	\$	\$		\$ 411.73
2011	-				-
Municipal Court Alcohol Education Grant					
2011	1,343.60		1,343.60		-
Clean Communities Program					
2008	859.35				859.35
2009	1,541.92				1,541.92
2011	4,301.68		1,318.50		2,983.18
2012		9,130.00	3,355.35	185.69	5,588.96
Hazardous Discharge Site Remediation Fund					
2008 - Mazonni	38,237.73		270.00		37,967.73
Police Body Armor Grant					
2010	427.30		427.30		(0.00)
2011	1,209.62		1,209.62		-
2012		1,352.07	1,352.07		-
New Jersey Transportation Trust Fund -					
2010 - Forest Grove Road	43,250.00				43,250.00
Sub-total State Grants	<u>91,582.93</u>	<u>10,482.07</u>	<u>9,276.44</u>	<u>185.69</u>	<u>92,602.87</u>

BOROUGH OF BUENA
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS
 (Continued)

Purpose	Balance Dec. 31, 2011	Budget Appropriations	Expended	Cancelled/ Adjustment	Balance Dec. 31, 2012
Federal:					
COPS Grant - 2011	\$ 12,148.72	\$ 74,347.00	\$ 39,675.39	\$ -	\$ 12,148.72
2011					34,671.61
2012					-
Clickit -or- Ticket - 2012		4,000.00	4,000.00		-
Distracted Driving Grant - 2012		2,000.00	2,000.00		-
Impaired Driving Grant - 2012		4,400.00	4,200.00		200.00
Community Development Block Grant Funds (Passed thru County of Atlantic)					
Park Bleachers - 2007	910.38			910.38	-
US Department of Justice Bulletproof Vest Partnership (EUDL) Enforcing Underage Drinking Laws:	1,025.00		1,025.00		-
2010	50.00	4,800.00	1,200.00	50.00	-
2012	-				3,600.00
Sub-total Federal Grants	14,134.10	89,547.00	52,100.39	960.38	50,620.33
Local:					
Atlantic County JIF Safety Award					
2001	3.67		0.01		3.66
2004	0.33				0.33
2007	0.90				0.90
2011	-	1,125.00	1,125.00		-
TOTALS	\$ 105,721.93	\$ 101,154.07	\$ 62,501.84	\$ 1,146.07	\$ 143,228.09
	A				A
Prior Year Encumbrances			(27,274.84)		
Current Year Encumbrances			22,649.62		
Cash Disbursements			67,127.06		
			\$ 62,501.84		

BOROUGH OF BUENA
TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2011	<u>Ref.</u> B	\$	3,826.99
Increased By Receipts:			
Dog Licenses Fees - 2012		\$	626.40
Late Fees Collected			180.00
Interest Earned on Deposits - Due to Current Fund			2.11
Due to State of New Jersey			2.00
			<u>810.51</u>
			4,637.50
Decreased By Disbursements:			
Payments to Current Fund			1,652.50
Animal Control Expenditures			630.00
Due from Borough Clerk			36.00
			<u>2,318.50</u>
Balance December 31, 2012	B	\$	<u><u>2,319.00</u></u>

BOROUGH OF BUENA
TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2011	<u>Ref.</u> B		\$ 274,941.18
Increased By Receipts:			
Recreation Fees and Income		\$ 11,802.00	
Interest Earned on Deposits - Trust Funds		265.91	
Interest Earned on Deposits - Due to Current Fund		209.93	
Developers Escrow Deposits		38,472.65	
Rescue Squad Donations		1,583.00	
Recycling Commissions		2,174.40	
Recycling Tonnage Grant		5,299.95	
Police Forfeited Funds		2,157.00	
Public Defender Fees		300.00	
		<hr/>	
			62,264.84
			<hr/>
			337,206.02
Decreased By Disbursements:			
Recreation Activities		18,969.24	
Developers Escrow		44,317.60	
Recycling Expenditures		17,250.00	
Payments to Current Fund		357.16	
Payments to Current Fund - Public Defender		5,973.65	
Police Forfeiture Expenses		11,703.14	
		<hr/>	
			98,570.79
			<hr/>
Balance December 31, 2012	B		\$ <u><u>238,635.23</u></u>

