

**BOROUGH OF BUENA
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2013**

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BOROUGH OF BUENA

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2013



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, 2013 and 2012, 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, 2013, 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, 2013 and 2012, 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, 2013 and 2012, 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, 2013 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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 June 24, 2014 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

June 24, 2014

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**EXHIBIT - A
CURRENT FUND**

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 701,323.69	547,960.06
Cash - Collector	8,207.92	9,216.76
Cash - Change	575.00	575.00
Total Cash	<u>710,106.61</u>	<u>557,751.82</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	176,500.52	160,102.60
Tax Title and Other Liens	5,621.52	6,288.94
Property Acquired for Taxes - at Assessed Valuation	258,600.00	258,600.00
Revenue Accounts Receivable	30,697.54	5,889.94
Interfund Receivable:		
Animal Control Fund	1,450.90	2.11
Federal and State Grant Fund	-	8,615.09
Trust Funds - Other	9,104.93	8,169.26
Other Receivables		
Total Receivables and Other Assets	<u>481,975.41</u>	<u>447,667.94</u>
Deferred Charges:		
Emergency Appropriation	14,000.00	40,400.00
Overexpenditure of Appropriation	217.17	578.61
Total Deferred Charges	<u>14,217.17</u>	<u>40,978.61</u>
Total Regular Fund	<u>1,206,299.19</u>	<u>1,046,398.37</u>
Federal and State Grant Fund:		
Cash	23,472.03	-
Federal and State Grants Receivable	402,874.79	176,218.72
Total Federal and State Grant Fund	<u>426,346.82</u>	<u>176,218.72</u>
Total Current Fund	<u>\$ 1,632,646.01</u>	<u>1,222,617.09</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 76,176.62	99,871.46
Reserve for Encumbrances	15,642.82	31,659.57
Accounts Payable	8,123.09	1,359.09
Prepaid Taxes	67,441.08	63,145.29
Overpaid Taxes	35,333.59	22,074.31
Regional School Tax Payable	0.64	-
County Added Tax Payable	8,036.90	2,631.47
Special District Tax Payable	46,682.00	-
Due to State:		
Veterans & Senior Citizens	2,298.03	2,298.03
Interfund Payable:		
General Capital Fund	37,387.26	23,425.09
Other		
Payroll Deductions Payable	10,124.09	981.33
Deposit for Redemption of liens	5,480.97	2,071.28
Street Opening/Performance Bonds	69,377.14	70,377.14
Prepaid PILOT Fees	8,704.00	15,262.00
	390,808.23	335,156.06
Reserve for Receivables and Other Assets	481,975.41	447,667.94
Fund Balance	333,515.55	263,574.37
Total Regular Fund	1,206,299.19	1,046,398.37
Federal and State Grant Fund:		
Unappropriated Reserves	6,667.83	1,725.92
Appropriated Reserves	398,223.32	143,228.09
Encumbrances Payable	21,455.67	22,649.62
Due to Current Fund	-	8,615.09
	426,346.82	176,218.72
Total Federal and State Grant Fund	426,346.82	176,218.72
Total Current Fund	\$ 1,632,646.01	1,222,617.09

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2013	2012
Revenue and Other Income Realized		
Fund Balance	\$ 130,000.00	185,000.00
Miscellaneous Revenue Anticipated	1,308,286.12	1,030,248.96
Receipts from Delinquent Taxes	152,782.86	140,544.24
Receipts from Current Taxes	8,301,988.76	7,835,075.95
Non Budget Revenue	93,632.79	56,463.08
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	49,998.45	10,190.99
Interfund Returned	16,784.35	22,417.72
Statutory Excess from Animal Control Fund	1,199.04	-
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	10,054,672.37	9,305,994.86
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	1,361,058.44	1,394,703.00
Other Expenses	1,434,810.17	1,377,877.00
Deferred Charges & Statutory Expenditures	338,581.17	366,093.61
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	366,415.26	329,385.07
Capital Improvements	234,583.00	43,400.00
Debt Service	162,300.00	223,008.24
Deferred Charges	43,850.00	31,069.35
Transferred to Board of Education	12,561.00	12,496.00
Regional District School Tax	4,197,181.00	4,017,573.45
County Tax	1,383,359.21	1,113,400.25
County Share of Added Tax	8,036.99	2,631.47
Interfund Created	10,304.12	8,171.37
Refund of Prior Year's Revenue	-	15,262.00
Other:		
Special District Taxes	307,908.00	305,558.00
Prior Year Senior Citizens Disallowed	8,000.00	2,500.00
Grants Receivable Canceled	-	22,406.45
Total Expenditures	9,868,948.36	9,265,535.26
Excess/(Deficit) in Revenue	185,724.01	40,459.60

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2013	2012
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	14,217.17	40,978.61
Total Adjustments	14,217.17	40,978.61
Statutory Excess to Fund Balance	199,941.18	81,438.21
Fund Balance January 1	263,574.37	367,136.16
	463,515.55	448,574.37
Decreased by:		
Utilization as Anticipated Revenue	130,000.00	185,000.00
Fund Balance December 31	\$ 333,515.55	263,574.37

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 130,000.00	130,000.00	-
Total Fund Balance Anticipated	<u>130,000.00</u>	<u>130,000.00</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	5,000.00	5,396.66	396.66
Fees an Permits			-
Fines and Costs:			-
Municipal Court			5,622.76
Interest and Costs on Taxes	93,000.00	98,622.76	(175.19)
Interest Earned on Investments	32,000.00	31,824.81	153.65
Occupancy and Apartment Registrations	1,700.00	1,853.65	20,693.10
Fees and Permits for Trash Removal	9,000.00	29,693.10	2,068.00
Atlantic County - Election Reimbursement	2,000.00	4,068.00	300.00
Ambulance Fees	300.00	600.00	50,294.98
Cable Television Franchise Fee	160,000.00	210,294.98	-
Hotel/Motel Tax	13,256.71	13,256.71	1,211.93
Lease - Commerce Center	10,000.00	11,211.93	1,800.97
Buena Gardens - Payments in Lieu of Taxes	51,000.00	52,800.97	(5,942.00)
Borough of Buena Housing Authority - Payments in Lieu of Taxes	50,000.00	44,058.00	(78.80)
	11,950.00	11,871.20	
Total Section A: Local Revenues	<u>439,206.71</u>	<u>515,552.77</u>	<u>76,346.06</u>
Section B: State Aid Without Offsetting Appropriations			
Consolidated Municipal Property Tax Relief	41,042.00	41,041.89	(0.11)
Energy Receipts Tax	378,230.00	378,230.22	0.22
Total Section B: State Aid Without Offsetting Appropriations	<u>419,272.00</u>	<u>419,272.11</u>	<u>0.11</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	45,000.00		20,711.77	(24,288.23)
Total Section C: Uniform Construction Code Fees	45,000.00	-	20,711.77	(24,288.23)
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
COPS Grant	77,148.00		77,148.00	-
Atlantic County Joint Insurance Fund - Safety Award	1,000.00		1,000.00	-
Body Armor Grant	1,725.92		1,725.92	-
N.J. DOT Trust fund Authority Act		187,000.00	187,000.00	-
Clean Communities Program		10,501.34	10,501.34	-
Rural Development Grant		40,910.00	40,910.00	-
Atlantic County CDBG Grant		23,583.00	23,583.00	-
Total Section F: Special Items - Public and Private Programs	79,873.92	261,994.34	341,868.26	-
Section G: Other Special Items				
Uniform Fire Safety Act	5,300.00		5,881.21	581.21
Additional Revenue - Occupancy and Apartment Registrations	5,000.00		5,000.00	-
Total Section G: Other Special Items	10,300.00	-	10,881.21	581.21
Total Miscellaneous Revenues:	993,652.63	261,994.34	1,308,286.12	52,639.15
Receipts from Delinquent Taxes	145,000.00		152,782.86	7,782.86

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated	Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	2,624,427.89	2,578,636.55	(45,791.34)
Total Amount to be Raised by Taxes for Support of Municipal Budget	2,624,427.89	2,578,636.55	(45,791.34)
Budget Totals	3,893,080.52	261,994.34	14,630.67
Non- Budget Revenues:			
Other Non- Budget Revenues:		93,632.79	93,632.79
	3,893,080.52	261,994.34	108,263.46

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	8,301,988.76
Less: Reserve for Tax Appeals Pending	<u>-</u>
Net Revenue from Collections	8,301,988.76
Allocated to:	
School, County and Other Taxes	<u>5,896,485.20</u>
Balance for Support of Municipal Budget Appropriations	2,405,503.56
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	<u>173,132.99</u>
Amount for Support of Municipal Budget Appropriations	<u><u>2,578,636.55</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	146,151.86
Tax Title Lien Collections	<u>6,631.00</u>
Total Receipts from Delinquent Taxes	<u><u>152,782.86</u></u>

