

**CITY OF BEVERLY**  
**County of Burlington**

**Report of Audit of Financial Statements**

**For the Year Ended December 31, 2012**

**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, 2012**

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402  
Marlton, New Jersey 08053  
(856) 983-2244  
Fax (856) 983-6674  
E-Mail: [lsccpas@concentric.net](mailto:lsccpas@concentric.net)

-Member of-  
American Institute of CPAs  
New Jersey Society of CPAs

## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Report on the Financial Statements***

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, 2012 and 2011, 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, statement of expenditures - regulatory basis for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Beverly, in the County of Burlington, State of New Jersey, as of December 31, 2012 and 2011, or the results of its operations and changes in fund balance for the years then ended.

### ***Basis for Qualified Opinion on Regulatory Basis of Accounting***

The financial statements referred to above do not include the general fixed assets 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.

### ***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effect of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to previously 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, 2012 and 2011, 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, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2012 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.

### ***Other Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The supplementary financial statements presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2013 on our consideration of the City of Beverly's, in the County of Burlington, State of New Jersey, 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* in considering the City of Beverly's internal control over financial reporting.

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  
February 19, 2013

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
Registered Municipal Accountants**

12000 Lincoln Drive West, Suite 402  
Marlton, New Jersey 08053  
(856) 983-2244  
Fax (856) 983-6674  
E-Mail: [iscpas@concentric.net](mailto:iscpas@concentric.net)

**-Member of-  
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New Jersey Society of CPAs**

## **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**

### **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, in accordance with the auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the City of Beverly, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 19, 2013. 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.

#### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City of Beverly's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Beverly's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did however identify the following deficiencies in internal control, described in the accompanying *Schedule of Findings and Recommendations* that we consider to be significant deficiencies. Findings no.: 2012-1, 2012-2, 2013-3 and 2012-4.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Beverly's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying *Schedule of Findings and Recommendations* as Findings no.: 2012-1, 2012-2, 2013-3 and 2012-4.

### ***The City of Beverly's Response to Findings***

The City of Beverly's response to the findings identified in our report is described in the accompanying *Schedule of Findings and Recommendations*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert A. Stewart  
Certified Public Accountant  
Registered Municipal Accountant

Marlton, New Jersey  
February 19, 2013

## CITY OF BEVERLY

## Current Fund

**Statement of Assets, Liabilities, Reserves and Fund Balance - Modified Accrual Basis  
For the Years Ended December 31, 2012 and 2011**

	<u>REFERENCE</u>	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 122,529.09	\$ 1,365,712.49
Cash - Tax Collector	A-5	171,340.24	280,838.36
Cash - Change Fund	A-6	<u>425.00</u>	<u>425.00</u>
Total		<u>294,294.33</u>	<u>1,646,975.85</u>
Due from State of New Jersey - Senior Citizen and Veteran Deductions			
	A-8	<u>19,385.31</u>	<u>17,929.29</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	152,662.04	185,860.70
Tax Title Liens	A-9	228,216.98	202,136.45
Property Acquired for Taxes - Assessed Valuation	A-10	87,520.00	87,520.00
Revenue Accounts Receivable	A-11	3,200.22	3,636.86
Due from Sewer Authority			392.27
Due from Animal Control Fund	B	<u>615.80</u>	<u>392.27</u>
Total		<u>472,215.04</u>	<u>479,938.55</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-53)	A-12	<u>42,400.00</u>	<u>63,600.00</u>
Total		<u>42,400.00</u>	<u>63,600.00</u>
Total Regular Fund		<u>828,294.68</u>	<u>2,208,443.69</u>
Federal and State Grant Fund:			
Cash	A-4	15,734.25	225,270.96
Federal and State Grants Receivable	A-15	<u>58,946.06</u>	<u>662,132.18</u>
Total Federal and State Grant Fund		<u>74,680.31</u>	<u>887,403.14</u>
Total		<u>\$ 902,974.99</u>	<u>\$ 3,095,846.83</u>

(Continued)

## CITY OF BEVERLY

## Current Fund

**Statement of Assets, Liabilities, Reserves and Fund Balance - Modified Accrual Basis**  
**For the Years Ended December 31, 2012 and 2011**

	<u>REFERENCE</u>	<u>2012</u>	<u>2011</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, A-13	\$ 56,145.91	\$ 66,967.65
Encumbrances Payable	A-3, A-13	12,562.58	7,221.61
Reserve for Cost of Revaluation		6,509.50	38,876.50
Reserve for Tax Map		16,000.00	16,000.00
Due to State of New Jersey:			
Marriage Licenses		175.00	175.00
Construction Code Training Fees		746.00	277.00
Prepaid Taxes	A-5, A-7	33,208.79	54,027.89
Tax Overpayments		12,082.32	
Local School Tax Payable		22,615.52	
Due to Capital Fund	C	69,053.89	970,796.20
Due to Federal and State Grant Fund	A		225,270.96
Due to Animal Control Fund	B		49.00
Due to Trust Other Funds	B		14,547.26
Total Liabilities		<u>229,099.51</u>	<u>1,394,209.07</u>
Reserve for Receivable and Other Assets	A	472,215.04	479,938.55
Fund Balance	A-1	<u>126,980.13</u>	<u>334,296.07</u>
Total Regular Fund		<u>828,294.68</u>	<u>2,208,443.69</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-16	9,455.48	9,667.35
Appropriated Reserves	A-17	65,224.83	877,735.79
Total Federal and State Grant Fund		<u>74,680.31</u>	<u>887,403.14</u>
Total		<u>\$ 902,974.99</u>	<u>\$ 3,095,846.83</u>

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

## CITY OF BEVERLY

## CURRENT FUND

Statement of Operations and Changes in Fund Balance - Regulatory Basis  
For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Revenue and Other Income Realized:</b>		
Fund Balance Utilized	\$ 270,065.00	\$ 358,579.00
Miscellaneous Revenue Anticipated	987,058.17	514,120.31
Receipts from Delinquent Taxes	180,968.66	211,460.69
Receipts from Current Taxes	4,650,065.90	4,611,197.26
Nonbudget Revenues	29,236.57	17,594.85
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	22,193.67	114,348.99
Interfunds Receivable Liquidated	14,438.11	37,169.04
Prior Year Tax Overpayments Canceled		27,728.19
Total Revenue and Other Income Realized	<u>6,154,026.08</u>	<u>5,892,198.33</u>
<b>Expenditures:</b>		
Operations Within "CAPS":		
Salaries and Wages	929,152.00	986,865.00
Other Expenses	991,505.00	910,516.00
Deferred Charges and Statutory Expenditures Within "CAPS"	209,050.00	211,738.00
Operations Excluded from "CAPS":		
Other Expenses	17,725.35	23,067.52
Capital Improvements	534,761.00	76,900.00
Debt Service	32,473.64	
Deferred Charges	26,200.00	26,200.00
Fire District Taxes	138,478.00	135,626.00
County Taxes	493,884.53	571,799.52
Local District School Tax	2,718,047.50	2,695,432.00
Interfund Receivables Created		4,558.13
Total Expenditures	<u>6,091,277.02</u>	<u>5,642,702.17</u>
Excess in Revenue	62,749.06	249,496.16
Fund Balance January 1	334,296.07	443,378.91
Subtotal	<u>397,045.13</u>	<u>692,875.07</u>
Decreased by Utilization as Anticipated Revenue	270,065.00	358,579.00
Balance December 31	<u>\$ 126,980.13</u>	<u>\$ 334,296.07</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, 2012

