

BOROUGH OF BUENA
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2022

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BOROUGH OF BUENA

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2022



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of Borough Council
Borough of Buena
County of Atlantic, New Jersey

Report on the Financial Statements

Opinions

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, 2022 and 2021, 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, 2022 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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, 2022 and 2021, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2022 and 2021, 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, 2022 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Borough of Buena and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Buena's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit 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 Borough of Buena's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the Borough of Buena's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control – related matters that we identified during the audit.

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2023, 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 the effectiveness 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

June 10, 2023

**EXHIBIT - A
CURRENT FUND**

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

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Regular Fund:		
Cash:		
Cash	\$ 1,174,459.16	1,015,114.33
Cash - Change	575.00	575.00
Total Cash	1,175,034.16	1,015,689.33
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	-	746.79
Total Other Receivables	-	746.79
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	114,824.66	167,079.11
Tax Title and Other Liens	376,607.69	349,832.03
Property Acquired for Taxes - at Assessed Valuation	395,500.00	395,500.00
Prepaid Fire District Taxes	-	71,464.74
Interfund Receivable: General Capital Fund	6,765.03	6,669.73
Total Receivables and Other Assets	893,697.38	990,545.61
Deferred Charges:		
Emergency Appropriation	9,975.00	-
Special Emergency Appropriation	12,000.00	18,000.00
Total Deferred Charges	21,975.00	18,000.00
Total Regular Fund	2,090,706.54	2,024,981.73
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	526,847.16	501,607.67
Due from General Capital	6,587.06	6,587.06
Due from Current Fund	412,828.71	431,935.35
Total Federal and State Grant Fund	946,262.93	940,130.08
Total Current Fund	\$ 3,036,969.47	2,965,111.81

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>2022</u>	<u>2021</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 136,795.67	146,218.12
Reserve for Encumbrances	-	8,030.65
Prepaid Taxes	107,549.05	92,290.36
Overpaid Taxes	28,098.17	35,071.41
Regional School Tax Payable	12,746.63	61,039.63
Reserve for Municipal Relief Act	21,870.86	-
County Added Tax Payable	9,306.02	4,145.13
Special District Tax Payable	0.62	-
Due to State - Chapter 20 P.L. 1971	5,840.13	-
Interfund Payable:		
Grant Fund	412,828.71	431,935.35
Trust Funds - Other	7,178.95	7,207.95
Other		
Street Opening/Performance Bonds	4,350.00	5,900.00
	<u>746,564.81</u>	<u>791,838.60</u>
Reserve for Receivables and Other Assets	893,697.38	990,545.61
Fund Balance	<u>450,444.35</u>	<u>242,597.52</u>
Total Regular Fund	<u>2,090,706.54</u>	<u>2,024,981.73</u>
Federal and State Grant Fund:		
Unappropriated Reserves	287,204.30	238,794.19
Appropriated Reserves	659,058.63	493,737.59
Encumbrances Payable	-	207,598.30
	<u>946,262.93</u>	<u>940,130.08</u>
Total Federal and State Grant Fund	<u>946,262.93</u>	<u>940,130.08</u>
Total Current Fund	<u>\$ 3,036,969.47</u>	<u>2,965,111.81</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,**

	<u>2022</u>	<u>2021</u>
Revenue and Other Income Realized		
Fund Balance	\$ 130,000.00	179,000.00
Miscellaneous Revenue Anticipated	1,355,545.69	1,177,720.01
Receipts from Delinquent Taxes	177,214.18	226,856.24
Receipts from Current Taxes	9,539,475.47	9,248,208.46
Non Budget Revenue	25,208.81	6,008.67
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	96,494.29	191,180.00
Interfund Returned	71,399.28	-
Total Income	<u>11,395,337.72</u>	<u>11,028,973.38</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	1,026,998.00	1,039,603.00
Other Expenses	1,484,063.27	1,379,009.93
Deferred Charges & Statutory Expenditures	193,340.73	190,136.07
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	1,407,688.37	1,347,728.63
Debt Service	304,591.67	262,287.50
Deferred Charges	6,000.00	6,000.00
Transferred to Board of Education	12,760.00	12,742.00
Regional District School Tax	4,775,913.00	4,857,298.00
County Tax	1,525,291.13	1,450,776.67
County Share of Added Tax	9,306.02	4,145.13
Other:		
Special District Taxes	321,513.70	273,826.00
Prior Year Senior Citizens Disallowed		2,000.00
Overpaid Special District Taxes		71,464.74
Interfunds Created		3,888.94
Total Expenditures	<u>11,067,465.89</u>	<u>10,900,906.61</u>
Excess/(Deficit) in Revenue	<u>327,871.83</u>	<u>128,066.77</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,**

	2022	2021
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	9,975.00	-
Total Adjustments	9,975.00	-
Statutory Excess to Fund Balance	337,846.83	128,066.77
Fund Balance January 1	242,597.52	293,530.75
	580,444.35	421,597.52
Decreased by:		
Utilization as Anticipated Revenue	130,000.00	179,000.00
Fund Balance December 31	\$ 450,444.35	242,597.52

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, 2022**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 130,000.00		130,000.00	-
Total Fund Balance Anticipated	<u>130,000.00</u>	<u>-</u>	<u>130,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	4,000.00		3,567.12	(432.88)
Fines and Costs:				
Municipal Court	30,000.00		35,997.54	5,997.54
Interest and Costs on Taxes	32,140.00		26,807.73	(5,332.27)
Interest Earned on Investments	1,000.00		1,483.59	483.59
Occupancy and Apartment Registrations	36,000.00		45,900.00	9,900.00
Atlantic County - Election Reimbursement	150.00		350.00	200.00
Ambulance Fees	200,000.00		199,120.44	(879.56)
Cable Television Franchise Fee	14,784.41		14,784.41	-
Hotel/Motel Tax	6,000.00		7,132.50	1,132.50
Lease - Commerce Center	56,400.00		51,700.00	(4,700.00)
Buena Gardens - Payments in Lieu of Taxes	50,000.00		50,000.00	-
Borough of Buena Housing Authority - Payments in Lieu of Taxes	11,545.70		14,548.70	3,003.00
Vacant Property Registration Fees	9,300.00		6,050.00	(3,250.00)
Fire Company Contribution-Minotola	5,000.00		-	(5,000.00)
American Rescue Plan	171,509.29		171,509.29	-
Total Section A: Local Revenues	<u>627,829.40</u>	<u>-</u>	<u>628,951.32</u>	<u>1,121.92</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Anticipated		Excess or
	Budget	N.J.S. 40A:4-87	(Deficit)
		Realized	
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	419,272.00	419,272.00	-
Total Section B: State Aid Without Offsetting Appropriations	419,272.00	419,272.00	-
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	33,000.00	44,770.00	11,770.00
Total Section C: Uniform Construction Code Fees	33,000.00	44,770.00	11,770.00
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations	237,000.00	237,000.00	-
NJ DOT South Boulevard	11,960.01	24,227.37	-
Clean Communities Program	1,325.00	1,325.00	-
JIF Wellness Grant			
Total Section F: Special Items - Public and Private Programs	250,285.01	262,552.37	-
Total Miscellaneous Revenues:	1,330,386.41	1,355,545.69	12,891.92

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, 2022**

	Anticipated		Excess or
	Budget	N.J.S. 40A:4-87	(Deficit)
Receipts from Delinquent Taxes	164,000.00		13,214.18
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	3,035,014.63		118,630.02
Total Amount to be Raised by Taxes for Support of Municipal Budget	3,035,014.63	-	118,630.02
Budget Totals	4,659,401.04	12,267.36	144,736.12
Non- Budget Revenues:			
Other Non- Budget Revenues:			25,208.81
	4,659,401.04	12,267.36	169,944.93

