

CITY OF BEVERLY
County of Burlington

Report of Audit of Financial Statements

For the Year Ended December 31, 2010

**CITY OF BEVERLY
COUNTY OF BURLINGTON**

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CITY OF BEVERLY

PART I

Report of Audit of Financial Statements

For the Year Ended December 31, 2010

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Beverly
County of Burlington
Beverly, New Jersey

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Beverly, in the County of Burlington, State of New Jersey, as of December 31, 2010 and 2009, and the related statements 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 for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above do not include the general fixed asset account group, as required by N.J.A.C. 5:30-5.6, because a record of general fixed assets was not maintained by the City. The amount that should be recorded in the general fixed assets account group is not known.

As described in Note 1, the financial statements previously referred to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects on the financial statements of the requirement that the City prepare its financial statements in accordance with the accounting practices discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Beverly, in the County of Burlington, State of New Jersey, as of December 31, 2010 and 2009, or the results of its operations and changes in fund balance for the years then ended.

Furthermore, in our opinion, except for the effect on the financial statements of the omission described in the third paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Beverly, in the County of Burlington, State of New Jersey, as of December 31, 2010 and 2009, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, for the year ended December 31, 2010 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2011 on our consideration of the City of Beverly, County of Burlington, State of New Jersey's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Beverly's basic financial statements. The supplementary financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
February 18, 2011

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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

The Honorable Mayor and
Members of the City Council
City of Beverly
County of Burlington
Beverly, New Jersey

We have audited the financial statements (regulatory basis) of the City of Beverly, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2010, and have issued our report thereon dated February 18, 2011, which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our report, our opinion was qualified because the financial statements did not include the general fixed assets account group as required by N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Beverly's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control over financial reporting described in the accompanying *Schedule of Findings and Recommendations* that we consider to be significant deficiencies in internal control over financial reporting: Finding no: #2010-1, #2010-3, #2010-4 and #2010-5.

Compliance and Other Matters

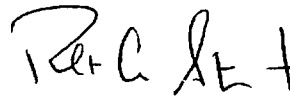
As part of obtaining reasonable assurance about whether the City of Beverly's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and which are described in the accompanying *Schedule of Findings and Recommendations* as Finding no: #2010-1, #2010-2, #2010-3, #2010-4, #2010-5 and #2010-5.

The City of Beverly responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Recommendations*. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of the City of Beverly, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

A handwritten signature in black ink, appearing to read 'Robert A. Stewart'.

Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
February 18, 2011

CITY OF BEVERLY

Current Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Modified Accrual Basis
For the Years Ended December 31, 2010 and 2009

	<u>REFERENCE</u>	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 498,745.41	\$ 844,869.75
Cash - Tax Collector	A-5	230,171.97	230,286.55
Cash - Change Fund	A-6	275.00	275.00
Total		<u>729,192.38</u>	<u>1,075,431.30</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	216,086.04	178,627.78
Tax Title Liens	A-9	176,108.10	163,139.67
Property Acquired for Taxes - Assessed Valuation	A-10	87,520.00	87,520.00
Revenue Accounts Receivable	A-11	3,648.00	4,066.50
Due from Sewer Authority		254.35	
Due from Capital Fund	C	5,124.29	
Due from Animal Control Fund	B	17.13	17.46
Due from Federal and State Grant Fund	A	26,130.90	46,171.99
Due from Trust Other Fund	B	6,960.54	6,688.16
Total		<u>521,849.35</u>	<u>486,231.56</u>
Deferred Charges:			
Expenditure Without an Appropriation	A-12		50,000.00
Special Emergency Authorizations (40A:4-53)	A-13	84,800.00	106,000.00
Total		<u>84,800.00</u>	<u>156,000.00</u>
Total Regular Fund		<u>1,335,841.73</u>	<u>1,717,662.86</u>
Federal and State Grant Fund:			
Cash - Treasurer	A-4		
Federal and State Grants Receivable	A-16	1,069,986.71	418,385.71
Total Federal and State Grant Fund		<u>1,069,986.71</u>	<u>418,385.71</u>
Total		<u>\$ 2,405,828.44</u>	<u>\$ 2,136,048.57</u>

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Modified Accrual Basis
For the Years Ended December 31, 2010 and 2009

	<u>REFERENCE</u>	<u>2010</u>	<u>2009</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, A-14	\$ 156,957.79	\$ 154,867.63
Encumbrances Payable	A-3, A-14	34,933.03	29,436.84
Reserve for Cost of Revaluation		81,776.50	90,000.00
Reserve for Tax Map		16,000.00	16,000.00
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-8	14,320.71	14,068.39
Marriage Licenses		350.00	200.00
Construction Code Training Fees		134.00	195.00
Prepaid Taxes	A-5, A-7	34,925.43	37,989.79
Tax Overpayments		22,147.47	21,659.30
Due County for Added and Omitted Taxes		457.17	1,124.21
Due to Capital Fund	C		4,781.96
Due to Animal Control Fund	B	59.00	
Due to Trust Other Funds	B	8,552.37	8,650.36
Total Liabilities		370,613.47	378,973.48
Reserve for Receivable and Other Assets	A	521,849.35	486,231.56
Fund Balance	A-1	443,378.91	852,457.82
Total Regular Fund		1,335,841.73	1,717,662.86
Federal and State Grant Fund:			
Due to Current Fund	A	26,130.90	46,171.99
Unappropriated Reserves	A-17	7,259.52	
Appropriated Reserves	A-18	1,036,596.29	372,213.72
Total Federal and State Grant Fund		1,069,986.71	418,385.71
Total		<u>\$ 2,405,828.44</u>	<u>\$ 2,136,048.57</u>

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

CITY OF BEVERLY

CURRENT FUND

Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 622,000.00	\$ 440,000.00
Miscellaneous Revenue Anticipated	1,126,566.24	1,008,240.04
Receipts from Delinquent Taxes	179,834.65	169,437.70
Receipts from Current Taxes	4,518,958.30	4,413,730.36
Nonbudget Revenues	77,731.83	99,921.88
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	88,312.46	121,061.63
Interfunds Receivable Liquidated	13,465.02	
Prior Year Tax Overpayments Canceled		7,376.60
Total Revenue and Other Income Realized	<u>6,626,868.50</u>	<u>6,259,768.21</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	1,010,625.00	992,542.50
Other Expenses	963,158.00	997,459.00
Deferred Charges and Statutory Expenditures Within "CAPS"	214,872.21	146,606.00
Operations Excluded from "CAPS":		
Other Expenses	565,210.79	26,496.51
Capital Improvements	180,000.00	483,000.00
Deferred Charges	26,200.00	1,250.00
Special District Taxes	132,967.00	132,967.00
County Taxes	613,176.84	591,541.02
County Share of Added Taxes	457.17	1,124.21
Local District School Tax	2,701,156.00	2,677,354.00
Prior Year Tax Overpayments Refunded	973.29	
Interfund Receivables Created	5,151.11	47,019.94
Total Expenditures	<u>6,413,947.41</u>	<u>6,097,360.18</u>
Excess in Revenue	212,921.09	162,408.03
Adjustment to Income before Fund Balance:		
Expenditures Included above which are by Statute Deferred Charges to		
Budget of Succeeding Year		<u>106,000.00</u>
Statutory Excess to Fund Balance	212,921.09	268,408.03
Fund Balance January 1	<u>852,457.82</u>	<u>1,024,049.79</u>
Subtotal	1,065,378.91	1,292,457.82
Decreased by Utilization as Anticipated Revenue	622,000.00	440,000.00
Balance December 31	<u><u>\$ 443,378.91</u></u>	<u><u>\$ 852,457.82</u></u>

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

CITY OF BEVERLY

Current Fund

Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2010

	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$ 622,000.00		\$ 622,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverage	2,500.00		2,425.00	\$ (75.00)
Other	1,800.00		2,050.00	250.00
Fees and Permits	30,000.00		23,208.50	(6,791.50)
Fines and Costs -				
Municipal Court	70,000.00		62,739.16	(7,260.84)
Interest and Costs on Taxes	30,000.00		37,467.45	7,467.45
Interest Earned on Investments	7,000.00		5,337.29	(1,662.71)
Payments in Lieu of Taxes	31,000.00		30,549.45	(450.55)
Consolidated Municipal Property Tax Relief Aid	55,783.00		55,501.39	(281.61)
Energy Receipts Tax	234,547.00		234,547.00	
Uniform Construction Code Fees	45,000.00		18,140.00	(26,860.00)
Miscellaneous Revenues Offset with Appropriations:				
NJ Transportation Trust Aid	180,000.00		180,000.00	
Hazardous Discharge Site Remediation	72,701.00		72,701.00	
Small Cities Grant	398,900.00		398,900.00	
Municipal Alliance	3,000.00		3,000.00	
Total	1,162,231.00		1,126,566.24	(35,664.76)
Receipts from Delinquent Taxes	180,000.00		179,834.65	(165.35)
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal Purposes	1,295,569.15		1,370,935.44	75,366.29
Budget Totals	3,259,800.15		3,299,336.33	\$ 39,536.18
Nonbudget Revenues			77,731.83	
Total	\$ 3,259,800.15	\$ -	\$ 3,377,068.16	