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Police Detail - Administration Fees	16,885.13
FEMA - June 30th Storm	28,077.44
Insurance Claims Reimbursements	21,009.19
Miscellaneous	4,116.81
Elwyn - In Lieu of Tax	4,782.98
Pafacom - In Lieu of Tax	4,000.00
County - EMS	3,000.00
Street Openings	2,923.00
Payroll Tax Refunds	2,056.40
Sale of Hay - Blackwater Pond	1,500.00
Auction Proceeds	1,820.25
Registrar Fees (Marriage, Birth, Death)	1,256.00
Administration fee - Seniors and Veterans	1,055.00
Police Records	710.11
Restitution	270.48
Tax Searches	100.00
Variance Lists	<u>70.00</u>
Total Miscellaneous Revenue Not Anticipated:	<u><u>93,632.79</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Charged	Encumbered	Reserved	Cancelled	
OPERATIONS WITHIN "CAPS"							
GENERAL GOVERNMENT:							
Mayor and Council	\$ 31,800.00	\$ 31,800.00	\$ 31,646.75	\$ -	153.25	\$ -	-
Salaries and Wages	3,500.00	3,500.00	2,678.37	-	821.63	-	-
Other Expenses							
Municipal Clerk	90,000.00	81,121.59	81,121.59		557.85	0.00	0.00
Salaries and Wages	26,000.00	26,000.00	23,584.10	1,328.88	1,087.02	-	-
Other Expenses							
Financial Administration	88,500.00	85,500.00	85,480.13		19.87	(0.00)	(0.00)
Salaries and Wages	14,000.00	14,000.00	13,909.88		90.12	0.00	0.00
Other Expenses							
Audit Services	27,150.00	27,150.00	27,150.00			-	-
Other Expenses							
Elections	2,000.00	2,000.00	1,358.70		641.30	-	-
Other Expenses							
Computerized Data Processing	16,500.00	16,800.00	16,581.45		218.55	(0.00)	(0.00)
Other Expenses							
Collection of Taxes	22,400.00	45,100.00	45,095.68		4.32	(0.00)	(0.00)
Salaries and Wages	2,100.00	2,100.00	2,063.73		36.27	-	-
Other Expenses							
Assessment of Taxes	27,400.00	27,400.00	24,640.15		2,759.85	-	-
Salaries and Wages							
Other Expenses							
Maintenance of Tax Map	2,000.00	2,000.00	200.00		1,800.00	-	-
Miscellaneous Other Expenses	3,000.00	3,000.00	2,641.71		358.29	-	-
Legal Services							
Salaries and Wages	6,250.00	6,250.00	6,250.00		63.32	(0.00)	(0.00)
Other Expenses	47,000.00	47,700.00	47,636.68				
Engineering Services and Costs							
Other Expenses	17,500.00	17,500.00	8,918.29	4,352.29	4,229.42	-	-
Grant Administration	4,000.00	7,500.00	5,800.00	600.00	1,100.00	-	-
Other Expenses							
Borough Administration/Purchasing Agent	15,000.00	15,000.00	14,999.60		0.40	(0.00)	(0.00)
Salaries and Wages	2,500.00	2,500.00	1,257.78		1,242.22	-	-
Other Expenses							
LAND USE ADMINISTRATION							
Land Use Board	39,000.00	23,300.00	23,203.27		96.73	(0.00)	(0.00)
Salaries and Wages	3,950.00	4,450.00	3,764.41	211.11	474.48	-	-
Other Expenses							
Zoning Board of Adjustments	5,600.00	5,600.00	5,599.88		0.12	(0.00)	(0.00)
Salaries and Wages							

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
INSURANCE					
General Liability	\$ 44,431.00	\$ 44,431.00	\$ 44,055.92	\$ 375.08	\$ 0.00
Workers Compensation Insurance	110,112.00	110,112.00	109,182.08	929.92	(0.00)
Employee Group Health	435,000.00	468,250.00	458,555.63	9,694.37	-
Disability Insurance	2,000.00	2,000.00	1,041.91	958.09	-
Health Benefit Waivers					
Salaries and Wages	500.00	500.00	450.00	50.00	-
PUBLIC SAFETY					
Director					
Salaries and Wages	32,000.00	-	-	-	-
Police Department					
Salaries and Wages	686,000.00	641,800.00	640,203.10	1,596.90	0.00
Other Expenses	52,300.00	60,800.00	58,335.24	1,936.52	0.00
Office of Emergency Management					
Salaries and Wages	500.00	377.00	362.25	14.75	-
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Emergency Medical Services					
Salaries and Wages	145,000.00	165,700.00	165,642.53	57.47	0.00
Other Expenses	40,000.00	39,700.00	31,719.36	7,053.43	-
Uniform Fire Safety Act - Fire Code Official					
Salaries and Wages	4,075.00	4,075.00	4,074.98	0.02	(0.00)
Other Expenses	100.00	100.00	-	100.00	-
PUBLIC WORKS					
Streets and Road Maintenance					
Salaries and Wages	167,000.00	155,000.00	154,780.15	219.85	0.00
Other Expenses	35,000.00	35,000.00	26,286.66	5,371.69	-
Garbage and Trash Removal					
Other Expenses	245,000.00	245,000.00	238,461.47	6,538.53	-
Sanitary Landfill					
Other Expenses	4,000.00	6,000.00	5,275.00	280.00	-
Landfill License					
Other Expenses	5,000.00	5,000.00	4,941.23	58.77	0.00
Buildings and Grounds					
Salaries and Wages	14,000.00	14,000.00	11,876.55	2,123.45	-
Other Expenses	21,000.00	26,000.00	20,285.42	1,836.14	-
HEALTH AND HUMAN SERVICES					
Dog Regulation					
Other Expenses	11,400.00	12,000.00	11,983.36	16.64	(0.00)

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
PARKS AND RECREATION					
Recreation					
Other Expenses	2,500.00	2,500.00	2,500.00		-
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					
Construction Official					
Salaries and Wages	13,700.00	19,521.00	19,520.05	0.95	0.00
Other Expenses	3,000.00	3,000.00	1,989.62	30.00	980.38
Sub-Code Official					
Salaries and Wages	2,856.00	2,857.00	2,856.10	0.90	0.00
Occupancy Inspector	10,000.00	10,600.00	10,547.04	52.96	(0.00)
Building Inspector	7,110.00	7,110.00	6,688.04	421.96	-
Plumbing Inspector	7,110.00	7,110.00	7,109.96	0.04	(0.00)
Electrical Inspector	3,500.00	3,501.00	3,500.12	0.88	0.00
Fire Prevention Official	7,278.00	7,278.00	7,277.92	0.08	(0.00)
Enforcement Official					
Other Expenses	10,000.00	10,000.00	10,000.00		-
Facility Costs					
UNCLASSIFIED					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	39,000.00	39,000.00	39,000.00		-
Street Lighting	50,000.00	58,000.00	56,546.44	1,453.56	(0.00)
Telephone	20,000.00	21,100.00	21,062.78	37.22	0.00
Heating Oil and Natural Gas	8,000.00	9,400.00	9,617.17		(217.17)
Gasoline	60,000.00	60,000.00	48,105.93	11,894.07	-
TOTAL OPERATIONS WITHIN "CAPS"	<u>2,796,622.00</u>	<u>2,795,651.44</u>	<u>2,709,416.16</u>	<u>15,642.82</u>	<u>(217.17)</u>
Detail:					
Salaries and Wages	1,426,579.00	1,361,058.44	1,352,925.84	8,132.60	0.00
Other Expenses	1,370,043.00	1,434,593.00	1,356,490.32	15,642.82	(217.17)

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Overexpenditure of Appropriation	\$ 578.61	\$ 578.61	\$ 578.61	\$ -	\$ -	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	76,401.00	76,721.56	76,721.56	-	4,490.57	0.00
Social Security System (O.A.S.I.)	113,000.00	113,600.00	109,109.43	-	-	-
Consolidated Police and Firemen's Pension Fund	-	-	-	-	-	-
Police and Firemen's Retirement System	139,931.00	139,931.00	139,931.00	-	-	-
Unemployment Compensation Insurance	7,500.00	7,500.00	7,024.54	-	475.46	-
Defined Contribution Retirement Program	200.00	250.00	249.04	-	0.96	0.00
	<u>337,610.61</u>	<u>338,581.17</u>	<u>333,614.18</u>	<u>-</u>	<u>4,966.99</u>	<u>0.00</u>
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	3,134,232.61	3,134,232.61	3,043,030.34	15,642.82	75,776.62	(217.17)
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"						
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
NJPDES/Stormwater (40A:4-45.3)						
Street and Roads Maintenance						
Other Expenses	1,050.00	1,050.00	1,050.00	-	-	-
Interlocal Municipal Service Agreements						
Gloucester County						
Police and Fire Communications						
Other Expenses	131,980.00	131,980.00	131,580.00	-	400.00	-
Borough of Buena MUA						
Financial Administration						
Other Expenses	21,100.00	21,100.00	21,100.00	-	-	-
Township of Franklin						
Municipal Court						
Other Expenses	77,500.00	77,500.00	77,500.00	-	-	-
	<u>231,630.00</u>	<u>231,630.00</u>	<u>231,230.00</u>	<u>-</u>	<u>400.00</u>	<u>-</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
(A) Public and Private Programs Off-Set by Revenues	\$	\$	\$	\$	\$
SFSP - Fire District Payment	1,567.00	1,567.00	1,567.00	-	-
Atlantic County Joint Insurance Fund - Safety Award	1,000.00	1,000.00	1,000.00	-	-
Police Body Armor Grant	1,725.92	1,725.92	1,725.92	-	-
Municipal Alliance Program - Local Share	1,933.00	1,933.00	1,933.00	-	-
COPS Grant	77,148.00	77,148.00	77,148.00	-	-
Clean Communities Grant (40A:4-87, \$10,501.34+)		10,501.34	10,501.34	-	-
USDA Grant (40A:4-87, \$40,910.00+)		40,910.00	40,910.00	-	-
Total Public and Private Programs Off-Set by Revenues	83,373.92	134,785.26	134,785.26	-	-
Total Operations - Excluded from "CAPS"	315,003.92	366,415.26	366,015.26	400.00	-
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	315,003.92	315,003.92	366,015.26	400.00	-
(C) Capital Improvements					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00	-	-
Down Payments on Improvements (Emergency, \$14,000.00)		14,000.00	14,000.00	-	-
New Jersey DOT Trust Fund Authority Act					
Reconstruction of flower Street (40A:4-87, \$187,000.00+)		187,000.00	187,000.00	-	-
Atlantic county CDBG - Drainage (40A:4-87, \$23,583.00+)		23,583.00	23,583.00	-	-
Total Capital Improvements	10,000.00	234,583.00	234,583.00	-	-
(D) Debt Service					
Payment of Bond Principal	150,000.00	150,000.00	150,000.00	-	-
Payment of Bond Anticipation Notes	42,000.00	42,000.00			42,000.00
Interest on Bonds	6,000.00	6,000.00	6,000.00	-	-
Interest on Notes	6,300.00	6,300.00	6,300.00	-	-
Total Debt Service	204,300.00	204,300.00	162,300.00	-	42,000.00