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	9,539,475.47
Less: Reserve for Tax Appeals Pending	9,539,475.47
Net Revenue from Collections	9,539,475.47
Allocated to:	
School, County and Other Taxes	6,632,023.85
Balance for Support of Municipal Budget Appropriations	2,907,451.62
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	246,193.03
Amount for Support of Municipal Budget Appropriations	3,153,644.65

Receipts from Delinquent Taxes:

Delinquent Tax Collection	141,042.46
Tax Title Lien Collections	36,171.72
Total Receipts from Delinquent Taxes	177,214.18

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Miscellaneous	4,608.87
Variance Lists	130.00
Vital Statistics	1,275.00
Reimbursements	1,894.00
Street Opening Permits	878.32
Tax Searches	20.00
Unclaimed Property	4,812.05
Refunds	2,640.78
Taxi License	112.00
Historical Society	10.00
Pad Fees - Liberty Village	4,003.34
Landfill Permits	2,621.00
Uniform Fire Safety	1,500.00
Peddlers License	25.00
Administration fee - Seniors and Veterans	678.45
Total Miscellaneous Revenue Not Anticipated:	25,208.81

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, 2022**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"							
GENERAL GOVERNMENT:							
Mayor and Council	\$ 35,454.00	\$ 31,454.00	\$ 31,454.00	\$ 374.42	\$	\$ 374.42	\$
Salaries and Wages	5,000.00	5,100.00	5,072.60	27.40		27.40	
Other Expenses							
Municipal Clerk							
Salaries and Wages	62,800.00	62,800.00	62,635.99	164.01		164.01	
Other Expenses	13,000.00	16,505.00	16,344.01	160.99		160.99	
Codification	2,700.00	1,195.00	1,195.00	-		-	
Financial Administration							
Salaries and Wages	75,275.00	76,981.00	76,980.63	0.37		0.37	
Other Expenses	13,000.00	14,200.00	14,173.14	26.86		26.86	
Audit Services							
Other Expenses	30,000.00	30,000.00	30,000.00	-		-	
Elections							
Other Expenses	2,000.00	2,000.00	2,000.00	-		-	
Computerized Data Processing							
Other Expenses	17,500.00	14,500.00	14,004.07	495.93		495.93	
Collection of Taxes							
Salaries and Wages	45,500.00	44,500.00	44,332.40	167.60		167.60	
Other Expenses	10,000.00	11,000.00	10,716.17	283.83		283.83	
Assessment of Taxes							
Salaries and Wages	13,525.00	13,525.00	13,440.47	84.53		84.53	
Other Expenses							
Maintenance of Tax Map	2,000.00	2,000.00	397.00	1,603.00		1,603.00	
Miscellaneous Other Expenses	5,500.00	5,500.00	5,376.49	123.51		123.51	
Revaluation Fees	10,000.00	10,000.00	9,999.88	0.12		0.12	
Legal Services							
Other Expenses	50,000.00	74,060.00	74,054.07	5.93		5.93	
Engineering Services and Costs							
Other Expenses	30,000.00	30,000.00	7,625.00	22,375.00		22,375.00	
Grant Administration							
Other Expenses	5,400.00	15,400.00	14,953.25	446.75		446.75	

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, 2022**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
Borough Administration/Purchasing Agent							
Salaries and Wages	25.00	10,000.00	8,026.20	1,973.80			
Other Expenses	25.00	1,025.00	294.10	730.90			
LAND USE ADMINISTRATION							
Land Use Board							
Salaries and Wages	5,160.00	3,160.00	2,430.00	730.00			
Other Expenses	3,000.00	2,799.27	2,790.75	8.52			
Codification	2,700.00	-		-			
Zoning Board of Adjustments							
Salaries and Wages	6,310.00	6,310.00	6,305.76	4.24			
INSURANCE							
General Liability	151,001.00	121,935.00	115,886.00	6,049.00			
Employee Group Health	510,000.00	471,000.00	467,532.32	3,467.68			
Disability Insurance	6,000.00	7,000.00	6,492.97	507.03			
Health Benefit Waivers							
Salaries and Wages	500.00	500.00	500.00	-			
Terminal Leave	9,500.00	9,500.00	9,056.96	443.04			
PUBLIC SAFETY							
Office of Emergency Management							
Salaries and Wages	25.00	25.00		25.00			
Other Expenses	2,500.00	2,500.00	351.00	2,149.00			
Emergency Medical Services							
Salaries and Wages	403,000.00	433,000.00	424,511.47	8,488.53			
Other Expenses	40,000.00	42,000.00	41,685.22	314.78			
Uniform Fire Safety Act - Fire Code Official							
Salaries and Wages	25.00	25.00		25.00			
Other Expenses	25.00	25.00		25.00			

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC WORKS						
Streets and Road Maintenance						
Salaries and Wages	270,300.00	250,300.00	238,005.58		12,294.42	
Other Expenses	40,000.00	40,000.00	38,550.38		1,449.62	
Garbage and Trash Removal						
Other Expenses	300,000.00	300,000.00	260,911.95	-	39,088.05	
Sanitary Landfill						
Other Expenses	12,170.00	12,170.00	3,603.00	-	8,567.00	
Landfill License						
Other Expenses	3,000.00	3,000.00	2,156.00		844.00	
Buildings and Grounds						
Salaries and Wages	25.00	25.00			25.00	
Other Expenses	40,000.00	48,030.00	48,002.31		27.69	
Other Expenses - HVAC Equipment	4,100.00	3,070.00	3,065.76		4.24	
HEALTH AND HUMAN SERVICES						
Dog Regulation						
Other Expenses	19,800.00	19,800.00	19,800.00	-	-	
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	43,000.00	43,000.00	42,869.78		130.22	
Other Expenses	2,000.00	2,000.00	1,036.93		963.07	
Sub-Code Official						
Salaries and Wages						
Occupancy Inspector	3,363.00	3,363.00	3,296.54		66.46	
Building Inspector	9,645.00	9,645.00	9,363.39		281.61	
Plumbing Inspector	8,745.00	8,745.00	8,489.53		255.47	
Electrical Inspector	7,075.00	7,075.00	7,069.89		5.11	
Fire Prevention Official	4,375.00	4,375.00	2,254.30		2,120.70	
Enforcement Official	8,160.00	8,160.00	7,995.26		164.74	
Other Expenses						
Facility Costs	3,000.00	2,779.00	166.45		2,612.55	

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, 2022**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget			Encumbered	Reserved	
UNCLASSIFIED							
UTILITY EXPENSES AND BULK PURCHASES							
Electricity	36,000.00	46,000.00	43,431.65	-	2,568.35		
Street Lighting	60,000.00	66,000.00	60,895.90	-	5,104.10		
Telephone	13,000.00	13,000.00	10,112.70	-	2,887.30		
Heating Oil and Natural Gas	15,000.00	18,000.00	17,482.92	-	517.08		
Gasoline	31,000.00	31,000.00	30,574.21	-	425.79		
Salary Adjustments	-	-	-	-	-		
TOTAL OPERATIONS WITHIN "CAPS"	<u>2,502,208.00</u>	<u>2,511,061.27</u>	<u>2,379,376.93</u>	<u>-</u>	<u>131,684.34</u>		<u>-</u>
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	<u>2,502,208.00</u>	<u>2,511,061.27</u>	<u>2,379,376.93</u>	<u>-</u>	<u>131,684.34</u>		<u>-</u>
Detail:							
Salaries and Wages	1,010,317.00	1,026,998.00	999,907.85	-	27,090.15		-
Other Expenses	1,491,891.00	1,484,063.27	1,379,469.08	-	104,594.19		-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:							
Deferred Charges:							
None							