BOROUGH OF BUENA
TRUST FUND
SCHEDULE OF TRUST CASH - COLLECTOR

Balance December 31, 2011	<u>Ref.</u> B		\$	105.03
Increased By Receipts:				
Premiums Received at Tax Sale		9,000.00		
Interest Earned on Deposits	\$	1.58		
		9,001.58		9,106.61
Decreased By Disbursements:				
Returned to Lienholders		8,300.00		
		8,300.00		8,300.00
Balance December 31, 2012	B		\$	806.61

BOROUGH OF BUENA
TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2011	<u>Ref.</u> B		\$	2,225.80
Increased By:				
Dog License Fees Collected - 2012		\$		626.40
Kennel License Fees				180.00
				<u>806.40</u>
				3,032.20
Decreased By Disbursements:				
Animal Control Expenditures				630.00
Statutory Excess - Due to Current Fund				249.60
				<u>879.60</u>
Balance December 31, 2012	B		\$	<u><u>2,152.60</u></u>

License Fees Collected	<u>Year</u>			
	2010	\$		1,118.20
	2011			1,034.40
				<u>2,152.60</u>
		\$		<u><u>2,152.60</u></u>

BOROUGH OF BUENA
TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND

Balance December 31, 2011	<u>Ref.</u> B	\$	1,652.50
Increased By:			
Interest Earned on Deposits		\$	2.11
Statutory Excess - Due to Current Fund			249.60
			<u>251.71</u>
			1,904.21
Decreased By:			
Paid to Current Fund			1,652.50
			<u>1,652.50</u>
Balance December 31, 2012	B	\$	<u><u>251.71</u></u>

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2011	<u>Ref.</u> B	\$	7.60
Increased By:			
Collected in 2012 - By Borough Clerk		\$	210.60
			<u>210.60</u>
			218.20
Decreased By:			
Paid to State of New Jersey - By Borough Clerk			208.60
			<u>208.60</u>
Balance December 31, 2012	B	\$	<u><u>9.60</u></u>

BOROUGH OF BUENA
TRUST FUND
SCHEDULE OF RESERVE FOR SMALL CITIES CO-OP PROJECT

Balance December 31, 2011	<u>Ref.</u> B		\$	36,559.78
Increased By Receipts:				
No Activity in 2012		\$	-	-
				36,559.78
Decreased By Disbursements:				
No Activity in 2012		-		-
				-
Balance December 31, 2012	B		\$	36,559.78
<u>Analysis of Balance</u>				
Landisville Co-op - 40%		36,482.62		
Landisville Co-op - Small Cities		77.16		
			\$	36,559.78

Exhibit B-10

SCHEDULE OF RESERVE FOR SMALL CITIES BLOCK GRANT - RECAPTURE

Balance December 31, 2011	<u>Ref.</u> B		\$	45,331.58
Increased By:				
No Activity in 2012		\$	-	-
				45,331.58
Decreased By:				
No Activity in 2012		-		-
				-
Balance December 31, 2012	B		\$	45,331.58

BOROUGH OF BUENA
TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION COMMISSION

Balance December 31, 2011	<u>Ref.</u> B		\$	18,057.90
Increased By Receipts:				
Receipts from Recreational Activities		\$ 11,802.00		
				11,802.00
				29,859.90
Decreased By Disbursements:				
Recreation Activities		18,969.24		
				18,969.24
Balance December 31, 2012	B		\$	10,890.66

SCHEDULE OF RESERVE FOR POLICE FORFEITURE

Balance December 31, 2011	<u>Ref.</u> B		\$	20,581.51
Increased By:				
Forefeited Funds		\$ 2,157.00		
				2,157.00
				22,738.51
Decreased By:				
Police Expenditures		11,703.14		
				11,703.14
Balance December 31, 2012	B		\$	11,035.37

