

CITY OF BEVERLY
County of Burlington

Report of Audit of Financial Statements

For the Year Ended December 31, 2011

**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, 2011

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, 2011 and 2010, 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, 2011. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 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, 2011 and 2010, 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, 2011 and 2010, 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, 2011 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 March 30, 2012 on our consideration of the City of Beverly, in the 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 the 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 conjunction with this report in assessing the results 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 schedules 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 schedules of each of the respective individual funds and account group taken as a whole.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

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

Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
March 30, 2012

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, 2011, and have issued our report thereon dated March 30, 2012, 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

Management of the City of Beverly is responsible for establishing and maintaining effective 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.

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 certain 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 as findings no: #2011-1, #2011-2, #2011-3, #2011-4, #2011-5 and #2011-6. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

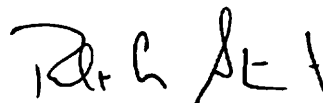
As part of obtaining reasonable assurance about whether the City of Beverly's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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, which are described in the accompanying Schedule of Findings and Recommendations as findings no: #2011-7, #2011-8, and #2011-9.

The City of Beverly's response to the findings identified in our audit is 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, the Division of Local Government Services, Department of Community Affairs, and federal and state awarding agencies and pass-through entities 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



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
March 30, 2012

CITY OF BEVERLY

Current Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Modified Accrual Basis
For the Years Ended December 31, 2011 and 2010

	<u>REFERENCE</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 1,365,712.49	\$ 498,745.41
Cash - Tax Collector	A-5	280,838.36	230,171.97
Cash - Change Fund	A-6	425.00	275.00
Total		<u>1,646,975.85</u>	<u>729,192.38</u>
Due from State of New Jersey - Senior Citizen and Veteran Deductions			
	A-8	<u>17,929.29</u>	
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	185,860.70	216,086.04
Tax Title Liens	A-9	202,136.45	176,108.10
Property Acquired for Taxes - Assessed Valuation	A-10	87,520.00	87,520.00
Revenue Accounts Receivable	A-11	3,636.86	3,648.00
Due from Sewer Authority		392.27	254.35
Due from Capital Fund	C		5,124.29
Due from Animal Control Fund	B		17.13
Due from Federal and State Grant Fund	A		26,130.90
Due from Trust Other Fund	B		6,960.54
Total		<u>479,546.28</u>	<u>521,849.35</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-53)	A-12	<u>63,600.00</u>	<u>84,800.00</u>
Total		<u>63,600.00</u>	<u>84,800.00</u>
Total Regular Fund		<u>2,208,051.42</u>	<u>1,335,841.73</u>
Federal and State Grant Fund:			
Due from Current Fund	A	225,270.96	
Federal and State Grants Receivable	A-15	662,132.18	1,069,986.71
Total Federal and State Grant Fund		<u>887,403.14</u>	<u>1,069,986.71</u>
Total		<u>\$ 3,095,454.56</u>	<u>\$ 2,405,828.44</u>

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Modified Accrual Basis
For the Years Ended December 31, 2011 and 2010

	<u>REFERENCE</u>	<u>2011</u>	<u>2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, A-13	\$ 66,967.65	\$ 156,957.79
Encumbrances Payable	A-3, A-13	7,221.61	34,933.03
Reserve for Cost of Revaluation		38,876.50	81,776.50
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
Marriage Licenses		175.00	350.00
Construction Code Training Fees		277.00	134.00
Prepaid Taxes	A-5, A-7	54,027.89	34,925.43
Tax Overpayments			22,147.47
Due County for Added and Omitted Taxes			457.17
Due to Capital Fund	C	970,796.20	
Due to Federal and State Grant Fund	A	225,270.96	
Due to Animal Control Fund	B	49.00	59.00
Due to Trust Other Funds	B	14,547.26	8,552.37
Total Liabilities		1,394,209.07	370,613.47
Reserve for Receivable and Other Assets	A	479,546.28	521,849.35
Fund Balance	A-1	334,296.07	443,378.91
Total Regular Fund		2,208,051.42	1,335,841.73
Federal and State Grant Fund:			
Due to Current Fund	A		26,130.90
Unappropriated Reserves	A-16	9,667.35	7,259.52
Appropriated Reserves	A-17	877,735.79	1,036,596.29
Total Federal and State Grant Fund		887,403.14	1,069,986.71
Total		\$ 3,095,454.56	\$ 2,405,828.44

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 358,579.00	\$ 622,000.00
Miscellaneous Revenue Anticipated	514,120.31	1,126,566.24
Receipts from Delinquent Taxes	211,460.69	179,834.65
Receipts from Current Taxes	4,611,197.26	4,518,958.30
Nonbudget Revenues	17,594.85	77,731.83
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	114,348.99	88,312.46
Interfunds Receivable Liquidated	37,169.04	13,465.02
Prior Year Tax Overpayments Canceled	27,728.19	
Total Revenue and Other Income Realized	<u>5,892,198.33</u>	<u>6,626,868.50</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	986,865.00	1,010,625.00
Other Expenses	910,516.00	963,158.00
Deferred Charges and Statutory Expenditures Within "CAPS"	211,738.00	214,872.21
Operations Excluded from "CAPS":		
Other Expenses	23,067.52	565,210.79
Capital Improvements	76,900.00	180,000.00
Deferred Charges	26,200.00	26,200.00
Fire District Taxes	135,626.00	132,967.00
County Taxes	571,799.52	613,176.84
County Share of Added Taxes		457.17
Local District School Tax	2,695,432.00	2,701,156.00
Prior Year Tax Overpayments Refunded		973.29
Interfund Receivables Created	4,558.13	5,151.11
Total Expenditures	<u>5,642,702.17</u>	<u>6,413,947.41</u>
Excess in Revenue	<u>249,496.16</u>	<u>212,921.09</u>
Fund Balance January 1	<u>443,378.91</u>	<u>852,457.82</u>
Subtotal	<u>692,875.07</u>	<u>1,065,378.91</u>
Decreased by Utilization as Anticipated Revenue	<u>358,579.00</u>	<u>622,000.00</u>
Balance December 31	<u>\$ 334,296.07</u>	<u>\$ 443,378.91</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, 2011

	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$ 358,579.00		\$ 358,579.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverage	2,400.00		2,734.00	\$ 334.00
Other	1,900.00		1,207.00	(693.00)
Fees and Permits	23,000.00		31,548.00	8,548.00
Fines and Costs -				
Municipal Court	62,000.00		56,578.22	(5,421.78)
Interest and Costs on Taxes	37,000.00		39,682.18	2,682.18
Interest Earned on Investments	5,000.00		3,760.98	(1,239.02)
Payments in Lieu of Taxes	30,000.00		29,682.91	(317.09)
Rent of Office Space	8,000.00		8,000.00	
Consolidated Municipal Property Tax Relief Aid	50,157.00		50,157.00	
Energy Receipts Tax	240,173.00		240,173.00	
Uniform Construction Code Fees	18,000.00		24,849.00	6,849.00
Miscellaneous Revenues Offset with Appropriations:				
Recycling Tonnage Grant	794.12		794.12	
Clean Communities	4,821.39		4,821.39	
Body Armor	1,644.01		1,644.01	
Municipal Alliance	7,750.00		7,750.00	
Insurance Recovery Proceeds	10,739.00		10,738.50	(0.50)
Total	503,378.52		514,120.31	10,741.79
Receipts from Delinquent Taxes	200,000.00		211,460.69	11,460.69
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal Purposes	1,429,820.00		1,464,830.74	35,010.74
Budget Totals	2,491,777.52		2,548,990.74	\$ 57,213.22
Nonbudget Revenues			17,594.85	
Total	\$ 2,491,777.52	\$ -	\$ 2,566,585.59	

(Continued)