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, 2022**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	94,048.00	95,169.73	95,169.73	-	-	
Social Security System (O.A.S.I.)	75,500.00	75,500.00	75,459.60	-	40.40	
Police and Firemen's Retirement System	7,171.00	7,171.00	7,171.00	-	-	
Unemployment Compensation Insurance	8,000.00	8,000.00	5,010.81	-	2,989.19	
Defined Contribution Retirement Program	7,500.00	7,500.00	5,419.14	-	2,080.86	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	<u>192,219.00</u>	<u>193,340.73</u>	<u>188,230.28</u>	<u>-</u>	<u>5,110.45</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>2,694,427.00</u>	<u>2,704,402.00</u>	<u>2,567,607.21</u>	<u>-</u>	<u>136,794.79</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
NJPDES/Stormwater (40A:4-45.3)						
Street and Roads Maintenance						
Other Expenses	1,050.00	1,050.00	1,050.00	-	-	
Interlocal Municipal Service Agreements Gloucester County						
Police and Fire Communications						
Other Expenses	150,889.00	150,889.00	150,888.12	-	0.88	
Township of Franklin						
Municipal Court						
Other Expenses	80,000.00	80,000.00	80,000.00	-	-	
Police						
Other Expenses	911,630.00	911,630.00	911,630.00	-	-	
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	<u>1,143,569.00</u>	<u>1,143,569.00</u>	<u>1,143,568.12</u>	<u>-</u>	<u>0.88</u>	<u>-</u>

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
SFSP - Fire District Payment	1,567.00	1,567.00	1,567.00	-	-	
JIF Wellness Program	1,325.00	1,325.00	1,325.00	-	-	
Clean Communities Program	11,960.01	24,227.37	24,227.37	-	-	
DOT - South Boulevard - 2021	237,000.00	237,000.00	237,000.00	-	-	
Total Public and Private Programs Off-Set by Revenues	251,852.01	264,119.37	264,119.37	-	-	-
Total Operations - Excluded from "CAPS"	1,395,421.01	1,407,688.37	1,407,687.49	-	0.88	-
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	1,395,421.01	1,407,688.37	1,407,687.49	-	0.88	-
(D) Debt Service						
Payment of Bond Principal	220,000.00	220,000.00	220,000.00	-	-	(0.00)
Payment of Bond Anticipation Notes	75,000.00	75,000.00	75,000.00	-	-	-
Interest on Bonds	6,600.00	6,600.00	6,600.00	-	-	-
Interest on Notes	3,000.00	3,000.00	2,991.67	-	-	8.33
Total Debt Service	304,600.00	304,600.00	304,591.67	-	-	8.33
(E) Deferred Charges						
Special Emergency Authorizations	6,000.00	6,000.00	6,000.00	-	-	-
Total Deferred Charges	6,000.00	6,000.00	6,000.00	-	-	-
(N) Transferred to Board of Education for Use of Local Schools	12,760.00	12,760.00	12,760.00	-	-	-
Total Transferred to Board of Education	12,760.00	12,760.00	12,760.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED						

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, 2022**

	Appropriations	Paid or Charged	Expended	(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Encumbered	Reserved
FROM "CAPS"	1,718,781.01	1,731,048.37	-	0.88
SUBTOTAL GENERAL APPROPRIATIONS	4,413,208.01	4,435,450.37	-	136,795.67
(M) Reserve for Uncollected Taxes	246,193.03	246,193.03	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 4,659,401.04	\$ 4,681,643.40	-	\$ 136,795.67
Budget	\$ 4,659,401.04			\$ 8.33
Appropriations by 40A:4-87	12,267.36			-
Special Emergency	9,975.00			-
	\$ 4,681,643.40			\$ 8.33

Reserve for Uncollected Taxes	\$ 246,193.03
Federal and State Grants	264,119.37
Deferred Charges	6,000.00
Disbursements	4,028,527.00
	\$ 4,544,839.40

Unexpended Balance cancelled \$ 8.33
Overexpenditure of Appropriations -

\$ 8.33

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

**EXHIBIT - B
TRUST FUND**

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

	2022	2021
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 894.36	\$ 1,141.76
	894.36	1,141.76
<u>Other Funds</u>		
Cash and Investments - Treasurer	222,939.08	209,098.56
Cash and Investments - Collector	60,112.44	50,074.21
Due from Current Fund	7,178.95	7,207.95
	290,230.47	266,380.72
	\$ 291,124.83	\$ 267,522.48

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**

	2022	2021
<u>Liabilities, Reserves and Fund Balance</u>		
 <u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 894.36	\$ 1,141.76
Due to State of New Jersey	-	-
Due to Current Fund	-	-
	894.36	1,141.76
 <u>Other Funds</u>		
Premiums Received at Tax Sale	59,974.00	39,200.00
Reserve for:		
Tax Title Liens	-	10,764.77
Performance Bonds & Street Opening Deposits	7,324.90	7,324.90
Small Cities Co-Op Landisville	36,559.78	36,559.78
Small Cities I - Rehabilitation	54,577.08	54,577.08
Small Cities II - Rehabilitation	4,886.62	4,886.62
Recreation Commission	1,457.26	6,940.16
Recycling Expenditures	2,251.30	2,326.30
Landfill Closure	30,347.27	30,316.93
Developers Escrow	56,753.23	52,977.88
Housing Escrow	3,770.45	3,770.45
Fire Penalty Fees	15,696.18	2,696.18
Special Events	-	693.77
Rescue Squad Donations	16,632.40	13,345.90
	290,230.47	266,380.72
	\$ 291,124.83	\$ 267,522.48

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>2022</u>	<u>2021</u>
Cash	\$ 62,857.98	92,992.53
Deferred Charges to Future Taxation -		
Funded	-	220,000.00
Unfunded	277,669.91	352,669.91
	<u>340,527.89</u>	<u>665,662.44</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Bond Anticipation Notes Payable	225,000.00	300,000.00
Serial Bonds Payable	-	220,000.00
Improvement Authorizations:		
Funded	15,721.01	27,995.40
Unfunded	86,104.09	104,059.55
Due to Current Fund	6,765.03	6,669.73
Due to Grant Fund	6,587.06	6,587.06
Reserve for Emergency Housing	91.70	91.70
Capital Improvement Fund	259.00	259.00
Fund Balance	-	-
	<u>\$ 340,527.89</u>	<u>665,662.44</u>

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

2021	52,669.91
2022	52,669.91

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,**

	2022	2021
Beginning Balance January 1	\$ -	\$ -
Decreased by:		
None		
	-	
	-	-
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>2022</u>	<u>2021</u>
Land	\$ 351,100.00	\$ 351,100.00
Building Improvements	1,090,752.76	1,090,752.76
Machinery and Equipment	1,262,040.08	1,262,040.08
Total General Fixed Assets	<u>\$ 2,703,892.84</u>	<u>\$ 2,703,892.84</u>
Investment in General Fixed Assets	<u>\$ 2,703,892.84</u>	<u>\$ 2,703,892.84</u>

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2022 AND 2021
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – 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, 2022 AND 2021
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – 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 March 2021, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the Borough's financial reporting.

In May 2021, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the Borough's financial reporting.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, “Omnibus 2022”. This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the Borough’s financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, “Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62”. This statement, which is effective for periods beginning after June 15, 2023, and all reporting periods thereafter, will not have any effect on the Borough’s financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, “Compensated Absences”. This statement, which is effective for periods beginning after June 15, 2023, and all reporting periods thereafter, may have an effect on the Borough’s financial reporting for footnote disclosure.

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 2022 and 2021 statutory budgets included a reserve for uncollected taxes in the amount of \$246,193.03, and \$212,500.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2022 and 2021 statutory budgets was \$130,000.00 of \$242,597.52 available fund balance and \$179,000.00 of \$293,530.75 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 2022 and 2021 calendar years.