	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$ 270,065.00		\$ 270,065.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverage	2,700.00		2,876.00	\$ 176.00
Other	1,200.00		916.00	(284.00)
Fees and Permits	31,500.00		26,625.00	(4,875.00)
Fines and Costs -				
Municipal Court	56,500.00		58,803.54	2,303.54
Interest and Costs on Taxes	39,600.00		33,259.39	(6,340.61)
Interest Earned on Investments	3,700.00		1,856.44	(1,843.56)
Payments in Lieu of Taxes	29,600.00		27,483.45	(2,116.55)
Rent of Office Space	8,000.00		8,000.00	
Consolidated Municipal Property Tax Relief Aid	39,847.00		39,847.00	
Energy Receipts Tax	250,483.00		250,483.00	
Uniform Construction Code Fees	24,800.00		17,480.00	(7,320.00)
Miscellaneous Revenues Offset with Appropriations:				
Recycling Tonnage Grant	3,991.50		3,991.50	
Clean Communities	4,664.61		4,664.61	
Body Armor	1,011.24		1,011.24	
Hazardous discharge Site Remediation	72,701.00		72,701.00	
Transportation Enhancement	437,060.00		437,060.00	
Total	1,007,358.35		987,058.17	(20,300.18)
Receipts from Delinquent Taxes	209,000.00		180,968.66	(28,031.34)
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal Purposes	1,490,349.84		1,535,471.61	45,121.77
Budget Totals	2,976,773.19		2,973,563.44	\$ (3,209.75)
Nonbudget Revenues			29,236.57	
Total	\$ 2,976,773.19	\$ -	\$ 3,002,800.01	

(Continued)

## CITY OF BEVERLY

## CURRENT FUND

Statement of Revenues - Regulatory Basis  
For the Year Ended December 31, 2012Analysis of Realized Revenue

## Allocation of Current Tax Collections:

Revenue from Collections	\$ 4,650,065.90
Allocated to School, County and Fire District Taxes	3,350,410.03
Balance for Support of Municipal Budget Appropriations	1,299,655.87
Add Appropriation - Reserve for Uncollected Taxes	235,815.74
Amount for Support of Municipal Budget Appropriations	<u>\$ 1,535,471.61</u>

## Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 178,383.62
Tax Title Lien Collections	2,585.04

Total	<u>\$ 180,968.66</u>
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## Licenses - Other:

Merchandise	\$ 810.00
Marriage	106.00
Other	

Total - Treasurer	<u>\$ 916.00</u>
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## Fees and Permits - Other:

Registrar of Vital Statistics Fees	\$ 1,262.00
Street Opening Permits	1,650.00
Housing Inspection Fees	22,075.00
Zoning Permit Fees	1,075.00
Other Fees and Permits	563.00

Total	<u>\$ 26,625.00</u>
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Analysis of Nonbudget Revenues

## Miscellaneous - Treasurer:

Comcast Fee	\$ 7,796.24
Police Discovery	164.85
Insurance Reimbursement	1,727.75
Close out of Various Accounts	806.25
Unknown	18,094.22
Miscellaneous	647.26

Total	<u>\$ 29,236.57</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, 2012

	<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>
<b>GENERAL APPROPRIATIONS:</b>						
<i>Operations Within "CAPS":</i>						
General Government						
General Administration						
Salaries and Wages	\$ 21,000.00	\$ 20,270.00	\$ 20,268.14		1.86	
Other Expenses	20,400.00	13,570.00	13,367.37	\$ 196.22	\$ 6.41	
Mayor and City Council						
Other Expenses	1,150.00	1,000.00	720.00	278.00	2.00	
City Clerk						
Salaries and Wages	61,000.00	60,650.00	60,585.15		64.85	
Other Expenses	8,950.00	4,750.00	3,869.88	825.35	54.77	
Financial Administration						
Salaries and Wages	21,000.00	20,550.00	20,453.71		96.29	
Other Expenses	425.00	425.00	352.76		72.24	
Audit Services						
Other Expenses	23,000.00	22,800.00	22,800.00			
Computerized Data Processing						
Other Expenses	7,500.00	6,300.00	6,276.75		23.25	
Collection of Taxes						
Salaries and Wages	21,000.00	20,500.00	20,476.59		23.41	
Other Expenses	7,475.00	3,675.00	2,887.73	746.70	40.57	
Assessment of Taxes						
Salaries and Wages	14,000.00	13,700.00	13,667.94		32.06	
Other Expenses	1,350.00	1,150.00	1,119.71		30.29	
Legal Services & Costs						
Other Expenses	150,000.00	155,160.00	153,269.43	1,890.00	0.57	

(Continued)

## CITY OF BEVERLY

## Current Fund

Statement of Expenditures - Regulatory Basis  
For the Year Ended December 31, 2012

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
General Government (cont'd)						
Engineering Services & Costs						
Other Expenses	\$ 15,000.00	\$ 21,600.00	\$ 21,585.05		\$ 14.95	
Land Use Administration:						
Planning Board						
Salaries & Wages	5,300.00	5,125.00	5,120.64		4.36	
Other Expenses	4,270.00	2,670.00	2,655.92		14.08	
Insurance						
Liability Insurance	90,000.00	90,350.00	90,350.00			
Workers Compensation Insurance	121,000.00	120,650.00	118,194.00		2,456.00	
Employees Group Health Insurance	160,000.00	174,500.00	173,951.19		548.81	
Unemployment Insurance	5,000.00	5,000.00			5,000.00	
Public Safety Function:						
Police						
Salaries & Wages	589,062.00	567,317.00	565,075.28		2,241.72	
Other Expenses	36,960.00	43,960.00	41,506.64	\$ 1,815.50	637.86	
Office of Emergency Management						
Other Expenses	250.00	250.00			250.00	
Prosecutor's Office						
Salaries and Wages	7,200.00	7,200.00	7,200.00			
Public Works Function						
Streets and Roads						
Salaries and Wages	90,000.00	95,590.00	90,655.94		4,934.06	
Other Expenses	12,835.00	12,035.00	10,684.97	1,054.51	295.52	

(Continued)

## CITY OF BEVERLY

## Current Fund

Statement of Expenditures - Regulatory Basis  
For the Year Ended December 31, 2012