(Continued)

CITY OF BEVERLY

CURRENT FUND

Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2010Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collections	\$ 4,518,958.30
Allocated to School, County and Fire District Taxes	3,447,757.01
Balance for Support of Municipal Budget Appropriations	1,071,201.29
Add Appropriation - Reserve for Uncollected Taxes	299,734.15
Amount for Support of Municipal Budget Appropriations	<u>\$ 1,370,935.44</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 179,538.65
Tax Title Lien Collections	296.00

Total	<u>\$ 179,834.65</u>
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Licenses - Other:

Merchandise	\$ 1,525.00
Marriage	75.00
Other	450.00

Total - Treasurer	<u>\$ 2,050.00</u>
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Fees and Permits - Other:

Registrar of Vital Statistics Fees	\$ 447.50
Street Opening Permits	1,300.00
Housing Inspection Fees	20,430.00
Other Fees and Permits	1,031.00

Total	<u>\$ 23,208.50</u>
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Analysis of Nonbudget Revenues

Revenue Accounts Receivable:

Rent of Office Space	\$ 8,000.00
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Miscellaneous - Treasurer:

Prior Year Refunds	\$ 8,465.96	
Police Discovery	20,222.65	
FEMA Snow Removal Reimbursement	10,627.48	
Sale of Land	20,216.92	
Miscellaneous	<u>2,950.16</u>	
		<u>62,483.17</u>
		70,483.17

Miscellaneous - Tax Collector:

Cost of Sale	<u>7,248.66</u>
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Total	<u>\$ 77,731.83</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>			<u>Canceled</u>
GENERAL APPROPRIATIONS:						
<i>Operations Within "CAPS":</i>						
General Government						
General Administration						
Salaries and Wages	\$ 10,000.00	\$ 1,000.00	\$ 486.00		\$ 514.00	
Other Expenses	25,000.00	18,000.00	17,262.46	\$ 624.17	113.37	
Mayor and City Council						
Other Expenses	1,000.00	1,000.00	865.00		135.00	
City Clerk						
Salaries and Wages	66,500.00	67,500.00	67,492.75		7.25	
Other Expenses	4,100.00	4,100.00	3,658.76	134.82	306.42	
Financial Administration						
Salaries and Wages	5,000.00	7,300.00	7,280.11		19.89	
Other Expenses	400.00	400.00	245.27		154.73	
Audit Services						
Other Expenses	22,000.00	22,000.00	22,000.00			
Computerized Data Processing						
Other Expenses	6,000.00	17,600.00	4,517.00	13,050.00	33.00	
Collection of Taxes						
Salaries and Wages	51,525.00	51,525.00	51,325.56		199.44	
Other Expenses	5,000.00	5,200.00	5,120.58		79.42	
Assessment of Taxes						
Salaries and Wages	13,325.00	13,325.00	13,269.88		55.12	
Other Expenses	2,000.00	2,000.00	1,164.28		835.72	
Legal Services & Costs						
Other Expenses	50,000.00	50,000.00	42,499.96		7,500.04	
Settlements	50,000.00	50,000.00			50,000.00	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
General Government (cont'd)						
Engineering Services & Costs						
Other Expenses	\$ 20,000.00	\$ 20,000.00	\$ 9,821.75		\$ 10,178.25	
Land Use Administration:						
Planning Board						
Salaries & Wages	3,875.00	3,875.00	3,850.34		24.66	
Other Expenses	2,500.00	2,500.00	1,783.72	\$ 40.32	675.96	
Insurance						
Liability Insurance	63,049.00	64,849.00	64,846.65		2.35	
Workers Compensation Insurance	134,059.00	134,059.00	133,757.00		302.00	
Employees Group Health Insurance	175,350.00	175,350.00	145,093.69	19,461.62	10,794.69	
Unemployment Insurance	4,000.00	4,400.00	4,386.00		14.00	
Public Safety Function:						
Police						
Salaries & Wages	637,000.00	625,500.00	611,941.25		13,558.75	
Other Expenses	36,000.00	36,000.00	34,769.78	748.73	481.49	
Office of Emergency Management						
Other Expenses	1,000.00	1,000.00			1,000.00	
Aid to Volunteer Ambulance Company						
Other Expenses	19,000.00	19,000.00	19,000.00			
Prosecutor's Office						
Salaries and Wages	7,200.00	7,200.00	6,000.00		1,200.00	
Public Works Function						
Streets and Roads						
Salaries and Wages	110,000.00	105,200.00	101,289.25		3,910.75	
Other Expenses	20,000.00	20,000.00	17,093.78		2,906.22	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Public Works Function (cont'd):						
Solid Waste Collection	\$ 65,000.00	\$ 65,000.00	\$ 59,370.08		\$ 5,629.92	
Public Buildings and Grounds						
Other Expenses	15,000.00	15,000.00	13,175.21		1,824.79	
Vehicle Maintenance						
Other Expenses	10,000.00	10,000.00	8,613.26	\$ 375.97	1,010.77	
Health and Human Services						
Animal Control						
Other Expenses	5,500.00	5,500.00	5,077.95		422.05	
Parks and Recreation Functions						
Maintenance of Parks and Playgrounds						
Other Expenses	4,500.00	4,500.00			4,500.00	
Other Common Operating Functions						
Celebration of Public Event, Anniversary, or Holiday - Other Expenses	2,000.00	2,000.00	757.92		1,242.08	
Utilities						
Electricity	14,000.00	14,000.00	10,223.36		3,776.64	
Street Lighting	48,000.00	50,600.00	46,196.78		4,403.22	
Telephone	14,000.00	16,000.00	15,563.09		436.91	
Water	900.00	900.00	855.93		44.07	
Fuel Oil	14,000.00	14,000.00	10,996.70		3,003.30	
Gasoline	15,000.00	15,000.00	10,562.12		4,437.88	
Landfill/Solid Waste Disposal Cost						
Other Expense	90,000.00	90,000.00	90,000.00			
Municipal Court:						
Salaries and Wages	54,150.00	55,150.00	55,055.76		94.24	
Other Expenses	10,000.00	10,000.00	6,144.04	497.40	3,358.56	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Public Defender						
Salaries and Wages	\$ 4,800.00	\$ 4,800.00	\$ 3,000.00		\$ 1,800.00	
Uniform Construction Code:						
Construction Code Official						
Salaries & Wages	35,250.00	35,250.00	34,283.91		966.09	
Other Expenses	2,000.00	2,000.00	587.46		1,412.54	
Inspection of Buildings						
Salaries & Wages	33,000.00	33,000.00	32,361.24		638.76	
Other Expenses	1,000.00	1,200.00	1,166.84		33.16	
Total Operations Including Contingent - Within "CAPS"	<u>1,982,983.00</u>	<u>1,973,783.00</u>	<u>1,794,812.47</u>	<u>\$ 34,933.03</u>	<u>144,037.50</u>	
Detail:						
Salaries and Wages	1,031,625.00	1,010,625.00	987,636.05		22,988.95	
Other Expenses	<u>951,358.00</u>	<u>963,158.00</u>	<u>807,176.42</u>	<u>34,933.03</u>	<u>121,048.55</u>	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":						
DEFERRED CHARGES:						
Expenditure without an appropriation	50,000.00	50,000.00	50,000.00			
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	24,759.27	33,959.27	33,939.33		19.94	
Social Security System (O.A.S.I.)	65,000.00	65,000.00	57,054.79		7,945.21	
Police and Firemen's Retirement System	65,912.94	65,912.94	65,912.84		0.10	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>205,672.21</u>	<u>214,872.21</u>	<u>206,906.96</u>		<u>7,965.25</u>	
Total General Appropriations - For Municipal Purposes Within "CAPS"	<u>2,188,655.21</u>	<u>2,188,655.21</u>	<u>2,001,719.43</u>	<u>34,933.03</u>	<u>152,002.75</u>	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>			<u>Canceled</u>
GENERAL APPROPRIATIONS:						
<i>Operations Excluded from "CAPS":</i>						
Recycling Tax	\$ 5,000.00	\$ 5,000.00	\$ 1,578.96		\$ 3,421.04	
Aid to Library	2,000.00	2,000.00	2,000.00			
Insurance - Employee Health	18,900.00	18,900.00	18,900.00			
Public Employees' Retirement System	1,835.73	1,835.73	1,835.73			
Police and Firemen's Retirement System	20,090.06	20,090.06	20,090.06			
Supplemental Fire Services Program - Fire District Payment	1,534.00	1,534.00			1,534.00	
Municipal Alliance on Alcoholism and Drug Abuse:						
State Share	3,000.00	3,000.00	3,000.00			
Local Share	1,250.00	1,250.00	1,250.00			
Small Cities Grant	438,900.00	438,900.00	438,900.00			
Hazardous Discharge Grant	72,701.00	72,701.00	72,701.00			
<i>Total Operations - Excluded From "CAPS"</i>	<u>565,210.79</u>	<u>565,210.79</u>	<u>560,255.75</u>		<u>4,955.04</u>	
Detail:						
Salaries and Wages						
Other Expenses	565,210.79	565,210.79	560,255.75		4,955.04	
<i>Capital Improvements - Excluded from "CAPS":</i>						
New Jersey Transportation Trust Fund:						
Pine Street Improvement Project	180,000.00	180,000.00	180,000.00			
<i>Total Capital Improvements - Excluded From "CAPS"</i>	<u>180,000.00</u>	<u>180,000.00</u>	<u>180,000.00</u>			
<i>Deferred Charges - Excluded from "CAPS" :</i>						
Deferred Charges to Future Taxation Unfunded:						
Ordinance 2009-15 Various Capital Improv.	5,000.00	5,000.00	5,000.00			
Special Emergency - 5 Years	21,200.00	21,200.00	21,200.00			
<i>Total Deferred Charges - Excluded from "CAPS"</i>	<u>26,200.00</u>	<u>26,200.00</u>	<u>26,200.00</u>			