	<u>2022</u>	<u>2021</u>
General Liability	\$ (29,066.00)	\$ (23,885.24)
Employee Group Insurance	(39,000.00)	(20,000.00)
Legal Services-O/E	24,060.00	34,000.00
Emergency Medical Services- S&W	36,000.00	19,000.00
Streets & Roads - Salaries & Wages	(20,000.00)	
Garbage and Trash Removal - OE		(26,800.00)

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 2022 and 2021, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2022</u>	<u>2021</u>
NJ DOT - South Boulevard	\$	\$ 237,000.00
Clean Communities	12,267.36	

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

NOTE 2: BUDGETARY INFORMATION – Continued

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency or those funded by a subsequent bond ordinance, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. At December 31, 2022 the Borough reported an emergency appropriation for Borough Administrator Salaries and Wages in the amount of \$9,975.00 and a special emergency appropriation for 2019 Tax Maps in the amount of \$12,000.00. The 2023 Budget contained appropriations funding these emergencies in the amounts required by statute, \$9,975.00 and \$6,000.00 respectively.

NOTE 3: INVESTMENTS

As of December 31, 2022, and 2021, 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, 2022 and 2021, none of the municipality's bank balances of \$1,564,618.50 and \$1,143,228.80 was exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022 and 2021:

	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022
Land	\$ 351,100			351,100
Building Improvements	1,090,752			1,090,752
Equipment and Machinery	1,262,041			1,262,041
	<u>\$ 2,703,893</u>	<u>-</u>	<u>-</u>	<u>2,703,893</u>

	Balance 12/31/2020	Additions	Adjustments/ Retirements	Balance 12/31/2021
Land	\$ 351,100			351,100
Building Improvements	1,090,752			1,090,752
Equipment and Machinery	1,260,061	3,314	(1,334)	1,262,041
	<u>\$ 2,701,913</u>	<u>3,314</u>	<u>(1,334)</u>	<u>2,703,893</u>

Note 6: SHORT-TERM FINANCING

The following is a summary of changes in short-term debt for the years ended December 31, 2022 and 2021:

	General Capital Fund	Total
Balance December 31, 2021	\$ 300,000.00	\$ 300,000.00
Increases	225,000.00	225,000.00
Decreases	(300,000.00)	(300,000.00)
Balance December 31, 2022	<u>\$ 225,000.00</u>	<u>\$ 225,000.00</u>

	Current Fund - TAN	General Capital Fund	Total
Balance December 31, 2020	\$ 3,000,000.00	\$ 310,000.00	\$ 3,310,000.00
Increases		300,000.00	300,000.00
Decreases	(3,000,000.00)	(310,000.00)	(3,310,000.00)
Balance December 31, 2021	<u>\$ -</u>	<u>\$ 300,000.00</u>	<u>\$ 300,000.00</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2022 and 2021 consisted of the following:

	Balance 12/31/2021	Issued	Retired	Balance 12/31/2022	Amounts Due Within One Year
Bonds payable:					
General	\$ 220,000		220,000	-	
Total long-term liabilities	<u>\$ 220,000</u>	<u>\$ -</u>	<u>\$ 220,000</u>	<u>\$ -</u>	<u>\$ -</u>

	Balance 12/31/2020	Issued	Retired	Balance 12/31/2021	Amounts Due Within One Year
Bonds payable:					
General	\$ 435,000	-	215,000	220,000	220,000
Total long-term liabilities	<u>\$ 435,000</u>	<u>\$ -</u>	<u>\$ 215,000</u>	<u>\$ 220,000</u>	<u>\$ 220,000</u>

Summary of Municipal Debt

	Year 2022	Year 2021	Year 2020
Issued:			
General:			
Bonds	\$ -	\$ 220,000.00	\$ 435,000.00
Notes	<u>225,000.00</u>	<u>300,000.00</u>	<u>310,000.00</u>
Net Debt Issued	<u>225,000.00</u>	<u>520,000.00</u>	<u>745,000.00</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	<u>52,669.91</u>	<u>52,669.91</u>	<u>52,669.91</u>
Total Authorized But Not Issued	<u>52,669.91</u>	<u>52,669.91</u>	<u>52,669.91</u>
Net Bonds, Notes and Loans Issued and Authorized But Not Issued	<u>\$ 277,669.91</u>	<u>\$ 572,669.91</u>	<u>\$ 797,669.91</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.094%.

	Gross Debt	Deductions	Net Debt
Regional School Purposes	\$ 11,926,756.09	\$ 11,926,756.09	\$ -
General Debt	<u>277,669.91</u>		<u>277,669.91</u>
	<u>\$ 12,204,426.00</u>	<u>\$ 11,926,756.09</u>	<u>\$ 277,669.91</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

NOTE 7: LONG TERM DEBT - Continued

Net debt \$277,669.91 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$293,903,763.00 = 0.094%

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

3-1/2% of Equalized Valuation Basis	\$	10,286,631.71
Net Debt		<u>277,669.91</u>
	\$	<u><u>10,008,961.80</u></u>

Related Party Transactions

As of December 31, 2022, the Borough of Buena Municipal Utilities Authority has bonds and loans issued and outstanding of \$2,955,084.00. 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 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2022 and 2021, which were appropriated and included as anticipated revenue for the year ending December 31, 2023 and 2022 were as follows:

		<u>2022</u>		<u>2022</u>
Current Fund	\$	225,000	\$	130,000

NOTE 9: SCHOOL TAXES

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

		<u>12/31/2022</u>		<u>12/31/2021</u>
Balance of Tax (Overpaid)	\$	12,746.63	\$	61,039.63
Deferred				-
Tax Payable		<u><u>\$ 12,746.63</u></u>		<u><u>\$ 61,039.63</u></u>

NOTE 10: TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u>	<u>Balance</u>
	<u>12/31/22</u>	<u>12/31/21</u>
Prepaid Taxes	<u>107,549.05</u>	<u>92,290.36</u>
Cash Liability for Taxes Collected in Advance	<u><u>107,549.05</u></u>	<u><u>92,290.36</u></u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

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.

The following represents the municipality's pension liabilities as June 30, 2021:

Public Employees' Retirement System

The Municipality has a liability of \$904,473.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 that was rolled forward to June 30, 2021. 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, 2021, the Municipality's proportion would be 0.00763493820%, which would be a decrease of 5.94% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Municipality would have recognized pension expense of (\$124,881). At December 31, 2021, 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
Differences between expected & actual experience	\$ 14,265	\$ (6,475)
Changes of assumptions	4,710	(321,998)
Changes in proportion	92,101	(123,543)
Net difference between projected and actual earnings on pension plan investments		(238,262)
Total	\$ 111,076	\$ (690,278)

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,	
2022	\$ (225,667)
2023	(161,125)
2024	(109,860)
2025	(82,582)
2026	33
Total	\$ (579,202)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

NOTE 11: PENSION LIABILITIES - Continued

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00% – 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (based on years of service)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the table on the following page:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

NOTE 11: PENSION LIABILITIES – Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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 as disclosed above, 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 or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 1,107,073	\$ 904,473	\$ 732,756

Pension plan fiduciary net position.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

NOTE 12: OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

The Borough offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post retirement medical coverage for employees and their dependents who:

1) retired on a disability pension;

or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Municipality these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation, where applicable, and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2021 were \$3,872,142,278 and \$14,177,910,609, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

NOTE 12: OTHER POST-RETIREMENT BENEFITS

funding situation during the measurement period July 1, 2020 through June 30, 2021. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2021 is as follows:

	June 30, 2021	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 18,050,052,887	\$ 4,446,269
Plan Fiduciary Net Position	50,271,652	12,383
Net OPEB Liability	\$ 17,999,781,235	\$ 4,433,886
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.28%

At June 30, 2021 the Municipality's proportionate share of the Collective Net OPEB Liability was \$4,433,886. The Municipality's proportion of the Collective Net OPEB Liability was 0.24633% which was an increase from the prior year of 2.67%.