	<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	\$ 66,000.00	\$ 68,400.00	\$ 68,390.84		\$ 9.16	
Public Buildings and Grounds						
Other Expenses	9,450.00	15,280.00	15,278.69		1.31	
Vehicle Maintenance						
Other Expenses					-	
Health and Human Services						
Animal Control						
Other Expenses	6,780.00	6,180.00	5,987.75		192.25	
Parks and Recreation Functions						
Maintenance of Parks and Playgrounds						
Other Expenses	1,500.00	1,600.00	1,534.66		65.34	
Other Common Operating Functions						
Celebration of Public Event, Anniversary, or Holiday - Other Expenses	2,800.00	2,800.00	2,760.00		40.00	
Utilities						
Electricity	12,000.00	12,000.00	10,375.58		1,624.42	
Street Lighting	47,000.00	47,000.00	43,962.97		3,037.03	
Telephone	16,000.00	17,000.00	16,988.71		11.29	
Water	950.00	950.00	547.61	45.68	356.71	
Fuel Oil	10,000.00	10,000.00	8,028.05		1,971.95	
Gasoline	19,000.00	21,000.00	20,849.50		150.50	
Landfill/Solid Waste Disposal Cost						
Other Expense	95,000.00	95,000.00	82,163.74	5,456.02	7,380.24	
Municipal Court:						
Salaries and Wages	66,000.00	66,000.00	58,199.23		7,800.77	
Other Expenses	7,600.00	7,600.00	6,579.94	254.60	765.46	

(Continued)

## CITY OF BEVERLY

## Current Fund

Statement of Expenditures - Regulatory Basis  
For the Year Ended December 31, 2012

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Public Defender						
Salaries and Wages	\$ 3,000.00	\$ 3,000.00	\$ 1,625.00		\$ 1,375.00	
Uniform Construction Code:						
Construction Code Official						
Salaries & Wages	35,700.00	34,550.00	34,540.96		9.04	
Other Expenses	950.00	150.00	105.28		44.72	
Inspection of Buildings						
Salaries & Wages	24,800.00	14,700.00	14,677.28		22.72	
Other Expenses	1,000.00	6,700.00	6,581.29		118.71	
<b>Total Operations Including Contingent -     Within "CAPS"</b>	<u>1,920,657.00</u>	<u>1,920,657.00</u>	<u>1,866,271.87</u>	<u>12,562.58</u>	<u>41,822.55</u>	
Detail:						
Salaries and Wages	959,062.00	929,152.00	912,545.86		16,606.14	
Other Expenses	961,595.00	991,505.00	953,726.01	12,562.58	25,216.41	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	25,000.00	25,000.00	24,841.04		158.96	
Social Security System (O.A.S.I.)	73,000.00	73,000.00	64,956.39		8,043.61	
Police and Firemen's Retirement System	111,050.00	111,050.00	111,049.21		0.79	
<b>Total Deferred Charges and Statutory     Expenditures - Municipal Within "CAPS"</b>	<u>209,050.00</u>	<u>209,050.00</u>	<u>200,846.64</u>		<u>8,203.36</u>	
<b>Total General Appropriations -     For Municipal Purposes Within "CAPS"</b>	<u>2,129,707.00</u>	<u>2,129,707.00</u>	<u>2,067,118.51</u>	<u>12,562.58</u>	<u>50,025.91</u>	

(Continued)

## CITY OF BEVERLY

## Current Fund

Statement of Expenditures - Regulatory Basis  
For the Year Ended December 31, 2012

	<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>
<b>GENERAL APPROPRIATIONS:</b>						
<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:						
Local Share	1,938.00	1,938.00	\$ 1,938.00			
Clean Communities	4,664.61	4,664.61	4,664.61			
Body Armor Grant	1,011.24	1,011.24	1,011.24			
Recycling Tonnage Grant	3,991.50	3,991.50	3,991.50			
<i>Total Operations - Excluded From "CAPS"</i>	<u>17,725.35</u>	<u>17,725.35</u>	<u>11,605.35</u>		<u>6,120.00</u>	
Detail:						
Salaries and Wages						
Other Expenses	<u>17,725.35</u>	<u>17,725.35</u>	<u>11,605.35</u>		<u>6,120.00</u>	
<i>Capital Improvements - Excluded from "CAPS":</i>						
Capital Improvement Fund	25,000.00	25,000.00	25,000.00			
Hazardous Discharge Site Remediation	72,701.00	72,701.00	72,701.00			
Transportation Enhancement	<u>437,060.00</u>	<u>437,060.00</u>	<u>437,060.00</u>			
<i>Total Capital Improvements - Excluded From "CAPS"</i>	<u>534,761.00</u>	<u>534,761.00</u>	<u>534,761.00</u>			
<i>Debt Service - Excluded from "CAPS" :</i>						
Interest on Notes	<u>32,564.10</u>	<u>32,564.10</u>	<u>32,473.64</u>			\$ 90.46
<i>Total Debt Service - Excluded from "CAPS"</i>	<u>32,564.10</u>	<u>32,564.10</u>	<u>32,473.64</u>			<u>90.46</u>

(Continued)

## CITY OF BEVERLY

## Current Fund

Statement of Expenditures - Regulatory Basis  
For the Year Ended December 31, 2012

	<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>
<b>Deferred Charges - Excluded from "CAPS" :</b>						
Deferred Charges to Future Taxation Unfunded:						
Ordinance 2009-15 Various Capital Improv.	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00			
Special Emergency - 5 Years	21,200.00	21,200.00	21,200.00			
<b>Total Deferred Charges - Excluded from "CAPS"</b>	<u>26,200.00</u>	<u>26,200.00</u>	<u>26,200.00</u>			
<b>Total General Appropriations for Municipal</b>						
<b>    Purposes Excluded From "CAPS"</b>	<u>611,250.45</u>	<u>611,250.45</u>	<u>605,039.99</u>	<u>\$ -</u>	<u>\$ 6,120.00</u>	<u>90.46</u>
Subtotal General Appropriations	2,740,957.45	2,740,957.45	2,672,158.50	12,562.58	56,145.91	\$90.46
Reserve for Uncollected Taxes	<u>235,815.74</u>	<u>235,815.74</u>	<u>235,815.74</u>			
<b>TOTAL GENERAL APPROPRIATIONS</b>	<u><u>\$ 2,976,773.19</u></u>	<u><u>\$ 2,976,773.19</u></u>	<u><u>\$ 2,907,974.24</u></u>	<u><u>\$ 12,562.58</u></u>	<u><u>\$ 56,145.91</u></u>	<u><u>\$ 90.46</u></u>
 Budget		\$ 2,976,773.19				
Appropriation by 40A:4-87		<u><u>\$ 2,976,773.19</u></u>				
 <b>Expended - Paid or Charged:</b>						
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			25,000.00			
Reserve for Federal and State Grants - Appropriated			521,366.35			
Reserve for Uncollected Taxes			235,815.74			
Disbursed			<u>2,099,592.15</u>			
Total			<u><u>\$ 2,907,974.24</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, 2012 and 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>			
<b>Animal Control Fund:</b>			
Cash	B-1	\$ 4,045.20	\$ 2,221.20
Due From Current Fund	A		49.00
Total		<u>4,045.20</u>	<u>2,270.20</u>
<b>Other Funds:</b>			
Cash - Treasurer	B-1	984,924.29	907,853.85
Due From Current Fund	A		14,547.26
Total		<u>984,924.29</u>	<u>922,401.11</u>
Total Assets		<u>\$ 988,969.49</u>	<u>\$ 924,671.31</u>
<b><u>LIABILITIES AND RESERVES</u></b>			
<b>Animal Control Fund:</b>			
Due to State Department of Health			\$ 351.60
Due Current Fund	A	\$ 615.80	
Reserve for Animal Control Fund Expenditures	B-2	3,429.40	1,918.60
Total		<u>4,045.20</u>	<u>2,270.20</u>
<b>Other Funds:</b>			
Payroll Deductions Payable	B-4	12,680.63	7,583.92
Reserve for Tax Sale Premiums	B-5	88,695.77	33,425.51
Reserve for Escrow Deposits		6,635.56	6,963.34
Reserve for Municipal Law Enforcement Fund		2,843.18	2,839.56
Reserve for Regional Contribution Agreements	B-3	805,644.11	804,689.87
Reserve for Recreation Trust			805.81
Reserve for Community Day Events		9,830.97	7,516.75
Reserve for Community Development Block Grant Funds:	B-6	58,594.07	58,576.35
Total		<u>984,924.29</u>	<u>922,401.11</u>
Total Liabilities and Reserves		<u>\$ 988,969.49</u>	<u>\$ 924,671.31</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, 2012 and 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>			
Cash	C-2	\$ 1,300,000.00	
Deferred Charges to Future Taxation:			
Unfunded	C-4	2,135,705.00	\$ 1,665,705.00
Federal and State Grants Receivable	C-5	340,131.25	
Due from Current Fund	A	69,053.89	970,796.20
		<hr/>	<hr/>
Total		<u>\$ 3,844,890.14</u>	<u>\$ 2,636,501.20</u>
 <b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Improvement Authorizations:			
Funded	C-6	\$ 18,700.00	\$ 23,662.73
Unfunded	C-6	731,743.40	981,362.98
Bond Anticipation Notes Payable	C-8	2,103,205.00	1,628,205.00
Encumbrance Payable	C-6	287.50	1,347.50
Reserve for Payment of Notes	C-3	648,900.00	
Reserve for Federal and State Grant Receivables	C	340,131.25	
Capital Improvement Fund	C-7	67.50	67.50
Fund Balance	C-1	1,855.49	1,855.49
		<hr/>	<hr/>
Total		<u>\$ 3,844,890.14</u>	<u>\$ 2,636,501.20</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, 2012**