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Total General Appropriations for Municipal Purposes Excluded From "CAPS"	<u>\$ 771,410.79</u>	<u>\$ 771,410.79</u>	<u>\$ 766,455.75</u>	<u>\$ -</u>	<u>\$ 4,955.04</u>	
Subtotal General Appropriations	2,960,066.00	2,960,066.00	2,768,175.18	34,933.03	156,957.79	
Reserve for Uncollected Taxes	<u>299,734.15</u>	<u>299,734.15</u>	<u>299,734.15</u>			
TOTAL GENERAL APPROPRIATIONS	<u><u>\$ 3,259,800.15</u></u>	<u><u>\$ 3,259,800.15</u></u>	<u><u>\$ 3,067,909.33</u></u>	<u><u>\$ 34,933.03</u></u>	<u><u>\$ 156,957.79</u></u>	<u><u>\$ -</u></u>

Budget	\$ 3,259,800.15
Appropriation by 40A:4-87	
	<u><u>\$ 3,259,800.15</u></u>

Expended - Paid or Charged:

Deferred Charges - Future Taxation Unfunded	\$ 5,000.00
Deferred Charges - Special Emergency (NJSA 40A:4-55)	21,200.00
Reserve for Federal and State Grants - Appropriated	695,851.00
Deferred Charges - Expenditure Without an Appropriation	50,000.00
Reserve for Uncollected Taxes	299,734.15
Disbursed	<u>1,996,124.18</u>
Total	<u><u>\$ 3,067,909.33</u></u>

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

CITY OF BEVERLY

TRUST FUND

**Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2010 and 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash	B-1	\$ 181.37	\$ 298.20
Due From Current Fund	A	59.00	
Total		240.37	298.20
Other Funds:			
Cash - Treasurer	B-1	938,822.22	969,325.79
Due From Current Fund	A	8,552.37	8,650.36
Total		947,374.59	977,976.15
Total Assets		<u>\$ 947,614.96</u>	<u>\$ 978,274.35</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State Department of Health		\$ 127.20	\$ 74.40
Due Current Fund	A	17.13	17.46
Reserve for Animal Control Fund Expenditures	B-2	96.04	206.34
Total		240.37	298.20
Other Funds:			
Due Current Fund	A	6,960.54	6,688.16
Payroll Deductions Payable	B-4	7,635.71	7,331.87
Reserve for Tax Sale Premiums	B-5	28,225.47	35,137.69
Reserve for Escrow Deposits		7,349.87	8,650.36
Reserve for Police Outside Employment			2,071.78
Reserve for Municipal Law Enforcement Fund		2,444.27	2,194.65
Reserve for Regional Contribution Agreements	B-3	826,546.13	849,980.11
Reserve for Recreation Trust		805.81	806.15
Reserve for Community Day Events		8,830.44	6,574.18
Reserve for Community Development Block Grant Funds:	B-6	58,576.35	58,541.20
Total		947,374.59	977,976.15
Total Liabilities and Reserves		<u>\$947,614.96</u>	<u>\$978,274.35</u>

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

CITY OF BEVERLY

GENERAL CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Year Ended December 31, 2010 and 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>			
Deferred Charges to Future Taxation:			
Unfunded	C-3	\$ 42,500.00	\$ 47,500.00
Due from Current Fund	A, C-4		4,781.96
		<hr/>	<hr/>
Total		<u>\$ 42,500.00</u>	<u>\$ 52,281.96</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	C-5	\$ 18,700.00	\$ 18,700.00
Unfunded	C-5	8,432.72	23,338.97
Due to Current Fund	A, C-4	5,124.29	
Capital Improvement Fund	C-6	8,862.50	8,862.50
Fund Balance	C-1	<u>1,380.49</u>	<u>1,380.49</u>
Total		<u>\$ 42,500.00</u>	<u>\$ 52,281.96</u>

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

CITY OF BEVERLY

General Capital Fund

**Statement of Fund Balance - Regulatory Basis
For the Year Ended December 31, 2010**

Balance December 31, 2009 and 2010

\$ 1,380.49

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

**City of Beverly
Notes to Financial Statements
December 31, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The City of Beverly (hereafter referred to as the "City") is located in the western portion of the County of Burlington, State of New Jersey. The estimated population at December 31, 2010 according to the New Jersey Department of Labor and Workforce Development is 2,572.

The City was incorporated in 1867 and is governed by a Mayor-Common Council form of government which consists of nine members elected at large by the voters. Each member of the Common Council is elected to a three year term. These terms are staggered so that at least one member's term expires each year. The Mayor is elected for a three-year term and serves as the Chief Executive Officer of the City. The legislative powers rest with the Common Council. The City Administrator, City Clerk and the City Treasurer are appointed by the Common Council and monitor the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

Component Units - The financial statements of the component units of the City of Beverly are not presented in accordance with Governmental Accounting Standards Board Statement No. 14. If the provisions of GASBS No. 14 had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the City, the primary government:

Beverly City Sewerage Authority
Municipal Building - Broad Street
Beverly NJ 08010

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the City of Beverly contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these Requirements of Audits. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements of Audit", the City accounts for its financial transactions through the use of separate funds which are described as follows.

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

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

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

Budgets and Budgetary Accounting - The City must adopt an annual budget for its Current Fund in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the City. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to the adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements.

**City of Beverly
Notes to Financial Statements
December 31, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, include petty cash, change funds, cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A. 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the City requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to 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 costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balances.

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The City has adopted a capitalization threshold of \$5,000 the maximum amount allowed by the Circular.

Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The City is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the City's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft.

**City of Beverly
Notes to Financial Statements
December 31, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fixed Assets - No depreciation of general fixed assets is recorded.

The City did not comply with N.J.A.C. 5:31-5.6, "Accounting for Governmental Fixed Assets".

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

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

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the City until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

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

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

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

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budgets of the Beverly School District, Beverly Fire District and the County of Burlington. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The City is responsible for levying, collecting and remitting school taxes for the Beverly City School District. Operations is charged for the full amount required to be raised from taxation to operate the school district for the period from January 1 to December 31.

County Taxes - The City is responsible for levying, collecting and remitting county taxes for the County of Burlington. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Fire District Taxes - The City is responsible for levying, collecting and remitting fire district taxes for the Beverly City Fire District. Operations is charged for the full amount required to be raised to support the districts for the period from January 1 to December 31.

**City of Beverly
Notes to Financial Statements
December 31, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the City's annual budget protects the City from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Outstanding encumbrances are offset by an account entitled "Reserve for Encumbrances". The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments and interest on outstanding general capital bonds and notes are provided on the cash basis.

Long-Term Debt - Long-Term Debt, relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Interest on Delinquent Taxes - It is the policy of the City to collect interest for the nonpayment of taxes, sewer 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 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after the due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten (10) day grace period.

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 City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Custodial credit is the risk that, in the event of a bank failure, the City's deposits may not be recovered. Although the City does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. As of December 31, 2010, the City's bank balances of \$1,954,168.54 was not exposed to custodial credit risk.