For the Year ended June 30, 2021 the Municipality's Total OPEB Expense was -\$201,894. The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases*:	
PERS Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
PFRS	
Rate for all future years	3.25% to 15.25%

Mortality:

PERS: Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS: Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

* Salary increases are based on years of service within the respective plan.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

NOTE 12: OTHER POST-RETIREMENT BENEFITS - Continued

Actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the Net OPEB 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 (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Collective			
Net OPEB Liability	\$ 21,182,289,882	\$ 17,999,781,235	\$ 15,447,574,697
Proportionate Share			
Net OPEB Liability	\$ 5,217,833	\$ 4,433,886	\$ 3,805,201

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability as of June 30, 2021, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Collective			
Net OPEB Liability	\$ 15,017,879,689	\$ 17,999,781,235	\$ 21,890,793,528
Proportionate Share			
Net OPEB Liability	\$ 3,699,354	\$ 4,433,886	\$ 5,392,359

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

NOTE 12: OTHER POST-RETIREMENT BENEFITS - Continued

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 403,893,589	\$ (3,765,820,027)	\$ 2,120	\$ (927,634)
Changes of assumptions	2,589,322,345	(3,181,672,721)	637,828	(783,741)
Net difference between projected and actual earnings on OPEB plan investments	8,606,416		99,491	
Changes in proportion and differences between contributions and proportionate share of contributions	5,534,468,995	(5,534,468,995)	123,609	(1,111,801)
Total	\$ 8,536,291,345	\$ (12,481,961,743)	\$ 863,048	\$ (2,823,176)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Collective Totals	Proportionate Share
2022	\$ (1,074,753,405)	\$ (533,915)
2023	(1,076,167,210)	(534,618)
2024	(1,077,459,075)	(535,260)
2025	(769,416,743)	(382,230)
2026	(129,344,414)	(64,256)
Thereafter	181,470,449	90,151
Total	\$ (3,945,670,398)	\$ (1,960,128)

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

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2021 are as follows:

Service cost	\$ 846,075,674
Interest on Total OPEB Liability	413,837,061
Expected Investment Return	(2,381,937)
Administrative Expenses	11,334,383
Changes of Benefit Terms	2,029,119
Current Period Recognition (Amortization) of Deferred Inflow s/ Outflow s of Resources:	
Differences between Expected and Actual Experience	(703,565,089)
Changes in Assumptions	(375,284,907)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	4,971,262
Total Collective OPEB Expense	\$ 197,015,566

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)**

NOTE 12: OTHER POST-RETIREMENT BENEFITS - Continued

Schedule of Borough's Share of Net OPEB Liability

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Borough's Proportionate Share of Net OPEB Liability	0.024633%	0.023992%	0.025932%	0.027037%
Borough's Share of Net OPEB Liability	\$ 4,433,886	\$ 4,305,751	3,512,767	4,235,784
Borough's Covered Payroll	470,985	561,733	558,036	534,521
Borough's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	941.41%	766.51%	629.49%	792.44%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.97%	1.97%	1.97%

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, 2022, the Borough estimates this liability to approximate \$176,410.65 based on 2022 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, 2022 and 2011 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(CONTINUED)

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, 2022, the following interfunds were included on the balance sheets of the various funds of the Borough of Buena:

	Due From	Due To
Current Fund:		
Trust Fund - Other	\$	7,178.95
Fed/State Grant		412,828.71
General Capital Fund	6,765.03	
Trust Fund:		
Current - Trust	7,178.95	
Fed/State Grant:		
Current Fund	412,828.71	
General Capital	6,587.06	
General Capital Fund:		
Current Fund		6,765.03
Grant Fund		6,587.06
	\$ 433,359.75	433,359.75

NOTE 18: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through June 10, 2023, the date which the financial statements were available to be issued and have identified the following event that requires disclosure.

On February 13, 2023 the Borough Adopted a Bond Ordinance to purchase (1) New Ambulance and (1) Refurbished Ambulance. The Ordinance authorized the issuance of Bonds or Notes in the amount of \$593,750.

SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTER BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the Borough Council
Borough of Buena
County of Atlantic, 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 financial statements – regulatory basis, as listed in the accompanying table of contents, of the Borough of Buena, State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 10, 2023, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Buena prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's control over financial reporting (internal control) as a basis for designing 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 Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Report on 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 financial statements. 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

June 10, 2023

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund		Grant Fund
Balance December 31, 2021	\$ 1,015,114.33	\$	-
Increased by Receipts:			
Prepaid Taxes	107,549.05		
Taxes Receivable	9,407,198.37		
Homestead Rebates	146,220.28		
Tax Title and Other Liens	36,171.72		
Revenue Accounts Receivable	1,122,409.31		
State of New Jersey - Senior Citizens and Veterans	34,172.60		
Reserve for Municipal Relief Act	21,870.86		
Street Opening/Performance Bonds	100.00		
Due to Current Fund			19,106.64
Federal and State Grants - Matching Funds			1,567.00
Federal and State Grants - Unappropriated			244,146.77
Federal and State Receivables			213,085.51
	10,875,692.19		477,905.92
			11,890,806.52
Decreased by Disbursements:			
Current Year Appropriation	4,028,527.00		
Prior Year Appropriations	57,754.48		
County Taxes	1,525,291.13		
County Added and Omitted taxes	4,145.13		
Regional School Taxes	4,824,206.00		
Special District Taxes	250,048.34		
Tax Overpayments Refunded			
Street Opening/Performance Bonds	1,650.00		
Due from Grant Fund	20,673.64		
Due to Trust Other Fund	29.00		
Refund of Tax Overpayments	4,022.64		
ARP Funds Due to Current Fund			171,509.29
Federal and State Disbursements			306,396.63
	10,716,347.36		477,905.92
Balance December 31, 2022	\$ 1,174,459.16	\$	-

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

Year	Balance Dec. 31, 2021	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2022
				2021	2022				
2021	7,981.82				(15,414.45)	21,917.36	41.41	(824.71)	2,262.21
	159,097.29				156,456.91	3,810.47	(1,994.80)	824.71	0.00
	167,079.11	-	-	-	141,042.46	25,727.83	(1,953.39)	-	2,262.21
2022		9,660,348.44	58,890.86	92,290.36	9,447,185.11	3,987.31	63,214.07	-	112,562.45
	\$ 167,079.11	9,660,348.44	58,890.86	92,290.36	9,588,227.57	29,715.14	61,260.68	-	114,824.66

9,407,198.37 Cash Receipts
 146,220.28 Homestead Rebates
 6,973.24 Overpayments Applied
 27,835.68 Senior Citizens and Veterans
9,588,227.57

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax 9,338,834.74
 Special District Taxes 321,513.70
 Added Taxes (54:4-63.1 et. Seq.) 58,890.86
9,719,239.30

Tax Levy:

General County Taxes 1,525,291.13
 County Added and Omitted Taxes 9,306.02
 Total County Taxes 1,534,597.15
 Regional School District Tax 4,775,913.00
 Special District tax 321,513.70
 Local Tax for Municipal Purposes 3,035,014.63
 Add: Additional Tax Levied 52,200.82
3,087,215.45
9,719,239.30