BOROUGH OF BUENA
TRUST FUND
SCHEDULE OF DUE TO / (FROM) CURRENT FUND - OTHER TRUSTS

Balance December 31, 2011	<u>Ref.</u> B	\$	3,657.59
Increased By:		\$	
Interest Earned on Deposits - Public Defender			4.46
Interest Earned on Deposits - Tax Premium			1.58
Interest Earned on Deposits - Recycling			16.10
Interest Earned on Deposits - Recreation Commission			13.05
Interest Earned on Deposits - Small Cities Block I			44.08
Interest Earned on Deposits - Landisville Co-Op's			31.97
Interest Earned on Deposits - Police Forfeited Funds			12.76
Interest Earned on Deposits - Housing Trust			5.98
Interest Earned on Deposits - Fire Penalty			0.15
Interest Earned on Deposits - Rescue Squad Donations			0.94
Interest Earned on Deposits - Developers Escrow			80.44
Police Detail Disbursements in Current Fund			101,991.42
			<hr/>
			102,202.93
			<hr/>
			105,860.52
Decreased By Disbursements:			
Paid to Current Fund - Treasurer			357.16
Police Detail Receipts in Current Fund			97,334.10
			<hr/>
			97,691.26
			<hr/>
Balance December 31, 2012	B	\$	<u><u>8,169.26</u></u>

Analysis of Balance

Due to Current Fund - Recycling Trust Fund	\$	16.10
Due to Current Fund - Tax Premium Account		106.61
Due to Current Fund - Recreation Commission		13.05
Due to Current Fund - Small Cities Block 1		44.08
Due to Current Fund - Developers Escrow		80.44
Due to Current Fund - Landisville Co-Op's		31.97
Due to Current Fund - Police Forfeited Funds		12.76
Due to Current Fund- Housing Trust		5.98
Due to Current Fund- Fire Penalty		0.15
Due to Current Fund- Rescue Squad Donations		0.94
Due to Current Fund - Police Detail - Received in Current Fund		7,857.18
	\$	<hr/> <u><u>8,169.26</u></u>

BOROUGH OF BUENA
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2011	<u>Ref.</u> C		\$ 46,372.11
Increased By Receipts:			
Budget Appropriation:			
Capital Improvement Fund		\$ 25,000.00	
Downpayment on Improvements		18,400.00	
Improvement Costs		285.35	
Grants Receivable:			
Atlantic County - CDBG - Park Storage Shed		23,914.50	
NJ DOT Bike Path Phase IV		103,950.00	
		<u>171,549.85</u>	
			<u>217,921.96</u>
Decreased By Disbursements:			
Due to Current Fund		2,076.77	
Notes Paid from Cash on Hand		3,450.00	
Improvement Authorizations		165,524.54	
		<u>171,051.31</u>	
Balance December 31, 2012	C		<u>\$ 46,870.65</u>

**BOROUGH OF BUENA
GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Receipts		Disbursements			Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	Budget Appropriations	Grants Received	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 5,299.91	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5,299.91
Capital Improvement Fund	14,700.00	25,000.00				39,700.00		-
Downpayment on Improvements		18,400.00				18,400.00		-
Reserve for Emergency Housing	91.70							91.70
Contracts Payable	34,415.91					34,415.91	14,687.69	14,687.69
Due (from)/to Current Fund	1,172.68			2,076.77		22,521.00		(23,425.09)
Cash on Hand for Payment of Notes	3,449.65			3,449.65			26,398.30	26,398.30
<u>Improvement Authorizations</u>								
Ord. Number								
464 Various Improvements: amended l) Improvements to by 468 Municipal Park	696.89			696.89				-
482 Various Capital Improvements a) Renovate Municipal Bldg	21,871.40			1,023.96		599.80		20,247.64
483 Construction of Multi-Tenant amended Office Building by 485	(21.00)						21.00	(0.00)
521 Various Capital Improvements b) Acquisition of Police 911 amended by 536 Communications Software and 550 d) Upgrade Computer System g) Improvements to Municipal Building	(1,949.65) 2,467.01 6,124.21				0.35	4,624.00	4,624.00	(1,950.00) 2,467.01 751.11
550 Various Capital Improvements c) Redevelopment Planning	-					1,047.50	1,047.50	-
560 Various Improvements b) Bike Path - Phase III c) Boro Hall & Storage Shed Improvements	(14,804.50) (27,732.05)		23,914.50	647.50		1,097.55 3,877.95	15,902.05 8,343.00	- -