CITY OF BEVERLY

CURRENT FUND

Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2011Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collections	\$ 4,611,197.26
Allocated to School, County and Fire District Taxes	<u>3,402,857.52</u>
Balance for Support of Municipal Budget Appropriations	1,208,339.74
Add Appropriation - Reserve for Uncollected Taxes	<u>256,491.00</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 1,464,830.74</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 211,460.69
Tax Title Lien Collections	
Total	<u>\$ 211,460.69</u>

Licenses - Other:

Merchandise	\$ 1,125.00
Marriage	82.00
Other	
Total - Treasurer	<u>\$ 1,207.00</u>

Fees and Permits - Other:

Registrar of Vital Statistics Fees	\$ 625.00
Street Opening Permits	4,331.00
Housing Inspection Fees	22,895.00
Zoning Permit Fees	3,005.00
Other Fees and Permits	<u>692.00</u>
Total	<u>\$ 31,548.00</u>

Analysis of Nonbudget Revenues

Miscellaneous - Treasurer:

Comcast Fee	\$ 7,591.94
Police Discovery	3,209.42
FEMA Snow Removal Reimbursement	4,085.83
Miscellaneous	<u>0.28</u>
	<u>14,887.47</u>
	14,887.47

Miscellaneous - Tax Collector:

Cost of Sale	<u>2,707.38</u>
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Total	<u>\$ 17,594.85</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, 2011

	<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	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00			
Other Expenses	20,000.00	20,800.00	18,061.89	\$ 2,599.22	\$ 138.89	
Mayor and City Council						
Other Expenses	1,000.00	10.00			10.00	
City Clerk						
Salaries and Wages	70,000.00	66,850.00	66,847.90		2.10	
Other Expenses	4,000.00	4,030.00	4,025.52		4.48	
Financial Administration						
Salaries and Wages	18,000.00	16,875.00	16,874.97		0.03	
Other Expenses	400.00	380.00	143.05	232.66	4.29	
Audit Services						
Other Expenses	22,400.00	17,400.00	17,400.00			
Computerized Data Processing						
Other Expenses	6,000.00	1,920.00	1,919.40		0.60	
Collection of Taxes						
Salaries and Wages	40,000.00	40,465.00	40,462.26		2.74	
Other Expenses	5,000.00	7,020.00	7,015.33		4.67	
Assessment of Taxes						
Salaries and Wages	13,500.00	13,675.00	13,667.94		7.06	
Other Expenses	1,500.00	1,250.00	1,233.64		16.36	
Legal Services & Costs						
Other Expenses	50,000.00	69,200.00	60,908.48		8,291.52	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2011

	<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 Government (cont'd)						
Engineering Services & Costs						
Other Expenses	\$ 10,000.00	\$ 13,600.00	\$ 13,584.24		\$ 15.76	
Land Use Administration:						
Planning Board						
Salaries & Wages	3,875.00	4,300.00	4,299.27		0.73	
Other Expenses	2,000.00	2,775.00	2,757.05		17.95	
Insurance						
Liability Insurance	88,049.00	88,049.00	88,049.00			
Workers Compensation Insurance	133,757.00	115,957.00	115,941.00		16.00	
Employees Group Health Insurance	190,000.00	219,100.00	219,034.28		65.72	
Unemployment Insurance	5,000.00	4,310.00	4,300.33		9.67	
Public Safety Function:						
Police						
Salaries & Wages	590,000.00	606,120.00	583,643.38		22,476.62	
Other Expenses	36,000.00	31,300.00	30,230.57	\$ 438.97	630.46	
Office of Emergency Management						
Other Expenses	500.00	240.00	235.00		5.00	
Prosecutor's Office						
Salaries and Wages	7,200.00	6,600.00	6,600.00			
Public Works Function						
Streets and Roads						
Salaries and Wages	115,000.00	82,550.00	82,537.20		12.80	
Other Expenses	15,000.00	20,400.00	19,078.65	1,311.60	9.75	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2011

	<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	\$ 66,000.00	\$ 60,343.36		\$ 5,656.64	
Public Buildings and Grounds						
Other Expenses	10,000.00	9,000.00	8,137.49	\$ 233.14	629.37	
Vehicle Maintenance						
Other Expenses	10,000.00	5,010.00	4,846.12		163.88	
Health and Human Services						
Animal Control						
Other Expenses	6,000.00	6,000.00	5,970.00		30.00	
Parks and Recreation Functions						
Maintenance of Parks and Playgrounds						
Other Expenses	3,000.00	1,100.00	1,080.00		20.00	
Other Common Operating Functions						
Celebration of Public Event, Anniversary, or Holiday - Other Expenses	2,400.00	2,400.00	2,310.00		90.00	
Utilities						
Electricity	12,000.00	12,000.00	11,413.62		586.38	
Street Lighting	50,000.00	44,220.00	41,645.99		2,574.01	
Telephone	16,000.00	16,080.00	15,833.53	55.67	190.80	
Water	900.00	1,000.00	900.20	24.41	75.39	
Fuel Oil	14,000.00	9,320.00	9,225.32		94.68	
Gasoline	14,000.00	18,970.00	16,927.60		2,042.40	
Landfill/Solid Waste Disposal Cost						
Other Expense	90,000.00	92,000.00	88,312.98		3,687.02	
Municipal Court:						
Salaries and Wages	56,000.00	55,350.00	47,499.00		7,851.00	
Other Expenses	7,000.00	7,650.00	5,337.76	2,280.00	32.24	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2011

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance</u> <u>Canceled</u>
Public Defender						
Salaries and Wages	\$ 4,800.00	\$ 4,800.00	\$ (508.50)		\$ 5,308.50	
Uniform Construction Code:						
Construction Code Official						
Salaries & Wages	35,000.00	35,925.00	35,905.12		19.88	
Other Expenses	1,000.00	1,000.00	995.46		4.54	
Inspection of Buildings						
Salaries & Wages	33,000.00	33,355.00	33,350.96		4.04	
Other Expenses	1,000.00	1,025.00	960.00	\$ 45.94	19.06	
Total Operations Including Contingent -						
 Within "CAPS"	<u>1,899,281.00</u>	<u>1,897,381.00</u>	<u>1,829,336.36</u>	<u>7,221.61</u>	<u>60,823.03</u>	
Detail:						
Salaries and Wages	1,006,375.00	986,865.00	951,179.50		35,685.50	
Other Expenses	<u>892,906.00</u>	<u>910,516.00</u>	<u>878,156.86</u>	<u>7,221.61</u>	<u>25,137.53</u>	
Deferred Charges and Statutory Expenditures -						
Municipal - Within "CAPS":						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	35,157.00	35,157.00	35,157.00			
Social Security System (O.A.S.I.)	58,000.00	59,900.00	59,875.38		24.62	
Police and Firemen's Retirement System	<u>116,681.00</u>	<u>116,681.00</u>	<u>116,681.00</u>			
Total Deferred Charges and Statutory						
 Expenditures - Municipal Within "CAPS"	<u>209,838.00</u>	<u>211,738.00</u>	<u>211,713.38</u>		<u>24.62</u>	
Total General Appropriations -						
 For Municipal Purposes Within "CAPS"	<u>2,109,119.00</u>	<u>2,109,119.00</u>	<u>2,041,049.74</u>	<u>7,221.61</u>	<u>60,847.65</u>	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2011

	<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			\$ 5,000.00	
Supplemental Fire Services Program - Fire District Payment	1,120.00	1,120.00			1,120.00	
Municipal Alliance on Alcoholism and Drug Abuse:						
State Share	7,750.00	7,750.00	\$ 7,750.00			
Local Share	1,938.00	1,938.00	1,938.00			
Clean Communities	4,821.39	4,821.39	4,821.39			
Body Armor Grant	1,644.01	1,644.01	1,644.01			
Recycling Tonnage Grant	794.12	794.12	794.12			
<i>Total Operations - Excluded From "CAPS"</i>	<u>23,067.52</u>	<u>23,067.52</u>	<u>16,947.52</u>		<u>6,120.00</u>	
Detail:						
Salaries and Wages						
Other Expenses	<u>23,067.52</u>	<u>23,067.52</u>	<u>16,947.52</u>		<u>6,120.00</u>	
<i>Capital Improvements - Excluded from "CAPS":</i>						
Capital Improvement Fund	<u>76,900.00</u>	<u>76,900.00</u>	<u>76,900.00</u>			
<i>Total Capital Improvements - Excluded From "CAPS"</i>	<u>76,900.00</u>	<u>76,900.00</u>	<u>76,900.00</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	<u>21,200.00</u>	<u>21,200.00</u>	<u>21,200.00</u>			
<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, 2011