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Balance December 31, 2012 and 2011

\$ 1,855.49

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

**City of Beverly  
Notes to Financial Statements  
December 31, 2012**

**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 present population according to the 2010 census is 2,572.

The City was incorporated in 1857 and is governed by a Mayor/Common Council form of government which consists of five members elected at large by the voters. Per the City of Beverly's Charter Amendment, Ordinance 2010-2, approved by the Governor of the State of New Jersey on January 14, 2010 beginning with the 2012 Municipal election, three persons shall be elected as members of the Common Council for "Transitional Terms" of five years. Thereafter, as terms expire, the Mayor and the members of the Common Council shall be elected for terms of four (4) years. The Mayor acts as the Chief Executive Officer of the City. The legislative powers rest with the Common Council. The City Administrator, City Chief Finance Officer and the City Clerk are appointed by the Common Council and monitor the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

**Component Units** - 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.

**City of Beverly  
Notes to Financial Statements  
December 31, 2012**

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

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

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

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

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

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

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

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

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balances.

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

**City of Beverly  
Notes to Financial Statements  
December 31, 2012**

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

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

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

**City of Beverly  
Notes to Financial Statements  
December 31, 2012**

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

**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 year.

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

**Fire District** - The City is responsible for levying, collecting and remitting the fire district taxes to the Beverly City Fire District. Operations is charged for the full amount required to be raised from taxation to support the fire district for the year.

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

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

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

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

**Interest on Delinquent Taxes** - It is the policy of the City to collect interest for the nonpayment of taxes 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 31<sup>st</sup>, 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.

**City of Beverly  
Notes to Financial Statements  
December 31, 2012**

**NOTE 2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk refers to the risk that, in the event of a bank failure, the City's deposits may not be recovered. Although the City does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2012, the City's bank balances of \$1,164,862.81 were exposed to custodial credit risk as follows:

F.D.I.C. Insured	\$ 500,000.00
Collateralized Under GUDPA	606,780.96
Uninsured and Uncollateralized	<u>58,081.85</u>
Balance June 30, 2012	<u><u>\$ 1,164,862.81</u></u>

**NOTE 3. PROPERTY TAXES**

The following is a comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years ending December 31.

<u>Comparative Schedule of Tax Rates</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Tax Rate	<u>\$ 3.955</u>	<u>\$ 5.749</u>	<u>\$ 5.647</u>	<u>\$ 5.500</u>	<u>\$ 5.385</u>
Apportionment of Tax Rate:					
Municipal	1.217	1.700	1.542	\$ 1.444	\$ 1.422
County	0.405	0.681	0.731	0.706	0.701
Local School	2.219	3.206	3.215	3.191	3.103
Fire District	0.114	0.162	0.159	0.159	0.159

**Assessed Valuation**

2012	\$ 122,442,960	R
2011	84,082,119	
2010	84,012,841	
2009	83,907,600	
2008	83,822,400	

R = Revaluation Year

**City of Beverly  
Notes to Financial Statements  
December 31, 2012**

**NOTE 3. PROPERTY TAXES (CONT'D)**

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2012	\$ 4,842,619	\$ 4,650,066	96.02%
2011	4,818,622	4,611,197	95.70%
2010	4,751,505	4,518,958	95.11%
2009	4,603,474	4,413,730	95.88%
2008	4,505,276	4,321,898	95.93%

**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>
2012	\$ 228,217	\$ 152,662	\$ 380,879	7.87%
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%

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</u>
2012	13
2011	8
2010	3
2009	4
2008	4

**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>
2012	\$ 87,520
2011	87,520
2010	87,520
2009	87,520
2008	87,520

**City of Beverly**  
**Notes to Financial Statements**  
**December 31, 2012**

**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>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b><u>Current Fund</u></b>			
2012	\$ 126,980	\$ 75,000 *	59.06%
2011	334,496	270,065	80.74%
2010	443,379	358,579	80.87%
2009	852,458	622,000	72.97%
2008	1,024,050	440,000	42.97%

\* As introduced on March 12, 2013

**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, 2012:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 615.80	\$ 69,053.89
Trust Fund:		
Animal Control Fund		615.80
General Capital Fund	69,053.89	
	<u>\$ 69,669.69</u>	<u>\$ 69,669.69</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.

***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.

**City of Beverly  
Notes to Financial Statements  
December 31, 2012**

**NOTE 7. PENSION PLANS (CONT'D)**

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. 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, 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. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 10% in October, 2011. 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.

	2012		2011		2010	
	PERS	PFRS	PERS	PFRS	PERS	PFRS
Normal Contribution	\$ 7,809	\$ 50,358	\$ 9,309	\$ 62,057	\$ 10,222	\$ 47,793
Accrued Liability	15,617	56,674	14,834	49,760	13,134	34,049
Total Regular Pension Contribution	23,426	107,032	24,143	111,817	23,356	81,842
Delayed Enrollment			9,180			
Non-Contributory Group						
Life Insurance	1,493	3,920	1,834	4,864	3,239	4,161
Total Due	\$ 24,919	\$ 110,952	\$ 35,157	\$ 116,681	\$ 26,595	\$ 86,003

***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, 2012**

**NOTE 7. PENSION PLANS (CONT'D)**

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. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. 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, 2012, 2011 and 2010.