**BOROUGH OF BUENA
GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	Budget Appropriations	Grants Received	Improvement Authorizations	Misc.	From	To		
565 Reconstruction of Delaware Avenue	\$ 3,668.80	\$	\$	\$	\$	3,668.80	\$	\$	-
566 Phase III Construction of Bike Patr	16,443.95	262.55				16,706.50			-
581 Various Improvements:									
a) Engineering & Design for Bike Path Phase IV	(19,500.00)		103,950.00	142,671.59		4,886.23	20,910.20		(42,197.62)
b) Engineering & Design for Louis Drive Storm Drain				1,511.50		4,330.16	5,841.66		-
c) Engineering & Design for Grove Road						247.50	247.50		-
582 Various Improvements:									
b) HVAC at Senior Building	(22.80)	22.80							-
597 Various Improvements:									
a) Improvements to various Roads							5,000.00		5,000.00
b) Improve Artic Avenue							5,000.00		5,000.00
c) Improve Martinelli Ave & Muccio Dr.				13,600.00			4,500.00		4,500.00
d) Drainage Study							800.00		(12,800.00)
e) Drainage Improvements							20,100.00		20,100.00
f) Purchase Ambulance							8,900.00		8,900.00
g) Two Ford Employers							3,200.00		3,200.00
h) Purchase Two Computers							300.00		300.00
i) Road Loader with Clam Bucket							7,000.00		7,000.00
j) Pick-up Truck with Snow Plow							1,600.00		1,600.00
k) Replace Garage Roof							300.00		300.00
l) Gasoline Skid Tank							300.00		300.00
m) Asphalt Roller with Trailer							500.00		500.00
n) Engineering and Inspection for Bike Path Phase IV							600.00		600.00
	\$ 46,372.11	\$ 43,685.35	\$ 127,864.50	\$ 165,524.54	\$ 5,526.77	\$ 156,122.90	\$ 156,122.90	\$	46,870.65
Ref.									C

BOROUGH OF BUENA
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2011	<u>Ref.</u> C		\$	14,700.00
Increased By:				
Current Fund Budget Appropriation		\$ 25,000.00		
				25,000.00
				39,700.00
Decreased By:				
Appropriation to Finance Improvement Authorizations		39,700.00		
				39,700.00
Balance December 31, 2012	C		\$	-

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2011	<u>Ref.</u> C		\$	309,777.51
Increased By:				
No Activity in 2012		\$ -		
				-
				309,777.51
Decreased By:				
Bonds and Loans Paid by Operating Budget		159,777.51		
				159,777.51
Balance December 31, 2012	C		\$	150,000.00