	<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>\$ 126,167.52</u>	<u>\$ 126,167.52</u>	<u>\$ 120,047.52</u>	<u>\$ -</u>	<u>\$ 6,120.00</u>	
Subtotal General Appropriations	2,235,286.52	2,235,286.52	2,161,097.26	7,221.61	66,967.65	
Reserve for Uncollected Taxes	<u>256,491.00</u>	<u>256,491.00</u>	<u>256,491.00</u>			
TOTAL GENERAL APPROPRIATIONS	<u><u>\$ 2,491,777.52</u></u>	<u><u>\$ 2,491,777.52</u></u>	<u><u>\$ 2,417,588.26</u></u>	<u><u>\$ 7,221.61</u></u>	<u><u>\$ 66,967.65</u></u>	<u><u>\$ -</u></u>

Budget	\$ 2,491,777.52
Appropriation by 40A:4-87	<u><u>\$ 2,491,777.52</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
Due to Capital Fund - Capital Improvement Fund	76,900.00
Reserve for Federal and State Grants - Appropriated	16,947.52
Reserve for Uncollected Taxes	256,491.00
Disbursed	<u>2,041,049.74</u>
Total	<u><u>\$ 2,417,588.26</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, 2011 and 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash	B-1	\$ 2,221.20	\$ 181.37
Due From Current Fund	A	49.00	59.00
Total		2,270.20	240.37
Other Funds:			
Cash - Treasurer	B-1	907,853.85	938,822.22
Due From Current Fund	A	14,547.26	8,552.37
Total		922,401.11	947,374.59
Total Assets		<u>\$ 924,671.31</u>	<u>\$ 947,614.96</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State Department of Health		\$ 351.60	\$ 127.20
Due Current Fund	A		17.13
Reserve for Animal Control Fund Expenditures	B-2	1,918.60	96.04
Total		2,270.20	240.37
Other Funds:			
Due Current Fund	A		6,960.54
Payroll Deductions Payable	B-4	7,583.92	7,635.71
Reserve for Tax Sale Premiums	B-5	33,425.51	28,225.47
Reserve for Escrow Deposits		6,963.34	7,349.87
Reserve for Municipal Law Enforcement Fund		2,839.56	2,444.27
Reserve for Regional Contribution Agreements	B-3	804,689.87	826,546.13
Reserve for Recreation Trust		805.81	805.81
Reserve for Community Day Events		7,516.75	8,830.44
Reserve for Community Development Block Grant Funds:	B-6	58,576.35	58,576.35
Total		922,401.11	947,374.59
Total Liabilities and Reserves		<u>\$ 924,671.31</u>	<u>\$ 947,614.96</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, 2011 and 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Deferred Charges to Future Taxation:			
Unfunded	C-3	\$ 1,665,705.00	\$ 42,500.00
Due from Current Fund	A, C-4	970,796.20	
		<hr/>	<hr/>
Total		<u>\$ 2,636,501.20</u>	<u>\$ 42,500.00</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	C-5	\$ 23,662.73	\$ 18,700.00
Unfunded	C-5	981,362.98	8,432.72
Bond Anticipation Notes Payable	C-7	1,628,205.00	
Encumbrance Payable	C-5	1,347.50	
Due to Current Fund	A, C-4		5,124.29
Capital Improvement Fund	C-6	67.50	8,862.50
Fund Balance	C-1	<u>1,855.49</u>	<u>1,380.49</u>
		<hr/>	<hr/>
Total		<u>\$ 2,636,501.20</u>	<u>\$ 42,500.00</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, 2011**

Balance December 31, 2010	\$ 1,380.49
Increased by Premium on Sale of Bond Anticipation Notes	<u>475.00</u>
Balance December 31, 2011	<u>\$ 1,855.49</u>

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

**City of Beverly
Notes to Financial Statements
December 31, 2011**

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, 2011 according to the New Jersey Department of Labor and Workforce Development is 2,572.

The City was incorporated in 1857 and is governed by a Mayor-Common Council form of government which consists of seven 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, City Chief Finance Officer 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.

Criteria for determining if other entities are potential component units which should be reported within the City's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600. The application of these criteria provides for identification of any entities for which the City is financially accountable and other organizations that the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete.

Based on the application of these criteria, the following organization is considered to be a component unit; however, the City has determined that it is not significant and, therefore, has not been included in the basic financial statements:

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

Requests for financial information should be addressed to the organization listed above.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the City 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" 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". 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", 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.

**City of Beverly
Notes to Financial Statements
December 31, 2011**

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

General Fixed Assets (Cont'd) - 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. No depreciation of general fixed assets is recorded.

The City has not complied with the requirements of N.J.A.C. 5:30-5.6.

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 Balance 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 and sick leave 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. Revenue 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 City School District, Beverly City 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 local school district for the period from January 1 to December 31, 2011.

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.

**City of Beverly
Notes to Financial Statements
December 31, 2011**

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

General Fixed Assets (Cont'd) - 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. No depreciation of general fixed assets is recorded.

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 Balance 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 and sick leave 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. Revenue 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 City School District, Beverly City 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 local school district for the period from January 1 to December 31, 2011.

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.

**City of Beverly
Notes to Financial Statements
December 31, 2011**

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

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.

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 on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is also 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 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 have been presented in the accompanying statements of assets, liabilities, reserves and fund balance 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 Related to Deposits - With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the City's deposits may not be returned to it. 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 Unit. Banks that qualify as public depositories under New Jersey statutes hold cash deposits, with bank balances totaling \$2,385,291.78 at December 31, 2011. All deposits are insured by federal depository insurance and/or collateralized with securities held in New Jersey's multiple financial institution collateral pool as required by N.J.S.A. 17:9-41 et seq.

**City of Beverly
Notes to Financial Statements
December 31, 2011**

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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Tax Rate	<u>\$ 5.749</u>	<u>\$ 5.647</u>	<u>\$ 5.500</u>	<u>\$ 5.385</u>	<u>\$ 5.310</u>
Apportionment of Tax Rate:					
Municipal	1.700	1.542	1.444	1.422	1.437
County	.681	.731	.706	.701	.682
Local School	3.206	3.215	3.191	3.103	3.031
Fire District	.162	.159	.159	.159	.160

<u>Assessed Valuation</u>	<u>Amount</u>
2011	\$ 84,082,119
2010	84,012,841
2009	83,907,600
2008	83,822,400
2007	83,395,044

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2011	\$ 4,818,622	\$ 4,611,197	95.69 %
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

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>
2011	\$ 202,136	\$ 185,861	\$ 387,997	8.05 %
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

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>
2011	8
2010	3
2009	4
2008	4
2007	4

**City of Beverly
Notes to Financial Statements
December 31, 2011**

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>
2011	\$ 87,520
2010	87,520
2009	87,520
2008	87,520
2007	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>
2011	\$ 334,496	\$ 250,000 *	74.73 %
2010	443,379	358,579	80.87
2009	852,458	622,000	72.96
2008	1,024,050	440,000	48.90
2007	1,004,016	448,893	44.71

* As introduced on May 22, 2012

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, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		\$ 1,210,663.42
Federal and State Grant Fund	\$225,270.96	
Animal Control Fund	49.00	
Trust Fund - Other Funds	14,547.26	
General Capital Fund	970,796.20	
	<u>\$ 1,210,663.42</u>	<u>\$ 1,210,663.42</u>

NOTE 7. PENSION PLANS

Substantially all of the City's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Police and Firemen's Retirement System (PFRS), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

**City of Beverly
Notes to Financial Statements
December 31, 2011**

NOTE 7. PENSION PLANS (CONTD)

Public Employees' Retirement System (PERS)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

The City is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System was established in 1944. The PFRS 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. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 10%. 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 are detailed below.