**City of Beverly
Notes to Financial Statements
December 31, 2010**

NOTE 3. PROPERTY TAXES

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

<u>Comparative Schedule of Tax Rates</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total Tax Rate	<u>\$ 5.647</u>	<u>\$ 5.500</u>	<u>\$ 5.385</u>	<u>\$ 5.310</u>	<u>\$ 5.124</u>
Apportionment of Tax Rate:					
Municipal	1.542	1.444	1.422	1.437	1.433
County	.731	.706	.701	.682	.636
Local School	3.215	3.191	3.103	3.031	2.894
Fire District	.159	.159	.159	.160	.161

<u>Assessed Valuation</u>	<u>Amount</u>
2010	\$ 84,012,841
2009	83,907,600
2008	83,822,400
2007	83,395,044
2006	82,956,432

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2010	\$ 4,751,505	\$ 4,518,958	95.10 %
2009	4,603,474	4,413,730	95.88
2008	4,505,276	4,321,898	95.93
2007	4,442,661	4,234,929	95.32
2006	4,256,917	4,079,538	95.83

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	\$ 176,108	\$ 216,086	\$ 392,194	8.25 %
2009	163,140	178,628	341,768	7.42
2008	7,364	182,877	190,241	4.22
2007	8,143	209,287	217,430	4.89
2006	38,022	173,711	211,733	4.97

The following comparison is made of the number of tax title liens receivable on December 31, of the current year and previous four years.

<u>Year</u>	<u>Number of Liens</u>
2010	3
2009	4
2008	4
2007	4
2006	6

**City of Beverly
Notes to Financial Statements
December 31, 2010**

NOTE 4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2010	\$ 87,520
2009	87,520
2008	87,520
2007	87,520
2006	87,520

NOTE 5. FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

<u>Current Fund</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2010	\$ 443,379	\$ 440,000 *	99.23 %
2009	852,458	622,000	72.96
2008	1,024,050	440,000	48.90
2007	1,004,016	448,893	44.71
2006	1,311,133	580,000	44.23

* As introduced on May 10, 2011

NOTE 6. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balances as of December 31, 2010:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 38,232.86	\$ 8,611.37
Federal and State Grant Fund		26,130.90
Animal Control Fund	59.00	17.13
Trust Fund - Other Funds	8,552.37	6,960.54
General Capital Fund		5,124.29
	<u>\$ 46,844.23</u>	<u>\$ 46,844.23</u>

NOTE 7. PENSION PLANS

The City of Beverly contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), which are administered by the New Jersey Division of Pensions and Benefits. In addition, the City adopted an ordinance to participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan and is also administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

**City of Beverly
Notes to Financial Statements
December 31, 2010**

NOTE 7. PENSION PLANS (CONT'D)

Public Employees' Retirement System - The PERS was established in 1955 and provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the PERS were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The City is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by City</u>
2010	\$ 10,222	\$ 13,134	\$ 3,239	\$ 26,595		\$ 26,595
2009	9,866	11,411	2,645	23,922		23,922
2008	16,463	12,687		29,150	\$ 5,830	23,320

Police and Firemen's Retirement System - The PFRS was established in 1944 and provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The City is billed annually for its normal contributions plus any accrued liability. These contributions equal to the required contributions, were as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability</u>	<u>Paid by City</u>
2010	\$ 47,793	\$ 34,049	\$ 4,161	\$ 86,003	\$ 86,003
2009	36,154	25,015	2,515	63,684	63,684
2008	42,780	25,280		68,060	68,060

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 207 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the City contributes 3% of the employees' base salary.

There were no City employees enrolled in the DCRP for the years ended December 31, 2010, 2009 and 2008.

**City of Beverly
Notes to Financial Statements
December 31, 2010**

NOTE 7. PENSION PLANS (CONT'D)

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the City.

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Several years ago, the City authorized participation in the SHBP's post-retirement benefit program through a resolution adopted under Chapter 88. Under the plan, any employee eligible for enrollment in the SBHP as an employee is eligible for 100% employer paid coverage for a disability retirement. In addition, employees eligible for enrollment in the SHBP are eligible for 100% employer paid coverage when retiring with 25 years or more of service to the City or any other local unit. In each of these cases, the employee's spouse, civil union partner and dependents are also covered 100% and this coverage continues when the retiree is deceased.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the City on a monthly basis. The City funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits.

The City had no retiree's employees in the SBHP for the years ended December 31, 2010, 2009 and 2008.

NOTE 9. COMPENSATED ABSENCES

All full-time employees are entitled to fifteen paid sick leave days each year. All unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days are earned based on years of service. Unused vacation days may not be carried forward to the subsequent year.

Upon retirement employees will be compensated on 50% of all accumulated sick days at their current rate with a maximum pay-out of \$7,500.00.

The City does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2010, accrued benefits for compensated absences are valued at \$78,613.00. Actual payment for compensated absences occurs through the Current Fund budget at the time the employee terminates employment.

**City of Beverly
Notes to Financial Statements
December 31, 2010**

NOTE 10. DEFERRED COMPENSATION SALARY ACCOUNT

The City offers its employees one deferred compensation plan created in accordance with Internal Revenue Code Section 457 and which has been approved by the Director of the Division of Local Government Services. The plan, which is administered by the entity listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to participants until termination, retirement, death or unforeseeable emergency. The plan administrator is Lincoln Investments

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the City or its creditors. Since the City does not have a fiduciary relationship with the plan, the balances and activities of the plan are not reported in the City's financial statements.

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

Property and Liability Insurance - The City maintains commercial insurance coverage for property, liability and surety bonds.

Joint Insurance Pool - The City is a member of the Burlington County Insurance Joint Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The City is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained by writing to: Burlington County Insurance Pool Joint Insurance Fund, P.O. Box 449, Marlton, New Jersey, 08053.

NOTE 12. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

The City elected the "Contributory Method" to fund its New Jersey Unemployment Compensation Insurance, which requires the City to annually appropriate funds to pay the projected costs of contributions at the rate determined by the Commissioner of Labor. The expense for these benefits for the years ended December 31, 2010, 2009 and 2008 was \$4,386.00, \$3,342.85 and \$3,212.18 respectively.

NOTE 13. CAPITAL DEBT

Summary of Municipal Debt

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Authorized but not Issued:			
General Bonds and Notes	<u>\$ 42,500</u>	<u>\$ 47,500</u>	<u>\$ 1,250</u>

**City of Beverly
Notes to Financial Statements
December 31, 2010**

NOTE 13. CAPITAL DEBT (CONT'D)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with required method of setting up the Annual Debt Statement and indicates a statutory net debt of .02%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 0.00	\$ 0.00	
General Debt	<u>42,500.00</u>	<u> </u>	<u>\$ 42,500.00</u>
Total	<u>\$ 42,500.00</u>	<u>\$ 0.00</u>	<u>\$ 42,500.00</u>

Net Debt, \$42,500.00 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$155,186,566 equals .02%.

Equalized Valuation Basis:

2008	\$ 154,800,518
2009	160,773,835
2010	<u>149,985,344</u>
Average	<u>\$ 155,186,566</u>

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

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 5,431,529
Net Debt	<u>42,500</u>
Remaining Borrowing Power	<u>\$ 5,389,029</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

NOTE 14. DELAYED HEALTH INSURANCE PREMIUMS

The City has elected to delay its premiums for one month under the New Jersey State Health Benefits Program. If the City should elect to terminate its participation in the State Health Benefits Program or if the Program ceases to exist, this delayed premium will become due and payable immediately and will be based on the current rates payable at the time of termination.

The City has not recorded a liability for the one month delay on its financial statements.

NOTE 15. CONTINGENCIES

The City participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount from future audits, if any, would not be material.

NOTE 16. LITIGATION

The City is a defendant in several legal proceedings that are in various stages of litigation. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel and City's management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 17. REGIONAL CONTRIBUTION AGREEMENT

The Fair Housing Act, N.J.S.A. 52:27D-301 to 329, allows municipalities to enter into a contractual agreement, known as a regional contribution agreement, for transfer for up to 50% of a sending municipality's fair share obligation to a receiving municipality within its housing region. The City of Beverly has entered into an agreement with five other municipalities (sending municipalities) to transfer low and moderate-income housing units in accordance with the above stated statute. The sending municipalities committed a total of \$5,300,100 for their fair share obligation to the City. At December 31, 2010 the City has unexpended funds held in trust for the regional contribution agreements in the amount of \$826,546.13.

NOTE 18. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

	<u>Balance</u> <u>December 31, 2010</u>	<u>2011 Budget</u> <u>Appropriation</u>
Current Fund:		
Special Emergency Authorizations	<u>\$ 84,800</u>	<u>\$ 21,200</u>

The appropriations in the 2011 Budget as introduced are not less than that required by the statutes.