**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 post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. 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-five years of consecutive service with the City, and 3) at the time of retirement the employee is at least fifty-five 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 2012, 2011 and 2010 there were one, one and none retired employees, respectively who received this benefit resulting in payments of \$27,212, \$21,519 and \$0 in related health care premiums.

**City of Beverly  
Notes to Financial Statements  
December 31, 2012**

**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, 2012, accrued benefits for compensated absences are valued at \$63,863.

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 a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and which have been approved by the Director of the Division of Local Government Services. The plan, available to all full time employees at their option, permits them to defer a portion of their salary to future years. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs.

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. JOINT INSURANCE POOL**

The City is a member of the Professional Municipal Management Joint Insurance Fund. The Fund provides its members with the following coverage:

- Public Employees Bond
- Public Official Bonds
- Business Automobile
- Workers' Compensation and Employer's Liability
- Environmental Liability
- Property Damage

Annual contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund publishes its own financial report which can be obtained by writing to: Professional Municipal Management JIF, 250 Pehle Avenue, Suite 701, Saddle Brook, New Jersey, 07663.

**NOTE 12. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE**

The City has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the City is required to annually appropriate funds to pay for the projected costs of contributions at a rate determined by the Commissioner of Labor. The expense for these benefits for the years ended December 31, 2012, 2011 and 2010 was \$4,417.80, \$4,678.71 and \$4,386.00 respectively.

**City of Beverly  
Notes to Financial Statements  
December 31, 2012**

**NOTE 13. CAPITAL DEBT**

**Summary of Municipal Debt**

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<b><u>Issued:</u></b>			
General Bonds and Notes	\$ 2,103,205	\$ 1,628,205	
Total Issued	<u>2,103,205</u>	<u>1,628,205</u>	-
<b><u>Authorized But Not Issued:</u></b>			
General Bonds and Notes	<u>32,500</u>	<u>37,500</u>	\$ 42,500
Net Debt	<u><u>\$ 2,135,705</u></u>	<u><u>\$ 1,665,705</u></u>	<u><u>\$ 42,500</u></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 1.097%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ -	\$ -	
General Debt	<u>2,135,705</u>	<u>648,900</u>	<u>\$ 1,486,805</u>
Total	<u><u>\$ 2,135,705</u></u>	<u><u>\$ 648,900</u></u>	<u><u>\$ 1,486,805</u></u>

Net Debt, \$1,486,805 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$135,529,967 equals 1.097%.

**Equalized Valuation Basis:**

2010	\$ 149,985,344
2011	130,487,960
2012	<u>126,116,598</u>
Average	<u><u>\$ 135,529,967</u></u>

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 4,743,549
Net Debt	<u>2,135,705</u>
Remaining Borrowing Power	<u><u>\$ 2,607,844</u></u>

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

**City of Beverly  
Notes to Financial Statements  
December 31, 2012**

**NOTE 13. CAPITAL DEBT (CONT'D)**

**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 cannot 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 fourth and fifth anniversary date of the original issuance.

As of December 31, 2012, 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	1.88%	June 19, 2013
General Capital	<u>475,000</u>	1.17%	August 14, 2013
Total	<u><u>\$ 2,103,205</u></u>		

**NOTE 14. LEASE OBLIGATIONS**

At December 31, 2012, the City had the following lease agreements in effect:

Capital leases:  
One 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>
2013	\$ 7,328	\$ 495	\$ 7,823
	<u>7,328</u>	<u>495</u>	<u>7,823</u>
	<u><u>\$ 7,328</u></u>	<u><u>\$ 495</u></u>	<u><u>\$ 7,823</u></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.

**City of Beverly  
Notes to Financial Statements  
December 31, 2012**

**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 paid a total of \$5,300,100 for their fair share obligation to the City of Beverly. At December 31, 2012 the City has unexpended funds held in trust for the regional contribution agreement in the amount of \$805,644.

**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, 2012, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following funds:

	<u>Balance December 31, 2012</u>	<u>2013 Budget Appropriation</u>
Current Fund:		
Special Emergency	\$ 42,400	\$ 21,200
Total	<u>\$ 42,400</u>	<u>\$ 21,200</u>

The appropriations in the 2013 Budget as introduced are not less than that required by the statutes.

**SUPPLEMENTAL EXHIBITS**

**CURRENT FUND**

## CITY OF BEVERLY

## CURRENT FUND

**Statement of Cash - Treasurer**  
**For the Year Ended December 31, 2012**

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2011	\$ 1,140,441.53	\$ 225,270.96
Receipts:		
Tax Collector	\$ 279,630.87	
Taxes Receivable	4,586,901.57	
Tax Title Liens Receivable	2,585.04	
Revenue Accounts Receivable	434,370.43	
Interest and Cost on Taxes	31,312.39	
Federal and State Grants Receivable		\$ 9,455.48
Matching Funds for State Grants		1,938.00
Prepaid 2013 Taxes	21,976.84	
Tax Overpayments	13,870.18	
Due from Payroll Fund	79.15	
Due from Capital Fund	1,123,900.00	
Due from Trust Other Fund	427.50	
Due from Sewer Authority	1,173.01	
Due from State of New Jersey:		
Senior Citizen and Veteran Deductions	29,110.24	
Marriage License Fees	225.00	
Construction Code Training Fees	1,363.00	
Miscellaneous Revenue Not Anticipated	29,236.57	
Total Receipts	<u>6,556,161.79</u>	<u>11,393.48</u>
Total Funds Available	7,696,603.32	236,664.44
Disbursements:		
2012 Appropriations	2,099,592.15	
Appropriation Reserves and Encumbrances Payable	51,995.59	
Reserve for Revaluation	32,367.00	
City's Match of Federal and State Grants	1,938.00	
Due to Capital Fund		148,876.00
Due to General Capital Fund	2,055,642.31	
Due from Animal Control Fund	664.80	
Due from Sewer Authority	1,173.01	
Refund Tax Overpayments	1,787.86	
Due State of New Jersey:		
Construction Code Training Fees	894.00	
Marriage License Fees	225.00	
Fire District Tax	138,478.00	
County Taxes	493,884.53	
Local District School Tax	2,695,431.98	
Reserve for Federal & State Grants - Appropriated		72,054.19
Total Disbursements	<u>7,574,074.23</u>	<u>220,930.19</u>
Balance December 31, 2011	<u>\$ 122,529.09</u>	<u>\$ 15,734.25</u>

## CITY OF BEVERLY

## CURRENT FUND

**Statement of Cash - Tax Collector  
For the Year Ended December 31, 2012**

Balance December 31, 2011		\$ 280,838.36
Increased by:		
Taxes Receivable	\$ 156,953.80	
Tax Overpayments	11,231.95	
Interest and Cost on Taxes	1,947.00	
		<u>170,132.75</u>
Subtotal		450,971.11
Decreased by:		
Payment to Treasurer	279,630.87	
		<u>279,630.87</u>
Balance December 31, 2012		<u><u>\$ 171,340.24</u></u>