	<u>2011</u>		<u>2010</u>		<u>2009</u>	
	<u>PERS</u>	<u>PFRS</u>	<u>PERS</u>	<u>PFRS</u>	<u>PERS</u>	<u>PFRS</u>
Normal Contribution	\$ 9,309	\$ 62,057	\$ 10,222	\$ 47,793	\$ 9,866	\$ 36,154
Accrued Liability	14,834	49,760	13,134	34,049	11,411	25,015
Total Regular Contributions	24,143	111,817	23,356	81,842	21,277	61,169
Delayed Enrollment	9,180					
Non-Contributory Group						
Life Insurance	1,834	4,864	3,239	4,161	2,645	2,515
Total Due	\$ 35,157	\$ 116,681	\$ 26,595	\$ 86,003	\$ 23,922	\$ 63,684

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program 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), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Divisions of Pensions and Benefits. 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.

**City of Beverly
Notes to Financial Statements
December 31, 2011**

NOTE 7. PENSION PLANS (CONTD)

The contribution requirements of plan members are determined by State statute. 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. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the City's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

There were no City employees enrolled in the DCRP for the years ended December 31, 2011, 2010 and 2009.

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

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The financial statements of the City are not prepared in accordance with Governmental Standards Board Statement No. 45. The following information is provided in accordance with the requirements of the Statement.

Plan Description – The City contributes to the State Health Benefits Program ("SHBP"), a cost-sharing multiple-employer defined benefit postemployment 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. The City's defined benefit postemployment healthcare plan provides post employment health care benefits, at its cost, to certain retired employees. A City employee will receive paid health insurance benefits upon retirement from the City provided they 1) retire from the City with at least twenty-five years of service in the New Jersey Public Employees Retirement System, 2) retire from the City with at least twenty years of service with the City, and 3) at the time of retirement the employee is at least sixty-two years of age. Retirees will not be eligible to receive paid health coverage for their spouses or for their dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for 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.

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. During the year 2011, one retired employee received this benefit resulting in the payment of \$21,519 in related health care premiums.

**City of Beverly
Notes to Financial Statements
December 31, 2011**

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, 2011, accrued benefits for compensated absences are valued at \$72,074.67. Actual payment for compensated absences occurs through the Current Fund budget at the time the employee terminates employment

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, 2011, 2010 and 2009 was \$4,678.71, \$4,386.00 and \$3,342.85 respectively.

**City of Beverly
Notes to Financial Statements
December 31, 2011**

NOTE 13. CAPITAL DEBT

Summary of Municipal Debt

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Issued:			
General Bonds and Notes	\$ 1,628,205		
Total Net Debt Issued	<u>1,628,205</u>		
Authorized But Not Issued:			
General - Bonds and Notes	<u>37,500</u>	<u>\$ 42,500</u>	<u>\$ 47,500</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 1,665,705</u>	<u>\$ 42,500</u>	<u>\$ 47,500</u>

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 1.13%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 0.00	\$ 0.00	
General Debt	<u>1,665,705.00</u>		<u>\$ 1,665,705.00</u>
Total	<u>\$ 1,665,705.00</u>	<u>\$ 0.00</u>	<u>\$ 1,665,705.00</u>

Net Debt, \$1,665,705.00 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$147,082,380 equals 1.13%.

Equalized Valuation Basis:

2009	\$ 160,773,835
2010	149,985,344
2011	<u>130,487,960</u>
Average	<u>\$ 147,082,380</u>

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

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 5,147,883
Net Debt	<u>1,665,705</u>
Remaining Borrowing Power	<u>\$ 3,482,178</u>

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

Bond Anticipation Notes Payable

The City issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the Notes can not exceed one year from the date of issuance, however the Notes may be renewed from time to time for a period not to exceed one year. Generally, such Notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original Notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original Note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such Notes were issued be paid or retired. A second and third legal installment must be paid if the Notes are to be renewed beyond the forth and fifth anniversary date of the original issuance.

**City of Beverly
Notes to Financial Statements
December 31, 2011**

NOTE 13. CAPITAL DEBT (CONT'D)

As of December 31, 2011, the City had outstanding bond anticipation notes as follows:

<u>Fund</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
General Capital	\$1,628,205	2.00%	June 20, 2012

NOTE 14. LEASE OBLIGATIONS

At December 31, 2011, the City had lease agreements in effect for the following:

Capital:

One (1) 2010 Ford Crown Victoria Police Vehicle
Emergency Equipment Package

Future minimum lease payments under capital lease agreements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 6,864.68	\$ 958.00	\$ 7,822.68
2013	7,328.03	494.65	7,822.68
	<u>\$ 14,192.71</u>	<u>\$ 1,452.65</u>	<u>\$ 15,645.36</u>

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, 2011 the City has unexpended funds held in trust for the regional contribution agreements in the amount of \$804,689.87.

**City of Beverly
Notes to Financial Statements
December 31, 2011**

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, 2011, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

	<u>Balance December 31, 2011</u>	<u>2012 Budget Appropriation</u>
Current Fund; Special Emergency Authorizations	<u>\$ 63,600</u>	<u>\$ 21,200</u>

The appropriations in the 2012 Budget as introduced are not less than that required by the statutes.

NOTE 19. SUBSEQUENT EVENTS

Subsequent to December 31, 2011, the City of Beverly authorized additional Bonds and Notes as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
Various Capital Improvements and Acquisition of Capital Equipment	April 10, 2012	<u>\$500,000</u>

SUPPLEMENTAL EXHIBITS

CURRENT FUND

CITY OF BEVERLY

CURRENT FUND

Statement of Cash - Treasurer
For the Year Ended December 31, 2011

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2010	\$ 498,745.41	\$ -
Receipts:		
Tax Collector	\$ 4,732,948.59	
Taxes Receivable	79,984.86	
Revenue Accounts Receivable	445,672.69	
Federal and State Grants Receivable		\$ 425,271.88
Matching Funds for State Grants		1,938.00
Due from Federal and State Grant Fund	251,401.86	
Due from Animal Control Fund	109.00	
Due from Payroll Fund	545,308.22	
Due from Capital Fund	1,628,680.00	
Due from Trust Other Fund	6,321.71	
Due from Sewer Authority	151.24	
Due from Insurance Company	10,738.50	
Due State of New Jersey:		
Construction Code Training Fees	1,467.00	
Miscellaneous Revenue Not Anticipated	14,887.47	
Total Receipts	<u>7,717,671.14</u>	<u>427,209.88</u>
Total Funds Available	8,216,416.55	427,209.88
Disbursements:		
2011 Appropriations	2,041,049.74	
Appropriation Reserves and Encumbrances Payable	77,541.83	
Change Fund	150.00	
Reserve for Revaluation	42,900.00	
City's Match of Federal and State Grants	1,938.00	
Due to Current Fund		251,401.86
Due from Payroll Fund	531,165.52	
Due to General Capital Fund	734,659.51	
Due from Animal Control Fund	150.87	
Due from Trust Other Fund	11,217.37	
Due from Sewer Authority	2,190.80	
Refund Tax Overpayments	3,101.73	
Due State of New Jersey:		
Construction Code Training Fees	1,324.00	
Fire District Tax	135,626.00	
County Taxes	571,799.52	
Due County Taxes for Added Taxes	457.17	
Local District School Tax	2,695,432.00	
Reserve for Federal & State Grants - Appropriated		175,808.02
Total Disbursements	<u>6,850,704.06</u>	<u>427,209.88</u>
Balance December 31, 2011	<u>\$ 1,365,712.49</u>	<u>\$ -</u>

