

**BOROUGH OF BUENA  
REPORT OF AUDIT  
FOR THE YEAR ENDED  
DECEMBER 31, 2016**



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**BOROUGH OF BUENA**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2016**





# 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, 2016 and 2015, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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, 2016 and 2015, or changes in financial position for the years then ended.

***Qualified 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, 2016 and 2015, 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, 2016 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 April 7, 2017 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

*Michael S. Garcia*

Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472

April 7, 2017

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**EXHIBIT - A  
CURRENT FUND**



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

	2016	2015
<b><u>ASSETS</u></b>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 635,585.76	634,920.40
Cash - Collector	0.10	8,253.75
Cash - Change	575.00	575.00
Total Cash	636,160.86	643,749.15
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	115,396.95	244,658.46
Tax Title and Other Liens	159,218.09	3,869.58
Property Acquired for Taxes - at Assessed Valuation	258,600.00	258,600.00
Prepaid School Taxes	1.77	-
Interfund Receivable:		
Animal Control Fund	2,131.20	2,131.20
Grant Fund	-	70,760.06
Total Receivables and Other Assets	535,348.01	580,019.30
Total Regular Fund	1,171,508.87	1,223,768.45
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	339,302.04	274,962.04
Due from Current Fund	75,826.50	-
Total Federal and State Grant Fund	415,128.54	274,962.04
Total Current Fund	\$ 1,586,637.41	1,498,730.49

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>2016</u>	<u>2015</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 126,925.58	71,502.16
Reserve for Encumbrances	71,681.23	116,981.57
Prepaid Taxes	104,875.79	90,913.66
Overpaid Taxes	24,956.84	16,421.82
Regional School Tax Payable	-	0.64
County Added Tax Payable	4,118.67	1,339.24
Special District Tax Payable	30.00	-
Due to State:		
Veterans & Senior Citizens	2,425.60	2,000.77
Interfund Payable:		
General Capital Fund	1,009.33	1,512.25
Grant Fund	75,826.50	-
Trust Funds - Other	151.62	1,049.62
Other		
Payroll Deductions Payable	3,622.19	29,487.40
Deposit for Redemption of liens	2.99	5,614.42
Street Opening/Performance Bonds	7,458.85	10,119.00
Due to Canon Copiers	-	2,592.00
	<u>423,085.19</u>	<u>349,534.55</u>
Reserve for Receivables and Other Assets	535,348.01	580,019.30
Fund Balance	<u>213,075.67</u>	<u>294,214.60</u>
Total Regular Fund	<u>1,171,508.87</u>	<u>1,223,768.45</u>
Federal and State Grant Fund:		
Unappropriated Reserves	1,617.79	2,171.55
Appropriated Reserves	363,510.75	150,480.43
Encumbrances Payable	-	1,550.00
Due to Capital Fund	50,000.00	50,000.00
Due to Current Fund	-	70,760.06
	<u>415,128.54</u>	<u>274,962.04</u>
Total Current Fund	<u>\$ 1,586,637.41</u>	<u>1,498,730.49</u>

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,**

	2016	2015
Revenue and Other Income Realized		
Fund Balance	\$ 200,000.00	200,000.00
Miscellaneous Revenue Anticipated	1,242,539.05	1,092,099.66
Receipts from Delinquent Taxes	124,984.72	190,728.97
Receipts from Current Taxes	8,676,489.05	8,425,371.47
Non Budget Revenue	36,284.91	25,879.25
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	31,940.79	26,810.63
Interfund Returned	70,760.06	-
Cancel Deposits		71,877.14
Cancel Grant Balances		33,119.09
Total Income	<u>10,382,998.58</u>	<u>10,065,886.21</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	1,603,591.13	1,507,205.00
Other Expenses	1,663,325.00	1,640,402.00
Deferred Charges & Statutory Expenditures	335,638.37	273,417.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	440,682.20	328,217.48
Capital Improvements	3,000.00	11,710.95
Debt Service	206,937.50	190,262.50
Deferred Charges	-	60,500.00
Transferred to Board of Education	12,425.00	12,425.00
Regional District School Tax	4,215,862.00	4,096,842.00
County Tax	1,345,601.87	1,327,220.11
County Share of Added Tax	4,118.67	1,339.24
Interfund Created		70,632.55
Other:		
Special District Taxes	415,552.00	398,653.00
Prior Year Senior Citizens Disallowed	1,250.00	1,500.00
Refund of Prior Year Revenue	16,152.00	-
Prepaid School Taxes	1.77	-
Total Expenditures	<u>10,264,137.51</u>	<u>9,920,326.83</u>
Excess/(Deficit) in Revenue	<u>118,861.07</u>	<u>145,559.38</u>

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,**

	2016	2015
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	118,861.07	145,559.38
Fund Balance January 1	294,214.60	348,655.22
	413,075.67	494,214.60
Decreased by:		
Utilization as Anticipated Revenue	200,000.00	200,000.00
Fund Balance December 31	\$ 213,075.67	294,214.60

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, 2016**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 200,000.00		200,000.00	-
Total Fund Balance Anticipated	<u>200,000.00</u>	<u>-</u>	<u>200,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	4,500.00		6,021.31	1,521.31
Fees an Permits				-
Fines and Costs:				-
Municipal Court				
Interest and Costs on Taxes	94,000.00		109,760.80	15,760.80
Interest Earned on Investments	25,000.00		33,855.96	8,855.96
Occupancy and Apartment Registrations	900.00		1,572.82	672.82
Fees and Permits for Trash Removal	36,000.00		38,785.00	2,785.00
Atlantic County - Election Reimbursement	2,500.00		2,762.00	262.00
Ambulance Fees	300.00		300.00	-
Cable Television Franchise Fee	215,000.00		219,929.61	4,929.61
Hotel/Motel Tax	13,557.04		15,016.89	1,459.85
Lease - Commerce Center	10,000.00		11,071.74	1,071.74
Buena Gardens - Payments in Lieu of Taxes	52,000.00		54,399.96	2,399.96
Borough of Buena Housing Authority - Payments in Lieu of Taxes	50,000.00		50,000.00	-
Borough of Buena Housing Authority - Payments in Lieu of Taxes	13,000.00		13,081.98	81.98
Total Section A: Local Revenues	<u>516,757.04</u>	<u>-</u>	<u>556,558.07</u>	<u>39,801.03</u>
Section B: State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief	32,307.00		32,307.00	-
Energy Receipts Tax	386,965.00		386,965.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>419,272.00</u>	<u>-</u>	<u>419,272.00</u>	<u>-</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, 2016**

	Anticipated			Excess or
	Budget	N.J.S. 40A:4-87	Realized	(Deficit)
Section C: Uniform Construction Code Fees	40,000.00		42,074.14	2,074.14
Uniform Construction Code Fees	<u>40,000.00</u>	-	<u>42,074.14</u>	<u>2,074.14</u>
Total Section C: Uniform Construction Code Fees				
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations	1,995.00		1,995.00	-
Atlantic County Joint Insurance Fund - Safety Award	1,173.55	-	1,173.55	-
Body Armor Grant		196,000.00	196,000.00	-
N.J. DOT - Municipal Aid Grant		13,685.99	13,685.99	-
Clean Communities Program	5,387.62	-	5,387.62	-
Recycling Tonnage Grant	600.00		600.00	-
JIF Wellness Program				
Total Section F: Special Items - Public and Private Programs	<u>9,156.17</u>	<u>209,685.99</u>	<u>218,842.16</u>	<u>-</u>
Off-Set with Appropriations				
Section G: Other Special Items				
Uniform Fire Safety Act	5,300.00		5,792.68	492.68
Total Section G: Other Special Items	<u>5,300.00</u>	<u>-</u>	<u>5,792.68</u>	<u>492.68</u>
Total Miscellaneous Revenues:	990,485.21	209,685.99	1,242,539.05	42,367.85
Receipts from Delinquent Taxes	<u>145,000.00</u>		<u>124,984.72</u>	<u>(20,015.28)</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated		Excess or
	Budget	N.J.S. 40A:4-87	(Deficit)
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	2,888,502.35		(25,073.48)
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>2,888,502.35</u>	-	<u>(25,073.48)</u>
Budget Totals	<u>4,223,987.56</u>	209,685.99	<u>(2,720.91)</u>
Non- Budget Revenues:			
Other Non- Budget Revenues:			36,284.91
	<u>4,223,987.56</u>	<u>209,685.99</u>	<u>33,564.00</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, 2016**