The accompanying Notes to the Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(E) Deferred Charges						
Emergency Authorizations	40,400.00	40,400.00	40,400.00			-
Deferred Charges to Future Taxation - Unfunded: Ordinance 521	3,450.00	3,450.00	3,450.00			-
Total Deferred Charges	43,850.00	43,850.00	43,850.00	-	-	-
(N) Transferred to Board of Education for Use of Local Schools	12,561.00	12,561.00	12,561.00			-
Total Transferred to Board of Education	12,561.00	12,561.00	12,561.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	585,714.92	861,709.26	819,309.26	-	400.00	42,000.00
SUBTOTAL GENERAL APPROPRIATIONS	3,719,947.53	3,995,941.87	3,862,339.60	15,642.82	76,176.62	41,782.83
(M) Reserve for Uncollected Taxes	173,132.99	173,132.99	173,132.99			-
TOTAL GENERAL APPROPRIATIONS	\$ 3,893,080.52	\$ 4,169,074.86	\$ 4,035,472.59	\$ 15,642.82	\$ 76,176.62	\$ 41,782.83
Budget	\$ 3,893,080.52	\$ 3,893,080.52				\$ 42,000.00
Appropriations by 40A:4-87	261,994.34	261,994.34				(217.17)
Emergency Appropriations	14,000.00	14,000.00				
	\$ 4,169,074.86	\$ 4,169,074.86				\$ 41,782.83
Reserve for Uncollected Taxes		\$ 173,132.99				
Federal and State Grants		341,868.26				
Reserve for Federal and state Grants - Matching Funds		1,933.00				
Deferred Charges		40,978.61				
Payroll Deductions Payable		453,384.41				
Disbursements		3,024,175.32				
		\$ 4,035,472.59				
				Unexpended Balance cancelled		\$ 42,000.00
				Overexpenditure of Appropriations		(217.17)
						\$ 41,782.83

The accompanying Notes to the Financial Statements are an integral part of this statement

**EXHIBIT - B
TRUST FUND**

**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31**

	2013	2012
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 3,206.39	\$ 2,319.00
Due from Borough Clerk	94.91	94.91
	3,301.30	2,413.91
<u>Other Funds</u>		
Cash and Investments - Treasurer	205,095.35	238,635.23
Cash and Investments - Collector	4,456.61	806.61
Accounts Receivable - Police Detail	9,060.00	7,926.84
	218,611.96	247,368.68
	\$ 221,913.26	\$ 249,782.59

The accompanying Notes to the Financial Statements are an integral part of this statement

**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31**

	2013	2012
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 1,840.80	\$ 2,152.60
Due to State of New Jersey	9.60	9.60
Due to Current Fund	1,450.90	251.71
	3,301.30	2,413.91
<u>Other Funds</u>		
Due to Current Fund	9,104.93	8,169.26
Premiums Received at Tax Sale	4,350.00	700.00
Reserve for:		
Police Forfeited Funds	4,671.37	11,035.37
Small Cities Co-Op Landisville	36,559.78	36,559.78
Small Cities I - Rehabilitation	37,251.58	45,331.58
Small Cities II - Rehabilitation	4,886.62	4,886.62
Recreation Commission	14,381.39	10,890.66
Recycling Expenditures	3,595.13	14,095.13
Landfill Closure	29,913.61	29,683.88
Developers Escrow	61,809.04	79,883.11
Housing Escrow	2,320.95	2,613.45
Fire Penalty Fees	279.50	279.50
Police Detail	69.66	69.66
Rescue Squad Donations	3,163.72	2,908.72
Police Donations	6,254.68	261.96
	218,611.96	247,368.68
	\$ 221,913.26	\$ 249,782.59

The accompanying Notes to the Financial Statements are an integral part of this statement

EXHIBIT - C
GENERAL CAPITAL FUND

**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash	\$ 425,470.02	46,870.65
Deferred Charges to Future Taxation -		
Funded	1,680,000.00	150,000.00
Unfunded	343,184.00	1,686,601.70
Interfunds and Receivables		
Federal and State Grant Receivable	3,827.88	140,494.00
Due from Current Fund	37,387.26	23,425.09
	<u>2,489,869.16</u>	<u>2,047,391.44</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Contracts Payable	197,726.38	14,687.69
Bond Anticipation Notes Payable	-	572,550.00
Serial Bonds Payable	1,680,000.00	150,000.00
Improvement Authorizations:		
Funded	390,257.13	156,991.64
Unfunded	207,524.00	1,147,770.50
Reserve for Emergency Housing	91.70	91.70
Capital Improvement Fund	2,559.00	-
Fund Balance	11,710.95	5,299.91
	<u>\$ 2,489,869.16</u>	<u>2,047,391.44</u>
	-	

There were bonds and notes authorized but not issued at December 31

2012	1,140,450.00
2013	343,184.00

The accompanying Notes to the Financial Statements are an integral part of this statement

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2013	2012
Beginning Balance January 1	\$ 5,299.91	\$ 5,299.91
Increased by:		
Premiums on sale of Bonds & Notes	459.25	-
Permanently Funded Improvement		
Authorizations Canceled	5,951.79	-
	6,411.04	-
Ending Balance December 31	\$ 11,710.95	\$ 5,299.91

The accompanying Notes to the Financial Statements are an integral part of this statement

EXHIBIT - D
GENERAL FIXED ASSETS ACCOUNT GROUP

**GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31**

	<u>2013</u>	<u>2012</u>
Land	\$ 351,100.00	\$ 351,100.00
Building Improvements	1,196,618.00	1,196,618.00
Machinery and Equipment	1,567,672.94	1,340,111.19
	<u>3,115,390.94</u>	<u>2,887,829.19</u>
Total General Fixed Assets	\$ <u>3,115,390.94</u>	\$ <u>2,887,829.19</u>
Investment in General Fixed Assets	\$ <u>3,115,390.94</u>	\$ <u>2,887,829.19</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Buena include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Buena, as required by N.J.S. 40A:5-5.

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

B. Description of Funds

The accounting policies of the Borough of Buena conform to the accounting principles applicable to municipalities which have been prescribed 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 the respect to public funds. Under this method of accounting, the Borough of Buena accounts for its financial transactions through the following separate funds:

Current Fund -- resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds -- receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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 Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year 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 year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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

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

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

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$2,000 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the Borough of Buena to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Capitalization of Interest -- It is the policy of the Borough of Buena to treat interest on projects as a current expense and the interest is included in the current operating budget with the exception of certain projects financed by the New Jersey Environmental Trust.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. 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 entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

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 entity'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 entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

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 entity's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the entity's financial statements.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the net position of the entity is not presently determinable.

NOTE 2: BUDGETARY INFORMATION

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 2013 and 2012 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 2013 and 2012 statutory budgets was \$130,000 of \$263,574.37 available fund balance and \$185,000 of \$367,136.16 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 2013 and 2012 calendar years.

	<u>2013</u>	<u>2012</u>
Collection of taxes - S&W	22,700	
Employee Group Insurance	33,250	
Public Safety director - S&W	(32,000)	
Police Department - S&W	(44,200)	15,000
Emergency Medical Service - S&W	20,700	13,600
Garbage and Trash - OE		(17,000)

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 2013 and 2012, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
USDA Grant	\$ 40,910	
Clean Communities Program	10,501	
Atlantic County CDBG	23,583	
NJ DOT Trust Fund Authority Act	187,000	
Distracted Driving		2,000
Impaired Driving		4,400
Click it or Ticket		4,000

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

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 2013 for Down Payments on Improvements for \$14,000.00.

NOTE 3: INVESTMENTS

As of December 31, 2013 and 2012, the municipality had no investments.

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

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the entity can invest in any one issuer.

NOTE 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012, \$18,306 and \$14,337 of the municipality's bank balances of \$2,259,665 and \$921,586 was exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2013 and 2012:

	Balance 12/31/2011	Additions	Retirements/ Adjustments	Balance 12/31/2012
Land	\$ 351,100			351,100
Building Improvements	1,196,618			1,196,618
Equipment and Machinery	1,256,160	84,661	(710)	1,340,111
	<u>\$ 2,803,878</u>	<u>84,661</u>	<u>(710)</u>	<u>2,887,829</u>

	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013
Land	\$ 351,100			351,100
Building Improvements	1,196,618			1,196,618
Equipment and Machinery	1,340,111	295,700	(68,138)	1,567,673
	<u>\$ 2,887,829</u>	<u>295,700</u>	<u>(68,138)</u>	<u>3,115,391</u>

NOTE 6: LONG TERM DEBT

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

	Balance 12/31/11	Issued	Retired	Balance 12/31/12	Amounts Due Within One Year
Bonds payable:					
General	\$ 305,000		155,000	150,000	150,000
Total	<u>\$ 305,000</u>	-	155,000	150,000	150,000
Other liabilities:					
Loans Payable					
General	\$ 4,778		4,778	-	-
Total long-term liabilities	<u>\$ 309,778</u>	-	159,778	150,000	150,000

	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Bonds payable:					
General	\$ 150,000	1,680,000	150,000	1,680,000	145,000
Total long-term liabilities	<u>\$ 150,000</u>	<u>\$ 1,680,000</u>	<u>\$ 150,000</u>	<u>\$ 1,680,000</u>	<u>\$ 145,000</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

Outstanding Bonds Whose Principal and Interest are Paid From the Current Fund Budget of the Entity:

\$1,680,000 General Improvement Bonds dated August 6, 2013, due in annual installments through August 1, 2022, bearing interest at a rates varying from 1.50% to 3.00% per annum. The balance remaining as of December 31, 2013 is \$1,680,000.00.