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

Balance December 31, 2021		\$ 349,832.03
Increased by:		
Transfers from Taxes Receivable	61,260.68	
Interest and Costs Accrued by Sale of Tax Sale	1,686.70	
	<hr/>	<hr/> 62,947.38
		412,779.41
Decreased by:		
Collections Cancelled	36,171.72	
	<hr/>	<hr/> 36,171.72
Balance December 31, 2022		\$ <u><u>376,607.69</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2021	Accrued in 2022	Collected by Treasurer	Balance Dec. 31, 2022
Licenses:				
Alcoholic Beverages	\$	3,567.12	3,567.12	-
Construction Code Official				
Fees and Permits		44,770.00	44,770.00	-
Fines and Costs:				
Municipal Court		35,997.54	35,997.54	-
Interest and Costs on Taxes		26,807.73	26,807.73	-
Interest Earned on Investments		1,483.59	1,483.59	-
Occupancy and Apartment Rentals		45,900.00	45,900.00	-
Atlantic County - Election Reimbursement		350.00	350.00	-
Cable Television Franchise Fees		14,784.41	14,784.41	-
Hotel/Motel Tax		7,132.50	7,132.50	-
Ambulance Fees		199,120.44	199,120.44	-
Vacant Property Registration Fees		6,050.00	6,050.00	-
Lease - Commerce Center		51,700.00	51,700.00	-
Energy Receipts Tax		419,272.00	419,272.00	-
Buena Housing Authority -				
Payments in Lieu of Taxes		14,548.70	14,548.70	-
American Rescue Plan		171,509.29	171,509.29	-
Buena Gardens - Payments in Lieu of Taxes		50,000.00	50,000.00	-
Miscellaneous Revenue Not Anticipated				
General Revenues		29,415.99	29,415.99	-
TOTALS	\$ -	\$ 1,122,409.31	\$ 1,122,409.31	\$ -

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charged	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
GENERAL GOVERNMENT:				
Salaries and Wages:				
Mayor and Council	\$ 2,576.26	\$ 2,576.26	-	\$ 2,576.26
Municipal Clerk	100.57	100.57	-	100.57
Financial Administration	0.34	0.34	-	0.34
Collection of Taxes	0.51	0.51	-	0.51
Assessment of Taxes	93.28	93.28	-	93.28
Borough Administration/Purchasing Agent	25.00	25.00	-	25.00
Other Expenses:				
Mayor and Council	3,057.71	3,057.71	129.04	2,928.67
Municipal Clerk	165.34	165.34	86.29	79.05
Financial Administration	258.36	758.36	731.17	27.19
Elections	-	-	-	-
Computer Data Processing	247.82	247.82	-	247.82
Collection of Taxes	598.85	598.85	591.02	7.83
Assessment of Taxes				
Maintenance of Tax Map	2,000.00	2,000.00	-	2,000.00
Miscellaneous Other Expenses	408.02	604.62	604.62	-
Legal Services	5,410.23	9,805.50	9,805.50	-
Engineering Services and Costs	12,099.00	12,099.00	609.00	11,490.00
Grant Administration	-	-	-	-
Borough Administration/Purchasing Agent	25.00	25.00	-	25.00
Land Use Administration				
Salaries and Wages:				
Land Use Board	3,860.00	21.92	-	21.92
Zoning Board of Adjustments	0.98	0.98	-	0.98
Other Expenses:				
Land Use Board	4,788.51	196.64	-	196.64
Codification	-	-	-	-
Insurance				
General Liability	11,490.76	11,490.76	-	11,490.76
Employee Group Health	21,145.94	21,145.94	-	21,145.94

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charged	Balance Lapsed
Public Safety				
Salaries and Wages:				
Office of Emergency Management	25.00	25.00	-	25.00
Emergency Medical Services	3,813.82	3,813.82	-	3,813.82
Uniform Fire Safety Act - Fire Code Official	25.00	25.00	-	25.00
Other Expenses:				
Office of Emergency Management	956.36	956.36	-	956.36
Emergency Medical Services	9,274.59	9,274.59	2,982.35	6,292.24
Uniform Fire Safety Act - Fire Code Official	25.00	25.00	-	25.00
Public Works				
Salaries and Wages:				
Streets and Road Maintenance	13,930.08	13,930.08	-	13,930.08
Buildings and Grounds	25.00	25.00	-	25.00
Other Expenses:				
Streets and Road Maintenance	6,219.77	6,219.77	164.12	6,055.65
Garbage and Trash Removal	20,360.87	21,183.70	21,183.70	-
Sanitary Landfill	5,637.50	7,049.20	6,093.35	955.85
Landfill License	-	-	-	-
Buildings and Grounds	1,390.18	1,390.18	724.86	665.32
Uniform Construction Code				
Salaries and Wages:				
Construction Official	179.01	179.01	-	179.01
Occupancy Inspector	0.46	0.46	-	0.46
Building Inspector	982.31	982.31	-	982.31
Plumbing Inspector	1,050.18	1,050.18	-	1,050.18
Electrical Inspector	0.92	0.92	-	0.92
Fire Prevention Official	1,851.80	1,851.80	-	1,851.80
Enforcement Official	0.74	0.74	-	0.74
Other Expenses:				
Construction Official	37.24	37.24	-	37.24
Facility Costs	2,586.26	2,586.26	2,578.13	8.13

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charged	Balance Lapsed
Utility Expenses and Bulk Purchases				
Electricity	3,123.99	3,123.99	2,622.85	501.14
Street Lighting	7,675.73	7,675.73	5,509.13	2,166.60
Telephone	1,781.17	1,781.17	812.56	968.61
Heating Oil and Natural Gas	-	-		-
Gasoline	1,423.24	2,526.79	2,526.79	-
Statutory Expenditures				
Contributions to:				
Social Security System (O.A.S.I.)		-		-
Unemployment Compensation Insurance	3,111.98	3,111.98	-	3,111.98
Defined Contribution Retirement Program	294.57	294.57	-	294.57
Operations Excluded from "CAPS"				
Interlocal Municipal Service Agreements Gloucester County				
Police and Fire Communications: Other Expenses	113.52	113.52	-	113.52
	<u>\$ 154,248.77</u>	<u>\$ 154,248.77</u>	<u>\$ 57,754.48</u>	<u>\$ 96,494.29</u>

**CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL TAX**

Balance December 31, 2021			
School Tax Payable	\$	61,039.63	
School Tax Deferred		<u> -</u>	
			\$ 61,039.63
Increased by:			
Levy School Year 2022			<u>4,775,913.00</u>
			4,836,952.63
Decreased by:			
Payments			<u>4,824,206.00</u>
Balance December 31, 2022			
School Tax Payable		12,746.63	
School Tax Deferred		<u> -</u>	
			<u>12,746.63</u>
Current Year Liability for Regional School Tax:			
Tax Paid			4,824,206.00
Tax Payable Ending			<u>12,746.63</u>
			4,836,952.63
Less: Tax Payable Beginning			<u>61,039.63</u>
Amount charged to Current Year Operations			<u><u>\$ 4,775,913.00</u></u>

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

Purpose	Balance Dec. 31, 2021	Transferred From 2022 Revenues	Received	Balance Dec. 31, 2022
FEDERAL GRANTS:				
Community Development Block Grant Funds	\$ 116,745.66			116,745.66
Total Federal	<u>116,745.66</u>	<u>-</u>	<u>-</u>	<u>116,745.66</u>
STATE GRANTS:				
New Jersey Transportation Trust Fund:				
2022 - South Blvd		237,000.00		-
2021 - South Blvd	237,000.00		211,760.51	25,239.49
2019 - Forest Grove	117,443.80			117,443.80
2015 - Plymouth Road	14,953.12			14,953.12
2010	15,465.09			15,465.09
Atlantic County JIF Safety Award:				
Safety Incentive		1,325.00	1,325.00	-
Total State	<u>384,862.01</u>	<u>238,325.00</u>	<u>213,085.51</u>	<u>410,101.50</u>
	<u>\$ 501,607.67</u>	<u>238,325.00</u>	<u>213,085.51</u>	<u>526,847.16</u>