## Analysis of Realized Revenues

Allocation of Current Tax Collections:		
Revenue from Collections		8,676,489.05
Less: Reserve for Tax Appeals Pending		<u>-</u>
Net Revenue from Collections		8,676,489.05
Allocated to:		
School, County and Other Taxes		<u>5,981,134.54</u>
Balance for Support of Municipal Budget Appropriations		2,695,354.51
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>168,074.36</u>
Amount for Support of Municipal Budget Appropriations		<u><u>2,863,428.87</u></u>

## Receipts from Delinquent Taxes:

Delinquent Tax Collection	96,748.43
Tax Title Lien Collections	<u>28,236.29</u>

Total Receipts from Delinquent Taxes 124,984.72

## Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:	
Police Detail - Administration Fees	2,750.00
Insurance Reimbursements- Ambulance	280.00
Miscellaneous	3,206.86
Elwyn - In Lieu of Tax	4,782.98
Pafacom - In Lieu of Tax	2,000.00
Refunds	442.70
Street Openings	2,153.00
Vital Statistics	1,122.00
FEMA	472.47
Restitution	92.38
Administration fee - Seniors and Veterans	921.01
Police Records	318.50
Tax Searches	90.00
Kennel License	25.00
Certified Lists	140.00
Taxi License	112.00
Property Auction	2,994.75
Recycling	243.60
OPRA Fees	37.66
Vacant Property Registration Fees	14,100.00

Total Miscellaneous Revenue Not Anticipated: 36,284.91

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
Mayor and Council	\$ 34,000.00	\$ 34,000.00	\$ 33,497.51	\$ 502.49	\$	
Salaries and Wages						
Other Expenses	3,500.00	3,500.00	3,375.99	15.00	109.01	
Municipal Clerk						
Salaries and Wages	77,000.00	76,150.00	71,394.17	4,755.83		
Other Expenses	22,000.00	22,000.00	20,927.60	780.39	292.01	
Financial Administration						
Salaries and Wages	69,000.00	69,000.00	68,489.55	510.45		
Other Expenses	12,000.00	12,000.00	11,719.61	239.68	40.71	
Audit Services						
Other Expenses	27,500.00	27,500.00	27,500.00			
Feasibility Study						
Elections						
Other Expenses	2,000.00	2,000.00	1,922.66	77.34		
Computerized Data Processing						
Other Expenses	17,000.00	15,000.00	14,086.34	129.85	783.81	
Collection of Taxes						
Salaries and Wages	45,500.00	46,350.00	46,344.42	5.58		
Other Expenses	2,100.00	2,100.00	2,100.00			
Assessment of Taxes						
Salaries and Wages	28,500.00	28,500.00	27,917.36	582.64		
Other Expenses						
Maintenance of Tax Map	2,000.00	-				
Miscellaneous Other Expenses	5,500.00	6,200.00	5,998.53	27.88	173.59	
Legal Services						
Salaries and Wages	25,000.00	25,000.00	25,000.00			
Other Expenses	40,600.00	52,600.00	43,930.68	6,190.00	2,479.32	
Engineering Services and Costs						
Other Expenses	17,500.00	17,500.00	8,484.70	487.50	8,527.80	
Grant Administration						
Other Expenses	7,500.00	3,700.00	1,287.50	2,400.00	12.50	
Borough Administration/Purchasing Agent						
Salaries and Wages	24,000.00	24,000.00	23,970.00	30.00		
Other Expenses	2,500.00	1,000.00	726.15	273.85		

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>LAND USE ADMINISTRATION</b>						
Land Use Board						
Salaries and Wages	42,000.00	42,000.00	38,496.00		3,504.00	
Other Expenses	5,000.00	5,100.00	4,433.65	599.00	67.35	
Zoning Board of Adjustments						
Salaries and Wages	5,900.00	5,900.00	5,769.12		130.88	
<b>INSURANCE</b>						
General Liability	59,000.00	59,825.00	55,343.63		4,481.37	
Workers Compensation Insurance	120,900.00	126,900.00	126,825.37		74.63	
Employee Group Health	690,000.00	641,200.00	637,742.02		3,457.98	
Disability Insurance	2,500.00	3,000.00	2,740.74		259.26	
Health Benefit Waivers						
Salaries and Wages	500.00	-				
<b>PUBLIC SAFETY</b>						
Police Department						
Salaries and Wages	708,000.00	742,600.00	727,237.22		15,362.78	
Other Expenses	55,000.00	46,600.00	36,175.86	3,092.98	7,331.16	
Office of Emergency Management						
Salaries and Wages	500.00	-				
Other Expenses	1,000.00	1,000.00			1,000.00	
Emergency Medical Services						
Salaries and Wages	205,000.00	226,500.00	224,506.73		1,993.27	
Other Expenses	44,000.00	44,000.00	39,026.36	4,083.91	889.73	
Uniform Fire Safety Act - Fire Code Official						
Salaries and Wages	4,300.00	4,300.00	4,216.67		83.33	
Other Expenses	100.00	100.00			100.00	
<b>PUBLIC WORKS</b>						
Streets and Road Maintenance						
Salaries and Wages	225,000.00	223,966.13	211,260.27		12,705.86	
Other Expenses	44,000.00	44,000.00	38,483.06	3,550.94	1,966.00	
Garbage and Trash Removal						
Other Expenses	265,000.00	265,000.00	224,329.33	22,062.33	18,608.34	
Sanitary Landfill						
Other Expenses	6,000.00	6,000.00	1,575.00	2,939.50	1,485.50	
Landfill License						
Other Expenses	5,000.00	5,000.00	5,000.00			
Buildings and Grounds						
Salaries and Wages	100.00	100.00			100.00	
Other Expenses	45,000.00	45,000.00	23,636.31	19,976.08	1,387.61	

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, 2016**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>HEALTH AND HUMAN SERVICES</b>						
Dog Regulation	17,000.00	17,000.00	16,839.20		160.80	
Other Expenses						
<b>PARKS AND RECREATION</b>						
Recreation	3,000.00	3,000.00	3,000.00			
Other Expenses						
<b>UNIFORM CONSTRUCTION CODE</b>						
State Uniform Construction Code	15,500.00	15,500.00	14,380.20		1,119.80	
Construction Official	3,000.00	3,200.00	3,146.71		53.29	
Salaries and Wages						
Other Expenses						
Sub-Code Official						
Salaries and Wages	3,100.00	3,100.00	3,030.81		69.19	
Occupancy Inspector	10,425.00	10,525.00	10,521.19		3.81	
Building Inspector	7,400.00	7,400.00	7,397.24		2.76	
Plumbing Inspector	7,400.00	7,400.00	6,590.13		809.87	
Electrical Inspector	3,900.00	3,900.00	3,621.86		278.14	
Fire Prevention Official	7,400.00	7,400.00	7,350.78		49.22	
Enforcement Official						
Other Expenses	10,000.00	200.00	187.66		12.34	
Facility Costs						
<b>UNCLASSIFIED</b>						
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Electricity	48,000.00	48,000.00	43,616.07	94.87	4,289.06	
Street Lighting	53,000.00	53,000.00	52,550.95		449.05	
Telephone	22,600.00	22,600.00	18,199.74	904.34	3,495.92	
Heating Oil and Natural Gas	14,000.00	14,000.00	7,929.28		6,070.72	
Gasoline	45,000.00	44,500.00	31,329.43	4,089.50	9,081.07	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<u>3,269,225.00</u>	<u>3,266,916.13</u>	<u>3,075,161.36</u>	<u>71,663.75</u>	<u>120,091.02</u>	<u>-</u>
Contingent						
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<u>3,269,225.00</u>	<u>3,266,916.13</u>	<u>3,075,161.36</u>	<u>71,663.75</u>	<u>120,091.02</u>	<u>-</u>
Detail:						
Salaries and Wages	1,549,425.00	1,603,591.13	1,560,991.23	-	42,599.90	
Other Expenses	1,719,800.00	1,663,325.00	1,514,170.13	71,663.75	77,491.12	