**Schedule of Change Funds  
For the Year Ended December 31, 2012**

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

## CITY OF BEVERLY

## CURRENT FUND

Schedule of Taxes Receivable and Analysis of Property Tax Levy  
For the Year Ended December 31, 2012

Year	Balance December 31, 2011	2012 Levy	Tax Collector Collections by Cash 2012	Treasurer Collections by Cash		State Share of 2012 Senior Citizens and Veterans Deductions Allowed/(Disallowed)	Transfer to Tax Title Liens	Canceled	Balance December 31, 2012
				2011	2012				
2011	\$ 185,860.70				\$ 178,383.62		\$ 7,472.67	\$ 4.41	
2012		\$ 4,842,619.47	\$ 156,953.80	\$ 54,027.89	4,408,517.95	\$ 30,566.26	18,780.58	21,110.95	\$ 152,662.04
Total	\$ 185,860.70	\$ 4,842,619.47	\$ 156,953.80	\$ 54,027.89	\$ 4,586,901.57	\$ 30,566.26	\$ 26,253.25	\$ 21,115.36	\$ 152,662.04

Analysis of Property Taxes

Tax Yield:  
 General Purpose Tax \$ 4,811,369.47  
 Added and Omitted Taxes (54:4-63.1 et seq.)  
 Senior Citizens and Veteran Ded.  
 Allowed per original levy 31,250.00

Total \$ 4,842,619.47

Tax Levy:  
 Local School District Tax (Abstract) \$ 2,718,047.50  
 Fire District Tax (Abstract) 138,478.00  
 County Tax (Abstract) \$ 402,435.98  
 County Library Tax (Abstract) 39,370.30  
 County Open Space Tax (Abstract) 52,078.35  
 Due County for Added Taxes 493,884.63  
 Local Tax for Municipal Purposes 1,490,349.84  
 Additional Taxes Levied 1,859.50

Total \$ 4,842,619.47

## CITY OF BEVERLY

## CURRENT FUND

Schedule of Due From State of New Jersey -  
Senior Citizen and Veterans' Deductions  
For the Year Ended December 31, 2012

---

Balance December 31, 2011		\$ 17,929.29
Increased by - Accrued to City in 2012:		
Senior Citizen's and Veteran's Deductions per Original Tax Billings	\$ 31,250.00	
Less - Senior Citizen's and Veteran Deductions Disallowed	<u>(683.74)</u>	
		<u>30,566.26</u>
Total		<u>48,495.55</u>
Decreased by Cash Received		<u>29,110.24</u>
Balance December 31, 2012		<u><u>\$ 19,385.31</u></u>

## CITY OF BEVERLY

## CURRENT FUND

**Schedule of Tax Title Liens  
For the Year Ended December 31, 2012**

---

Balance December 31, 2011		\$ 202,136.45
Increased by:		
Transfers from Taxes Receivable	\$ 26,253.25	
Interest on tax sale	<u>2,412.32</u>	
		<u>28,665.57</u>
Total		230,802.02
Decreased by:		
Cash Received		<u>2,585.04</u>
Balance December 31, 2012		<u><u>\$ 228,216.98</u></u>

**Schedule of Property Acquired for Taxes  
(At Assessed Valuation)  
For the Year Ended December 31, 2012**

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Balance December 31, 2012 and 2011	<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, 2012**

	Balance December 31, <u>2011</u>	Accrued in <u>2012</u>	<u>Collected</u>	Balance December 31, <u>2012</u>	<u>Remarks</u>
City Clerk:					
Licenses:					
Alcoholic Beverages		\$ 2,876.00	\$ 2,876.00		
Other		916.00	916.00		
Fees and Permits:					
Marriage Certificates		1,137.00	1,137.00		
Birth Certificates		100.00	100.00		
Death Certificates		25.00	25.00		
Yard Sale Permits		115.00	115.00		
Street Opening Permits		1,650.00	1,650.00		
Solicitation Permits		100.00	100.00		
Housing Inspection Fees		22,075.00	22,075.00		
Dumpster Permits		200.00	200.00		
Zoning Permits		1,075.00	1,075.00		
Other Fees and Permits		148.00	148.00		
Rent of Office Space		8,000.00	8,000.00		
Construction Code Official Fees		17,480.00	17,480.00		
Payments in Lieu of Taxes		27,483.45	27,483.45		
Municipal Court - Fines and Costs	\$ 3,636.86	58,366.90	58,803.54	\$ 3,200.22	Dec. 2012
Interest Earned on Investments		1,856.44	1,856.44		
Consolidated Municipal Property Tax Relief Aid		39,847.00	39,847.00		
Energy Receipts Tax		250,483.00	250,483.00		
 Total	 <u>\$ 3,636.86</u>	 <u>\$ 433,933.79</u>	 <u>\$ 434,370.43</u>	 <u>\$ 3,200.22</u>	

## CITY OF BEVERLY

## Current Fund

**Statement of Deferred Charges**  
**N.J.S. 40A:4-55 Special Emergency**  
**For the Year Ended December 31, 2012**

---

<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>2011</u>	<u>Raised in</u> <u>2012</u> <u>Budget</u>	<u>Balance</u> <u>December 31,</u> <u>2012</u>
11/24/2009	Revaluation	\$ 90,000.00	\$ 18,000.00	\$ 54,000.00	\$ 18,000.00	\$ 36,000.00
1/27/2009	Revision to Tax Map	16,000.00	3,200.00	9,600.00	3,200.00	6,400.00
				<hr/>	<hr/>	<hr/>
				<u>\$ 63,600.00</u>	<u>\$ 21,200.00</u>	<u>\$ 42,400.00</u>

## CITY OF BEVERLY

## CURRENT FUND

**Statement of 2011 Appropriation Reserves  
For The Year Ended December 31, 2012**

	<u>Balance December 31, 2011</u>		<u>Appropriation</u>		
	<u>Reserve for</u>		<u>Reserve</u>		
	<u>Encumbrance</u>	<u>Appropriation</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Payable</u>	<u>Reserve</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
			<u>Transfers</u>		
<b>Inside CAPS:</b>					
<b>Salaries and Wages:</b>					
City Clerk		\$ 2.10	\$ 2.10		\$ 2.10
Financial Administration		0.03	0.03		0.03
Collection of Taxes		2.74	2.74		2.74
Assessment of Taxes		7.06	7.06		7.06
Planning Board		0.73	0.73		0.73
Police		22,476.62	17,476.62	\$ 17,474.99	1.63
Streets and Roads		12.80	12.80		12.80
Municipal Court		7,851.00	7,851.00		7,851.00
Public Defender		5,308.50	5,308.50		5,308.50
Construction Code Official		19.88	19.88		19.88
Inspection of Housing		4.04	4.04		4.04
<b>Other Expenses:</b>					
General Administration	\$ 2,599.22	138.89	2,738.11	2,633.61	104.50
Mayor and City Council		10.00	10.00		10.00
City Clerk		4.48	4.48		4.48
Financial Administration	232.66	4.29	236.95	232.66	4.29
Computerized Data Processing		0.60	0.60		0.60
Collection of Taxes		4.67	4.67		4.67
Assessment of Taxes		16.36	16.36		16.36
Legal Services & Costs		8,291.52	8,291.52	8,275.40	16.12
Engineering Services & Costs		15.76	15.76		15.76
Planning Board		17.95	17.95		17.95
Insurance		91.39	91.39		91.39
Police	438.97	630.46	1,069.43	810.40	259.03
Office of Emergency Management		5.00	5.00		5.00
Streets and Roads	1,311.60	9.75	1,321.35	544.55	776.80
Solid Waste Collection		5,656.64	5,656.64	5,574.24	82.40
Public Buildings and Grounds	233.14	629.37	862.51	357.43	505.08
Vehicle Maintenance		163.88	163.88		163.88
Animal Control		30.00	30.00		30.00
Maintenance of parks and playgrounds		20.00	20.00		20.00
Celebration of Public Events		90.00	90.00		90.00