SUPPLEMENTAL EXHIBITS

CURRENT FUND

CITY OF BEVERLY

CURRENT FUND

Statement of Cash - Treasurer
For the Year Ended December 31, 2010

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2009	\$ 844,869.75	\$ -
Receipts:		
Tax Collector	\$ 4,741,362.07	
Due to State of NJ -		
Senior Citizen and Veteran Exemptions	34,935.00	
Revenue Accounts Receivable	411,912.57	
Federal and State Grants Receivable		\$ 10,172.43
Due from Federal and State Grant Fund	20,041.09	
Matching Funds for State Grants		41,250.00
Due from Animal Control Fund	64.07	
Due from Sewer Authority	680.28	
Due State of New Jersey:		
Marriage License Fees	625.00	
Construction Code Training Fees	762.00	
Miscellaneous Revenue Not Anticipated	62,483.06	
Total Receipts	<u>5,272,865.14</u>	<u>51,422.43</u>
Total Funds Available	6,117,734.89	51,422.43
Disbursements:		
2010 Appropriations	1,996,124.18	
Appropriation Reserves and Encumbrances Payable	95,992.01	
Reserve for Revaluation	8,223.50	
City's Match of Federal and State Grants	41,250.00	
Due to Current Fund		20,041.09
Due to General Capital Fund	14,906.25	
Due to Trust Other Fund	6,451.60	
Due to Sewer Authority	934.63	
Refund Tax Overpayments	5,385.26	
Due State of New Jersey:		
Marriage License Fees	475.00	
Construction Code Training Fees	823.00	
Fire District Tax	132,967.00	
County Taxes	613,176.84	
Due County Taxes for Added Taxes	1,124.21	
Local District School Tax	2,701,156.00	
Reserve for Federal & State Grants - Appropriated		31,381.34
Total Disbursements	<u>5,618,989.48</u>	<u>51,422.43</u>
Balance December 31, 2010	<u>\$ 498,745.41</u>	<u>\$ -</u>

CITY OF BEVERLY

CURRENT FUND

Statement of Cash - Tax Collector
For the Year Ended December 31, 2010

Balance December 31, 2009		\$ 230,286.55
Increased by:		
Taxes Receivable	\$ 4,625,063.03	
Tax Title Liens	296.00	
Prepaid 2011 Taxes	34,925.43	
Tax Overpayments	5,697.47	
Interest and Cost on Taxes	37,467.45	
Revenue Accounts Receivable	30,549.45	
Miscellaneous Revenue not Anticipated	7,248.66	
Contra Receipts with Disbursements	35,189.50	
		<u>4,776,436.99</u>
Subtotal		5,006,723.54
Decreased by:		
Payment to Treasurer	4,741,362.07	
Contra Receipts with Disbursements	35,189.50	
		<u>4,776,551.57</u>
Balance December 31, 2010		<u>\$ 230,171.97</u>

Schedule of Change Funds
For the Year Ended December 31, 2010

<u>OFFICE</u>	<u>Amount</u>
City Clerk	\$ 200.00
Tax Collector	25.00
Municipal Court Clerk	<u>50.00</u>
Total	<u>\$ 275.00</u>

CITY OF BEVERLY

CURRENT FUND

Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2010

Year	Balance December 31, 2009	Added Taxes	2010 Levy	Collections by Cash		State Share of 2010 Senior Citizens and Veterans Deductions Allowed/(Disallowed)	Transfer to Tax Title Liens	Canceled	Balance December 31, 2010
				2009	2010				
2009	\$ 178,627.78	\$ 910.87			\$ 179,538.65				
2010			\$ 4,751,504.79	\$ 37,989.79	4,445,524.38	\$ 34,682.68	\$ 10,709.63	\$ 6,512.27	\$ 216,086.04
Total	\$ 178,627.78	\$ 910.87	\$ 4,751,504.79	\$ 37,989.79	\$ 4,625,063.03	\$ 34,682.68	\$ 10,709.63	\$ 6,512.27	\$ 216,086.04

Analysis of Property Taxes

Tax Yield:	
General Purpose Tax	\$ 4,706,703.11
Added and Omitted Taxes (54:4-63.1 et seq.)	10,301.68
Senior Citizens and Veteran Ded.	
Allowed per original levy	34,500.00
Total	<u>\$ 4,751,504.79</u>

Tax Levy:	
Local School District Tax (Abstract)	\$ 2,701,156.00
Fire District Tax (Abstract)	132,967.00
County Tax (Abstract)	\$ 500,860.13
County Library Tax (Abstract)	47,494.06
County Open Space Tax (Abstract)	64,822.65
Due County for Added Taxes	457.17
Local Tax for Municipal Purposes	1,295,569.15
Additional Taxes Levied	8,178.63
Total	<u>\$ 4,751,504.79</u>

CITY OF BEVERLY

CURRENT FUND

Schedule of Due To State of New Jersey -
 Senior Citizen and Veterans' Deductions
 For the Year Ended December 31, 2010

Balance December 31, 2009		\$ 14,068.39
Increased by:		
Cash received from State of New Jersey	\$ 34,935.00	
Add - Prior Year Senior Citizen's and Veteran Deductions Disallowed		<u>34,935.00</u>
Total		49,003.39
Decreased by - Accrued to City in 2010:		
Senior Citizen's and Veteran's Deductions per original tax billings	34,500.00	
Add - Senior Citizen's and Veteran Deductions Allowed	250.00	
Less - Senior Citizen's and Veteran Deductions Disallowed	<u>(67.32)</u>	<u>34,682.68</u>
Balance December 31, 2010		<u>\$ 14,320.71</u>

CITY OF BEVERLY

CURRENT FUND

**Schedule of Tax Title Liens
For the Year Ended December 31, 2010**

Balance December 31, 2009		\$ 163,139.67
Increased by:		
Transfers from Taxes Receivable	\$ 10,709.63	
Interest on tax sale	785.75	
Adjustment to balance to actual	<u>1,769.05</u>	
		<u>13,264.43</u>
Total		<u>176,404.10</u>
Decreased by:		
Cash received		<u>296.00</u>
Balance December 31, 2010		<u><u>\$ 176,108.10</u></u>

EXHIBIT A-10

**Schedule of Property Acquired for Taxes
(At Assessed Valuation)
For the Year Ended December 31, 2010**

Balance December 31, 2009 and 2010	<u><u>\$ 87,520.00</u></u>
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CITY OF BEVERLY

CURRENT FUND

Schedule of Revenue Accounts Receivable
For the Year Ended December 31, 2010

	Balance December 31, <u>2009</u>	Accrued in <u>2010</u>	<u>Collected</u>	Balance December 31, <u>2010</u>	<u>Remarks</u>
City Clerk:					
Licenses:					
Alcoholic Beverages		\$ 2,425.00	\$ 2,425.00		
Other		2,050.00	2,050.00		
Fees and Permits:					
Marriage Certificates		385.00	385.00		
Birth Certificates		48.50	48.50		
Death Certificates		14.00	14.00		
Street Opening Permits		1,300.00	1,300.00		
Housing Inspection Fees		20,430.00	20,430.00		
Other Fees and Permits		1,031.00	1,031.00		
Rent of Office Space		8,000.00	8,000.00		
Construction Code Official Fees		18,140.00	18,140.00		
Payments in Lieu of Taxes		30,549.45	30,549.45		
Municipal Court - Fines and Costs	\$ 4,066.50	62,320.66	62,739.16	\$ 3,648.00	Dec. 2010
Interest Earned on Investments		5,301.52	5,301.52		
Consolidated Municipal Property Tax Relief Aid		55,501.39	55,501.39		
Energy Receipts Tax		234,547.00	234,547.00		
 Total	 <u>\$ 4,066.50</u>	 <u>\$ 442,043.52</u>	 <u>\$ 442,462.02</u>	 <u>\$ 3,648.00</u>	
		Tax Collector	\$ 30,549.45		
		Treasurer	411,912.57		
			<u>\$ 442,462.02</u>		

CITY OF BEVERLY

CURRENT FUND

Schedule of Deferred Charges
For the Year Ended December 31, 2010

	Balance December 31, <u>2009</u>	Issued in <u>2010</u>	Raised in 2010 <u>Budget</u>	Balance December 31, <u>2010</u>
Current Fund:				
Expenditure without an Appropriation	\$ 50,000.00		\$ 50,000.00	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u><u>\$50,000.00</u></u>	<u><u>\$ -</u></u>	<u><u>\$50,000.00</u></u>	<u><u>\$ -</u></u>

CITY OF BEVERLY

Current Fund

Statement of Deferred Charges
 N.J.S. 40A:4-55 Special Emergency
 For the Year Ended December 31, 2010

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	1/5 of <u>Net Amount</u> <u>Authorized</u>	<u>Balance</u> <u>December 31,</u> <u>2009</u>	<u>Raised in</u> <u>2010</u> <u>Budget</u>	<u>Balance</u> <u>December 31,</u> <u>2010</u>
11/24/2009	Revaluation	\$ 90,000.00	\$ 18,000.00	\$ 90,000.00	\$ 18,000.00	\$ 72,000.00
1/27/2009	Revision to Tax Map	16,000.00	3,200.00	16,000.00	3,200.00	12,800.00
				<u>\$ 106,000.00</u>	<u>\$ 21,200.00</u>	<u>\$ 84,800.00</u>