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, 2016**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Deferred Charges:					
None					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	76,236.99	76,911.99	76,908.56	3.43	
Social Security System (O.A.S.I.)	115,000.00	116,033.87	116,033.87		
Police and Firemen's Retirement System	133,492.51	133,492.51	133,492.51		
Unemployment Compensation Insurance	7,600.00	8,200.00	7,673.95	526.05	
Defined Contribution Retirement Program	1,000.00	1,000.00	789.44	17.48	193.08
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>333,329.50</b>	<b>335,638.37</b>	<b>334,898.33</b>	<b>722.56</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>3,602,554.50</b>	<b>3,602,554.50</b>	<b>3,410,059.69</b>	<b>120,813.58</b>	<b>-</b>
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
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	134,200.00	134,200.00	134,088.00	112.00	
Other Expenses					
Township of Franklin					
Municipal Court					
Other Expenses	83,000.00	83,000.00	80,000.00	3,000.00	
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>218,250.00</b>	<b>218,250.00</b>	<b>215,138.00</b>	<b>3,112.00</b>	<b>-</b>



**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
<b>(A) Public and Private Programs Off-Set by Revenues</b>					
SFSP - Fire District Payment	1,567.00	1,567.00	1,567.00	-	-
Atlantic County Joint Insurance Fund - Safety Award	1,995.00	1,995.00	1,995.00	-	-
Police Body Armor Grant	1,173.55	1,173.55	1,173.55	-	-
Municipal Alliance Program - Local Share	2,023.03	2,023.03	2,023.03	-	-
Recycling Tonnage Grant	5,387.62	5,387.62	5,387.62	-	-
JIF Wellness Program	600.00	600.00	600.00	-	-
Clean Communities Grant (40A:4-87, \$13,685.99)		13,685.99	13,685.99	-	-
NJ Dept. of Transportation (40A:4-87, \$196,000)		196,000.00	196,000.00	-	-
<b>Total Public and Private Programs Off-Set by Revenues</b>	<b>12,746.20</b>	<b>222,432.19</b>	<b>222,432.19</b>	<b>-</b>	<b>-</b>
<b>Total Operations - Excluded from "CAPS"</b>					
Detail:	230,996.20	440,682.19	437,570.19	3,112.00	-
Salaries and Wages	-	-	-	-	-
Other Expenses	230,996.20	440,682.19	437,570.19	3,112.00	-
<b>(C) Capital Improvements</b>					
Grader Box	3,000.00	3,000.00		3,000.00	
<b>Total Capital Improvements</b>	<b>3,000.00</b>	<b>3,000.00</b>	<b>-</b>	<b>3,000.00</b>	<b>-</b>
<b>(D) Debt Service</b>					
Payment of Bond Principal	170,000.00	170,000.00	170,000.00		-
Interest on Bonds	32,937.50	32,937.50	32,937.50		-
Interest on Notes	4,000.00	4,000.00	4,000.00		-
<b>Total Debt Service</b>	<b>206,937.50</b>	<b>206,937.50</b>	<b>206,937.50</b>	<b>-</b>	<b>-</b>

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
(N) Transferred to Board of Education for Use of Local Schools	12,425.00	12,425.00	12,425.00	-	-	-
Total Transferred to Board of Education	<u>12,425.00</u>	<u>12,425.00</u>	<u>12,425.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	453,358.70	663,044.69	656,932.69	-	6,112.00	-
SUBTOTAL GENERAL APPROPRIATIONS	<u>4,055,913.20</u>	<u>4,265,599.19</u>	<u>4,066,992.38</u>	<u>71,681.23</u>	<u>126,925.58</u>	<u>-</u>
(M) Reserve for Uncollected Taxes	168,074.36	168,074.36	168,074.36	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 4,223,987.56</u>	<u>\$ 4,433,673.55</u>	<u>\$ 4,235,066.74</u>	<u>\$ 71,681.23</u>	<u>\$ 126,925.58</u>	<u>\$ -</u>

Budget	\$ 4,223,987.56	Unexpended Balance cancelled	\$ -
Appropriations by 40A:4-87	209,685.99	Overexpenditure of Appropriations	-
Emergency Appropriations	<u>\$ 4,433,673.55</u>		<u>\$ -</u>

Reserve for Uncollected Taxes	\$ 168,074.36
Federal and State Grants	218,842.16
Reserve for Federal and State Grants - Matching Funds	3,590.03
Deferred Charges	-
Payroll Deductions Payable	3,844,560.19
Disbursements	<u>\$ 4,235,066.74</u>

**EXHIBIT - B  
TRUST FUND**



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

	2016	2015
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 5,752.50	\$ 4,802.50
	5,752.50	4,802.50
<u>Other Funds</u>		
Cash and Investments - Treasurer	210,025.92	196,716.00
Cash and Investments - Collector	31,134.58	43,706.61
Due from Current Fund - Police Detail	201.86	1,071.86
	241,362.36	241,494.47
	\$ 247,114.86	\$ 246,296.97

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**

	2016	2015
<u>Liabilities, Reserves and Fund Balance</u>		
 <u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 3,620.10	\$ 2,671.30
Due to State of New Jersey	1.20	-
Due to Current Fund	2,131.20	2,131.20
	5,752.50	4,802.50
 <u>Other Funds</u>		
Due to Current Fund	50.21	22.24
Premiums Received at Tax Sale	31,100.00	43,700.00
Reserve for:		
Police Forfeited Funds	4,131.32	3,977.65
Small Cities Co-Op Landisville	36,559.78	36,559.78
Small Cities I - Rehabilitation	45,482.58	31,476.58
Small Cities II - Rehabilitation	4,886.62	4,886.62
Recreation Commission	14,386.74	15,106.70
Recycling Expenditures	3,595.13	3,595.13
Landfill Closure	30,118.60	30,101.27
Developers Escrow	58,151.64	56,108.09
Housing Escrow	4,046.45	4,653.95
Fire Penalty Fees	279.50	279.50
Police Detail	201.86	1,071.86
Police Donations	4,476.91	1,779.98
Rescue Squad Donations	3,895.02	8,175.12
	241,362.36	241,494.47
	\$ 247,114.86	\$ 246,296.97

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>2016</u>	<u>2015</u>
Cash	\$ 183,169.53	223,385.43
Deferred Charges to Future Taxation -		
Funded	1,210,000.00	1,380,000.00
Unfunded	427,289.41	427,289.41
Interfunds and Receivables		
Due from Current Fund	1,009.33	1,512.25
Due from Grant Fund	50,000.00	50,000.00
	<u>1,871,468.27</u>	<u>2,082,187.09</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Contracts Payable	23,922.38	80,978.71
Bond Anticipation Notes Payable	400,000.00	400,000.00
Serial Bonds Payable	1,210,000.00	1,380,000.00
Improvement Authorizations:		
Funded	90,117.51	70,129.80
Unfunded	141,077.68	144,727.88
Reserve for Emergency Housing	91.70	91.70
Capital Improvement Fund	6,259.00	6,259.00
Fund Balance	-	-
	<u>\$ 1,871,468.27</u>	<u>2,082,187.09</u>
	-	-

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

2015	27,289.41
2016	27,289.41

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,**

	2016	2015
Beginning Balance January 1	\$ -	\$ 11,710.95
Decreased by:		
Budget appropriation		11,710.95
	-	
	-	11,710.95
Ending Balance December 31	\$ -	\$ -

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>2016</u>	<u>2015</u>
Land	\$ 351,100.00	\$ 351,100.00
Building Improvements	1,143,968.67	1,143,968.67
Machinery and Equipment	1,690,570.36	1,664,327.67
	<u>3,185,639.03</u>	<u>3,159,396.34</u>
Total General Fixed Assets	\$ <u>3,185,639.03</u>	\$ <u>3,159,396.34</u>
Investment in General Fixed Assets	\$ <u>3,185,639.03</u>	\$ <u>3,159,396.34</u>

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, 2016 AND 2015**  
**(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, 2016 AND 2015**  
**(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 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement, which is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement, which is effective for fiscal periods beginning after June 30, 2016, establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the City's financial reporting.



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

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. It is anticipated that this statement will not have any effect on the City's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14". This statement is effective for fiscal periods beginning after June 15, 2016. It is anticipated that this statement will not have any effect on the City's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after June 15, 2016. It is anticipated that this statement will not have any effect on the City's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73". This statement is effective for fiscal periods beginning after June 15, 2016. The impact of this statement will be additional disclosures.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations". This statement is effective for fiscal periods beginning after June 15, 2018. It is anticipated that this statement will not have any effect on the City's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities". This statement is effective for fiscal periods beginning after December 15, 2018. It is anticipated that this statement will not have any effect on the City's financial reporting.