**BOROUGH OF BUENA
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Funded by Budget Appropriation	Cancelled	Balance Dec. 31, 2012	Bond Anticipation Note	Analysis of Balance	
								Expenditures	Unexpended Improvement Authorization
506	Various Capital Improvements								
amended by 539 and 550	a) Road Improvements to Buena Vista Ave to Central Ave	\$ 5,883.57	\$	\$ 680.05	\$	\$ 5,203.52	\$ 5,203.52	\$	\$
	b) Pedestrian Improvements	21,138.86		2,443.31		18,695.55	18,695.55		
	c) Acquisition of Park	5,888.45		680.61		5,207.84	5,207.84		
	d) Purchase of (2) All Terrain Vehicles	20,861.48		2,411.25		18,450.23	18,450.23		
	e) Demolition of Mazzoni Property	6,310.98		729.45		5,581.53	5,581.53		
512 amended by 550	Purchase Dump Truck w/plow, Street Sweeper, Small Tractor, Office Trailer and Ten Pistols	41,074.88		11,000.00		30,074.88	30,074.88		
521 amended by 536 and 550	Various Capital Improvements								
	a) Reconstruction of Roads & Drainage Improvements	131,765.34		8,468.38		123,296.96	123,296.96		
	b) Acquisition of Police 911 Communications Software	12,891.38		703.21		12,188.17	10,238.17	1,950.00	
	c) Acquisition of Property	7,394.60		475.24		6,919.36	6,919.36		
	d) Upgrade Computer System	7,746.47		497.85		7,248.62	7,248.62		
	e) Removal of Underground Storage Tanks	3,688.80		237.07		3,451.73	3,451.73		
	f) Acquisition of Court Room Furniture	2,853.96		183.42		2,670.54	2,670.54		
	g) Improvements to Municipal Building	12,238.28		690.13		11,548.15	10,048.15		1,500.00
550	Various Capital Improvements								
	a) Improvements to Black Water Pond	6,128.24		905.46		5,222.78	5,222.78		
	b) Road Improvements to Laurel Street	7,339.03		1,049.87		6,289.16	6,289.16		
	c) Purchase of Bleachers for Bruno Melini Park	2,329.77		499.73		1,830.04	1,830.04		
	d) Redevelopment Planning	27,180.61		1,746.86	1,047.50	24,386.25	24,386.25		
	e) Purchase of 4x4 Drive Vehicle for Borough use	16,308.36		1,048.11		15,260.25	15,260.25		

**BOROUGH OF BUENA
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Funded by Budget Appropriation	Cancelled	Balance Dec. 31, 2012	Analysis of Balance	
							Bond Anticipation Note	Unexpended Improvement Authorization
560	Various Improvements							
	a) Acquisition of 4-Wheel Drive Vehicle	\$ 25,458.72	\$	2,029.23		\$ 23,429.49	\$ 7,145.65	\$
	b) Bike Path - Phase III	8,957.14		713.94	1,097.55	7,145.65	243.65	
	c) Boro Hall & Storage	4,478.57		356.97	3,877.95	30,018.00	30,018.00	
	d) Shed Improvements	32,617.86		2,599.86				
	d) Franklin Street Reconstruction				3,668.80	10,331.20	10,331.20	
565	Reconstruction of Delaware Avenue	15,250.00		1,250.00				
566	Phase III Construction of Bike Path	23,500.00		862.55	16,706.50	5,930.95	5,930.95	
581	Various Improvements							
	a) NJDOT Bike Path Phase 4	13,500.00				13,500.00	13,500.00	
	b) Louis Drive Drainage	15,000.00				15,000.00	15,000.00	
	c) F. Grove Road Engineering/Design	15,700.00				15,700.00	15,700.00	
	d) 2 4x4 Vehicles	67,800.00				67,800.00	67,800.00	
582	Various Improvements							
	a) EMS Building Reconstruction	38,000.00				38,000.00	38,000.00	
	b) HVAC senior Building	19,000.00		22.80		18,977.20	18,977.20	