CITY OF BEVERLY

CURRENT FUND

Statement of 2009 Appropriation Reserves
For The Year Ended December 31, 2010

	<u>Balance December 31, 2009</u>		Appropriation		
	Reserve for	Appropriation	Reserve		
	Encumbrance	Reserve	Balance	Paid or	Balance
	<u>Payable</u>	<u>Reserve</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
			<u>Transfers</u>		
Inside CAPS:					
Salaries and Wages:					
General Administration		\$ 1,971.69	\$ 1,971.69		\$ 1,971.69
Mayor and City Council		100.00	100.00		100.00
City Clerk		8,347.15	8,347.15		8,347.15
Collection of Taxes		0.10	0.10		0.10
Assessment of Taxes		0.08	56.26		56.26
Zoning & Planning		0.42	0.42		0.42
Police		14,553.40			
Prosecutor's Office	\$ 300.00	300.00	600.00	\$ 300.00	300.00
Streets and Roads		9,088.60	9,088.60		9,088.60
Municipal Court		1,234.36	1,234.36		1,234.36
Public Defender		1,200.00	1,200.00		1,200.00
Construction Code Official		133.67	133.67		133.67
Inspection of Housing		4,415.67	4,415.67		4,415.67
Other Expenses:					
General Administration	284.75	3,147.10	3,431.85	735.50	2,696.35
Mayor and City Council		320.00	320.00		320.00
City Clerk	66.58	4.88	474.46	474.46	
Financial Administration	36.95	82.25	119.20	36.95	82.25
Audit Services		1,300.00	1,300.00		1,300.00
Computerized Data Processing		2,659.25	2,659.25		2,659.25
Collection of Taxes	47.16	1,413.56	1,460.72	140.34	1,320.38
Assessment of Taxes	0.61	1,589.17	1,589.78	0.61	1,589.17
Legal Services & Costs	3,510.00	3,130.63	44,443.54	44,443.54	
Engineering Services & Costs		1,043.90	1,043.90	992.50	51.40
Zoning & Planning		4,499.50	4,499.50		4,499.50
Liability Insurance		1,872.00	1,872.00		1,872.00
Inspection of Housing			11.44	11.44	
Employees Group Health Insurance		3,448.93	12,786.25	12,786.25	
Insurance - Unemployment		57.15	57.15		57.15
Police	4,973.62	16,163.43	2,041.32	2,041.32	
Office of Emergency Management		880.01	823.81		823.81
Streets and Roads	278.68	1,976.30	3,197.28	3,197.26	0.02
Solid Waste Collection		2,050.44	2,050.44		2,050.44
Public Buildings and Grounds	1,789.70	11,800.80	13,590.50	3,724.32	9,866.18
Vehicle Maintenance	1,719.58	3,398.36	5,117.96	1,260.68	3,857.28
Animal Control		332.50	332.50	300.00	32.50
Maintenance of parks and playgrounds		1,563.38	1,563.38		1,563.38
Celebration of Public Events		2,000.00	2,000.00	990.00	1,010.00

(continued)

CITY OF BEVERLY

CURRENT FUND

**Statement of 2009 Appropriation Reserves
For The Year Ended December 31, 2010**

	<u>Balance December 31, 2009</u>		<u>Appropriation</u>		
	<u>Reserve for</u>	<u>Appropriation</u>	<u>Reserve</u>	<u>Balance</u>	
	<u>Encumbrance</u>	<u>Reserve</u>	<u>After</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Payable</u>		<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
Inside CAPS:					
Gasoline		\$ 6,246.61	\$ 6,246.61	\$ 4,025.10	\$ 2,221.51
Electricity	\$ 715.51	34.67	1,551.55	1,551.55	
Street Lighting	4,739.21	2,864.42	9,389.05	9,389.05	
Telephone		305.33	305.33	72.11	233.22
Water	72.03	588.53	660.56	72.03	588.53
Fuel Oil	818.70	467.86	1,286.56	818.70	467.86
Landfill Solid Waste Disp. Cost		18,195.53	7,958.15	7,958.15	
Municipal Court	1,160.88	8,140.78	2,104.43	308.07	1,796.36
Construction Code Official		3,452.41	3,452.41	2.20	3,450.21
Inspection of Housing	22.88	782.65	805.53		805.53
Contribution to:					
Social Security System (O.A.S.I.)		4,252.25	4,252.25		4,252.25
Outside CAPS:					
Recycling Tax		1,435.89	1,435.89	359.88	1,076.01
Aid to Library		2,000.00	2,000.00		2,000.00
Police and Fireman's Retirement System		22.00	22.00		22.00
Purchase of Computers	8,900.00		8,900.00		8,900.00
Total	<u>\$ 29,436.84</u>	<u>\$ 154,867.63</u>	<u>\$ 184,304.47</u>	<u>\$ 95,992.01</u>	<u>\$ 88,312.46</u>

CITY OF BEVERLY

CURRENT FUND

**Schedule of Local School District Taxes Payable
For the Year Ended December 31, 2010**

Balance December 31, 2009:

School Tax Payable

\$ -

Increased by:

Levy - January 1, 2010 to December 31, 2010

2,701,156.00

Total

2,701,156.00

Decreased by:

Payments

2,701,156.00

Balance December 31, 2010:

School Tax Payable

\$ -

CITY OF BEVERLY

FEDERAL AND STATE GRANT FUND

Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2010

	Balance December 31, <u>2009</u>	<u>Accrued</u>	<u>Received</u>	<u>Canceled</u>	Balance December 31, <u>2010</u>
Federal Grants:					
Small Cities Grant	\$ 88,459.50	\$ 398,900.00			\$ 487,359.50
Total Federal Grants	<u>88,459.50</u>	<u>398,900.00</u>			<u>487,359.50</u>
State Grants:					
Transportation Authority Trust Fund:					
2006 Allotment - Railroad East Drainage	19,426.21				19,426.21
2009 Allotment - Cherry Street	45,000.00				45,000.00
2009 Allotment - Cooper Street	228,000.00				228,000.00
2008 Allotment - Railroad Ave and East	37,500.00				37,500.00
2010 Allotment - Pine Street		180,000.00			180,000.00
Municipal Alliance Grant		3,000.00	\$ 2,912.91	\$ 87.09	0.00
Body Armor Grant		1,644.01	1,644.01		
Hazardous Discharge Grant		72,701.00			72,701.00
Recycling Tonnage Grant		794.12	794.12		
Clean Communities		4,821.39	4,821.39		
Total State Grants	<u>329,926.21</u>	<u>262,960.52</u>	<u>10,172.43</u>	<u>87.09</u>	<u>582,627.21</u>
Total All Grants	<u>\$ 418,385.71</u>	<u>\$ 661,860.52</u>	<u>\$ 10,172.43</u>	<u>\$ 87.09</u>	<u>\$ 1,069,986.71</u>

CITY OF BEVERLY

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Unappropriated
For the Year Ended December 31, 2010

	Balance December 31 <u>2009</u>	Federal and State Grant <u>Receivable</u>	Realized as Revenue <u>in 2010</u>	Balance December 31, <u>2010</u>
Federal Grants:				
Small Cities Grant	<u> </u>	<u>\$ 398,900.00</u>	<u>\$ 398,900.00</u>	<u> </u>
State Grants:				
Municipal Alliance on Alcohol & Drug Abuse		3,000.00	3,000.00	
Recycling Tonnage Grant		794.12		\$ 794.12
Transportation Authority Trust Fund		180,000.00	180,000.00	
Hazardous Discharge Grant		72,701.00	72,701.00	
Alcohol Rehabilitation Grant				
Drunk Driving Enforcement				
Body Armor Grant		1,644.01		1,644.01
Clean Communities	<u> </u>	<u>4,821.39</u>	<u> </u>	<u>4,821.39</u>
Total State Grants	<u>-</u>	<u>262,960.52</u>	<u>255,701.00</u>	<u>7,259.52</u>
Total All Grants	<u>\$ -</u>	<u>\$ 661,860.52</u>	<u>\$ 654,601.00</u>	<u>\$ 7,259.52</u>

CITY OF BEVERLY

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Appropriated
For the Year Ended December 31, 2010

	Balance December 31, 2009	Transferred From 2010 Budget Appropriation	Disbursed	Canceled	Balance December 31, 2010
Federal Grants:					
Small Cities Grant	\$ 85,732.25	\$ 438,900.00	\$ 20,072.50		\$ 504,559.75
Total Federal Grants	85,732.25	438,900.00	20,072.50		504,559.75
State Grants:					
Clean Communities Grant	\$ 7,971.43		341.00		7,630.43
Drunk Driving Enforcement Fund	1,190.97				1,190.97
Body Armor Grant	1,819.65				1,819.65
Alcohol Rehabilitation Grant	8,079.39				8,079.39
Municipal Alliance Grant	6,050.31	4,250.00	691.59	\$ 87.09	9,521.63
Hazardous Discharge Grant		72,701.00	500.00		72,201.00
Click It or Ticket	1,462.68				1,462.68
Clean Shores	8,367.69				8,367.69
Recycling Tonnage Grant	5,224.56		3,198.20		2,026.36
Transportation Trust Fund:					
2006 Allotment - Railroad East Drainage	8,478.69				8,478.69
2009 Allotment - Cooper Street	228,000.00				228,000.00
2010 Allotment - Pine Street		180,000.00	3,217.72		176,782.28
2008 Allotment - Wheatley Avenue	9,836.10		3,360.33		6,475.77
Total State Grants	286,481.47	256,951.00	11,308.84	87.09	532,036.54
Total All Grants	\$ 372,213.72	\$ 695,851.00	\$ 31,381.34	\$ 87.09	\$ 1,036,596.29