**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 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$168,074.36, and \$212,260.22. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was \$200,000 of \$294,214.60 available fund balance and 200,000 of \$348,655.22 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 2016 and 2015 calendar years.

	<u>2016</u>	<u>2015</u>
Finance- S&W		(20,000)
Employee Group Insurance	(48,000)	
Legal Services-O/E	12,000	-
Police Department - S&W	34,600	28,180
Police Department - O/E	(8,400)	
Emergency Medical Service - S&W	21,500	

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

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2016 and 2015, the following significant budget insertions were approved:

Budget Category	2016	2015
Clean Communities Program	\$ 13,685.99	\$ 11,968.38
NJ DOT-Forest Grove	196,000.00	
CDBG-Diaster Recovery		49,720.00

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency or those funded by a subsequent bond ordinance, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years.

**NOTE 3: INVESTMENTS**

As of December 31, 2016, and 2015, 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, 2016 and 2015, \$43,178 and \$65,518 of the municipality's bank balances of \$1,109,736 and \$1,079,424 was exposed to custodial credit risk.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**  
**(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, 2016 and 2015:

	Balance 12/31/2014	Additions	Retirements	Balance 12/31/2015
Land	\$ 351,100			351,100
Building Improvements	1,193,807	5,772	(55,611)	1,143,968
Equipment and Machinery	1,722,885	37,199	(95,756)	1,664,327
	<u>\$ 3,267,792</u>	<u>42,971</u>	<u>(151,368)</u>	<u>3,159,395</u>

  

	Balance 12/31/2015	Additions	Retirements	Balance 12/31/2016
Land	\$ 351,100			351,100
Building Improvements	1,143,968			1,143,968
Equipment and Machinery	1,664,327	27,244	(1,000)	1,690,571
	<u>\$ 3,159,395</u>	<u>27,244</u>	<u>(1,000)</u>	<u>3,185,639</u>

**NOTE 6: LONG TERM DEBT**

Long-term debt as of December 31, 2016 and 2015 consisted of the following:

	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Amounts Due Within One Year
Bonds payable:					
General	\$ 1,535,000	-	155,000	1,380,000	170,000
Total long-term liabilities	<u>\$ 1,535,000</u>	<u>-</u>	<u>155,000</u>	<u>1,380,000</u>	<u>170,000</u>

  

	Balance 12/31/15	Issued	Retired	Balance 12/31/16	Amounts Due Within One Year
Bonds payable:					
General	\$ 1,380,000	-	170,000	1,210,000	180,000
Total long-term liabilities	<u>\$ 1,380,000</u>	<u>\$ -</u>	<u>\$ 170,000</u>	<u>\$ 1,210,000</u>	<u>\$ 180,000</u>

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**  
**(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 rates varying from 1.50% to 3.00% per annum. The balance remaining as of December 31, 2016 is \$1,120,000.

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
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
	\$ 1,210,000.00	\$ 114,362.50

**Summary of Municipal Debt**

	Year 2016	Year 2015	Year 2014
Issued:			
General:			
Bonds	\$ 1,210,000.00	\$ 1,380,000.00	\$ 1,535,000.00
Notes	400,000.00	400,000.00	-
Net Debt Issued	1,610,000.00	1,780,000.00	1,535,000.00
Authorized But Not Issued:			
General:			
Bonds and Notes	27,289.41	27,289.41	427,289.41
Total Authorized But Not Issued	27,289.41	27,289.41	427,289.41
Net Bonds, Notes and Loans Issued and Authorized But Not Issued	\$ 1,637,289.41	\$ 1,807,289.41	\$ 1,962,289.41

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

**Summary of Statutory Debt Condition – Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .612%.

	Gross Debt	Deductions	Net Debt
Regional School Purposes	\$ 2,476,545.14	\$ 2,476,545.14	\$ -
General Debt	5,951,221.41	4,313,932.00	1,637,289.41
	\$ 8,427,766.55	\$ 6,790,477.14	\$ 1,637,289.41

Net debt \$1,637,289.41 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$267,695,165= .612%

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

3-1/2% of Equalized Valuation Basis	\$ 9,369,330.78
Net Debt	1,637,289.41
	\$ 7,732,041.37

**Related Party Transactions**

As of December 31, 2016, the Borough of Buena Municipal Utilities Authority has bonds and loans issued and outstanding of \$4,313,932.00. 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, 2016 and 2015, which were appropriated and included as anticipated revenue for the year ending December 31, 2017 and 2016 were as follows:

	<u>2017*</u>	<u>2016</u>	
Current Fund	\$ 81,909	\$ 200,000	

\*The 2017 Budget has been Introduced but not yet Adopted.

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

**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:

	12/31/2016	12/31/2015
Balance of Tax (Overpaid)	\$ (1.77)	\$ 0.64
Deferred	-	-
Tax Payable	\$ (1.77)	\$ 0.64

**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:

	Balance 12/31/16	Balance 12/31/15
Prepaid Taxes	\$ 104,876	\$ 90,914
Cash Liability for Taxes Collected in Advance	\$ 104,876	\$ 90,914

**NOTE 10: PENSION FUNDS**

Description of Plans

Substantially all 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>.

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.

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

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 7.06% through June 30, 2016 and 7.2% 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 12.46% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2016, 2015, and 2014 were \$76,236.99, \$63,048 and \$63,571.

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, 2016, 2015, and 2014 were \$133,492.51, \$88,649, and \$140,053.

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  $\frac{1}{4}$  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.
- 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.

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

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 1/60<sup>th</sup> from 1/55<sup>th</sup>, 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 1/7<sup>th</sup> 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: PENSION LIABILITIES**

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized. GASB statement 68 requires that the June 30, 2016 actuarial valuation be used for this disclosure, but as of the date of this report the 2016 actuarial valuations are not yet available from the Division of Pensions. The Division of Local Government Services has stated that disclosing the 2015 valuation is in compliance with the Regulatory Basis of Accounting described in Note 1.

The following represents the municipality's pension liabilities as June 30, 2015:

**Public Employees' Retirement System**

The Municipality has a liability of \$1,686,214.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Municipality's proportion would be 0.00751164490%, which would be an increase of 5.48% from its proportion measured as of June 30, 2014.



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

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$101,412.00. At December 31, 2015, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 181,086	
Net difference between projected and actual earnings on pension plan investments	40,227	(27,111)
Changes in proportion and differences between Municipal contributions and proportionate share of contributions	61,966	(99,150)
Total	\$ 283,279	(126,261)

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,			
2016	\$	54,715	
2017		54,715	
2018		54,715	
2019		54,715	
2020		(42,946)	
Thereafter		(18,896)	
Total	\$	157,018	

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation of July 1, 2014, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA.

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt (Except US)	3.50%	-0.40%
REIT	1.00%	5.12%

*Discount Rate*

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

*Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 4.90%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.90%) or 1-percentage point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 2,054,121	1,686,214	1,377,439

*Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**Police and Firemen's Retirement System**

The Municipality has a liability of \$2,175,006.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Municipality's proportion would be .01305799220%, which would be an increase of 22.55% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of 81,541.00. At December 31, 2015, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 401,560	
Changes of Experience		(18,760)
Net difference between projected and actual earnings on pension plan investments		(37,854)
Changes in proportion and differences between Municipal contributions and proportionate share of contributions	263,553	(685,194)
District contributions subsequent to the measurement date		(106,142)
<b>Total</b>	<b>\$ 665,113</b>	<b>(847,950)</b>

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

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2016	\$	(52,520)
2017		(52,520)
2018		(52,520)
2019		(52,520)
2020		23,286
Thereafter		3,959
Total	<u>\$</u>	<u>(182,837)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.60% - 9.48% (based on age)
Thereafter	3.60% - 10.48% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2011 based on Projections Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt (Except US)	3.50%	-0.40%
REIT	1.00%	5.12%

*Discount Rate*

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**NOTES TO FINANCIAL STATEMENTS**  
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**(CONTINUED)**

*Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the collective net pension liability of the participating employers as of June 30, 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
District's proportionate share of the net pension liability	\$ 2,869,819	2,175,006	1,601,039.85

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2015 and June 30, 2014 State special funding situation net pension liability amounts of \$1,460,720,421.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding situation pension expense of \$182,203,735.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Borough of Buena was .01305799220% for 2015. The net pension liability amounts allocated to the Borough were \$190,741.00 and \$144,332.00 respectively. For the fiscal year ending June 30, 2015 State special funding situation pension expense of \$23,792.00 is allocated to the Borough.

*Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

**NOTE 12: 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.

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.

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

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, 2016 vary according to the type of coverage selected by the retiree.

The Borough of Buena contributions to SHBP for post-retirement benefits for the year ended December 31, 2016 and 2015 were \$282,584 and \$289,156 respectively, which equaled the required contribution for the year.

**NOTE 13: 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, 2016, the Borough estimates this liability to approximate \$255,687 based on 2016 pay rates and compensated absence balances.

**NOTE 14: ECONOMIC DEPENDENCY**

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

**NOTE 15: 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, 2016 and 2015 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

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 16: 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 17: INTERFUND BALANCES**

As of December 31, 2016, 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	\$ 2,131.20	
Trust Fund - Other		151.62
Fed/State Grant		75,826.50
General Capital Fund		1,009.33
Trust Fund:		
Current - Trust	201.83	50.21
Current - Animal Control Fund		2,131.20
Fed/State Grant:		
Current Fund	75,826.50	
General Capital		50,000.00
General Capital Fund:		
Current Fund	1,009.33	
Grant Fund	50,000.00	
	\$ 129,168.86	129,168.86

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 Federal/State Grand fund from the Current Fund is due to there being no Grant bank account. The amount due to the General Capital fund from the Current and Grant Funds represents funds owed to the General Capital Fund.

**NOTE 18: SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through April 7, 2017, 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, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated April 7, 2017, 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**

*Michael S. Garcia*

**Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472**

**April 7, 2017**

**STATUS OF PRIOR YEAR RECOMMENDATIONS**

**NONE**

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2015	\$ 634,920.40	\$ -
Increased by Receipts:		
Tax Collector	8,810,669.97	
Revenue Accounts Receivable	1,026,125.84	
State of New Jersey - Senior Citizens and Veterans	46,050.37	
Due from Trust Other	9,930.00	
Tax Overpayments	8,535.02	
Deposit for Redemption of Liens	290,468.83	
Street Opening Deposits	9,018.85	
Due from Current Fund	142,996.53	
Federal and State Grants - Unappropriated		15,303.78
Federal and State Receivables		138,647.62
	<u>10,343,795.41</u>	<u>153,951.40</u>
	10,978,715.81	153,951.40
Decreased by Disbursements:		
Current Year Appropriation	3,844,560.19	
Prior Year Appropriations	156,542.94	
County Taxes	1,345,601.88	
County Added and Omitted taxes	1,339.24	
Regional School Taxes	4,215,864.41	
Special District Taxes	415,522.00	
Payroll Deductions Payable	25,865.21	
Lien Redemption	296,080.26	
Due to Cannon Copier	2,592.00	
Street Opening Disbursements	11,679.00	
Refund of Prior Year Revenue	16,152.00	
Due from Current Fund	-	142,996.53
Due to Capital Fund	502.92	
Due to Trust Other	10,828.00	
Federal and State Disbursements		10,954.87
	<u>10,343,130.05</u>	<u>153,951.40</u>
Balance December 31, 2016	\$ <u><u>635,585.76</u></u>	\$ <u><u>-</u></u>

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

Balance December 31, 2015		\$	8,253.75
Increased by Receipts:			
Prepaid Taxes	\$	104,875.79	
Taxes Receivable		8,635,448.28	
Revenue Accounts Receivable		33,855.96	
Tax Title and Other Liens		28,236.29	
		8,802,416.32	8,802,416.32
			8,810,670.07
Payments to Treasurer			8,810,669.97
Balance December 31, 2016		\$	0.10

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

Year	Balance Dec. 31, 2015	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2016
				2015	2016				
Atrears 2015	\$ 22,355.59 222,302.87 244,658.46	-	-	-	12,367.25 84,381.18 96,748.43	(250.00) 12,312.86 12,062.86	3,545.53 122,172.26 125,717.79	-	6,692.81 3,436.57 10,129.38
2016		8,867,155.38	25,793.30	90,913.66	8,585,575.39	57,537.67	53,654.39	-	105,267.57
	\$ 244,658.46	8,867,155.38	25,793.30	90,913.66	8,682,323.82	69,600.53	179,372.18	-	115,396.95

Cash Receipts  
Senior Citizens and Veterans  
Overpayments Applied

8,635,448.28  
46,875.54  
-

8,682,323.82

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax  
Special District Taxes  
Added Taxes (54:4-63.1 et. Seq.)

8,451,603.38  
415,552.00  
25,793.30

8,892,948.68

Tax Levy:

General County Taxes  
County Added and Omitted Taxes  
Total County Taxes

1,345,601.87  
4,118.67

1,349,720.54

Regional School District Tax

4,215,862.00

Special District tax

415,552.00

Local Tax for Municipal Purposes  
Add: Additional Tax Levied

2,888,502.35  
23,311.79

2,911,814.14

8,892,948.68



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

Balance December 31, 2015		\$ 3,869.58
Increased by:		
Transfers from Taxes Receivable	179,372.18	
Interest and Costs Accrued by Sale of 2016 Tax Sale	4,212.62	
	<u>                    </u>	<u>183,584.80</u>
		187,454.38
Decreased by:		
Collections	28,236.29	
Other	-	
	<u>                    </u>	<u>28,236.29</u>
Balance December 31, 2016		\$ <u><u>159,218.09</u></u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2015	Accrued in 2016	Collected by		Balance Dec. 31, 2016
			Collector	Treasurer	
Licenses:	\$ -	\$ 6,021.31	\$ -	\$ 6,021.31	\$ -
Alcoholic Beverages	-	6,021.31	-	6,021.31	-
Construction Code Official	-	-	-	-	-
Fees and Permits	-	42,074.14	-	42,074.14	-
Fines and Costs:					
Municipal Court	-	109,760.80	-	109,760.80	-
Interest and Costs on Taxes	-	33,855.96	33,855.96	-	-
Interest Earned on Investments	-	1,572.82	-	1,572.82	-
Occupancy and Apartment Rentals	-	38,785.00	-	38,785.00	-
Uniform Fire Code Fees	-	5,792.68	-	5,792.68	-
Fees and Permits for Trash Removal	-	2,762.00	-	2,762.00	-
Atlantic County - Election Reimbursement	-	300.00	-	300.00	-
Cable Television Franchise Fees	-	15,016.89	-	15,016.89	-
Hotel/Motel Tax	-	11,071.74	-	11,071.74	-
Ambulance Fees	-	219,929.61	-	219,929.61	-
Lease - Commerce Center	-	54,399.96	-	54,399.96	-
Energy Receipts Tax	-	386,965.00	-	386,965.00	-
Consolidated Municipal Property Tax Relief	-	32,307.00	-	32,307.00	-
Buena Housing Authority - Payments in Lieu of Taxes	-	13,081.98	-	13,081.98	-
Buena Gardens - Payments in Lieu of Taxes	-	50,000.00	-	50,000.00	-
General Capital Fund Balance	-	-	-	-	-
Miscellaneous Revenue Not Anticipated	-	-	-	-	-
General Revenues	-	36,284.91	-	36,284.91	-
<b>TOTALS</b>	<b>\$ -</b>	<b>\$ 1,059,981.80</b>	<b>\$ 33,855.96</b>	<b>\$ 1,026,125.84</b>	<b>\$ -</b>
Prior Year Prepaid Revenue		\$ -		\$ 1,026,125.84	
Treasurer				\$ 1,026,125.84	