**BOROUGH OF BUENA
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Funded by Budget Appropriation	Cancelled	Balance Dec. 31, 2012	Analysis of Balance	
							Bond Anticipation Note	Unexpended Improvement Authorization
597	Various Improvements							
	a) Improvements to various Roads		100,000.00			100,000.00		100,000.00
	b) Improve Artic Avenue		92,000.00			92,000.00		92,000.00
	c) Improve Martinelli Ave & Muccio Dr.		87,500.00			87,500.00		87,500.00
	d) Drainage Study		13,000.00			13,000.00		200.00
	e) Drainage Improvements		401,900.00			401,900.00		401,900.00
	f) Purchase Ambulance		177,100.00			177,100.00		177,100.00
	g) Two Ford Explorers		62,800.00			62,800.00		62,800.00
	h) Purchase Two Computers		5,700.00			5,700.00		5,700.00
	i) Road Loader with Clam Bucket		138,000.00			138,000.00		138,000.00
	j) Pick-up Truck with Snow Plow		31,600.00			31,600.00		31,600.00
	k) Replace Garage Roof		5,700.00			5,700.00		5,700.00
	l) Gasoline Skid Tank		4,700.00			4,700.00		4,700.00
	m) Asphalt Roller with Trailer		9,500.00			9,500.00		9,500.00
	n) Engineering and Inspection for Bike Path Phase IV		7,500.00			7,500.00		7,500.00
		<u>\$ 618,285.35</u>	<u>\$ 1,137,000.00</u>	<u>\$ 42,285.35</u>	<u>\$ 26,398.30</u>	<u>\$ 1,686,601.70</u>	<u>\$ 546,151.70</u>	<u>\$ 1,125,700.00</u>
						<u>C</u>		<u>C</u>
	Notes Issued						\$ 572,550.00	
	Less Funds on Hand to Pay Notes:							
	Ordinance 550-d					1,047.50		
	Ordinance 560-b					1,097.55		
	Ordinance 560-c					3,877.95		
	Ordinance 565					3,668.80		
	Ordinance 566					16,706.50		
							<u>26,398.30</u>	
							<u>\$ 546,151.70</u>	
	Improvement Authorizations - Unfunded							\$ 1,147,770.50
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued							
								\$ 2,467.01
								751.11
								3,852.38
								<u>15,000.00</u>
								<u>22,070.50</u>
								<u>\$ 1,125,700.00</u>

BOROUGH OF BUENA
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
General Bonds of 2002	10/15/2002	\$ 1,565,000	10/15/2013	\$ 4.00%	\$ 305,000.00	-	\$ 155,000.00	\$ 150,000.00
					<u>\$ 305,000.00</u>	<u>-</u>	<u>\$ 155,000.00</u>	<u>\$ 150,000.00</u>
				Ref.	<u>C</u>			<u>C</u>

BOROUGH OF BUENA
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES TRUST FUND LOAN PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding			Balance Dec. 31, 2011	Balance Dec. 31, 2012
			Date	December 31, 2012 Amount	Interest Rate		
Acquisition and Improvement to Recreational Facilities	04/25/95	\$ 73,000.00		\$ -	2.00%	\$ 4,777.51	\$ -
						\$ 4,777.51	\$ -
					Ref.	\$ 4,777.51	\$ -
						C	C

BOROUGH OF BUENA
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
506 amended by 539 and 550	Various Capital Improvements: a) Road Improvements to Buena Vista Ave b) Pedestrian Improvements to Central Ave c) Acquisition of Park d) Purchase of (2) All Terrain Vehicles e) Demolition of Mazzoni Property	12/23/03	12/06/12	08/08/13	1.19%	\$ 5,883.57	\$ 5,203.52	\$ 5,883.57	\$ 5,203.52
550	Various Capital Improvements: a) Improvements to Black Water Pond b) Road Improvements to Laurel Street	12/14/07	12/06/12	08/08/13	1.19%	21,138.86 5,888.45 20,861.48 6,310.98	18,695.55 5,207.84 18,450.23 5,581.53	21,138.86 5,888.45 20,861.48 6,310.98	18,695.55 5,207.84 18,450.23 5,581.53
512 amended by 550 and 550	Purchase Dump Truck w/plow, Street Sweeper, Small Tractor, Office Trailer and Ten Pistols	08/03/04	08/09/12	08/08/13	1.19%	41,074.88	30,074.88	41,074.88	30,074.88
521 amended by 536 and 550	Various Capital Improvements: a) Reconstruction of Roads and Drainage Improvements b) Acquisition of Police 911 Communications Software c) Acquisition of Property d) Upgrade Computer System e) Removal of Underground Storage Tanks f) Acquisition of Court Room Furniture g) Improvements to Municipal Building	08/03/05	08/09/12	08/08/13	1.19%	131,765.34 10,941.73 7,394.60 7,746.47 3,688.80 2,853.96 10,738.28	121,546.96 8,538.52 6,919.36 7,248.62 3,451.73 2,670.54 10,048.15	131,765.34 10,941.73 7,394.60 7,746.47 3,688.80 2,853.96 10,738.28	121,546.96 8,538.52 6,919.36 7,248.62 3,451.73 2,670.54 10,048.15