CITY OF BEVERLY

CURRENT FUND

Statement of Cash - Tax Collector
For the Year Ended December 31, 2011

Balance December 31, 2010		\$ 230,171.97
Increased by:		
Taxes Receivable	\$ 4,675,497.66	
Prepaid 2012 Taxes	54,027.89	
Tax Overpayments	8,682.45	
Interest and Cost on Taxes	39,682.18	
Revenue Accounts Receivable	3,017.42	
Miscellaneous Revenue not Anticipated	2,707.38	
Contra Receipts with Disbursements	<u>141,855.78</u>	
		<u>4,925,470.76</u>
Subtotal		5,155,642.73
Decreased by:		
Payment to Treasurer	4,732,948.59	
Contra Receipts with Disbursements	<u>141,855.78</u>	
		<u>4,874,804.37</u>
Balance December 31, 2011		<u>\$ 280,838.36</u>

Schedule of Change Funds
For the Year Ended December 31, 2011

<u>OFFICE</u>	<u>Amount</u>
City Clerk	\$ 300.00
Tax Collector	25.00
Municipal Court Clerk	<u>100.00</u>
Total	<u>\$ 425.00</u>

CITY OF BEVERLY

CURRENT FUND

Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2011

Year	Balance December 31, 2010	Added Taxes	2011 Levy	Collections by Cash		State Share of 2011 Senior Citizens and Veterans Deductions Allowed/(Disallowed)	Transfer to Tax Title Liens	Canceled	Balance December 31, 2011
				2010	2011				
2010	\$ 216,086.04	\$ 1,274.36			\$ 211,460.69		\$ 5,899.71		
2011			\$ 4,818,622.23	\$ 34,925.43	4,544,021.83	\$ 32,250.00	19,144.19	\$ 2,420.08	\$ 185,860.70
Total	\$ 216,086.04	\$ 1,274.36	\$ 4,818,622.23	\$ 34,925.43	\$ 4,755,482.52	\$ 32,250.00	\$ 25,043.90	\$ 2,420.08	\$ 185,860.70

Analysis of Property Taxes

Tax Yield:	
General Purpose Tax	\$ 4,786,122.23
Added and Omitted Taxes (54:4-63.1 et seq.)	
Senior Citizens and Veteran Ded.	
Allowed per original levy	<u>32,500.00</u>
Total	<u>\$ 4,818,622.23</u>

Tax Levy:	
Local School District Tax (Abstract)	\$ 2,695,432.00
Fire District Tax (Abstract)	135,626.00
County Tax (Abstract)	\$ 466,996.64
County Library Tax (Abstract)	44,387.09
County Open Space Tax (Abstract)	60,415.79
Due County for Added Taxes	<u>571,799.52</u>
Local Tax for Municipal Purposes	1,429,820.00
Additional Taxes Levied	<u>(14,055.29)</u>
Total	<u>\$ 4,818,622.23</u>

CITY OF BEVERLY

CURRENT FUND

Schedule of Due To/(From) State of New Jersey -
Senior Citizen and Veterans' Deductions
For the Year Ended December 31, 2011

Balance December 31, 2010 - Due To		\$ 14,320.71
Increased by:		
Cash Received		
Total		<u>14,320.71</u>
Decreased by - Accrued to City in 2011:		
Senior Citizen's and Veteran's Deductions per original tax billings	\$ 32,500.00	
Less - Senior Citizen's and Veteran Deductions Disallowed	<u>(250.00)</u>	
		<u>32,250.00</u>
Balance December 31, 2011 - (Due From)		<u><u>\$ (17,929.29)</u></u>

CITY OF BEVERLY

CURRENT FUND

**Schedule of Tax Title Liens
For the Year Ended December 31, 2011**

Balance December 31, 2010		\$ 176,108.10
Increased by:		
Transfers from Taxes Receivable	\$ 25,043.90	
Interest on tax sale	<u>2,606.49</u>	
		<u>27,650.39</u>
Total		203,758.49
Decreased by:		
Canceled		<u>1,622.04</u>
Balance December 31, 2011		<u><u>\$ 202,136.45</u></u>

**Schedule of Property Acquired for Taxes
(At Assessed Valuation)
For the Year Ended December 31, 2011**

Balance December 31, 2011 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, 2011

	Balance December 31, 2010	Accrued in 2011	Collected	Balance December 31, 2011	Remarks
City Clerk:					
Licenses:					
Alcoholic Beverages		\$ 2,734.00	\$ 2,734.00		
Other		1,207.00	1,207.00		
Fees and Permits:					
Marriage Certificates		516.00	516.00		
Birth Certificates		68.00	68.00		
Death Certificates		41.00	41.00		
Yard Sale Permits		117.00	117.00		
Street Opening Permits		4,331.00	4,331.00		
Soilcipation Permits		300.00	300.00		
Housing Inspection Fees		22,895.00	22,895.00		
Dumpster Permits		200.00	200.00		
Zoning Permits		3,005.00	3,005.00		
Other Fees and Permits		75.00	75.00		
Rent of Office Space		8,000.00	8,000.00		
Construction Code Official Fees		24,849.00	24,849.00		
Payments in Lieu of Taxes		29,682.91	29,682.91		
Municipal Court - Fines and Costs	\$ 3,648.00	56,567.08	56,578.22	\$ 3,636.86	Dec. 2011
Interest Earned on Investments		3,760.98	3,760.98		
Consolidated Municipal Property Tax Relief Aid		50,157.00	50,157.00		
Energy Receipts Tax		240,173.00	240,173.00		
Total	<u>\$ 3,648.00</u>	<u>\$ 448,678.97</u>	<u>\$ 448,690.11</u>	<u>\$ 3,636.86</u>	
		Tax Collector	\$ 3,017.42		
		Treasurer	445,672.69		
			<u>\$ 448,690.11</u>		

CITY OF BEVERLY

Current Fund

Statement of Deferred Charges
N.J.S. 40A:4-55 Special Emergency
For the Year Ended December 31, 2011

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u>	<u>Balance</u> <u>December 31,</u> <u>2010</u>	<u>Raised in</u> <u>2011</u> <u>Budget</u>	<u>Balance</u> <u>December 31,</u> <u>2011</u>
11/24/2009	Revaluation	\$ 90,000.00	\$ 18,000.00	\$ 72,000.00	\$ 18,000.00	\$ 54,000.00
1/27/2009	Revision to Tax Map	16,000.00	3,200.00	12,800.00	3,200.00	9,600.00
				<u>\$ 84,800.00</u>	<u>\$ 21,200.00</u>	<u>\$ 63,600.00</u>