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

Year Ending December 31,	General Capital Fund	
	Principal	Interest
2014	\$ 145,000.00	37,437.50
2015	155,000.00	35,262.50
2016	170,000.00	32,937.50
2017	180,000.00	29,537.50
2018	190,000.00	25,937.50
2019	200,000.00	22,137.50
2020	205,000.00	17,637.50
2021	215,000.00	12,512.50
2022	220,000.00	\$ 6,600.00
	<u>\$ 1,680,000.00</u>	<u>\$ 220,000.00</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

Summary of Municipal Debt

	Year 2013	Year 2012	Year 2011
	<u> </u>	<u> </u>	<u> </u>
Issued:			
General:			
Bonds	\$ 1,680,000.00	\$ 150,000.00	\$ 305,000.00
Loans	-	-	4,777.51
Notes	-	572,550.00	618,000.00
Total Issued	<u>1,680,000.00</u>	<u>722,550.00</u>	<u>927,777.51</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	<u>-</u>	<u>29,847.95</u>	<u>3,449.65</u>
Net Debt Issued	<u>1,680,000.00</u>	<u>692,702.05</u>	<u>924,327.86</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	<u>343,184.00</u>	<u>1,140,450.00</u>	<u>285.35</u>
Total Authorized But Not Issued	<u>343,184.00</u>	<u>1,140,450.00</u>	<u>285.35</u>
Net Bonds, Notes and Loans Issued and Authorized But Not Issued	<u>\$ 2,023,184.00</u>	<u>\$ 1,833,152.05</u>	<u>\$ 924,613.21</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .711%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School Purposes	\$ 3,078,889.21	\$ 3,078,889.21	\$ -
General Debt	<u>7,727,389.00</u>	<u>5,704,205.00</u>	<u>2,023,184.00</u>
	<u>\$ 10,806,278.21</u>	<u>\$ 8,783,094.21</u>	<u>\$ 2,023,184.00</u>

Net debt \$2,023,184.00 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$284,631,966.67 = .711%.

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

3-1/2% of Equalized Valuation Basis	\$ 17,647,181.95
Net Debt	<u>2,023,184.00</u>
	<u>\$ 15,623,997.95</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

Related Party Transactions

As of December 31, 2013, the Borough of Buena Municipal Utilities Authority has bonds and loans issued and outstanding of \$5,704,205.00. 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.

NOTE 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2013 and 2012, which were appropriated and included as anticipated revenue for the year ending December 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Current Fund	\$ 169,000	\$ 130,000

NOTE 8: SCHOOL TAXES

Regional School Taxes have been raised resulting in the Regional school tax payable set forth in the Current Fund liabilities as follows:

	<u>12/31/2013</u>	<u>12/31/2012</u>
Balance of Tax	\$ 0.64	\$ -
Deferred	-	-
Tax Payable	<u>\$ 0.64</u>	<u>\$ -</u>

NOTE 9: TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>12/31/13</u>	<u>Balance</u> <u>12/31/12</u>
Prepaid Taxes	\$ 67,441	63,145
Cash Liability for Taxes Collected in Advance	<u>\$ 67,441</u>	<u>63,145</u>

NOTE 10: PENSION FUNDS

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system.

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.64% through June 30, 2013 and 6.78% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 11.3% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were \$76,401, \$82,850 and \$81,686.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The entity's contributions to PFRS for the years ended December 31, 2013, 2012, and 2011 were \$139,931, \$154,683, and \$149,214.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%.
- For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

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

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

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 11: POST-RETIREMENT BENEFITS

Plan Description The Borough of Buena contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

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. 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 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 to <http://www.state.nj.us/treasury/pensions/shbp.htm>

Plan Coverage The entity currently has 2 collective bargaining units as well as non-union employees. The employee's post employment benefits are not dependent upon the collective bargaining unit to which they are a member. The benefits by collective bargaining unit are:

All Employees - Individuals who retired with at least 25 years of service to the Borough receive hospitalization, major medical, prescription for the employee and spouse in effect at the time of retirement.

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 rates charged by the system for the year ended December 31, 2013 vary according to the type of coverage selected by the retiree and range from \$770 to \$2,381 monthly per retiree.

The Borough of Buena contributions to SHBP for post-retirement benefits for the year ended December 31, 2013 and 2012 were \$185,481 and \$101,074 respectively, which equaled the required contribution for the year.

NOTE 12: ACCRUED SICK AND VACATION BENEFITS

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, 2013, the Borough estimates this liability to approximate \$184,276.94 based on 2013 pay rates and compensated absence balances.

NOTE 13: 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

NOTE 14: RISK MANAGEMENT

The entity 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.

Property and Liability Insurance - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2013 and 2012 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The entity is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The entity has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

NOTE 15: CONTINGENT LIABILITIES

From time to time, the entity is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the entity's management, the outcome of any present legal proceedings is unknown as to the effect, if any, on the accompanying financial statements.

NOTE 16: INTERFUND BALANCES

As of December 31, 2013, the following interfunds were included on the balance sheets of the various funds of the Borough of Buena:

	Due From	Due To
Current Fund:		
Animal Control Fund	\$ 1,450.90	
Trust Fund - Other	9,104.93	
General Capital Fund		37,387.26
Trust Fund:		
Current - Animal Control Fund		1,450.90
Trust Fund - Other		9,104.93
General Capital Fund:		
Current Fund	37,387.26	
	\$ 47,943.09	47,943.09

The amount due to the Current Fund from the Animal Control fund is due to interest not transferred by year end and statutory excess. The amount due to the Current Fund from the Trust Fund – Other is due to disbursements made from the Current Fund for the Trust Fund. The amount due to the General Capital fund from the Current Fund represents funds owed to the General Capital Fund from the Current Fund.

NOTE 17: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through June 24, 2014, the date which the financial statements were available to be issued and identified no events requiring 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, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 24, 2014, 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 internal 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.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

June 24, 2014

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013**

<u>Federal Grantor / Pass-through Grantor Program</u>	<u>CFDA Number</u>	<u>Pass-Through Entity ID#</u>	<u>Grant Period From To</u>	<u>Program or Award Amount</u>	<u>Unexpended Balance 12/31/2012</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Adjustments</u>	<u>Unexpended Balance 12/31/2013</u>	<u>MEMO ONLY Accumulated Expenditures</u>
Department of Transportation (Passed thru State of NJ) Impaired Driving Grant	20.607	N/A	Open	4,400.00	200.00	-	200.00	-	-	4,400.00
Total Department of Transportation					200.00	-	200.00	-	-	
Department of Justice Enforcing Underage Drinking Laws COPS Grant	16.727 16.710	N/A N/A	1/1/2012 10/1/2011	4,800.00 223,173.00	3,600.00 46,820.33	77,148.00 77,148.00	3,600.00 77,125.35	-	- 46,842.98	4,800.00 122,571.52
Total Department of Justice					50,420.33	77,148.00	80,725.35	-	46,842.98	
Federal Emergency Management Agency Reimbursement for June 30th Storm	97.036	Unknown	1/1/2013	28,077.44	-	28,077.44	28,077.44	-	-	28,077.44
Total Federal Emergency Management Agency					-	28,077.44	28,077.44	-	-	
Total Federal Assistance					50,620.33	105,225.44	109,002.79	-	46,842.98	

SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013

State Grantor / Pass-Through Grantor / Program	State Account Number	Grant Period From	Grant Period To	Grant Award	Unexpended Balance 12/31/2012	Receipts or Revenue Recognized	Disbursements/Expenditures	Adjustments	Unexpended Balance 12/31/2013	MEMO ONLY 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	3,852.38	-	3,852.38	-	-	150,000.00
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	-	3,852.38	-	94,444.00	-
Total Department of Transportation					141,546.38	-	3,852.38	-	137,694.00	
Department of Law and Public Safety:										
Body Armor Grant	1020-718-066-1020	1/1/2012	12/31/2012	1,725.92	1,725.92	-	-	-	1,725.92	0.00
Drunk Driving Enforcement	6400-100-078-6400	1/1/2009	12/31/2009	4,017.89	411.73	-	164.94	-	246.79	3,771.10
Total Department of Law and Public Safety					2,137.65	-	164.94	-	1,972.71	
Department of Environmental Protection										
Hazardous Site Discharge Remediation										
Mazzoni Site	N/A	Open		85,622.00	37,967.73	-	-	-	37,967.73	47,654.27
Clean Community Program	4900-765-042-4900	1/1/2013	12/31/2013	10,501.34	-	10,501.34	1,862.00	-	8,639.34	1,862.00
Clean Community Program	4900-765-042-4900	1/1/2012	4/6/1900	9,130.00	5,588.96	-	1,105.03	-	4,483.93	4,646.07
Clean Community Program	4900-765-042-4900	1/1/2011	12/31/2011	9,103.15	2,983.18	-	-	-	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	-	957.34	-	584.58	8,031.40
Clean Community Program	4900-765-042-4900	1/1/2008	12/31/2008	7,143.24	859.35	-	859.35	-	-	7,143.24
Total Department of Environmental Protection					48,941.14	10,501.34	4,783.72	-	54,658.76	
Total State Assistance					192,625.17	10,501.34	8,801.04	-	194,325.47	
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		1/1/2013	12/31/2013	1,000.00	-	1,000.00	1,000.00	-	0.00	1,000.00
Municipal Alliance - Local Share		1/1/2013	12/31/2013	1,932.02	-	1,932.02	1,932.02	-	0.00	1,932.02
Total Local Assistance					4.90	2,932.02	2,932.02	0.00	4.90	
Total State and Local Assistance					\$ 192,630.07	\$ 13,433.36	\$ 11,733.06	\$ -	\$ 194,330.37	
Total Federal and State and Local Assistance					\$ 243,250.40	\$ 118,658.80	\$ 120,735.85	\$ -	\$ 241,173.35	

The accompanying Notes to Schedules of Expenditures of Federal and State Assistance are an integral part of this statement

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013**

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 – regulatory basis. The financial statements – regulatory basis present the Current Fund, Grant Fund and Capital Funds on a budgetary basis. The Current Fund, 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.

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.

AUDIT FINDINGS AND RESPONSES

NONE

STATUS OF PRIOR YEAR RECOMMENDATIONS

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 reconciliations were not completed or updated when staff returned.