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

	Balance December 31, 2021		2022 Appropriations	Disbursed	Balance Dec. 31, 2022
	Appropriated	Reserve for Encumbrances			
FEDERAL GRANTS:					
USRD Grant	\$ 23,499.93				23,499.93
Community Development Block Grant Funds	82,245.66			2,325.25	79,920.41
Total Federal	<u>105,745.59</u>	<u>-</u>	<u>-</u>	<u>2,325.25</u>	<u>103,420.34</u>
STATE GRANTS:					
Clean Communities					
2022			12,267.36		12,267.36
2021			11,960.01		11,960.01
2020	9,907.15			2,145.00	7,762.15
2019	11,133.73			3,658.57	7,475.16
2018	4,309.11			4,309.11	-
Recycling Tonnage Grant					
Prior	326.85	3,784.15			4,111.00
2018	3,827.59				3,827.59
2019	6,546.01				6,546.01
2020		5,280.45			5,280.45
2021	4,182.84	935.40			5,118.24
New Jersey Transportation Trust Fund					
2019 - Forest Grove	28,449.78				28,449.78
2015 - Plymouth Road	56,778.26				56,778.26
2016 - Forest Grove	19,211.73	197,598.30		193,582.05	23,227.98
2019 - South Blvd	18,510.48				18,510.48
2021 - South Blvd	224,808.47			98,339.44	126,469.03
2022 - South Blvd			237,000.00		237,000.00
LOCAL:					
Municipal Alliance Program - Local Share			1,567.00	712.21	854.79
Atlantic County JIF Safety Award					
2022			1,325.00	1,325.00	-
Total State	<u>387,992.00</u>	<u>207,598.30</u>	<u>264,119.37</u>	<u>304,071.38</u>	<u>555,638.29</u>
	<u>\$ 493,737.59</u>	<u>207,598.30</u>	<u>264,119.37</u>	<u>306,396.63</u>	<u>659,058.63</u>

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

Purpose	Balance Dec. 31, 2021	Transferred To 2022 Appropriations	Received	Transferred to Current Fund Revenue	Balance Dec. 31, 2022
STATE GRANTS:					
Recycling Tonnage Grant	\$ 396.00		5,390.52		5,786.52
Clean Communities - 2021	11,960.01	11,960.01			-
Clean Communities - 2022		12,267.36	12,267.36		-
Atlantic County JIF Safety Award	2,238.14				2,238.14
JIF Safety Grant			2,288.84		2,288.84
American Rescue Plan	224,200.04		224,200.05	171,509.29	276,890.80
	<u>\$ 238,794.19</u>	<u>24,227.37</u>	<u>244,146.77</u>	<u>171,509.29</u>	<u>287,204.30</u>

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

Balance December 31, 2021		\$	1,141.76
Increased By Receipts:			
Dog Licenses Fees	\$	569.60	
State License Fees Collected		196.80	
Kennel License & Late Fees		190.00	
			956.40
			2,098.16
Decreased By Disbursements:			
Payments to Current Fund		-	
Payments to the State of New Jersey		196.80	
Animal Control Expenditures		1,007.00	
			1,203.80
Balance December 31, 2022		\$	894.36

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2021		\$	209,098.56
Increased By Receipts:			
Recreation Fees and Income	\$	1,988.20	
Developers Escrow		18,054.20	
Rescue Squad Donations		3,286.50	
Uniform Fire Safety		13,000.00	
Landfill Escrow		30.34	
Special Events		8,530.40	
Due to Current Fund			
			44,889.64
			253,988.20
Decreased By Disbursements:			
Recreation Activities		7,471.10	
Developers Escrow		14,278.85	
Reserve for Recycling		75.00	
Special Events		9,224.17	
Due to Current Fund			
			31,049.12
Balance December 31, 2022		\$	222,939.08

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

Balance December 31, 2021	\$	50,074.21
Increased By Receipts:		
Premiums Received at Tax Sale	\$	22,100.00
Third Party Liens		29,886.90
Interest Earned on Deposits		50.92
		52,037.82
		102,112.03
Decreased By Disbursements:		
Payments to Current Fund		21.92
Third Party Liens		40,651.67
Premiums Returned to Lienholders		1,326.00
		41,999.59
Balance December 31, 2022	\$	60,112.44

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

Balance December 31, 2021	\$	1,141.76
Increased By:		
Dog License Fees Collected - 2022	\$	569.60
Late Fees		190.00
		759.60
		1,901.36
Decreased By Disbursements:		
Animal Control Expenditures		1,007.00
Statutory Excess - Due to Current Fund		
		1,007.00
Balance December 31, 2022	\$	894.36

License Fees Collected	<u>Year</u>	
	2020	\$ 804.80
	2021	819.40
		1,624.20
		\$ 1,624.20

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

Balance December 31, 2021	\$	-
Increased By:		
None	\$	-
		-
		-
Decreased By:		
None		
		-
Balance December 31, 2022	\$	<u><u>-</u></u>

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2021	\$	-
Increased By:		
Collected	\$	196.80
		196.80
		196.80
Decreased By:		
Cash Disbursed		196.80
		196.80
Balance December 31, 2022	\$	<u><u>-</u></u>

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

Balance December 31, 2021	\$	36,559.78
Increased By Receipts:		
No Activity in 2021	\$ <u> -</u>	<u> -</u>
		36,559.78
Decreased By Disbursements:		
No Activity in 2021	<u> -</u>	<u> -</u>
Balance December 31, 2022	\$	<u><u>36,559.78</u></u>

SCHEDULE OF RESERVE FOR SMALL CITIES BLOCK GRANT - RECAPTURE

Balance December 31, 2021	\$	54,577.08
Increased By:		
No Activity in 2021	\$ <u> -</u>	<u> -</u>
		54,577.08
Decreased By:		
No Activity in 2021	<u> -</u>	<u> -</u>
Balance December 31, 2022	\$	<u><u>54,577.08</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION COMMISSION

Balance December 31, 2021		\$	6,940.16
Increased By Receipts:			
Recreation Activities	\$	1,988.20	
		<u> </u>	<u>1,988.20</u>
			8,928.36
Decreased By Disbursements:			
Recreation Activities		7,471.10	
		<u> </u>	<u>7,471.10</u>
Balance December 31, 2022		\$	<u><u>1,457.26</u></u>

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

Balance December 31, 2021		\$	92,992.53
Increased by:			
Interest Due to Current Fund	95.30		
	<hr/>		<hr/>
			95.30
			<hr/>
			93,087.83
Decreased by:			
Improvement Authorizations	30,229.85		
	<hr/>		<hr/>
			30,229.85
			<hr/>
Balance December 31, 2022		\$	<u><u>62,857.98</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Fund Balance Dec. 31, 2021	Receipts		Disbursements Improvement Authorizations	Transfers		Balance Dec. 31, 2022
		Miscellaneous			From	To	
Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Improvement Fund	259.00						259.00
Reserve for Emergency Housing	91.70						91.70
Due (from)/to Current Fund	6,669.73	95.30					6,765.03
Due (from)/to Grant Fund	6,587.06						6,587.06
<u>Improvement Authorizations:</u>							
482 Various Capital Improvements	811.35				811.35		-
a) Renovate Municipal Bldg							
521 Various Capital Improvements	131.99				131.99		-
amended by 536 and 550							
d) Upgrade Computer System							
597 Various Improvements	(400.00)						(400.00)
p) Purchase License Plate Reader							
610 Various Improvements:	2,534.85				2,534.85		-
b) Purchase of Property							
621 Various Improvements:	3,800.00				3,800.00		-
a) Melini Park Pump House Repairs							
b) Melini Park Restrooms	1,778.00				1,778.00		-
c) Melini Park Handicapped Equipment	19,732.59				19,732.59		-
d) Public Works Equipment	1,200.00				1,200.00		-
h) Kimberly Lane Drainage Phase II	(7,000.00)				(1,778.00)		(5,222.00)
645 Capital Improvements	22,683.62				22,683.62		-
646 Repair Various Municipal Roads	55,524.28				55,524.28		-
653 Plymouth Road Culverts	(21,411.64)						(21,411.64)
708 Municipal Building Improvements			30,229.85			106,418.68	76,188.83
	<u>\$ 92,992.53</u>	<u>\$ 95.30</u>	<u>\$ 30,229.85</u>	<u>\$ 106,418.68</u>	<u>\$ 106,418.68</u>	<u>\$ 62,857.98</u>	