CITY OF BEVERLY

CURRENT FUND

Statement of 2010 Appropriation Reserves
For The Year Ended December 31, 2011

	<u>Balance December 31, 2010</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		\$ 514.00	\$ 514.00		\$ 514.00
Mayor and City Council		135.00	135.00	\$ 135.00	
City Clerk		7.25	7.25		7.25
Financial Administration		19.89	19.89		19.89
Collection of Taxes		199.44	199.44		199.44
Assessment of Taxes		55.12	55.12		55.12
Planning Board		24.66	24.66		24.66
Police		13,558.75	13,558.75		13,558.75
Prosecutor's Office		1,200.00	1,200.00	300.00	900.00
Streets and Roads		3,910.75	3,910.75		3,910.75
Municipal Court		94.24	94.24		94.24
Public Defender		1,800.00	1,800.00		1,800.00
Construction Code Official		966.09	966.09		966.09
Inspection of Housing		638.76	638.76		638.76
Other Expenses:					
General Administration	\$ 624.17	113.37	537.54	487.54	50.00
City Clerk	134.82	306.42	406.42	339.90	66.52
Financial Administration		154.73	154.73	87.53	67.20
Computerized Data Processing	13,050.00	33.00	12,433.00	12,196.57	236.43
Collection of Taxes		79.42	79.42		79.42
Assessment of Taxes		835.72	835.72	165.34	670.38
Legal Services & Costs		57,500.04	70,400.04	19,342.90	51,057.14
Engineering Services & Costs		10,178.25	5,078.25	5,000.00	78.25
Planning Board	40.32	675.96	916.28	827.82	88.46
Insurance		304.35	304.35		304.35
Employees Group Health Insurance	19,461.62	10,794.69	13,625.36		13,625.36
Insurance - Unemployment		14.00	14.00		14.00
Police	748.73	481.49	794.99	518.65	276.34
Office of Emergency Management		1,000.00	1,000.00		1,000.00
Streets and Roads		2,906.22	8,806.22	8,806.00	0.22
Solid Waste Collection		5,629.92	5,629.92	5,485.76	144.16
Public Buildings and Grounds		1,824.79	1,824.79	353.70	1,471.09
Vehicle Maintenance	375.97	1,010.77	1,386.74	743.16	643.58
Animal Control		422.05	422.05	158.25	263.80
Maintenance of parks and playgrounds		4,500.00	4,500.00		4,500.00
Celebration of Public Events		1,242.08	1,242.08		1,242.08

(continued)

CITY OF BEVERLY

CURRENT FUND

Statement of 2010 Appropriation Reserves
For The Year Ended December 31, 2011

	<u>Balance December 31, 2010</u>		Appropriation		
	Reserve for	Appropriation	Reserve	Paid or	Balance
	Encumbrance	Reserve	Balance	Charged	Lapsed
	<u>Payable</u>		<u>After</u>		
			<u>Transfers</u>		
Inside CAPS:					
Gasoline		\$ 4,437.88	\$ 4,437.88	\$ 1,518.40	\$ 2,919.48
Electricity		3,776.64	3,776.64	860.88	2,915.76
Street Lighting		4,403.22	4,903.22	4,899.01	4.21
Telephone		436.91	1,236.91	1,218.94	17.97
Water		44.07	144.07	95.16	48.91
Fuel Oil		3,003.30	3,003.30	2,089.11	914.19
Landfill Solid Waste Disp. Cost			3,000.00	2,890.45	109.55
Municipal Court	\$ 497.40	3,358.56	4,006.96	1,005.90	3,001.06
Construction Code Official		1,412.54	712.54		712.54
Inspection of Housing		33.16	233.16	151.87	81.29
Contribution to:					
Public Employees Retirement System		19.94	19.94		19.94
Social Security System (O.A.S.I.)		7,945.21	7,945.21	2,930.95	5,014.26
Police and Firemens Retirement System		0.10	0.10		0.10
Outside CAPS:					
Recycling Tax		3,421.04	3,421.04	3,421.04	
Fire District Payment		1,534.00	1,534.00	1,512.00	22.00
Total	\$ 34,933.03	\$ 156,957.79	\$ 191,890.82	\$ 77,541.83	\$ 114,348.99

CITY OF BEVERLY

CURRENT FUND

**Schedule of Local School District Taxes Payable
For the Year Ended December 31, 2011**

Balance December 31, 2010:	
School Tax Payable	\$ -
Increased by:	
Levy - January 1, 2011 to December 31, 2011	<u>2,695,432.00</u>
Total	2,695,432.00
Decreased by:	
Payments	<u>2,695,432.00</u>
Balance December 31, 2011:	
School Tax Payable	<u><u>\$ -</u></u>

CITY OF BEVERLY

FEDERAL AND STATE GRANT FUND

Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2011

	Balance December 31, <u>2010</u>	<u>Accrued</u>	<u>Received</u>	<u>Canceled</u>	Balance December 31, <u>2011</u>
Federal Grants:					
Small Cities Grant	\$ 487,359.50		\$ 137,868.75		\$ 349,490.75
Total Federal Grants	<u>487,359.50</u>		<u>137,868.75</u>		<u>349,490.75</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		121,053.94		58,946.06
Municipal Alliance Grant		\$ 7,750.00	1,480.84		6,269.16
Body Armor Grant		1,011.24	1,011.24		
Hazardous Discharge Grant	72,701.00		72,701.00		
Recycling Tonnage Grant		3,991.50	3,991.50		
Clean Communities		4,664.61	4,664.61		
Total State Grants	<u>582,627.21</u>	<u>17,417.35</u>	<u>287,403.13</u>		<u>312,641.43</u>
Total All Grants	<u>\$ 1,069,986.71</u>	<u>\$ 17,417.35</u>	<u>\$ 425,271.88</u>	<u>\$ -</u>	<u>\$ 662,132.18</u>

CITY OF BEVERLY

FEDERAL AND STATE GRANT FUND

**Schedule of Reserve for Federal and State Grants - Unappropriated
For the Year Ended December 31, 2011**

	Balance December 31 <u>2010</u>	Federal and State Grant <u>Receivable</u>	Realized as Revenue <u>in 2011</u>	Balance December 31, <u>2011</u>
Federal Grants:				
State Grants:				
Municipal Alliance on Alcohol & Drug Abuse		7,750.00	7,750.00	
Recycling Tonnage Grant	\$ 794.12	3,991.50	\$ 794.12	\$ 3,991.50
Body Armor Grant	1,644.01	1,011.24	1,644.01	1,011.24
Clean Communities	4,821.39	4,664.61	4,821.39	4,664.61
Total State Grants	<u>7,259.52</u>	<u>17,417.35</u>	<u>15,009.52</u>	<u>9,667.35</u>
Total All Grants	<u>\$ 7,259.52</u>	<u>\$ 17,417.35</u>	<u>\$ 15,009.52</u>	<u>\$ 9,667.35</u>

CITY OF BEVERLY

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Appropriated
For the Year Ended December 31, 2011

	Balance December 31, <u>2010</u>	Transferred From 2011 Budget <u>Appropriation</u>	<u>Disbursed</u>	<u>Canceled</u>	Balance December 31, <u>2011</u>
Federal Grants:					
Small Cities Grant	\$ 504,559.75		\$ 1,721.25		\$ 502,838.50
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Federal Grants	504,559.75		1,721.25		502,838.50
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
State Grants:					
Clean Communities Grant	\$ 7,630.43	\$ 4,821.39	2,711.25		9,740.57
Drunk Driving Enforcement Fund	1,190.97				1,190.97
Body Armor Grant	1,819.65	1,644.01	1,686.75		1,776.91
Alcohol Rehabilitation Grant	8,079.39				8,079.39
Municipal Alliance Grant	9,521.63	9,688.00	516.18		18,693.45
Hazardous Discharge Grant	72,201.00				72,201.00
Click It or Ticket	1,462.68				1,462.68
Clean Shores	8,367.69		1,150.00		7,217.69
Recycling Tonnage Grant	2,026.36	794.12			2,820.48
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	176,782.28		168,022.59		8,759.69
2008 Allotment - Wheatley Avenue	6,475.77				6,475.77
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total State Grants	532,036.54	16,947.52	174,086.77		374,897.29
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total All Grants	\$ 1,036,596.29	\$ 16,947.52	\$ 175,808.02	\$ -	\$ 877,735.79
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