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
<b>OPERATIONS WITHIN "CAPS"</b>				
<b>GENERAL GOVERNMENT:</b>				
Salaries and Wages:	\$			
Mayor and Council	64.48	64.48		64.48
Municipal Clerk	56.75	56.75		56.75
Financial Administration	856.19	6.19		6.19
Collection of Taxes	32.21	32.21		32.21
Assessment of Taxes	756.70	6.70		6.70
Legal Services	4.96	4.96		4.96
Borough Administration/Purchasing Agent	4.90	4.90		4.90
Other Expenses:				
Mayor and Council	49.41	49.41		49.41
Municipal Clerk	3,094.01	2,864.01	2,861.56	2.45
Financial Administration	389.79	579.79	573.68	6.11
Audit Services	3,150.00	3,150.00		3,150.00
Elections	29.52	29.52		29.52
Computer Data Processing	0.70	0.70		0.70
Collection of Taxes	1,190.94	1,075.94	1,071.91	4.03
Assessment of Taxes		-		-
Miscellaneous Other Expenses	504.72	4.72		4.72
Legal Services	9,118.57	10,638.57	10,632.86	5.71
Engineering Services and Costs	5,272.64	19,937.64	19,933.71	3.93
Grant Administration	100.00	100.00		100.00
Borough Administration/Purchasing Agent	266.06	46.06	43.94	2.12
<b>Land Use Administration</b>				
Salaries and Wages:				
Land Use Board	64.04	64.04		64.04
Zoning Board of Adjustments	190.66	0.66		0.66
Other Expenses:				
Land Use Board	242.69	62.69	60.00	2.69
<b>Insurance</b>				
General Liability	382.84	82.84		82.84
Workers Compensation Insurance	26.66	26.66		26.66
Employee Group Health	30,915.78	30,915.78	30,900.46	15.32
Disability Insurance	55.59	55.59		55.59
Health Benefit Waivers		-		-

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
<b>Public Safety</b>				
Salaries and Wages:				
Director	56.87	56.87		56.87
Police Department	1.15	1.15		1.15
Office of Emergency Management	44.79	44.79		44.79
Emergency Medical Services	1,497.01	97.01		97.01
Uniform Fire Safety Act - Fire Code Official	28.64	28.64		28.64
Other Expenses:				
Police Department	2,728.30	1,383.30	1,346.18	37.12
Office of Emergency Management	54.10	54.10		54.10
Emergency Medical Services	7,965.50	3,695.50	3,691.72	3.78
Uniform Fire Safety Act - Fire Code Official	100.00	100.00		100.00
<b>Public Works</b>				
Salaries and Wages:				
Streets and Road Maintenance	1,064.24	64.24		64.24
Buildings and Grounds	59.20	59.20		59.20
Other Expenses:				
Streets and Road Maintenance	14,353.80	3,103.80	3,070.86	32.94
Garbage and Trash Removal	11,817.87	26,127.87	26,123.61	4.26
Sanitary Landfill	575.00	-		-
Buildings and Grounds	1,224.61	1,224.61	1,147.93	76.68
<b>Health and Human Services</b>				
Other Expenses:				
Dog Regulation	95.00	95.00		95.00

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
<b>Uniform Construction Code</b>				
Salaries and Wages:				
Construction Official	1.59	1.59		1.59
Occupancy Inspector	48.88	48.88		48.88
Building Inspector	126.58	126.58		126.58
Plumbing Inspector	8.08	8.08		8.08
Electrical Inspector	48.08	48.08		48.08
Fire Prevention Official	1.77	1.77		1.77
Enforcement Official	76.48	76.48		76.48
Other Expenses:				
Construction Official	350.33	20.33	20.00	0.33
Facility Costs	7,024.84	3,824.84	3,822.96	1.88
<b>Utility Expenses and Bulk Purchases</b>				
Electricity	254.21	254.21		254.21
Street Lighting	541.04	5,541.04	5,388.51	152.53
Telephone	1,270.58	2,120.58	2,078.62	41.96
Heating Oil and Natural Gas	189.31	839.31	831.02	8.29
Gasoline	12,633.82	2,933.82	2,928.02	5.80

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

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
<b>Statutory Expenditures</b>				
Contributions to:				
Social Security System (O.A.S.I.)	504.46	4.46		4.46
Unemployment Compensation Insurance	0.83	0.83		0.83
Defined Contribution Retirement Program	303.96	23.96	15.39	8.57
<b>Operations Excluded from "CAPS"</b>				
Interlocal Municipal Service Agreements				
Gloucester County				
Police and Fire Communications: Other Expenses	112.00	112.00		112.00
Township of Franklin				
Municipal Court	43,000.00	43,000.00	40,000.00	3,000.00
Matching Funds for Grants	15,000.00	15,000.00		15,000.00
<b>Capital Improvements</b>				
Police Body Cameras	8,500.00	8,500.00		8,500.00
	<u>\$ 188,483.73</u>	<u>\$ 188,483.73</u>	<u>\$ 156,542.94</u>	<u>\$ 31,940.79</u>
Reserve for Encumbrances	\$ 116,981.57			
Appropriation Reserves	\$ 71,502.16			
Disbursed			<u>156,542.94</u>	
	<u>\$ 188,483.73</u>		<u>\$ 156,542.94</u>	

**CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL TAX**

Balance December 31, 2015			
School Tax Payable	\$	0.64	
School Tax Deferred		<u>-</u>	
			\$ 0.64
Increased by:			
Levy School Year 2016			<u>4,215,862.00</u>
			4,215,862.64
Decreased by:			
Payments			<u>4,215,864.41</u>
Balance December 31, 2016			
School Tax Payable		(1.77)	
School Tax Deferred		<u>-</u>	
			<u><u>(1.77)</u></u>
Current Year Liability for Regional School Tax:			
Tax Paid			4,215,864.41
Tax Payable Ending			<u>(1.77)</u>
			4,215,862.64
Less: Tax Payable Beginning			<u>0.64</u>
Amount charged to Current Year Operations			<u><u>\$ 4,215,862.00</u></u>

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

<u>Purpose</u>	Balance Dec. 31, 2015	Transferred From 2016 Revenues	Received	Cancelled	Balance Dec. 31, 2016
<b>FEDERAL GRANTS:</b>					
USDA grant	\$ 40,910.00		40,910.00		-
Community Development Block Grant Funds (Passed thru County of Atlantic) 2013	23,583.00				23,583.00
Disaster Recovery	21,409.38				21,409.38
US Department of Justice - Enforcing Underage Drinking Laws (EUDL) 2012	50.00				50.00
<b>Total Federal</b>	<b>85,952.38</b>	<b>-</b>	<b>40,910.00</b>	<b>-</b>	<b>45,042.38</b>
<b>STATE GRANTS:</b>					
Hazardous Discharge Remediation Grant Mazonni Site	44,664.00	5,387.62	5,387.62		44,664.00
Recycling Tonnage	52,595.66				52,595.66
New Jersey Transportation Trust Fund: 2010	91,750.00		91,750.00		-
2014 - Flower Street	-				-
2016 - Forest Grove	-	196,000.00			196,000.00
<b>CDBG</b>	<b>-</b>				<b>-</b>
Atlantic County JIF Safety Award: Safety Incentive 2016	-	1,000.00			1,000.00
JIF Wellness	-	600.00	600.00		-
<b>Total State</b>	<b>189,009.66</b>	<b>202,987.62</b>	<b>97,737.62</b>	<b>-</b>	<b>294,259.66</b>
<b>\$</b>	<b>274,962.04</b>	<b>202,987.62</b>	<b>138,647.62</b>	<b>-</b>	<b>339,302.04</b>



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

	Balance December 31, 2015		2016 Appropriations	Disbursed	Balance Dec. 31, 2016
	Appropriated	Reserve for Encumbrances			
<b>FEDERAL GRANTS:</b>					
Community Development Block Grant Funds (Passed thru County of Atlantic)	18,397.90				18,397.90
Kimberly Lane Drainage - 2013	21,409.38				21,409.38
Disaster Recovery					
Total Federal	39,807.28	-	-	-	39,807.28
<b>STATE GRANTS:</b>					
Drunk Driving Enforcement Fund					
2015	3,551.51			483.42	3,068.09
2008	859.35			600.00	259.35
2009	390.65				390.65
2011	62.01			62.01	-
2014	4,838.72			3,894.41	944.31
2015	11,968.38				11,968.38
2016	-		13,688.99		13,688.99
Hazardous Discharge Site Remediation Fund					
2008 - Mazonni	37,967.73				37,967.73
Police Body Armor Grant					
2013	1,641.65			737.53	1,641.65
2015	737.53			37.47	-
2016			1,173.55		1,136.08
Recycling Tonnage Grant	10,342.21		5,387.62		15,729.83
New Jersey Transportation Trust Fund					
2010 - Forest Grove Road	37,130.57				37,130.57
2016 - Forest Grove	-		196,000.00		196,000.00
SFSP - Fire District			1,567.00	1,567.00	-
<b>LOCAL:</b>					
Municipal Alliance Program - Local Share					
2015	177.95		2,023.03	2,023.03	177.95
Atlantic County JIF Safety Award					
2001	3.66				3.66
2004	0.33				0.33
2007	0.90				0.90
2015	1,000.00		1,995.00		1,000.00
2016			600.00		1,995.00
JIF Wellness					
2015					600.00
Total State	110,673.15	-	222,435.19	9,404.87	323,703.47
	150,480.43	-	222,435.19	9,404.87	363,510.75