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

Balance December 31, 2021		\$	259.00
Increased by:			
None			
	_____		-

			259.00
Decreased by:			
None			
	_____		-

Balance December 31, 2022		\$	<u><u>259.00</u></u>

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

Balance December 31, 2021		\$ 220,000.00
Increased by:		
None	-	-
		220,000.00
Decreased by:		
Bonds and Loans Paid by Operating Budget	220,000.00	220,000.00
Balance December 31, 2022		\$ -

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

Ord #	Improvement Description	Balance Dec. 31, 2021	Other Changes	Paid Down in Budget	Balance Dec. 31, 2022	Bond Anticipation Notes	Analysis of Balance		Unexpended Improvement Authorizations
							Expenditures		
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)	-	-	-	-	-	-
621	Various Improvements a) Melini Park Pump House Repairs b) Melini Park Restrooms c) Melini Park Handicapped Equipment d) Public Works Equipment f) Senior Center Fire Suppression g) 2 4WD Police Vehicles h) Kimberly Lane Drainage Phase II	3,149.50 2,849.50 17,849.50 14,249.50 1,165.95 64,625.29 131,275.30	(3,149.50) (2,849.50) (17,849.50) (14,249.50) (1,165.95) (64,625.29) (1,778.00)	- - - - - - -	- - - - - (0.00) 98,427.00	93,205.00	5,222.00	-	-
646	Repair Various Municipal Roads	71,835.46	-	17,955.46	53,880.00	53,880.00	-	-	-
653	Plymouth Road Culverts	25,380.50	-	-	25,380.50	-	21,411.64	-	3,968.86
708	Municipal Building Improvements	-	125,556.65	25,974.24	99,582.41	77,915.00	21,667.41	-	-
		<u>\$ 352,669.91</u>	<u>\$ -</u>	<u>\$ 75,000.00</u>	<u>\$ 277,669.91</u>	<u>\$ 225,000.00</u>	<u>\$ 48,701.05</u>	<u>\$ 3,968.86</u>	
					Improvement Authorizations Unfunded Less Unexpended BAN Proceeds: Ordinance 708		C-7 82,135.23		86,104.09
									<u>82,135.23</u>
									<u>3,968.86</u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2021		Paid or Charged	Cancelled / Re-Appropriated	Balance December 31, 2022	
				Funded	Unfunded			Funded	Unfunded
482	Various Capital Improvements	5/7/2001	940,800						
	a) Renovate Municipal Bldg			\$ 811.35	\$	\$	(811.35)	\$ -	\$ -
521	Various Capital Improvements	5/23/2005	444,750	131.99			(131.99)	-	-
	d) Upgrade Computer System								
610	Various Improvements		360,825.00	2,534.85	19,889.41		(22,424.26)	-	-
	b) Purchase of Property								
621	Various Improvements		428,300.00	545.50	3,254.50		(3,800.00)	-	-
	a) Melini Park Pump House Repairs				1,778.00		(1,778.00)	-	-
	b) Melini Park Restrooms			1,288.09	18,444.50		(19,732.59)	-	-
	c) Melini Park Handicapped Equipment				1,200.00		(1,200.00)	-	-
	d) Public Works Equipment								
645	Capital Improvements	2/27/2017	88,074.17	22,683.62			(22,683.62)	-	-
646	Repair Various Municipal Roads	2/27/2017	96,875.42		55,524.28		(55,524.28)	-	-
653	Plymouth Road Culverts	9/11/2017	365,805.00		3,968.86				3,968.86
708	Municipal Building Improvements	5/9/2022	128,086.09			30,229.85	128,086.09	15,721.01	82,135.23
				\$ 27,995.40	\$ 104,059.55	\$ 30,229.85	\$ -	\$ 15,721.01	\$ 86,104.09

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2021	Decreased	Balance Dec. 31, 2022
			Date	Amount				
General Improvement Bonds of 2013	8/6/2013	1,680,000	8/1/2022	220,000.00	3.00%	\$ 220,000.00	\$ 220,000.00	\$ -
						<u>\$ 220,000.00</u>	<u>\$ 220,000.00</u>	<u>\$ -</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, 2021	Increased	Decreased	Balance Dec. 31, 2022
Various Capital Improvements	621	7/22/2015	7/15/2021	7/14/2022	1.000%	\$ 3,149.50	\$	\$ 3,149.50	\$ -
a Melini Park Pump House Repairs									
b Melini Park Restrooms		7/22/2015	7/15/2021	7/14/2022	1.000%	2,849.50		2,849.50	-
c Melini Park Handicapped Equipment		7/22/2015	7/15/2021	7/14/2022	1.000%	17,849.50		17,849.50	-
d Public Works Equipment		7/22/2015	7/15/2021	7/14/2022	1.000%	14,249.50		14,249.50	-
f Senior Center Fire Suppression		7/22/2015	7/15/2021	7/14/2022	1.000%	1,165.95		1,165.95	-
g 2 4WD Police Vehicles		7/22/2015	7/15/2021	7/14/2022	1.000%	64,625.29		64,625.29	-
h Kimberly Lane Drainage Phase II		7/22/2015	7/13/2022	7/12/2023	2.500%	124,275.30	93,205.00	124,275.30	93,205.00
Repair Various Municipal Roads	646	7/22/2017	7/13/2022	7/12/2023	2.500%	71,835.46	53,880.00	71,835.46	53,880.00
Municipal Building Improvements	708	7/22/2015	7/13/2022	7/12/2023	2.500%		77,915.00		77,915.00
						<u>\$ 300,000.00</u>	<u>\$ 225,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ 225,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2021	2022 Authorizations	Other	Balance Dec. 31, 2022
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		(1,778.00)	5,222.00
653	Plymouth Road Culverts	25,380.50			25,380.50
708	Municipal Building Improvements			21,667.41	21,667.41
		<u>\$ 52,669.91</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 52,669.91</u>

BOROUGH OF BUENA
PART II
GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2022

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 \$44,000.

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 the following bids were sought by public advertising during 2022:

Reconstruction of South Boulevard
Solid Waste Collection and Disposal

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 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 November 30, 2022 and was complete.

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

<u>Year</u>	<u>Number</u>
2022	21
2021	22
2020	32

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 2022 and 2023 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>
2022 \$	9,719,239.30	9,539,475.47	98.15%
2021	9,490,774.34	9,248,208.46	97.44%
2020	9,488,826.49	9,254,236.71	97.53%
2019	9,366,081.83	9,025,440.92	96.36%
2018	9,431,082.40	9,156,856.53	97.09%

Comparative Schedule of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate \$	3.242	3.205	3.160	3.111	3.107
Apportionment of Tax Rate:					
Municipal	1.054	1.004	1.005	1.006	1.007
County	0.530	0.507	0.488	0.479	0.513
Local School	1.658	1.694	1.667	1.625	1.587
Assessed Valuation	288,024,700	286,718,300	287,749,400	288,978,200	290,457,400

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>
2022 \$	376,607.69	114,824.66	491,432.35	5.06%
2021	349,832.03	167,079.11	516,911.14	5.45%
2020	309,909.45	198,524.25	508,433.70	5.37%
2019	174,383.36	234,681.93	409,065.29	4.38%
2018	155,343.03	201,028.74	356,371.77	3.78%

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

None

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

June 10, 2023