TRUST FUND

CITY of BEVERLY

Trust Fund

Schedule of Cash - Treasurer
For the Year Ended December 31, 2011

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2010	\$ 181.37	\$ 938,822.22
Receipts:		
Animal Control Fund:		
Reserve for Animal Control Fund	1,822.56	
State Registration Fees	351.60	
Due to Current Fund	64.63	
Payroll Account:		
Net Payroll		673,745.30
Payroll Withholdings		496,729.05
Due from Current Fund		800.74
Reserve for Trust - Tax Premium		229,557.01
Reserve for Municipal Law Enforcement Fund		395.29
Reserve for Recreation Escrow		2.64
Reserve for Community Day Events		3,916.93
Reserve for Regional Contribution Agreement		12,893.74
Reserve for Community Development Block Grant Funds		192.92
Total Receipts	<u>2,238.79</u>	<u>1,418,233.62</u>
Subtotal	<u>2,420.16</u>	<u>2,357,055.84</u>
Disbursements:		
Animal Control Account:		
State of New Jersey	176.20	
Expenditures Under RS4:19-15.11		
Due to Current Fund	22.76	
Reserve for Community Day Events		5,230.62
Reserve for Recreation Escrow		2.64
Payroll Account:		
Payment to Withholding Agencies		510,923.54
Net Payroll		673,745.30
Reserve for Tax Sale Premium		224,356.97
Reserve for Regional Contribution Agreement		34,750.00
Reserve for Community Development Block Grant Funds		192.92
Total Disbursements	<u>198.96</u>	<u>1,449,201.99</u>
Balance December 31, 2011	<u>\$ 2,221.20</u>	<u>\$ 907,853.85</u>

CITY OF BEVERLY

TRUST FUND

**Schedule of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2011**

Balance December 31, 2010		\$	96.04
Increased by:			
Dog License Fees Collected	\$	1,421.00	
Cat License Fees Collected		140.00	
Late Fees Collected		192.00	
Adjustment		69.56	
		<u>1,822.56</u>	
Due from Current Fund			<u>1,822.56</u>
			1,918.60
Decreased by:			
Expenditures Under R.S. 4:19-15.11			<u> </u>
Balance December 31, 2011		\$	<u>1,918.60</u>

LICENSE FEES COLLECTED

<u>Year</u>	
2010	\$ 2,909.70
2009	<u>2,226.00</u>
Total	<u>\$ 5,135.70</u>

CITY OF BEVERLY

TRUST FUND

Schedule of Reserve for Regional Contribution Agreements
For the Year Ended December 31, 2011

	Mount Laurel	Evesham #1	Moorestown	Springfield	New Hanover	Evesham #2	Total
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
Increased by:							
Contributions							
Mortgage Payoff						10,230.69	10,230.69
Interest Earned	366.70	119.82	239.76	654.39	28.97	1,253.41	2,663.05
Total Receipts	366.70	119.82	239.76	654.39	28.97	11,484.10	12,893.74
Total	113,514.76	37,093.71	64,925.64	205,281.83	8,967.72	409,656.21	839,439.87
Decreased by:							
Cash Disbursed:							
Housing Rehabilitation				14,878.00		19,872.00	34,750.00
Inspections							
Total Disbursed				14,878.00		19,872.00	34,750.00
Balance December 31, 2011	\$ 113,514.76	\$ 37,093.71	\$ 64,925.64	\$ 190,403.83	\$ 8,967.72	\$ 389,784.21	\$ 804,689.87

CITY OF BEVERLY

TRUST FUND

**Schedule of Payroll Deductions Payable
For the Year Ended December 31, 2011**

Balance December 31, 2010		\$ 7,635.71
Increased by:		
Net Payroll	\$ 673,745.30	
Payroll Deductions Withheld	496,729.05	
Due to Current Fund	<u>14,142.70</u>	
		<u>1,184,617.05</u>
Total		1,192,252.76
Decreased by:		
Net Payroll	673,745.30	
Payroll Deductions Paid	510,923.54	
Due to Current Fund	<u></u>	
		<u>1,184,668.84</u>
Balance December 31, 2011		<u><u>\$ 7,583.92</u></u>

**Schedule of Reserve for Tax Sale Premiums
For the Year Ended December 31, 2011**

Balance December 31, 2010	\$ 28,225.47
Increased by - Cash Received	<u>229,557.01</u>
	257,782.48
Decreased by:	
Returned to Lienholder	<u>224,356.97</u>
Balance December 31, 2011	<u><u>\$ 33,425.51</u></u>

Note - An analysis of the balance at December 31, 2011 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, 2011**

	Balance December 31, <u>2010</u>	<u>Accrued</u>	<u>Disbursed</u>	<u>Canceled</u>	Balance December 31, <u>2011</u>
Public Facilities:					
Housing Rehabilitation	\$ 58,576.35	\$ 192.92	\$ 192.92		\$ 58,576.35
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 58,576.35</u>	<u>\$ 192.92</u>	<u>\$ 192.92</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, 2011**

Fund Balance		\$	1,855.49
Capital Improvement Fund			67.50
Due to Current Fund			(970,796.20)
Reserve for Encumbrances			1,347.50
Improvement Authorizations:			
Ord. 2006-17	Purchase of Public Works Truck		18,700.00
Ord. 2009-15	Various Capital Improvements		(37,500.00)
Ord. 2011-8	Multi-purpose:		
	Acquisition & Installation of Elevator		337,014.77
	Pine Street Improvements		6,130.11
	Improvements to Lauiger Park		4,568.67
	Improvements to Municipal Facilities		16,149.43
	Acquisition of Land		622,462.73
<hr/>			
Total		\$	-

CITY OF BEVERLY

General Capital Fund

**Schedule of Deferred Charges to Future Taxation - Unfunded
For the Year Ended December 31, 2011**

		<u>Analysis of Balance December 31, 2011</u>			
<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2011</u>	<u>Expenditures</u>	<u>Financed by Bond Anticipation Notes</u>	<u>Unexpended Improvement Authorizations</u>
2009-15	Various Capital Improvements	\$ 37,500.00	\$ 37,500.00		
2011-8	Multi-purpose:				
	Acquisition & Installation of Elevator	435,955.00		\$ 435,955.00	
	Pine Street Improvements	237,500.00		237,500.00	
	Improvements to Lauiger Park	275,500.00		275,500.00	
	Improvements to Municipal Facilities	61,750.00		61,750.00	
	Acquisition of Land	617,500.00		617,500.00	
		<u>\$ 1,665,705.00</u>	<u>\$ 37,500.00</u>	<u>\$ 1,628,205.00</u>	<u>\$ -</u>
Improvement Authorizations - Unfunded					\$ 981,362.98
Less - Unexpended Proceeds from Bond					
Anticipation Notes:					
Ordinance 2011-8					<u>981,362.98</u>
					<u>\$ -</u>

CITY OF BEVERLY

GENERAL CAPITAL FUND

**Schedule of Amount Due To/(From) Current Fund
For the Year Ended December 31, 2011**

Balance December 31, 2010 (Due to)		\$ 5,124.29
Increased by:		
Improvement Authorizations Expended by Current Fund		<u>734,659.51</u>
		739,783.80
Decreased by:		
Deferred Charges to Future Taxation - Unfunded		
Raised in the 2011 Budget	\$ 5,000.00	
Budgeted - Capital Improvement Fund	76,900.00	
Premium Received on Bond Anticipation Notes	475.00	
Bond Anticipation Notes Received	<u>1,628,205.00</u>	
		<u>1,710,580.00</u>
Balance December 31, 2010 (Due From)		<u>\$ (970,796.20)</u>

CITY OF BEVERLY

General Capital Fund

Statement of Improvement Authorizations
For the Year Ended December 31, 2011

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Ord. Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2010		Capital Improvement Fund	2011 Authorizations		Due to Current Fund	Current Year Encumbrances	Balance December 31, 2011	
				Funded	Unfunded		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		\$ 8,432.72				\$ 8,432.72			
2011-8	Multi-purpose:	06/14/11										
	Acquisition & Installation of Elevator		458,900.00			\$ 22,945.00	\$ 435,955.00	121,885.23			\$ 337,014.77	
	Pine Street Improvements		250,000.00			12,500.00	237,500.00	243,869.89			6,130.11	
	Improvements to Lauiger Park		290,000.00			14,500.00	275,500.00	285,431.33			4,568.67	
	Improvements to Municipal Facilities		65,000.00			3,250.00	61,750.00	47,503.07	\$ 1,347.50		16,149.43	
	Acquisition of Land		650,000.00			32,500.00	617,500.00	27,537.27		4,962.73	617,500.00	
Total				\$ 18,700.00	\$ 8,432.72	\$ 85,695.00	\$ 1,628,205.00	\$ 734,659.51	\$ 1,347.50	\$ 23,662.73	\$ 981,362.98	