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.

Status of Finding:

Corrective action has been taken.

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.

Cause:

Unknown.

Effect:

The official record of the proceedings is not available.

Recommendation:

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

Status of Finding:

Corrective action has been taken.

STATUS OF PRIOR YEAR RECOMMENDATIONS

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 on the Borough's books.

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.

Status of Finding:

Corrective action has been taken.

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.

Recommendation:

That internal controls be strengthened to eliminate overexpenditures of appropriations.

Status of Finding:

This recommendation is repeated in the current year in the General Comments section of the report.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2012	\$ 547,960.06	\$ -
Increased by Receipts:		
Tax Collector	8,452,488.08	
Revenue Accounts Receivable	1,021,554.20	
State of New Jersey - Senior Citizens and Veterans	47,500.00	
Due from Animal Control	1.37	
Due from Trust Other	309.61	
Due to Trust funds - Other - Police Detail	51,225.16	
Deposit for Redemption of Liens	125,649.38	
Due from General Capital Fund	13,962.17	
Due from Grant Fund	8,615.09	
Federal and State Grants - Matching Funds		1,933.00
Federal and state Grants - Unappropriated		6,667.83
Federal and State Receivables		113,486.27
	9,721,305.06	122,087.10
	10,269,265.12	122,087.10
Decreased by Disbursements:		
Current Year Appropriation	3,024,175.32	
Prior Year Appropriations	74,768.58	
County Taxes	1,383,359.30	
County Added and Omitted taxes	2,631.47	
Regional School Taxes	4,197,180.36	
Special District Taxes	261,226.00	
Payroll Deductions Payable	444,241.65	
Tax Overpayments Refunded	2,827.74	
Performance Bonds & Deposits Payable	1,000.00	
Due from Trust Funds - Other - Police Detail	52,358.32	
Lien Redemption	122,239.69	
Reserve for Federal and State Grants - Matching Funds	1,933.00	
Due to Current fund		8,615.09
Federal and State Disbursements		89,999.98
	9,567,941.43	98,615.07
Balance December 31, 2013	\$ <u>701,323.69</u>	\$ <u>23,472.03</u>

**CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2012		\$	9,216.76
Increased by Receipts:			
Prepaid Taxes	\$	61,418.36	
Taxes Receivable		8,326,757.87	
Revenue Accounts Receivable		31,824.81	
Tax Overpayments		24,847.20	
Tax Title and Other Liens		6,631.00	
		8,451,479.24	
			8,460,696.00
Payments to Treasurer			8,452,488.08
Balance December 31, 2013		\$	8,207.92

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

Year	Balance Dec. 31, 2012	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2013
				2012	2013				
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		3,750.00		3,750.00			11.95	
2009	1,493.38							1,493.38	
2010	2,943.89			250.00	250.00			2,943.89	
2011	4,492.37		1,872.97	142,151.86	142,151.86		4,904.42	4,242.37	
2012	151,150.47		5,622.97	146,151.86	146,151.86		4,904.42	5,967.16	
	160,102.60		-	-	-		-	14,669.29	
2013		8,417,223.57	47,673.04	63,145.29	8,238,843.47		1,076.62	161,831.23	
	\$ 160,102.60	8,417,223.57	53,296.01	63,145.29	8,384,995.33		5,981.04	176,500.52	

Cash Receipts
Senior Citizens and Veterans
Overpayments Applied
8,384,995.33

Analysis of Current Year Tax Levy

Tax Yield:
General Property Tax 8,110,671.00
Special District Taxes 306,552.57
Added Taxes (54-4-63.1 et. Seq.) 47,673.04
8,464,896.61

Tax Levy:
General County Taxes 1,204,832.66
County Library Taxes 99,491.43
County Open Space Taxes 18,139.18
County Health Taxes 60,895.94
County Added and Omitted Taxes 8,036.99
Total County Taxes 1,391,396.20

Regional School District Tax 4,197,181.00

Special District tax 307,908.00

Local Tax for Municipal Purposes 2,624,427.89
Add: Additional Tax Levied (56,016.48)
2,568,411.41

8,464,896.61

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2012		\$ 6,288.94
Increased by:		
Transfers from Taxes Receivable	5,981.04	
Interest and Costs Accrued by Sale of January 9, 2013	327.07	
	<u> </u>	<u>6,308.11</u>
		12,597.05
Decreased by:		
Collections	6,631.00	
Other	344.53	
	<u> </u>	<u>6,975.53</u>
Balance December 31, 2013		<u>\$ 5,621.52</u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance	Accrued	Collected by		Balance
	Dec. 31, 2012	in 2013	Collector	Treasurer	Dec. 31, 2013
				Other	
Licenses:					
Alcoholic Beverages	\$ -	\$ 5,396.66	\$ -	\$ 5,396.66	\$ -
Construction Code Official Fees and Permits	851.70	37,462.45		20,711.77	17,602.38
Fines and Costs:					
Municipal Court	2,488.65	106,804.59		98,622.76	10,670.48
Interest and Costs on Taxes	-	31,824.81	31,824.81		-
Interest Earned on Investments	0.93	1,852.72		1,853.65	-
Occupancy and Apartment Rentals	2,370.00	34,394.10		34,693.10	2,071.00
Uniform Fire Code Fees	105.00	6,056.23		5,881.21	280.02
Fees and Permits for Trash Removal	-	4,068.00		4,068.00	-
Atlantic County - Election Reimbursement	-	600.00		600.00	-
Cable Television Franchise Fees	-	13,256.71		13,256.71	-
Hotel/Motel Tax	-	11,211.93		11,211.93	-
Ambulance Fees	-	210,294.98		210,294.98	-
Lease - Commerce Center	-	52,800.97		52,800.97	-
Energy Receipts Tax	-	378,230.22		378,230.22	-
Consolidated Municipal Property Tax Relief	-	41,041.89		41,041.89	-
Buena Housing Authority - Payments in Lieu of Taxes	-	11,871.20		11,871.20	-
Buena Gardens - Payments in Lieu of Taxes	-	44,058.00		37,500.00	6,558.00
Miscellaneous Revenue Not Anticipated					
General Revenues	73.66	93,632.79		93,632.79	73.66
TOTALS	\$ 5,889.94	\$ 1,084,858.25	\$ 31,824.81	\$ 1,021,667.84	\$ 6,558.00
					\$ 30,697.54
Due from Trust Fund - Other				\$ 112.12	
Due from animal Control Fund Treasurer				1.52	
				<u>1,021,554.20</u>	
				\$ <u>1,021,667.84</u>	

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Salaries and Wages:					
Municipal Clerk	\$ 679.23	\$ 679.23	\$ 679.23	\$ -	\$ -
Financial Administration	2,875.49	2,875.49	2,875.49	-	-
Collection of Taxes	76.95	76.95	76.95	-	-
Police Department	37,442.30	37,442.30	36,442.30	1,000.00	-
Enforcement Official	1,265.76	1,265.76	5.00	1,260.76	-
Other expenses:					
Mayor and Council	390.28	390.28	72.37	317.91	-
Municipal Clerk	5,269.92	5,269.92	3,484.85	1,785.07	-
Financial Administration	3,729.46	3,729.46	2,051.91	1,677.55	-
Legal Services	6,582.66	6,582.66	2,550.00	4,032.66	-
Engineering Services and Costs	2,700.78	2,700.78	2,674.10	26.68	-
Grant Administration	2,400.00	2,400.00	200.00	2,200.00	-
Employee Group Health Insurance	3,257.02	3,257.02	3,250.00	7.02	-
Police Department	9,655.42	9,655.42	4,870.52	4,784.90	-
Office of Emergency Management	911.69	911.69	675.30	236.39	-
Emergency Medical Services	5,901.42	5,901.42	3,976.07	1,925.35	-
Streets and Road Maintenance	6,762.36	6,762.36	6,753.76	8.60	-
Garbage and Trash Removal	1,883.54	1,883.54	320.92	1,562.62	-
Sanitary Landfill	1,944.60	1,944.60	1,850.00	94.60	-
Buildings and Grounds	888.83	888.83	863.84	24.99	-
Construction Official	1,413.49	1,413.49	100.00	1,313.49	-
Fuel Oil	2,596.52	2,596.52	425.66	2,170.86	-
Gasoline	8,885.41	8,885.41	7,334.31	1,551.10	-
All Other Accounts - No Change	24,017.90	24,017.90		24,017.90	
	<u>\$ 131,531.03</u>	<u>\$ 131,531.03</u>	<u>\$ 81,532.58</u>	<u>\$ 49,998.45</u>	<u>\$ -</u>
Reserve for Encumbrances	\$ 31,659.57				
Appropriation Reserves	99,871.46		74,768.58		
Disbursed			6,764.00		
Accounts Payable					
	<u>\$ 131,531.03</u>	<u>\$</u>	<u>\$ 81,532.58</u>		

**CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL TAX**

Balance December 31, 2012			
School Tax Payable	\$	-	
School Tax Deferred		-	
		-	\$ -
Increased by:			
Levy School Year 2013			4,197,181.00
			4,197,181.00
Decreased by:			
Payments			4,197,180.36
Balance December 31, 2013			
School Tax Payable		0.64	
School Tax Deferred		-	
		0.64	0.64
Current Year Liability for Regional School Tax:			
Tax Paid			4,197,180.36
Tax Payable Ending			0.64
			4,197,181.00
Less: Tax Payable Beginning			-
Amount charged to Current Year Operations			\$ 4,197,181.00