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

<u>Purpose</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred To 2016 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2016</u>
<b>STATE GRANTS:</b>					
Police Body Armor Grant 2015	1,173.55	1,173.55	1,221.79		1,221.79
Recycling Tonnage Grant 2016	-		396.00		396.00
Clean Communities	3.00	13,688.99	13,685.99		-
Total State	<u>2,171.55</u>	<u>15,857.54</u>	<u>15,303.78</u>	<u>-</u>	<u>1,617.79</u>
\$	<u>2,171.55</u>	<u>15,857.54</u>	<u>15,303.78</u>	<u>-</u>	<u>1,617.79</u>

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

Balance December 31, 2015		\$	4,802.50
Increased By Receipts:			
Dog Licenses Fees - 2016	\$	951.00	
Late Fees Collected		205.00	
		205.00	
			1,156.00
			5,958.50
Decreased By Disbursements:			
Payments to Current Fund			
Animal Control Expenditures		206.00	
		206.00	
			206.00
Balance December 31, 2016		\$	5,752.50

**TRUST FUND**  
**SCHEDULE OF OTHER TRUST CASH - TREASURER**

Balance December 31, 2015		\$	196,716.00
Increased By Receipts:			
Recreation Fees and Income	\$	6,011.00	
Small Cities Block Grant - Recapture		14,006.00	
Housing Escrow		3,167.50	
Developers Escrow		14,905.25	
Rescue Squad Donations		1,145.00	
Landfill Escrow		17.33	
Police Forfeitures		375.91	
Police Donations		4,774.94	
		<hr/>	44,402.93
			<hr/>
			241,118.93
Decreased By Disbursements:			
Recreation Activities		6,730.96	
Developers Escrow		12,861.70	
Housing Escrow		3,775.00	
Rescue Squad Donations		5,425.10	
Police Donation		2,078.01	
Police Forfeiture		222.24	
		<hr/>	31,093.01
			<hr/>
Balance December 31, 2016		\$	<u><u>210,025.92</u></u>

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

Balance December 31, 2015		\$	43,706.61
Increased By Receipts:			
Premiums Received at Tax Sale			43,000.00
Interest Earned on Deposits	\$		27.97
			43,027.97
			86,734.58
Decreased By Disbursements:			
Payments to Current Fund			
Returned to Lienholders			55,600.00
			55,600.00
Balance December 31, 2016		\$	31,134.58

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

Balance December 31, 2015	\$	2,671.30
Increased By:		
Dog License Fees Collected - 2016	\$	949.80
Kennel License & Late Fees		205.00
		1,154.80
		3,826.10
Decreased By Disbursements:		
Animal Control Expenditures		206.00
Statutory Excess - Due to Current Fund		
		206.00
Balance December 31, 2016	\$	3,620.10

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

Balance December 31, 2015	\$	2,131.20
Increased By:		
Interest Earned on Deposits	\$	-
Statutory Excess - Due to Current Fund		
		-
		2,131.20
Decreased By:		
Paid to Current Fund		
		-
Balance December 31, 2016	\$	2,131.20

**SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY**

Balance December 31, 2015	\$	-
Increased By:		
Collected in 2016 - By Borough Clerk	\$	296.40
		296.40
		296.40
Decreased By:		
Paid to State of New Jersey - By Borough Clerk		295.20
		295.20
Balance December 31, 2016	\$	1.20

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

Balance December 31, 2015		\$	36,559.78
Increased By Receipts:			
No Activity in 2016	\$	-	-
			36,559.78
Decreased By Disbursements:			
No Activity in 2016		-	-
			-
Balance December 31, 2016		\$	36,559.78
<u>Analysis of Balance</u>			
Landisville Co-op - 40%		36,485.71	
Landisville Co-op - Small Cities		74.07	
			\$ 36,559.78

Exhibit B-10

**SCHEDULE OF RESERVE FOR SMALL CITIES BLOCK GRANT - RECAPTURE**

Balance December 31, 2015		\$	31,476.58
Increased By:			
Small Cities Receipts	\$	14,006.00	-
			14,006.00
			45,482.58
Decreased By:			
Small Cities Disbursements		-	-
			-
Balance December 31, 2016		\$	45,482.58



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

Balance December 31, 2015		\$	15,106.70
Increased By Receipts:			
Receipts from Recreational Activities	\$	6,011.00	
		6,011.00	21,117.70
Decreased By Disbursements:			
Recreation Activities		6,730.96	
		6,730.96	14,386.74
Balance December 31, 2016		\$	14,386.74

**SCHEDULE OF RESERVE FOR POLICE FORFEITURE**

Balance December 31, 2015		\$	3,977.65
Increased By:			
Receipts from Police Forfeitures	\$	375.91	
		375.91	4,353.56
Decreased By:			
Police Expenditures		222.24	
		222.24	4,131.32
Balance December 31, 2016		\$	4,131.32

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

Balance December 31, 2015		\$	223,385.43
Increased by:			
Budget appropriation:			
Capital Improvement Fund			
Bond Anticipation Notes	-		
Due from Current Fund	502.92		
Grant Receipts			
	<hr/>		<hr/>
			502.92
			223,888.35
Decreased by:			
Bond Anticipation Notes			
Improvement Authorizations	37,330.29		
Disbursements for Contracts Payable	3,388.53		
Due from Current Fund			
	<hr/>		<hr/>
			40,718.82
Balance December 31, 2016		\$	<u>183,169.53</u>

GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance		Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
	Dec. 31, 2015		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
<b>Fund Balance</b>									
Capital Improvement Fund	6,259.00								6,259.00
Contracts Payable	80,978.71								23,922.38
Reserve for Emergency Housing	91.70								91.70
Due (from)/to Current Fund	(1,512.25)	502.92				3,388.53	77,590.18	23,922.38	(1,009.33)
Due (from)/to Grant Fund	(50,000.00)								(50,000.00)
<b>Improvement Authorizations:</b>									
482 Various Capital Improvements	2,741.28				429.83		1,500.00		811.35
a) Renovate Municipal Bldg									
521 Various Capital Improvements	1,750.00								1,750.00
a) Reconstruction of Roads and Drainage									
Improvements									
b) Acquisition of Police 911 Communications	1,699.65								1,699.65
System	131.99								131.99
d) Upgrade Computer System									
550 Various Capital Improvements	(1,705.50)								(1,705.50)
a) Improvements to Black Water Pond	(1,744.15)								(1,744.15)
b) Road Improvements to Laurel Street									
581 Various Improvements	430.16								430.16
Phase IV	247.50								247.50
Drive Storm Drain									
c) Engineering & Design for Grove Road									
597 Various Improvements	80.09								80.09
a) Improvements to various Roads									
b) Improve Artic Avenue	0.52								24,974.23
c) Improve Martinelli Ave & Muccio Dr	32,559.26								3,361.87
e) Drainage Improvements	26,107.09								41,517.34
f) Purchase Ambulance	749.22				9,154.16		5,022.38		11,930.55
g) Two Ford Explorers	1,859.00								749.22
j) Road Loader with Clam Bucket	220.19								1,859.00
j) Pick-Up Truck with Snow Plow	2.65								220.19
j) Gasoline Skid Tank	2,700.85								2.65
m) Asphalt Roller with Trailer	17,332.22								2,700.85
p) Purchase License Plate Reader	(400.00)								(400.00)
610 Various Improvements:	2,774.88				483.00			242.97	2,534.85
b) Purchase of Property									
621 Various Improvements:	3,205.00								3,800.00
a) Melini Park Pump House Repairs	1,778.00								1,778.00
b) Melini Park Restrooms	25,000.00								16,100.00
c) Melini Park Handicapped Equipment	1,200.00					8,900.00			1,200.00
d) Public Works Equipment	2,000.00								2,000.00
e) PW Communications Equip	744.85								744.85
f) Senior Center Fire Suppression	17,332.22								8,832.22
g) 2 4WD Police Vehicles	46,103.52								58,298.35
h) Kimberly Lane Drainage Phase II	20,000.00				27,263.20			39,458.03	20,000.00
i) Municipal Building Generator									
<b>\$</b>	<b>223,385.43</b>	<b>502.92</b>			<b>37,330.29</b>	<b>3,388.53</b>	<b>101,512.56</b>	<b>101,512.56</b>	<b>183,169.53</b>