(continued)

## CITY OF BEVERLY

## CURRENT FUND

**Statement of 2011 Appropriation Reserves  
For The Year Ended December 31, 2012**

	<u>Balance December 31, 2011</u>		Appropriation		
	Reserve for	Appropriation	Reserve	Paid or	Balance
	Encumbrance	Reserve	Balance	Charged	Lapsed
	<u>Payable</u>		<u>After</u>		
			<u>Transfers</u>		
<b>Inside CAPS:</b>					
Gasoline		\$ 2,042.40	\$ 2,042.40	\$ 2,036.14	\$ 6.26
Electricity		586.38	586.38	578.84	7.54
Street Lighting		2,574.01	4,574.01	4,510.42	63.59
Telephone	\$ 55.67	190.80	246.47		246.47
Water	24.41	75.39	99.80	24.41	75.39
Fuel Oil		94.68	94.68		94.68
Landfill Solid Waste Disp. Cost		3,687.02	6,687.02	6,662.50	24.52
Municipal Court	2,280.00	32.24	2,312.24	2,280.00	32.24
Construction Code Official		4.54	4.54		4.54
Inspection of Housing	45.94	19.06	65.00		65.00
Contribution to:					
Social Security System (O.A.S.I.)		24.62	24.62		24.62
<b>Outside CAPS:</b>					
Recycling Tax		5,000.00	5,000.00		5,000.00
Fire District Payment		1,120.00	1,120.00		1,120.00
<b>Total</b>	<b>\$ 7,221.61</b>	<b>\$ 66,967.65</b>	<b>\$ 74,189.26</b>	<b>\$ 51,995.59</b>	<b>\$ 22,193.67</b>

## CITY OF BEVERLY

## CURRENT FUND

**Schedule of Local School District Taxes Payable  
For the Year Ended December 31, 2012**

---

Balance December 31, 2011:	
School Tax Payable	\$ -
Increased by:	
Levy - January 1, 2012 to December 31, 2012	<u>2,718,047.50</u>
Total	2,718,047.50
Decreased by:	
Payments	<u>2,695,431.98</u>
Balance December 31, 2012:	
School Tax Payable	<u><u>\$ 22,615.52</u></u>

## CITY OF BEVERLY

## FEDERAL AND STATE GRANT FUND

Schedule of Federal and State Grants Receivable  
For the Year Ended December 31, 2012

	Balance December 31, 2011	Accrued	Received	Canceled	Balance December 31, 2012
<b>Federal Grants:</b>					
Small Cities Grant	\$ 349,490.75			\$ 349,490.75	
Transportation Enhancement Trust Fund:		\$ 437,060.00		437,060.00	
<b>Total Federal Grants</b>	<b>349,490.75</b>	<b>437,060.00</b>		<b>786,550.75</b>	
<b>State Grants:</b>					
Transportation Authority Trust Fund:					
2006 Allotment - Railroad East Drainage	19,426.21			19,426.21	
2009 Allotment - Cooper Street	228,000.00			228,000.00	
2010 Allotment - Pine Street	58,946.06				\$ 58,946.06
Municipal Alliance Grant	6,269.16			6,269.16	
Body Armor Grant		937.83	\$ 937.83		
Hazardous Discharge Grant		72,701.00		72,701.00	
Recycling Tonnage Grant		3,932.40	3,932.40		
Clean Communities		4,585.25	4,585.25		
<b>Total State Grants</b>	<b>312,641.43</b>	<b>82,156.48</b>	<b>9,455.48</b>	<b>326,396.37</b>	<b>58,946.06</b>
<b>Total All Grants</b>	<b>\$ 662,132.18</b>	<b>\$ 519,216.48</b>	<b>\$ 9,455.48</b>	<b>\$ 1,112,947.12</b>	<b>\$ 58,946.06</b>

## CITY OF BEVERLY

## FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Unappropriated  
For the Year Ended December 31, 2012

	Balance December 31 <u>2011</u>	Federal and State Grant <u>Receivable</u>	Realized as Revenue <u>in 2012</u>	Balance December 31, <u>2012</u>
<b>Federal Grants:</b>				
Transportation Enhancement Trust Fund:		\$ 437,060.00	\$ 437,060.00	
Total Federal Grants	<u>-</u>	<u>437,060.00</u>	<u>437,060.00</u>	<u>-</u>
<b>State Grants:</b>				
Hazardous Discharge Grant		72,701.00	72,701.00	
Recycling Tonnage Grant	\$ 3,991.50	3,932.40	3,991.50	\$ 3,932.40
Body Armor Grant	1,011.24	937.83	1,011.24	937.83
Clean Communities	<u>4,664.61</u>	<u>4,585.25</u>	<u>4,664.61</u>	<u>4,585.25</u>
Total State Grants	<u>9,667.35</u>	<u>82,156.48</u>	<u>82,368.35</u>	<u>9,455.48</u>
Total All Grants	<u>\$ 9,667.35</u>	<u>\$ 519,216.48</u>	<u>\$ 519,428.35</u>	<u>\$ 9,455.48</u>

## CITY OF BEVERLY

## FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Appropriated  
For the Year Ended December 31, 2012

	Balance December 31, 2011	Transferred From 2012 Budget Appropriation	Disbursed	Canceled	Balance December 31, 2012
<b>Federal Grants:</b>					
Small Cities Grant	\$ 502,838.50			\$ 502,838.50	
Transportation Trust Fund:					
2009 Allotment - Cooper Street	228,000.00			228,000.00	
2010 Allotment - Pine Street	8,759.69		\$ 6,659.25		\$ 2,100.44
Transportation Enhancement		\$ 437,060.00		437,060.00	
Click It or Ticket	1,462.68				1,462.68
<b>Total Federal Grants</b>	<b>741,060.87</b>	<b>437,060.00</b>	<b>6,659.25</b>	<b>1,167,898.50</b>	<b>3,563.12</b>
<b>State Grants:</b>					
Clean Communities Grant	9,740.57	4,664.61	8,581.50		5,823.68
Drunk Driving Enforcement Fund	1,190.97				1,190.97
Body Armor Grant	1,776.91	1,011.24			2,788.15
Alcohol Rehabilitation Grant	8,079.39				8,079.39
Municipal Alliance Grant	18,693.45	1,938.00		6,269.16	14,362.29
Hazardous Discharge Grant	72,201.00	72,701.00	56,439.44	72,701.00	15,761.56
Clean Shores	7,217.69		374.00		6,843.69
Recycling Tonnage Grant	2,820.48	3,991.50			6,811.98
Transportation Trust Fund:					
2006 Allotment - Railroad East Drainage	8,478.69			8,478.69	
2008 Allotment - Wheatley Avenue	6,475.77			6,475.77	
<b>Total State Grants</b>	<b>136,674.92</b>	<b>84,306.35</b>	<b>65,394.94</b>	<b>93,924.62</b>	<b>61,661.71</b>
<b>Total All Grants</b>	<b>\$ 877,735.79</b>	<b>\$ 521,366.35</b>	<b>\$ 72,054.19</b>	<b>\$ 1,261,823.12</b>	<b>\$ 65,224.83</b>