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

Purpose	Balance Dec. 31, 2012	Transferred From 2013 Revenues	Received	Adjustments	Balance Dec. 31, 2013
FEDERAL GRANTS:					
USDA grant	\$ -	40,910.00			40,910.00
COPS Grant					
2012	33,349.72		33,349.72		-
2013		77,148.00	63,885.21		13,262.79
Community Development Block Grant Funds (Passed thru County of Atlantic)					
2013	-	23,583.00			23,583.00
US Department of Justice - Enforcing Underage Drinking Laws (EUDL) 2012	4,800.00		4,750.00		50.00
Total Federal	<u>38,149.72</u>	<u>141,641.00</u>	<u>101,984.93</u>	<u>-</u>	<u>77,805.79</u>
STATE GRANTS:					
Hazardous Discharge Remediation Grant Mazonni Site	44,664.00				44,664.00
Clean Communities Program					
2013	-	10,501.34	10,501.34		-
New Jersey Transportation Trust Fund:					
2010	93,400.00				93,400.00
2013 - Flower Street		187,000.00			187,000.00
Police Body Armor Grant		1,725.92	1,725.92		-
Atlantic County JIF Safety Award:					
Safety Incentive 2012	5.00				5.00
Safety Incentives - 2013		1,000.00	1,000.00		-
Total State	<u>138,069.00</u>	<u>200,227.26</u>	<u>13,227.26</u>	<u>-</u>	<u>325,069.00</u>
\$	<u>176,218.72</u>	<u>341,868.26</u>	<u>115,212.19</u>	<u>-</u>	<u>402,874.79</u>
		Cash	113,486.27		
		Unappropriated Reserves	1,725.92		
			<u>115,212.19</u>		

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2012		2013 Appropriations	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2013
	Appropriated	Reserve for Encumbrances					
FEDERAL GRANTS:							
COPS Grant - 2011							
2011	12,148.72			2,056.40			10,092.32
2012	34,671.61			15,424.46			19,247.15
2013	-		77,148.00	59,644.49			17,503.51
USDA Grant - Municipal Building Improvements							
Distracted Driving Grant - 2012							
Impaired Driving Grant - 2012	200.00			200.00			-
Community Development Block Grant Funds (Passed thru County of Atlantic)							
Kimberly Lane Drainage - 2013			23,583.00				23,583.00
US Department of Justice							
Bulletproof Vest Partnership							
(EUDL) Enforcing Underage Drinking Laws: 2012	3,600.00			3600			-
Total Federal	<u>50,620.33</u>	<u>-</u>	<u>141,641.00</u>	<u>80,925.35</u>	<u>-</u>	<u>-</u>	<u>111,335.98</u>
STATE GRANTS:							
Drunk Driving Enforcement Fund							
2009	411.73			164.94			246.79
Clean Communities Program							
2008	859.35			566.69	859.35		-
2009	1,541.92				390.65		584.58
2011	2,983.18						2,983.18
2012	5,588.96	1,855.35		2,960.38			4,483.93
2013			10,501.34	1,400.00	462.00		8,639.34
Hazardous Discharge Site Remediation Fund							
2008 - Mazonni	37,967.73						37,967.73
Police Body Armor Grant							
2012	-		1,725.92				1,725.92
New Jersey Transportation Trust Fund							
2010 - Forest Grove Road	43,250.00	20,794.27		1,050.60	19,743.67		43,250.00
2013 - Flower Street			187,000.00				187,000.00
LOCAL:							
Municipal Alliance Program - Local Share							
Atlantic County JIF Safety Award							
2001	3.66		1,933.00	1,932.02			0.98
2004	0.33						3.66
2007	0.90						0.33
2013	-		1,000.00	1,000.00			0.90
Total State	<u>92,607.76</u>	<u>22,649.62</u>	<u>202,160.26</u>	<u>9,074.63</u>	<u>21,455.67</u>	<u>-</u>	<u>286,887.34</u>
Total	<u>143,228.09</u>	<u>22,649.62</u>	<u>343,801.26</u>	<u>89,999.98</u>	<u>21,455.67</u>	<u>-</u>	<u>398,223.32</u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred To 2013 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2013</u>
STATE GRANTS:					
Police Body Armor Grant					
2013	-		1,641.65		1,641.65
2012	1,725.92	1,725.92			-
Recycling Tonnage Grant			5,026.18		5,026.18
	<u>1,725.92</u>	<u>1,725.92</u>	<u>6,667.83</u>	<u>-</u>	<u>6,667.83</u>
\$					

**TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER**

Balance December 31, 2012		\$	2,319.00
Increased By Receipts:			
Dog Licenses Fees - 2013	\$	1,088.40	
Late Fees Collected		25.00	
Interest Earned on Deposits - Due to Current Fund		1.52	
			1,114.92
			3,433.92
Decreased By Disbursements:			
Payments to Current Fund		1.37	
Animal Control Expenditures		226.16	
			227.53
Balance December 31, 2013		\$	3,206.39

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2012		\$	238,635.23
Increased By Receipts:			
Recreation Fees and Income	\$	12,785.31	
Interest Earned on Deposits - Trust Funds		229.73	
Interest Earned on Deposits - Due to Current Fund		101.22	
Developers Escrow Deposits		12,013.13	
Rescue Squad Donations		1,155.00	
Police Donations		8,141.92	
			34,426.31
			273,061.54
Decreased By Disbursements:			
Recreation Activities		9,294.58	
Small Cities Block Grant - Recapture Disbursements		8,080.00	
Developers Escrow Disbursements		30,087.20	
Housing Escrow Disbursements		292.50	
Recycling Expenditures		10,500.00	
Payments to Current Fund		298.71	
Rescue Squad Donations Disbursements		900.00	
Police Donation Disbursements		2,149.20	
Police Forfeiture Expenses		6,364.00	
			67,966.19
Balance December 31, 2013		\$	205,095.35

**TRUST FUND
SCHEDULE OF TRUST CASH - COLLECTOR**

Balance December 31, 2012		\$	806.61
Increased By Receipts:			
Premiums Received at Tax Sale	50,350.00		
Interest Earned on Deposits	\$ 10.90		
			50,360.90
			51,167.51
Decreased By Disbursements:			
Payments to Current Fund	10.90		
Returned to Lienholders	46,700.00		
			46,710.90
Balance December 31, 2013		\$	4,456.61

**TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance December 31, 2012		\$	2,152.60
Increased By:			
Dog License Fees Collected - 2013	\$	1,088.40	
Kennel License Fees		25.00	
			1,113.40
			3,266.00
Decreased By Disbursements:			
Animal Control Expenditures		226.16	
Statutory Excess - Due to Current Fund		1,199.04	
			1,425.20
Balance December 31, 2013		\$	1,840.80

License Fees Collected	<u>Year</u>		
	2011	\$	1,034.40
	2012		806.40
			1,840.80
		\$	1,840.80

**TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND**

Balance December 31, 2012	\$	251.71
Increased By:		
Interest Earned on Deposits	\$	1.52
Statutory Excess - Due to Current Fund		1,199.04
		1,200.56
		1,452.27
Decreased By:		
Paid to Current Fund		1.37
		1.37
Balance December 31, 2013	\$	1,450.90

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2012	\$	9.60
Increased By:		
Collected in 2013 - By Borough Clerk	\$	291.60
		291.60
		301.20
Decreased By:		
Paid to State of New Jersey - By Borough Clerk		291.60
		291.60
Balance December 31, 2013	\$	9.60

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

Balance December 31, 2012		\$ 36,559.78
Increased By Receipts:		
No Activity in 2013	\$ -	-
		36,559.78
Decreased By Disbursements:		
No Activity in 2013	-	-
		-
Balance December 31, 2013		\$ <u>36,559.78</u>
<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, 2012		\$ 45,331.58
Increased By:		
No Activity in 2013	\$ -	-
		45,331.58
Decreased By:		
Small Cities Disbursements	8,080.00	
		8,080.00
Balance December 31, 2013		\$ <u>37,251.58</u>

**TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION COMMISSION**

Balance December 31, 2012		\$	10,890.66
Increased By Receipts:			
Receipts from Recreational Activities	\$ 12,785.31		
			12,785.31
			23,675.97
Decreased By Disbursements:			
Recreation Activities	9,294.58		
			9,294.58
Balance December 31, 2013		\$	14,381.39

SCHEDULE OF RESERVE FOR POLICE FORFEITURE

Balance December 31, 2012		\$	11,035.37
Increased By:			
No Activity in 2013	\$ -		
			-
			11,035.37
Decreased By:			
Police Expenditures	6,364.00		
			6,364.00
Balance December 31, 2013		\$	4,671.37

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

Balance December 31, 2012	\$	8,169.26
Increased By:		
Interest Earned on Deposits - Tax Premium		10.90
Interest Earned on Deposits - Recycling		5.77
Interest Earned on Deposits - Recreation Commission		6.61
Interest Earned on Deposits - Small Cities Block I		22.05
Interest Earned on Deposits - Landisville Co-Op's		18.26
Interest Earned on Deposits - Police Forfeited Funds		3.67
Interest Earned on Deposits - Housing Trust		5.82
Interest Earned on Deposits - Fire Penalty		0.14
Interest Earned on Deposits - Rescue Squad Donations		3.54
Interest Earned on Deposits - Developers Escrow		35.36
Police Detail Disbursements in Current Fund		52,358.32
		52,470.44
		60,639.70
Decreased By Disbursements:		
Paid to Current Fund - Treasurer		298.71
Paid to current Fund - Tax Collector		10.90
Police Detail Receipts in Current Fund		51,225.16
		51,534.77
Balance December 31, 2013	\$	9,104.93

Analysis of Balance

Due to Current Fund - Recycling Trust Fund	\$	0.15
Due to Current Fund - Tax Premium Account		106.61
Due to Current Fund - Recreation Commission		0.61
Due to Current Fund - Small Cities Block 1		1.79
Due to Current Fund - Developers Escrow		2.73
Due to Current Fund - Landsville Co-Op's		1.55
Due to Current Fund - Police Forfeited Funds		0.20
Due to Current Fund- Housing Trust		0.49
Due to Current Fund- Fire Penalty		0.01
Due to Current Fund- Rescue Squad Donations		0.45
Due to Current Fund - Police Detail - Received in Current Fund		8,990.34
	\$	9,104.93