BOROUGH OF BUENA
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
550	Various Capital Improvements: b) Purchase of Bleachers for Bruno Melini Park c) Redevelopment Planning d) Purchase of 4x4 drive vehicle for Borough use	08/03/07	08/09/12	08/08/13	1.19%	\$ 2,329.77 27,180.61 16,308.36	\$ 1,830.04 25,433.75 15,260.25	2,329.77 27,180.61 16,308.36	\$ 1,830.04 25,433.75 15,260.25
560	Various Capital Improvements: a) Acquisition of 4-Wheel Drive Vehicle b) Bike Path - Phase III c) Boro Hall & Storage Shed Improvements d) Franklin Street Reconstruction	12/05/08	12/06/12	08/08/13	1.19%	25,458.72 8,957.14 4,478.57 32,617.86	23,429.49 8,243.20 4,121.60 30,018.00	25,458.72 8,957.14 4,478.57 32,617.86	23,429.49 8,243.20 4,121.60 30,018.00
565	Reconstruction of Delaware Avenue	12/03/09	12/06/12	08/08/13	1.19%	15,250.00	14,000.00	15,250.00	14,000.00
566	Phase III Construction of Bike Path	12/03/09	12/06/12	08/08/13	1.19%	23,237.45	22,637.45	23,237.45	22,637.45
581	Various Capital Improvements: a) Engineering & Design for Bike Path Phase IV b) Engineering & Design for Louis Drive Storm Drain c) Engineering & Design for Grove Road d) Two 4x4 Vehicles	08/11/11	08/09/12	08/08/13	1.19%	13,500.00 15,000.00 15,700.00 67,800.00	13,500.00 15,000.00 15,700.00 67,800.00	13,500.00 15,000.00 15,700.00 67,800.00	13,500.00 15,000.00 15,700.00 67,800.00
582	Various Capital Improvements: a) Reconstruct EMS Building b) HVAC at Senior Building	08/11/11	08/09/12	08/08/13	1.19%	38,000.00 18,977.20	38,000.00 18,977.20	38,000.00 18,977.20	38,000.00 18,977.20
						\$ 618,000.00	\$ 572,550.00	\$ 618,000.00	\$ 572,550.00
					Ref.	C			C
					Paid by Budget Appropriation	\$		\$ 42,000.00	
					Notes Not Renewed			3,450.00	
					Renewals		572,550.00	572,550.00	
						\$	572,550.00	\$ 618,000.00	

BOROUGH OF BUENA
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Notes Not Renewed	Funded by Budget Appropriations	Balance Dec. 31, 2012
521	Various Improvements	\$	\$	\$ 3,450.00	\$	\$ 3,450.00
566	Phase III Construction of Bike Path	262.55			262.55	-
582	Various Improvements b) HVAC Senior Building	22.80			22.80	-
597	Various Improvements a) Improvements to Various Roads b) Improve Artic Avenue c) Improve Martinelli Ave & Muccio Dr. d) Drainage Study e) Drainage Improvements f) Purchase Ambulance g) Two Ford Explorers h) Purchase Two Computers i) Road Loader with Clam Bucket j) Pick-up Truck with Snow Plow k) Replace Garage Roof l) Gasoline Skid Tank m) Asphalt Roller with Trailer n) Engineering and Inspection for Bike Path Phase IV		100,000.00 92,000.00 87,500.00 13,000.00 401,900.00 177,100.00 62,800.00 5,700.00 138,000.00 31,600.00 5,700.00 4,700.00 9,500.00			100,000.00 92,000.00 87,500.00 13,000.00 401,900.00 177,100.00 62,800.00 5,700.00 138,000.00 31,600.00 5,700.00 4,700.00 9,500.00
		\$	\$ 7,500.00	\$ 3,450.00	\$ 285.35	\$ 1,140,450.00
		\$ 285.35	\$ 1,137,000.00	\$ 3,450.00	\$ 285.35	\$ 1,140,450.00
		C				C

Ref.