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

Balance December 31, 2015	\$	6,259.00
Increased by:		
Current fund Budget Appropriation		
		<hr/>
		-
		<hr/>
		6,259.00
Decreased by:		
Appropriation to Finance		
Improvement Authorizations		
		<hr/>
		-
		<hr/>
Balance December 31, 2016	\$	<u><u>6,259.00</u></u>



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

Ord #	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Balance Dec. 31, 2016	Analysis of Balance		
					Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
597	Various Improvements p) Purchase License Plate Reader	\$ 400.00	\$ -	400.00	\$ -	400.00	\$ -
610	Various Improvements b) Purchase of Property	19,889.41		19,889.41			19,889.41
621	Various Improvements a) Melini Park Pump House Repairs b) Melini Park Restrooms c) Melini Park Handicapped Equipment d) Public Works Equipment e) PW Communications Equip f) Senior Center Fire Suppression g) 2 4WD Police Vehicles h) Kimberly Lane Drainage Phase II i) Municipal Building Generator	4,200.00 3,800.00 23,800.00 19,000.00 1,900.00 2,300.00 95,000.00 238,000.00 19,000.00		4,200.00 3,800.00 23,800.00 19,000.00 1,900.00 2,300.00 95,000.00 238,000.00 19,000.00	4,200.00 3,800.00 23,800.00 19,000.00 1,900.00 2,300.00 95,000.00 231,000.00 19,000.00		- - - - - - - 7,000.00 -
		\$ 427,289.41	\$ -	427,289.41	\$ 400,000.00	400.00	\$ 26,889.41

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2015		Paid or Charged	Balance December 31, 2016	
				Funded	Unfunded		Funded	Unfunded
482	Various Capital Improvements a) Renovate Municipal Bldg	5/7/2001	940,800	2,741.28	-	1,929.93	811.35	
521 amended by 536 & 550	Various Capital Improvements d) Upgrade Computer System	5/23/2005	444,750	131.99			131.99	
581	Various Improvements a) Engineering & Design for Bike Path Phase IV b) Engineering & Design for Louis Drive Storm Drain	4/25/2011	362,194	247.50 430.16	-		247.50 430.16	
597 amended by 606 & 613	Various Improvements a) Improvements to various Roads b) Improve Artic Avenue c) Improve Martinelli Ave & Muccio Dr e) Drainage Improvements f) Purchase Ambulance g) Two Ford Explorers i) Road Loader with Clam Bucket j) Pick-Up Truck with Snow Plow l) Gasoline Skid Tank m) Asphalt Roller with Trailer	10/9/2012	1,195,100	80.09 - 0.52 32,559.26 26,107.09 749.22 1,859.00 220.19 2.65 2,700.85	-	(24,974.23) (3,361.87) (8,958.08) 14,176.54	80.09 24,974.23 3,362.39 41,517.34 11,930.55 749.22 1,859.00 220.19 2.65 2,700.85	
610	Various Improvements b) Purchase of Property		360,825.00		22,664.29	240.03	-	22,424.26
621	Various Improvements a) Melini Park Pump House Repairs b) Melini Park Restrooms c) Melini Park Handicapped Equipment d) Public Works Equipment e) PW Communications Equip f) Senior Center Fire Suppression g) 2 4WD Police Vehicles h) Kimberly Lane Drainage Phase II i) Municipal Building Generator		428,300.00			(595.00) 8,900.00		3,800.00 1,778.00 16,100.00 1,200.00 1,900.00 744.85 8,832.22 65,298.35 19,000.00
				\$ 70,129.80	\$ 144,727.88	\$ (16,337.51)	\$ 90,117.51	\$ 141,077.68
					Encumbered \$ 23,922.38			
					Cash Disbursed \$ 37,330.29			
								\$ 61,252.67

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount					
General Improvement Bonds of 2013	8/6/2013	1,680,000	8/1/2017	\$ 180,000.00	2.00	\$ 1,380,000.00	\$	170,000.00	\$ 1,210,000.00
			8/1/2018	190,000.00	2.00				
			8/1/2019	200,000.00	2.25				
			8/1/2020	205,000.00	2.50				
			8/1/2021	215,000.00	2.75				
			8/1/2022	220,000.00	3.00				
						<u>\$ 1,380,000.00</u>	<u>-</u>	<u>170,000.00</u>	<u>\$ 1,210,000.00</u>



**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, 2015	Increased	Decreased	Balance Dec. 31, 2016
Various Capital Improvements	621	7/22/2015	7/21/2016	7/22/2016	0.950%	4,200.00	\$	\$	4,200.00
a Melini Park Pump House Repairs						3,800.00			3,800.00
b Melini Park Restrooms						23,800.00			23,800.00
c Melini Park Handicapped Equipment						19,000.00			19,000.00
d Public Works Equipment						1,900.00			1,900.00
e PW Communications Equip						2,300.00			2,300.00
f Senior Center Fire Suppression						95,000.00			95,000.00
g 2 4WD Police Vehicles						231,000.00			231,000.00
h Kimberly Lane Drainage Phase II						19,000.00			19,000.00
i Municipal Building Generator									
						\$ 400,000.00	\$	-	\$ 400,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Debt Issued	Balance Dec. 31, 2016
597	Various Improvements p) Purchase License Plate Reader	400.00			400.00
610	Various Improvements b) Purchase of Property	19,889.41			19,889.41
621	Various Improvements h) Kimberly Lane Drainage Phase II	7,000.00			7,000.00
		<u>\$ 27,289.41</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,289.41</u>

**BOROUGH OF BUENA**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2016**



## 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." Due to the Borough having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A: 11-3(a), the maximum bid threshold is \$40,000.

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 item:

Purchase of Grass Crop at Black Water Pond Recreational Area

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 4, 2016, 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**

**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 7, 2016, 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 31<sup>st</sup> of the last three years:

<u>Year</u>	<u>Number</u>
2016	20
2015	4
2014	5

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 2016 Taxes	5
Delinquent Taxes	5
Total	<u>10</u>

**BOROUGH OF BUENA**

**Comparison of Tax Levies and Collections Currently**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2016 \$	8,892,948.68	8,676,489.05	97.57%
2015	8,569,349.82	8,431,276.79	98.39%
2014	8,347,214.87	8,167,922.18	97.85%
2013	8,464,896.61	8,303,065.38	98.09%
2012	7,989,633.64	7,838,483.17	98.11%

**Comparative Schedule of Tax Rate Information**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	\$ 2.862	2.751	2.679	2.700	2.531
Apportionment of Tax Rate:					
Municipal	0.978	0.933	0.883	0.863	0.848
County	0.457	0.447	0.417	0.457	0.367
Local School	1.427	1.371	1.379	1.380	1.316
Assessed Valuation	295,252,863	298,609,815	301,449,052	303,930,806	305,100,041

**Delinquent Taxes and Tax Title Liens**

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2016 \$	159,218.09	115,396.95	274,615.04	3.09%
2015	3,869.58	160,428.62	164,298.20	1.92%
2014	5,319.53	144,134.11	149,453.64	1.79%
2013	5,621.52	176,500.52	182,122.04	2.15%
2012	7,953.58	160,316.68	168,270.26	2.11%

**Uniform Construction Code**

The Borough of Buena's construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

**BOROUGH OF BUENA**

**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 2016-1:**

During our review of payroll, we noted one instance where an employee was over paid for Accumulated Sick and Vacation Time upon retirement. The employee had elected to use the time as time off, but was also paid for the time. The amount involved was less than \$1,100.

**Recommendation 2016-1:**

We recommend that Accumulated Sick & Vacation Time payments be properly calculated, authorized and paid.

In accordance with the Division of Local Government Services Regulations, a corrective action plan must be prepared and filed with the Division of Local Government Services in response to the above Findings and Recommendations.

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

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

*Michael S. Garcia*

Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472

April 7, 2017