**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2012		\$	46,870.65
Increased by:			
Budget appropriation:			
Capital Improvement Fund	10,000.00		
Downpayment on Improvements	14,000.00		
Improvement Costs	3,450.00		
Grants Receivable:			
NJ DOT Bike Path Phase IV	42,222.12		
Premium on Serial Bonds Issued	459.25		
Serial Bonds Issued	1,680,000.00		
Bond Anticipation Notes	800,000.00		
	2,550,131.37		2,550,131.37
			2,597,002.02
Decreased by:			
Bond Anticipation Notes	1,372,550.00		
Improvement Authorizations	785,019.83		
Due from Current Fund	13,962.17		
	2,171,532.00		2,171,532.00
Balance December 31, 2013		\$	425,470.02

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2012	Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
		Miscellaneous		Improvement Authorizations		Miscellaneous		
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 5,299.91	459.25	-	-	-	-	5,951.79	11,710.95
Capital Improvement Fund	-	10,000.00	-	-	-	-	7,441.00	2,559.00
Contracts Payable	14,687.69	-	-	-	-	-	14,687.69	197,726.38
Downpayment on Improvements	-	14,000.00	-	-	-	-	14,000.00	-
Reserve for Emergency Housing	91.70	-	-	13,962.17	-	-	26,398.30	91.70
Due (from)/to Current Fund	(23,425.09)	-	-	-	-	-	-	(37,387.26)
Cash on Hand for Payment of Notes	26,398.30	-	-	-	-	-	-	-
<u>Improvement Authorizations:</u>								
482 Various Capital Improvements	20,247.64	-	-	4,144.02	-	-	599.80	16,703.42
a) Renovate Municipal Bldg								
506 Various Capital Improvements			5,203.52					
amended by a) Road Improvements to Buena								
539 & 550 Vista Ave.								
b) Pedestrian Improvements to								
Central Ave			18,695.55					
c) Acquisition of Park			5,207.84					
d) Purchase of (2) All Terrain Vehicles			18,450.23					
e) Demolition of Mazzoni Property			5,581.53					
512 Purchase Dump Truck w/plow, Street Sweeper,			30,074.88					
amended by Small Tractor, Office Trailer and Ten								
550 Pistols								
521 Various Capital Improvements			123,296.96					
amended a) Reconstruction of Roads and Drainage								
by 536 Improvements								
and 550 System	(1,950.00)	1,950.00		4,624.00			4,624.00	1,750.00
b) Acquisition of Police 911 Communications								
System								
c) Acquisition of Property			10,238.17					
d) Upgrade Computer System			6,919.36					
e) Removal of Underground Storage Tanks	2,467.01		7,248.62					
f) Acquisition of Court Room Furniture			3,451.73	1,061.60				
g) Improvements to Municipal Building	751.11	1,500.00	9,896.45			2,099.41		
550 Various Capital Improvements								
a) Improvements to Black Water Pond			5,222.78					
b) Road Improvements to Laurel Street			6,289.16					
c) Purchase of Bleachers for Bruno Melini Park			1,830.04					
d) Redevelopment Planning			24,386.25					
e) Purchase of 4x4 Drive Vehicle for Borough t			15,260.25				1,047.50	
560 Various Improvements								
a) Acquisition of 4-Wheel Drive Vehicle			23,429.49					
b) Bike Path - Phase III			7,145.65					
c) Boro Hall & Storage Shed Improvements			243.65					
d) Franklin Street Reconstruction			30,018.00					
565 Reconstruction of Delaware Avenue			10,331.20				3,668.80	

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2012	Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
566	-		5,930.95		22,637.45		16,706.50	-
581	(42,197.62)	42,222.12	13,500.00	4,886.23	13,500.00	3,852.38	4,886.23	(3,827.88)
	-	-	15,000.00		15,000.00	4,330.16	4,330.16	-
	-	-	15,700.00		15,700.00	247.50	247.50	-
	-	-	67,800.00		67,800.00			-
582	-		38,000.00		38,000.00			-
	-		18,977.20		18,977.20			-
597								
	5,000.00		20,000.00	10,919.91	10,000.00	4,000.00		80.09
	5,000.00		283,000.00	70,378.72	141,500.00	26,589.34	2,500.00	52,031.94
	4,500.00		202,000.00	104,637.61	101,000.00	3,361.87	2,500.00	0.52
	(12,800.00)		26,000.00	200.00	13,000.00			-
	20,100.00		733,000.00	129,060.74	366,500.00	160,935.01	1,100.00	96,604.25
	8,900.00		358,000.00	3,073.91	168,000.00		1,200.00	196,926.09
	3,200.00		83,600.00	87,250.78				749.22
	300.00		5,700.00	6,000.00			400.00	1,859.00
	7,000.00		138,000.00	143,141.00				720.19
	1,600.00		32,000.00	33,279.81				-
	300.00		5,700.00	6,000.00				3,950.00
	300.00		4,700.00	1,050.00				7,950.00
	500.00		9,500.00	2,050.00				-
	600.00		7,500.00	8,100.00			300.00	-
			5,700.00	2,137.50		3,862.50	1,000.00	(400.00)
			19,600.00	21,000.00				
610				142,024.00				
							6,764.00	(135,260.00)
							11,277.00	11,277.00
	\$ 46,870.65	70,131.37	2,480,000.00	785,019.83	1,386,512.17	271,805.16	271,805.16	425,470.02

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2012		\$	-
Increased by:			
Current fund Budget Appropriation	10,000.00		
			10,000.00
			10,000.00
Decreased by:			
Appropriation to Finance Improvement Authorizations	7,441.00		
			7,441.00
Balance December 31, 2013		\$	2,559.00

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2012		\$ 150,000.00
Increased by:		
Improvement Costs Funded by:		
Serial Bonds Issued	<u>1,680,000.00</u>	<u>1,680,000.00</u>
		1,830,000.00
Decreased by:		
Bonds and Loans Paid by Operating Budget	<u>150,000.00</u>	<u>150,000.00</u>
Balance December 31, 2013		\$ <u><u>1,680,000.00</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Raised in 2013 Budget	Debt Issued	Cancelled	Balance Dec. 31, 2013	Analysis of Balance	
								Expenditures	Unexpended Improvement Authorizations
506 amended by 539 & 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	\$ 5,203.52	\$	\$	5,203.52	\$	\$	\$	\$
512 amended by 550	Purchase Dump Truck w/plow, Street Sweeper, Small Tractor, Office Trailer and Ten Pistols	30,074.88			30,074.88				
521 amended by 536 & 550	Various Capital Improvements a) Reconstruction of Roads and Drainage Improvements b) Acquisition of Police 911 Communications System 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	123,296.96		1,950.00	123,296.96			151.70	0.00
550	Various Capital Improvements a) Improvements to Black Water Pond b) Road Improvements to Laurel Street c) Purchase of Bleachers for Bruno Melini Park d) Redevelopment Planning e) Purchase of 4x4 Drive Vehicle for Borough use	5,222.78 6,289.16 1,830.04 24,386.25 15,260.25			5,222.78 6,289.16 1,830.04 24,386.25 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	23,429.49 7,145.65 243.65 30,018.00			23,429.49 7,145.65 243.65 30,018.00				
565	Reconstruction of Delaware Avenue	10,331.20			10,331.20				
566	Phase III Construction of Bike Path	5,930.95			5,930.95				
581	Various Improvements a) NJDOT Bike Path Phase 4 b) Louis Drive Drainage c) F. Grove Road Engineering/Design d) 2 4x4 Vehicles	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 Improvements a) EMS Building Reconstruction b) HVAC Senior Building	38,000.00 18,977.20			38,000.00 18,977.20				

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

Ord #	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Raised in 2013 Budget	Debt Issued	Cancelled	Balance Dec. 31, 2013	Analysis of Balance	
								Expenditures	Unexpended Improvement Authorizations
587	Various Improvements								
	a) Improve Aric Avenue	100,000.00	(90,000.00)		10,000.00		-		
	b) Improve Martinelli Ave & Muccio Dr	92,000.00	49,500.00		141,500.00		-		
	c) Drainage Study	87,500.00	13,500.00		101,000.00		-		
	d) Drainage Improvements	13,000.00	(35,400.00)		366,500.00		-		
	e) Purchase Ambulance	401,900.00	12,900.00		190,000.00		-		
	f) Two Ford Explorers	177,100.00	20,800.00		83,600.00		-		
	g) Purchase of Two Computers	62,800.00			5,700.00		-		
	h) Road Loader with Clam Bucket	5,700.00			138,000.00		-		
	i) Pick-Up Truck with Snow Plow	31,600.00	400.00		32,000.00		-		
	j) Replace Garage Roof	5,700.00			5,700.00		-		
	k) Gasoline Skid Tank	4,700.00			4,700.00		-		
	m) Asphalt Roller with Trailer	9,500.00			9,500.00		-		
	n) Engineering and Inspection for Bike Path Phase IV	7,500.00			7,500.00		-		
	o) Codification of Ordinances		5,700.00		5,700.00		-		
	p) Purchase License Plate Reader		20,000.00		19,600.00		400.00		
610	Various Improvements								
	a) Drainage Project - Kimberly lane		135,260.00				135,260.00		
	b) Purchase of Property		207,524.00				207,524.00		
		<u>\$ 1,686,601.70</u>	<u>\$ 340,184.00</u>	<u>\$ 3,450.00</u>	<u>\$ 1,680,000.00</u>	<u>\$ 151.70</u>	<u>\$ 343,184.00</u>	<u>\$ 135,660.00</u>	<u>\$ 207,524.00</u>