BOROUGH OF BUENA

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2012

BOROUGH OF BUENA

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2005, the bid threshold was \$21,000, as of January 1, 2011, the bid threshold was decreased to \$17,500 for Municipalities that do not have a Qualified Purchasing Agent.

The governing body of the Borough of Buena 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 a violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

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

Bike-path – Phase IV
Acquire two Dump Trucks
2013 Road Projects

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 2, 2012, adopted the following resolution authorizing interest to be charged on delinquent taxes:

1. The property taxes to be paid to the Tax Collector of the Borough of Buena shall be paid on February 1, May 1, August 1 and November 1 of each quarter, and each taxpayer shall be entitled to a grace period of ten (10) days beyond such due date for the payment of property taxes. Taxes which are not paid by the tenth day of each quarter following the date on which such taxes are to be paid, or on the first business day following the tenth day of each quarter when the tenth day falls on a weekend or holiday, shall be delinquent, and the Tax Collector of the Borough of Buena shall charge interest as follows:
 - A. On the first \$1,500.00 of delinquency, interest of 8% per annum.
 - B. On all delinquencies in excess of \$1,500.00, interest at 18% per annum.
 - C. Where a delinquency on a property exceeds the sum of \$10,000.00, and such delinquency is not paid prior to the end of the calendar year in which the delinquency occurs, the Tax Collector shall charge an additional penalty of 6% of the amount of the delinquency.

BOROUGH OF BUENA

GENERAL COMMENTS (Continued)

Collection of Interest on Delinquent Taxes and Assessments (Continued)

2. Where property is sold at the Tax Sale, as a result of the nonpayment of real property taxes, the holder of the tax title lien shall be entitled to charge the owner of the property, upon redemption of such lien the fees provided by R.S. 54:5-61, and in addition thereto the following additional sum upon redemption:
 - A. When the taxes, interest and costs shall exceed the sum of \$200.00, but less than \$4,999.00, an additional sum equal to 2% of the amount so paid for the tax title.
 - B. Where the taxes, interest and costs shall exceed the sum of \$5,000.00, but do not exceed \$9,999.00, an additional sum equal to 4% of the amount so paid for the tax title.
 - C. When the taxes, interest and costs shall exceed the sum of \$10,000.00, and additional sum equal to 6% of the amount so paid for the tax title.
3. The charges to be paid by the owner of a property upon redemption of a tax title lien shall also apply to all existing certificates held by the Borough of Buena as of March 28, 1991, unless such certificate was redeemed prior to the date of adoption of this resolution.

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

Delinquent Taxes and Tax Title Liens

The tax sale was held on January 18, 2012, and was complete. Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number</u>
2012	11
2011	9
2010	3

It is essential to good management that all means provided by the statutes be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

BOROUGH OF BUENA

GENERAL COMMENTS (Continued)

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent taxes and charges as well as current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2013 Taxes	10
Payments of 2012 Taxes	10
Delinquent Taxes	10
Tax Title Liens	3
Total	<u>33</u>

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our examination revealed that funds were deposited within the mandated time.

BOROUGH OF BUENA

FINDINGS AND RECOMMENDATIONS

1. That all Tax Collector bank accounts be reconciled and proven on a monthly basis.
2. That minutes for all Borough Council meetings be maintained, approved and bound.
3. That a complete analysis of the balance in Performance Bonds/Street Opening Deposits be made.
4. That internal controls be strengthened to eliminate overexpenditures of appropriations.

In accordance with the Division of Local Government Services Regulations, a Corrective Action Plan must be prepared and filed by the Borough in response to my recommendations.

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

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

April 18, 2013