CITY OF BEVERLY

General Capital Fund

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

Balance December 31, 2010	\$ 8,862.50
Increased by:	
Current Fund Budget Appropriation	<u>76,900.00</u>
	85,762.50
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>85,695.00</u>
	.
Balance December 31, 2011	<u><u>\$ 67.50</u></u>

CITY OF BEVERLY

General Capital Fund

Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2011</u>
2011-8	Multi-Purpose	06/21/11	06/21/11	06/20/12	2.00%		\$ 1,628,205.00		\$ 1,628,205.00
						<u>\$ -</u>	<u>\$ 1,628,205.00</u>	<u>\$ -</u>	<u>\$ 1,628,205.00</u>

Due from Current Fund \$ 1,628,205.00

Renewal

\$ 1,628,205.00\$ -

CITY OF BEVERLY

General Capital Fund

Statement of Bonds and Notes Authorized But not Issued
For the Year Ended December 31, 2011

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2010</u>	<u>2011 Authorizations</u>	<u>Bond Anticipation Note Issued</u>	<u>Paid from Budget Appropriation</u>	<u>Balance December 31, 2011</u>
2009-15	Various Capital Improvements	\$ 42,500.00			\$ 5,000.00	\$ 37,500.00
2011-8	Multi-purpose:					
	Acquisition & Installation of Elevator		\$ 435,955.00	\$ 435,955.00		
	Pine Street Improvements		237,500.00	237,500.00		
	Improvements to Lauiger Park		275,500.00	275,500.00		
	Improvements to Municipal Facilities		61,750.00	61,750.00		
	Acquisition of Land		617,500.00	617,500.00		
	Total	<u>\$ 42,500.00</u>	<u>\$ 1,628,205.00</u>	<u>\$ 1,628,205.00</u>	<u>\$ 5,000.00</u>	<u>\$ 37,500.00</u>

CITY OF BEVERLY

PART II

Schedule of Findings and Recommendations

For the Year Ended December 31, 2011

CITY OF BEVERLY

Schedule of Findings and Recommendations For the Year Ended December 31, 2011

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 #2011-1

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 does 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 #2011-2

Condition:

The City prepaid the 2012 Beverly City School District tax during calendar year 2011.

Criteria:

Generally accepted accounting standards require that revenues and expenditures be recognized in the appropriate calendar year.

Effect:

The City advanced funds to the Beverly City School District in the amount of \$228,557.31 for which the revenues have not yet been collected.

Cause:

Oversight on part of the Chief Finance Officer.

Recommendation:

The City should only pay to the Beverly City School District the school tax levy raised during the calendar year.

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, 2011**

Schedule of Financial Statement Findings (Cont'd)

Finding #2011-3

Condition:

The payroll account has a negative reconciled bank balance of \$800.74 at December 31, 2011.

Criteria:

An effective system of internal controls over the cash and investments requires that all bank balances have sufficient funds to cover outstanding checks.

Effect:

Insufficient amount transferred from the general account to the payroll account.

Cause:

Oversight on part of the City officials.

Recommendation:

That a system of effective internal controls be implemented over the transfer of funds from the general account to the payroll 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.

Finding #2011-4

Condition:

Individual contracts, or a separate listing of approved salaries to be paid, are not maintained for each city employee.

Criteria:

An effective system of internal controls over payroll requires that contracts be maintained for all City employees since the salary ordinance states a range that may be paid.

Effect:

Salaries paid to numerous employees could not be verified.

Cause:

Oversight on part of the City officials.

Recommendation:

Signed contracts should be maintained for all City employees.

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, 2011**

Schedule of Financial Statement Findings (Cont'd)

Finding #2011-5

Condition:

Dog license fees were not always deposited within 48 hours of the date of receipt. In addition during the period June 2011 to October 2011 six deposits were made to the wrong bank account.

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.

Finding #2011-6

Condition:

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

- Eight business registration certificates were not available for examination.
- Two paid vouchers did not contain the required supporting documentation.
- Two paid vouchers included finance/late fees.
- Professional service contracts awarded were not advertised.

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, 2011**

Schedule of Financial Statement Findings (Cont'd)

Finding #2011-7

Condition:

There appear to be a number of tickets/special compliants assigned to police officers but not issued that are older than six (6) months.

Criteria:

An effective system of internal controls over ticket inventory requires that all tickets assigned be issued on a timely basis.

Effect:

Improper control of assigned tickets increases the potential for cash shortages.

Cause:

Oversight on part of the City Court officials.

Recommendation:

The City should implement procedures to control assigned tickets.

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 #2011-8

Condition:

The monthly dog license fee reports for the year 2011 were not filed.

Criteria:

City management is responsible for assuring that all required reports be accurate and be filed on a timely basis.

Effect:

Ineffective reporting of dog licenses issued.

Cause:

Oversight on part of the City Clerk.

Recommendation:

The City should file all dog license reports with the Department of Health on a monthly basis.

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, 2011**

Schedule of Financial Statement Findings (Cont'd)

Finding #2011-9

Condition:

During the examination of the City payroll it was noted that six (6) eligible employees were not enrolled in any of the three pension systems.

Criteria:

The State Division of Pensions requires that all eligible employees be enrolled in the appropriate pension system and that the proper base salary be reported.

Effect:

The City will be responsible for late enrollment fees.

Cause:

Oversight on part of the City officials.

Recommendation:

All eligible employees should be enrolled in the appropriate pension system and the proper amount of base wages should be reported.

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, 2011**

***Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs***

This section identifies reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal and State Programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

A state single audit was not required.

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 #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.

Current Status:

This condition remains unchanged as reported in Finding #2011-1.

Planned Corrective Action:

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

Finding #2010-2

Condition:

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

Current Status:

This condition remains unchanged as reported in Finding #2011-5.

Planned Corrective Action:

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

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.

Current Status:

This condition has been corrected.

Finding #2010-4

Condition:

Our audit of compliance with the purchasing procedures of the City revealed numerous items of noncompliance.

Current Status:

This condition remains unchanged as reported in Finding #2011-6.

Planned Corrective Action:

The City plans to implement procedures to insure that all aspects of its purchasing procedures are compiled with.

CITY OF BEVERLY

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

Finding #2010-5

Condition:

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

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, 2011:

<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		
Harold Robertson	Councilman		
Brian Perkins	Councilman		
Martin Bass	Councilman		
Scott Williams	Councilman		
Ken Gerber	City Administrator	\$ 50,000	(B)
Donna Snyder	From 4/26/11 to Present: City Clerk, Municipal Improvement Search Officer, Registrar of Vital Statistics	50,000	(B)
Trudi Desjardins	From 1/01/11 to 4/25/11: City Clerk, Municipal Improvement Search Officer, Registrar of Vital Statistics	50,000	(B)
Dawn Robertson Emmons	Chief Financial Officer	50,000	(B)
Victoria Boras	From 1/01/11 to 6/22/11: Treasurer	50,000	(B)
	Tax Collector	1,000,000	(A)
Dorothea Jones	From 6/22/11 to Present: Treasurer, Deputy City Clerk	50,000	(B)
	Tax Collector	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		
Albert K. Marmero	Solicitor		

All Bonds were examined and properly executed.

(A) Burlington County Municipal Excess Liability Joint Insurance Fund - Separate Bond.

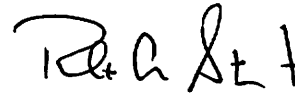
(B) Burlington County Municipal Joint Insurance Fund - Public Employees Honesty Blanket Bond.

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 black ink, appearing to read "R. A. Stewart".

Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

March 30, 2012