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Authorizations			Deferred Charges to Future Taxation	Paid or Charged	Cancelled	Balance December 31, 2013					
				Balance Funded	Balance Unfunded	Other Funding				Funded	Unfunded				
482	Various Capital Improvements a) Renovate Municipal Bldg	5/7/2001	940,800	20,247.64	-			3,544.22		16,703.42					
521 amended by 536 & 550	Various Capital Improvements d) Upgrade Computer System g) Improvements to Municipal Building	5/23/2005	444,750	-	2,467.01 2,251.11			1,061.60	2,251.11	1,405.41					
581	Various Improvements a) Engineering & Design for Bike Path Phase IV b) Engineering & Design for Louis Drive Storm Drain	4/25/2011	362,194		3,852.38			3,852.38							
597 amended by 606 & 613	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 of 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 o) Codification of Ordinances p) Purchase License Plate Reader	10/9/2012	1,195,100	5,000.00 5,000.00 4,500.00 20,100.00 8,900.00 3,200.00 300.00 7,000.00 1,600.00 300.00 300.00 500.00 600.00	100,000.00 92,000.00 87,500.00 200.00 401,900.00 177,100.00 62,800.00 5,700.00 138,000.00 31,600.00 5,700.00 4,700.00 9,500.00 7,500.00	(4,000.00) 2,500.00 2,500.00 (1,600.00) 1,100.00 1,200.00 400.00 300.00 1,000.00 300.00 1,000.00	(90,000.00) 49,500.00 13,500.00 (35,400.00) 12,900.00 20,800.00 400.00 5,700.00 20,000.00	10,919.91 96,968.06 107,989.48 200.00 288,395.75 3,073.91 87,250.78 6,000.00 143,141.00 33,279.81 6,000.00 1,050.00 2,050.00 8,100.00 6,000.00 21,000.00		80.09 52,031.94 0.52 - 96,604.25 196,926.09 749.22 - 1,859.00 720.19 - 3,950.00 7,950.00 - - -					
610	Various Improvements a) Drainage Project - Kimberly lane b) Purchase of Property		360,825.00			6,764.00 11,277.00	135,260.00 207,524.00	142,024.00		11,277.00	207,524.00				
				\$ 156,991.64	\$ 1,147,770.50	\$ 21,441.00	\$ 340,184.00	\$ 968,058.52	\$ 100,547.49	\$ 390,257.13	\$ 207,524.00				
							Prior Year Contracts Canceled	\$ (14,687.69)							
							Contracts Payable	197,726.38							
							Cash Disbursements	785,019.83							
								\$ 968,058.52							

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
General Bonds of 2002	10/15/2002	1,565,000			4.00%	\$ 150,000.00	\$	\$ 150,000.00	-
General Improvement Bonds of 2013	8/1/2014	145,000.00	8/1/2014	\$ 145,000.00	1.50				
	8/1/2015	155,000.00	8/1/2015	\$ 155,000.00	1.50				
	8/1/2016	170,000.00	8/1/2016	\$ 170,000.00	2.00				
	8/1/2017	180,000.00	8/1/2017	\$ 180,000.00	2.00				
	8/1/2018	190,000.00	8/1/2018	\$ 190,000.00	2.25				
	8/1/2019	200,000.00	8/1/2019	\$ 200,000.00	2.50				
	8/1/2020	205,000.00	8/1/2020	\$ 205,000.00	2.75				
8/1/2021	215,000.00	8/1/2021	\$ 215,000.00	3.00					
8/1/2022	220,000.00	8/1/2022	\$ 220,000.00						
						\$ 150,000.00	\$ 1,680,000.00	\$ 150,000.00	\$ 1,680,000.00

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance		Decreased	Balance Dec. 31, 2013
						Dec. 31, 2012	Increased		
Various Capital Improvements	506	12/23/2003	12/6/2012	8/8/2013	1.190%	\$	\$		\$
a) Road Improvements to Buena Vista Ave.	amended by 539 and 550					5,203.52		5,203.52	-
b) Pedestrian Improvements to Central Ave.						18,695.55		18,695.55	-
c) Acquisition of Park						5,207.84		5,207.84	-
d) Purchase of (2) All Terrain Vehicles						18,450.23		18,450.23	-
e) Demolition of Mazzoni Property						5,581.53		5,581.53	-
Various Capital Improvements	550	12/14/2007	12/6/2012	8/8/2013	1.190%	6,928.28		6,928.28	-
a) Improvements to Black Water Bond						8,033.31		8,033.31	-
b) Road Improvements to Laurel St.									
Purchase Dump Truck w/plow, Street Sweeper, Small Tractor, Office Trailer and Ten Pistols	512 amended by 550	8/3/2004	8/9/2012	8/8/2013	1.190%	30,074.88		30,074.88	-
Various Capital Improvements	521	8/3/2005	8/9/2012	8/8/2013	1.190%	121,546.96		121,546.96	-
a) Reconstruction of Roads and Drainage Improvements	amended by 536 and 550					8,538.52		8,538.52	-
b) Acquisition of Police 911 Communications System						6,919.36		6,919.36	-
c) Acquisition of Property						7,248.62		7,248.62	-
d) Upgrade Computer System						3,451.73		3,451.73	-
e) Removal of Underground Storage Tanks						2,670.54		2,670.54	-
f) Acquisition of Court Room Furniture						10,048.15		10,048.15	-
g) Improvements to Municipal Building									
Various Capital Improvements	550	8/3/2007	8/9/2012	8/8/2013	1.190%	1,830.04		1,830.04	-
b) Purchase of Bleachers for Bruno Milini Park						25,433.75		25,433.75	-
c) Redevelopment Planning						15,260.25		15,260.25	-
d) Purchase of 4x4 drive vehicle for Borough use									
Various Capital Improvements	560	12/5/2008	12/6/2012	8/8/2013	1.190%	23,429.49		23,429.49	-
a) Acquisition of 4-Wheel Drive Vehicle						8,243.20		8,243.20	-
b) Bike Path - Phase III						4,121.60		4,121.60	-
c) Boro Hall & Storage Shed Improvements						30,018.00		30,018.00	-
d) Franklin Street Reconstruction									
Reconstruction of Delaware Avenue	565	12/3/2009	12/6/2012	8/8/2013	1.190%	14,000.00		14,000.00	-
Phase III Construction of Bike Path	566	12/3/2009	12/6/2012	8/8/2013	1.190%	22,637.45		22,637.45	-
Various Capital Improvements	581	8/11/2011	8/9/2012	8/8/2013	1.190%				

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
a) Engineering & Design for Bike Path Phase IV						13,500.00		13,500.00	-
b) Engineering & Design for Louis Drive Storm Drain						15,000.00		15,000.00	-
c) Engineering & Design for Grove Road						15,700.00		15,700.00	-
d) Two 4x4 Vehicles						67,800.00		67,800.00	-
Various Capital Improvements	582	8/11/2011	8/9/2012	8/8/2013	1.190%	38,000.00		38,000.00	-
a) Reconstruct EMS Building						18,977.20		18,977.20	-
b) HVAC at Senior Building									
Various Capital Improvements	597	1/30/2013	1/30/2013	8/8/2013	1.190%		10,000.00	10,000.00	-
a) Improvement to Various Roads							141,500.00	141,500.00	-
b) Improve Artic Avenue							101,000.00	101,000.00	-
c) Improve Martinelli Ave & Muccio Dr.							13,000.00	13,000.00	-
d) Drainage Study							366,500.00	366,500.00	-
e) Drainage Improvements							168,000.00	168,000.00	-
f) Purchase Ambulance									
						\$ 572,550.00	\$ 800,000.00	\$ 1,372,550.00	\$ -

**GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Debt Issued	Other	Balance Dec. 31, 2013
521	Various Improvements	\$ 3,450.00			3,450.00	-
597	Various Improvements					
	a) Improve Various Roads	100,000.00	(90,000.00)	10,000.00		-
	b) Improve Artic Avenue	92,000.00	49,500.00	141,500.00		-
	c) Improve Martinelli Ave & Muccio Dr.	87,500.00	13,500.00	101,000.00		-
	d) Drainage Study	13,000.00		13,000.00		-
	e) Drainage Improvements	401,900.00	(35,400.00)	366,500.00		-
	f) Purchase Ambulance	177,100.00	12,900.00	190,000.00		-
	g) Two Ford Explorers	62,800.00	20,800.00	83,600.00		-
	h) Purchase Two Computers	5,700.00		5,700.00		-
	i) Road Loader with Clam Bucket	138,000.00		138,000.00		-
	j) Pick-up Truck with Snow Plow	31,600.00	400.00	32,000.00		-
	k) Replace Garage Roof	5,700.00		5,700.00		-
	l) Gasoline Skid Tank	4,700.00		4,700.00		-
	m) Asphalt Roller with Trailer	9,500.00		9,500.00		-
	n) Engineering and Inspection for Bike Path Phase IV	7,500.00		7,500.00		-
	o) Codification of Ordinances		5,700.00	5,700.00		-
	p) Purchase License Plate Reader		20,000.00	19,600.00		400.00
610	Various Improvements					
	a) Drainage Project - Kimberly lane		135,260.00			135,260.00
	b) Purchase of Property		207,524.00			207,524.00
		<u>\$ 1,140,450.00</u>	<u>\$ 340,184.00</u>	<u>\$ 1,134,000.00</u>	<u>\$ 3,450.00</u>	<u>\$ 343,184.00</u>

BOROUGH OF BUENA

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2013

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. Effective October 28, 2013 the Borough has a Qualified Purchasing Agent and their bid threshold has increased to \$36,000.00.

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:

2013 Road Program
Kimberly Lane Drainage Improvements

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, 2013, 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 9, 2013, 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>
2013	7
2012	11
2011	9

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.

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 2014 Taxes	10
Payments of 2013 Taxes	10
Delinquent Taxes	10
Total	<u>30</u>

BOROUGH OF BUENA

GENERAL COMMENTS (Continued)

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.

FINDINGS AND RECOMMENDATIONS

Finding # 2013-1:

The Borough overexpended a budgetary line item at December 31, 2013.

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, 2013.

Cause:

The overexpenditure resulted because of miscalculations in the amount of transfer necessary to be made into the Heating Oil and Natural Gas line to cover expenses.

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.

Recommendation:

That internal controls be strengthened to eliminate overexpenditures of appropriations.

Management Response:

Internal controls will be strengthened to eliminate overexpenditures of appropriations.

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

BOROUGH OF BUENA

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

June 24, 2014