TRUST FUND

CITY of BEVERLY

Trust Fund

Schedule of Cash - Treasurer
For the Year Ended December 31, 2010

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2009	\$ 298.20	\$ 969,325.79
Receipts:		
Animal Control Fund:		
Reserve for Animal Control Fund	2,850.70	
State Registration Fees	498.00	
Due to Current Fund	4.74	
Payroll Account:		
Net Payroll		689,924.61
Payroll Withholdings		366,509.63
Reserve for Trust - Tax Premium		182,724.11
Reserve for Police Outside Employment		3.21
Reserve for Municipal Law Enforcement Fund		249.62
Reserve for Recreation Escrow		3.95
Reserve for Community Day Events		7,805.28
Reserve for Regional Contribution Agreement		29,964.32
Reserve for Community Development Block Grant Funds		348.17
Total Receipts	<u>3,353.44</u>	<u>1,277,532.90</u>
Subtotal	<u>3,651.64</u>	<u>2,246,858.69</u>
Disbursements:		
Animal Control Account:		
State of New Jersey	445.20	
Expenditures Under RS4:19-15.11	3,020.00	
Due to Current Fund	5.07	
Reserve for Police Outside Employment		2,074.99
Reserve for Community Day Events		5,549.02
Reserve for Recreation Escrow		4.29
Payroll Account:		
Payment to Withholding Agencies		367,135.91
Net Payroll		689,924.61
Reserve for Community Development Block Grant Funds		313.02
Reserve for Tax Sale Premium		189,636.33
Reserve for Regional Contribution Agreement		53,398.30
Total Disbursements	<u>3,470.27</u>	<u>1,308,036.47</u>
Balance December 31, 2010	<u>\$ 181.37</u>	<u>\$ 938,822.22</u>

CITY OF BEVERLY

TRUST FUND

**Schedule of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2010**

Balance December 31, 2009		\$	206.34
Increased by:			
Dog License Fees Collected	\$	2,135.00	
Cat License Fees Collected		164.00	
Late Fees Collected		474.00	
Adjustment		77.70	
		2,850.70	
Due from Current Fund		59.00	
			2,909.70
			3,116.04
Decreased by:			
Expenditures Under R.S. 4:19-15.11			3,020.00
Balance December 31, 2010		\$	96.04

LICENSE FEES COLLECTED

<u>Year</u>	
2008	\$ 2,933.00
2009	<u>2,226.00</u>
Total	<u>\$ 5,159.00</u>

CITY OF BEVERLY

TRUST FUND

Schedule of Reserve for Regional Contribution Agreements
For the Year Ended December 31, 2010

	Mount Laurel	Evesham #1	Moorestown	Springfield	New Hanover	Evesham #2	Total
Balance December 31, 2009	\$ 106,973.17	\$ 36,789.37	\$ 55,416.89	\$ 248,691.12	\$ 11,327.07	\$ 390,782.49	\$ 849,980.11
Increased by:							
Contributions							
Mortgage Payoff	5,630.00		8,990.00			11,207.50	25,827.50
Interest Earned	552.89	184.52	286.99	1,077.52	53.48	1,981.42	4,136.82
Total Receipts	6,182.89	184.52	9,276.99	1,077.52	53.48	13,188.92	29,964.32
Total	113,156.06	36,973.89	64,693.88	249,768.64	11,380.55	403,971.41	879,944.43
Decreased by:							
Cash Disbursed:							
Professional Services				9,951.20		5,366.30	15,317.50
Other Expenses	8.00		8.00	32.00		8.00	56.00
Housing Rehabilitation				34,525.00	2,441.80		36,966.80
Inspections				633.00		425.00	1,058.00
Total Disbursed	8.00		8.00	45,141.20	2,441.80	5,799.30	53,398.30
Balance December 31, 2010	\$ 113,148.06	\$ 36,973.89	\$ 64,685.88	\$ 204,627.44	\$ 8,938.75	\$ 398,172.11	\$ 826,546.13

CITY OF BEVERLY

TRUST FUND

**Schedule of Payroll Deductions Payable
For the Year Ended December 31, 2010**

Balance December 31, 2009		\$ 7,331.87
Increased by:		
Net Payroll	\$ 689,924.61	
Payroll Deductions Withheld	366,509.63	
Due to Current Fund	<u>930.12</u>	
		<u>1,057,364.36</u>
Total		1,064,696.23
Decreased by:		
Net Payroll	689,924.61	
Payroll Deductions Paid	367,135.91	
Due to Current Fund	<u></u>	
		<u>1,057,060.52</u>
Balance December 31, 2010		<u><u>\$ 7,635.71</u></u>

Analysis

PERS Pension	\$ 1,492.06
PFRS Pension	4,725.18
Social Security	1,418.47
	<u></u>
	<u><u>\$ 7,635.71</u></u>

**Schedule of Reserve for Tax Sale Premiums
For the Year Ended December 31, 2010**

Balance December 31, 2009	\$ 35,137.69
Increased by - Cash Received	<u>182,724.11</u>
	217,861.80
Decreased by:	
Returned to Lienholder	<u>189,636.33</u>
Balance December 31, 2010	<u><u>\$ 28,225.47</u></u>

Note - An analysis of the balance at December 31, 2010 is on file with the Tax Collector.

CITY OF BEVERLY

Trust Fund

**Schedule of Reserve For Community Development Block Grants
For the Year Ended December 31, 2010**

	Balance December 31, <u>2009</u>	<u>Accrued</u>	<u>Disbursed</u>	<u>Canceled</u>	Balance December 31, <u>2010</u>
Public Facilities:					
Housing Rehabilitation	\$ 58,541.20	\$ 348.17	\$ 313.02		\$ 58,576.35
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 58,541.20</u>	<u>\$ 348.17</u>	<u>\$ 313.02</u>	<u>\$ -</u>	<u>\$ 58,576.35</u>

GENERAL CAPITAL FUND

CITY OF BEVERLY

General Capital Fund

Analysis of General Capital Fund Cash
For the Year Ended December 31, 2010

Fund Balance		\$	1,380.49
Capital Improvement Fund			8,862.50
Due to Current Fund			5,124.29
Improvement Authorizations:			
Ord. 2006-17	Purchase of Public Works Truck		18,700.00
Ord. 2009-15	Various Capital Improvements		(34,067.28)
<hr/>			
Total		\$	-

CITY OF BEVERLY

General Capital Fund

**Schedule of Deferred Charges to Future Taxation - Unfunded
For the Year Ended December 31, 2010**

		<u>Analysis of Balance December 31, 2010</u>		
<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2010</u>	<u>Expenditures</u>	<u>Unexpended Improvement Authorizations</u>
2009-15	Various Capital Improvements	\$ 42,500.00	\$ 34,067.28	\$ 8,432.72
		<hr/>	<hr/>	<hr/>
		<u>\$ 42,500.00</u>	<u>\$ 34,067.28</u>	<u>\$ 8,432.72</u>

CITY OF BEVERLY

GENERAL CAPITAL FUND

Schedule of Amount Due from/(to) Current Fund
For the Year Ended December 31, 2010

Balance December 31, 2009 (Due from)	\$ 4,781.96
Increased by:	
Deferred Charges to Future Taxation - Unfunded	
Raised in the 2010 Budget	<u>5,000.00</u>
	9,781.96
Increased by:	
Improvement Authorizations Expended by Current Fund	<u>14,906.25</u>
Balance December 31, 2010 (Due to)	<u>\$ (5,124.29)</u>

CITY OF BEVERLY

General Capital Fund

Statement of Improvement Authorizations
For the Year Ended December 31, 2010

Ord. Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2009		2010 Authorizations		Due to Current Fund	Balance December 31, 2010	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges To Future Taxation - Unfunded		Funded	Unfunded
2006-17	Public Works Truck	11/28/06	\$ 70,000.00	\$ 18,700.00					\$ 18,700.00	
2009-15	Various Improvements	11/10/09	50,000.00		\$ 23,338.97			14,906.25		\$ 8,432.72
Total				\$ 18,700.00	\$ 23,338.97	\$ -	\$ -	\$ 14,906.25	\$ 18,700.00	\$ 8,432.72

CITY OF BEVERLY

General Capital Fund

Schedule of Capital Improvement Fund
For the Year Ended December 31, 2010

Balance December 31, 2009	\$ 8,862.50
Increased by:	
Current Fund Budget Appropriation	<hr/>
	8,862.50
Decreased by:	
Appropriated to Finance Improvement Authorization	<hr/>
Balance December 31, 2010	<u><u>\$ 8,862.50</u></u>

CITY OF BEVERLY

General Capital Fund

**Statement of Bonds and Notes Authorized But not Issued
For the Year Ended December 31, 2010**

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2009</u>	<u>2009 Authorizations</u>	<u>Paid from Budget Appropriation</u>	<u>Balance December 31, 2010</u>
2009-15	Various Capital Improvements	\$ 47,500.00		\$ 5,000.00	\$ 42,500.00
	Total	<u>\$ 47,500.00</u>	<u>\$ -</u>	<u>\$ 5,000.00</u>	<u>\$ 42,500.00</u>

CITY OF BEVERLY

PART II

Schedule of Findings and Recommendations

For the Year Ended December 31, 2010

CITY OF BEVERLY

**Schedule of Findings and Recommendations
For the Year Ended December 31, 2010**

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Finding #2010-1

Condition:

The City did not maintain a general fixed assets inventory in accordance with the N.J.A.C. 5:30-5.6 issued by the Division of Local Government Services.

Criteria:

N.J.A.C. 5:30-5.6 issued by the Division of Local Government Services, requires that all governmental units maintain a record of fixed assets on a current basis. The requirements include taking a physical inventory, valuing physical inventory, setting up property records, managing property and reporting fixed assets in the financial records.

Effect:

A lack of effective controls exists over the accounting for general fixed assets of the City.

Cause:

The City does not possess the necessary funds needed to establish and maintain a fixed asset accounting system and the time constraints on the existing staff level do not allow for the additional work required.

Recommendation:

A current record of general fixed assets should be developed and maintained to provide effective controls over City assets.

View of Responsible Official and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of the corrective action plan.

Finding #2010-2

Condition:

Dog license fees and municipal court bail fees were not always deposited within 48 hours of the date of receipt.

Criteria:

N.J.S.A. 40A: 5-15 requires that all moneys received from any source by or on behalf of any local unit be deposited within 48 hours after the receipt thereof.

Effect:

Not depositing funds in a timely manner increases the potential for cash shortages.

Cause:

Oversight on part of the City Officials.

Recommendation:

All funds received should be deposited within 48 hours of the date of receipt.

View of Responsible Official and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of the corrective action plan.

CITY OF BEVERLY

**Schedule of Findings and Recommendations
For the Year Ended December 31, 2010**

Schedule of Financial Statement Findings (Cont'd)

Finding #2010-3

Condition:

The minutes of the public meetings held by the governing body were not prepared and approved by the governing body on a timely basis.

Criteria:

P.L. 2001, c.404 known as the "Open Public Records Act" requires that government records be readily accessible for inspection, copying, or examination by the citizens of the State.

Effect:

The City has not complied with the "Open Public Records Act".

Cause:

Former City Clerk did not prepare minutes as required by job description.

Recommendation:

The City Clerk should prepare, and the City Council should take formal action on, the minutes of the City Common Council meetings in a timely manner.

View of Responsible Official and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of the corrective action plan.

Finding #2010-4

Condition:

Our audit of compliance with the purchasing procedures of the City revealed the following:

- Four business registration certificates were not available for examination.
- Thirteen paid vouchers did not contain the required finance committee certification.
- One paid voucher was not available for examination.
- Professional service contracts awarded were not advertised.
- An insurance payment incurred a late fee of \$1,797.65.

Criteria:

The purchasing procedures of the City require that certain provisions be adhered to prior to payment of vouchers.

Effect:

The City did not comply with its purchasing procedures.

Cause:

Oversight on part of the City officials.

Recommendation:

The City should comply with all aspects of its purchasing procedures.

View of Responsible Official and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of the corrective action plan.

CITY OF BEVERLY

**Schedule of Findings and Recommendations
For the Year Ended December 31, 2010**

Schedule of Financial Statement Findings (Cont'd)

Finding #2010-5

Condition:

Tax stubs are not validated as to the date the funds are received.

Criteria or specific requirement:

An effective system of internal controls over the collection, recording and depositing of receipts is necessary for the safeguarding of such receipts from unauthorized use.

Effect:

The lack of effective internal controls over the collection, recording and depositing of receipts increases the potential for unauthorized use of such receipts.

Cause:

Oversight on part of the Tax Collector.

Recommendation:

That a system of effective internal controls be implemented over the collection, recording and depositing of receipts in the Tax Collector Account.

View of Responsible Official and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of the corrective action plan.

CITY OF BEVERLY

Summary Schedule of Prior Year Audit Findings And Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standard*, OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FINANCIAL STATEMENT FINDINGS

Finding #2009-1

Condition:

The City did not maintain a general fixed assets inventory in accordance with the N.J.A.C. 5:30-5.6 issued by the Division of Local Government Services.

Current Status:

This condition remains unchanged as reported in Finding #2010-1.

Planned Corrective Action:

The City plans to implement procedures to maintain a general fixed assets inventory accounting system when funds become available.

Finding #2009-2

Condition:

Dog license fees were not always deposited within 48 hours of the date of receipt and documentation supporting numerous deposits was not available for audit examination.

Current Status:

This condition remains unchanged as reported in Finding #2010-2.

Planned Corrective Action:

The City plans to implement procedures to insure that funds are deposited within 48 hours of the date of receipt.

Finding #2009-3

Condition:

A lack of effective internal controls exists over the billing, collection, recording and depositing of receipts in the Professional Escrow Account.

Current Status:

This condition has been corrected.

Finding #2009-4

Condition:

The minutes of the public meetings held by the governing body were not prepared and approved by the governing body on a timely basis.

Current Status:

This condition remains unchanged as reported in Finding #2010-4.

Planned Corrective Action:

The City has appointed a new City Clerk who is expected to complete the minutes on a timely basis.

CITY OF BEVERLY

**Summary Schedule of Prior Year Audit Findings
And Recommendations as Prepared by Management
(Continued)**

Finding #2009-5

Condition:

Our audit of compliance with the Local Public Contracts Law revealed that non-collusion affidavits, owner disclosure statements and proof of publication were not available for all bids.

Current Status:

This condition has been corrected.

Finding #2009-6

Condition:

Tax stubs are not validated as to the date the funds are received.

Current Status:

This condition remains unchanged as reported in Finding #2010-6.

Planned Corrective Action:

The City plans to implement procedures to ascertain that internal controls related to the tax collection and recording are improved.

Finding #2009-7

Condition:

One Current Fund expenditure was made during the year with no budget appropriation available for charging.

Current Status:

This condition has been corrected.

FEDERAL AWARDS

A Federal Single Audit was not required.

STATE AWARDS

A State Single Audit was not required.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2010:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Dr. Gail G. Cook	Mayor		
Luis Crespo	President of Council		
Barbara Kelly	Councilwoman		
Alfred Desjardins	Councilman		
John Newsome	Councilman		
Harold Robertson	Councilman		
Brian Perkins	Councilman		
Martin Bass	Councilman		
Scott Williams	Councilman		
Dawn Marie Human	City Administrator; City Clerk (Up to 10/7/10)	\$ 50,000	(B)
Trudi Desjardins	Deputy City Clerk; Municipal Improvement Search Officer; Registrar of Vital Statistics	50,000	(B)
Kathleen A. Phelan	Chief Financial Officer (Up to 3/1/10)	50,000	(B)
Dawn Robertson Emmons	Chief Financial Officer (From 5/1/10)	50,000	(B)
Victoria Boras	Treasurer	50,000	(A)
Victoria Boras	Tax Collector; Tax Search Officer	1,000,000	(A)
Lorraine Lingle	Court Administrator	1,000,000	(A)
Alice Breen	Deputy Court Administrator	1,000,000	(A)
Richard Andronici	Municipal Magistrate	1,000,000	(A)
Kenneth Gerber	Safety Director	50,000	(B)
Pete Carbone	Construction Code Official	50,000	(B)
Joseph Robinson	Assessor		
Pete Carbone	Zoning Officer		
Michael Thompson	Code Enforcement Official		
Environmental Resolutions, Inc.	Engineer		
Samuel Reale	Solicitor		

All Bonds were examined and properly executed.

(A) Municipal Excess Liability Joint Insurance Fund, \$50,000 Deductible. Public Employee Dishonesty

(B) Municipal Joint Insurance Fund, \$1,000 Deductible. Public Employee Dishonesty

ACKNOWLEDGMENT

We express our appreciation for the assistance and courtesies extended to us by the City Officials during the course of our audit.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountant

A handwritten signature in blue ink, appearing to read "R. A. Stewart".

Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

February 18, 2011