**TRUST FUND**

## CITY of BEVERLY

## Trust Fund

Schedule of Cash - Treasurer  
For the Year Ended December 31, 2012

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2011	\$ 2,221.20	\$ 907,853.85
Receipts:		
Animal Control Fund:		
Reserve for Animal Control Fund	1,510.80	
State Registration Fees	313.20	
Due to Current Fund	669.99	
Payroll Account:		
Net Payroll		659,829.83
Payroll Withholdings		528,552.23
Due from Current Fund		14,219.48
Reserve for Trust - Tax Premium		155,033.31
Reserve for Municipal Law Enforcement Fund		3.62
Reserve for Community Day Events		7,240.00
Reserve for Regional Contribution Agreement		20,917.24
Reserve for Community Development Block Grant Funds		50.79
Total Receipts	<u>2,493.99</u>	<u>1,385,846.50</u>
Subtotal	<u>4,715.19</u>	<u>2,293,700.35</u>
Disbursements:		
Animal Control Account:		
State of New Jersey	664.80	
Expenditures Under RS4:19-15.11		
Due to Current Fund	5.19	8,384.66
Reserve for Community Day Events		4,925.78
Reserve for Recreation Escrow		805.81
Payroll Account:		
Payment to Withholding Agencies		515,070.86
Net Payroll		659,829.83
Reserve for Tax Sale Premium		99,763.05
Reserve for Regional Contribution Agreement		19,963.00
Reserve for Community Development Block Grant Funds		33.07
Total Disbursements	<u>669.99</u>	<u>1,308,776.06</u>
Balance December 31, 2012	<u>\$ 4,045.20</u>	<u>\$ 984,924.29</u>

## CITY OF BEVERLY

## TRUST FUND

**Schedule of Reserve for Animal Control Fund Expenditures  
For the Year Ended December 31, 2012**

Balance December 31, 2011		\$ 1,918.60
Increased by:		
Dog License Fees Collected	\$ 1,260.00	
Cat License Fees Collected	113.00	
Late Fees Collected	135.00	
Adjustment	2.80	
	<u>1,510.80</u>	
Due from Current Fund		<u>1,510.80</u>
		<u>3,429.40</u>
Decreased by:		
Expenditures Under R.S. 4:19-15.11		
Balance December 31, 2012		<u>\$ 3,429.40</u>

**LICENSE FEES COLLECTED**

<u>Year</u>	
2010	\$ 2,909.70
2011	<u>1,753.00</u>
Total	<u>\$ 4,662.70</u>

## CITY OF BEVERLY

## TRUST FUND

Schedule of Reserve for Regional Contribution Agreements  
For the Year Ended December 31, 2012

	<u>Mount Laurel</u>	<u>Evesham #1</u>	<u>Moorestown</u>	<u>Springfield</u>	<u>New Hanover</u>	<u>Evesham #2</u>	<u>Total</u>
Balance December 31, 2011	<u>\$ 113,514.76</u>	<u>\$ 37,093.71</u>	<u>\$ 64,925.64</u>	<u>\$ 190,403.83</u>	<u>\$ 8,967.72</u>	<u>\$ 389,784.21</u>	<u>\$ 804,689.87</u>
Increased by:							
Mortgage Payoff						19,872.00	19,872.00
Interest Earned	<u>143.39</u>	<u>46.85</u>	<u>90.04</u>	<u>256.59</u>	<u>11.33</u>	<u>497.04</u>	<u>1,045.24</u>
Total Receipts	<u>143.39</u>	<u>46.85</u>	<u>90.04</u>	<u>256.59</u>	<u>11.33</u>	<u>20,369.04</u>	<u>20,917.24</u>
Total	<u>113,658.15</u>	<u>37,140.56</u>	<u>65,015.68</u>	<u>190,660.42</u>	<u>8,979.05</u>	<u>410,153.25</u>	<u>825,607.11</u>
Decreased by:							
Cash Disbursed:							
Housing Rehabilitation	<u>16.00</u>					<u>75.00</u>	<u>91.00</u>
Mortgage Payoff						<u>19,872.00</u>	<u>19,872.00</u>
Total Disbursed	<u>16.00</u>					<u>19,947.00</u>	<u>19,963.00</u>
Balance December 31, 2012	<u>\$ 113,642.15</u>	<u>\$ 37,140.56</u>	<u>\$ 65,015.68</u>	<u>\$ 190,660.42</u>	<u>\$ 8,979.05</u>	<u>\$ 390,206.25</u>	<u>\$ 805,644.11</u>

## CITY OF BEVERLY

## TRUST FUND

**Schedule of Payroll Deductions Payable  
For the Year Ended December 31, 2012**

---

Balance December 31, 2011		\$ 7,583.92
Increased by:		
Net Payroll	\$ 659,829.83	
Payroll Deductions Withheld	<u>528,552.23</u>	
		<u>1,188,382.06</u>
Total		1,195,965.98
Decreased by:		
Net Payroll	659,829.83	
Due to Current Fund	8,384.66	
Payroll Deductions Paid	<u>515,070.86</u>	
		<u>1,183,285.35</u>
Balance December 31, 2012		<u><u>\$ 12,680.63</u></u>

**Schedule of Reserve for Tax Sale Premiums  
For the Year Ended December 31, 2012**

---

Balance December 31, 2011	\$ 33,425.51
Increased by - Cash Received	<u>155,033.31</u>
	188,458.82
Decreased by:	
Returned to Lienholder	<u>99,763.05</u>
Balance December 31, 2012	<u><u>\$ 88,695.77</u></u>

Note - An analysis of the balance at December 31, 2012 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, 2012**

---

	Balance December 31, <u>2011</u>	<u>Accrued</u>	<u>Disbursed</u>	<u>Canceled</u>	Balance December 31, <u>2012</u>
Public Facilities:					
Housing Rehabilitation	\$ 58,576.35	\$ 50.79	\$ 33.07		\$ 58,594.07
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 58,576.35</u>	<u>\$ 50.79</u>	<u>\$ 33.07</u>	<u>\$ -</u>	<u>\$ 58,594.07</u>

**GENERAL CAPITAL FUND**

## CITY OF BEVERLY

## GENERAL CAPITAL FUND

**Schedule of Cash - Treasurer**  
**For the Year Ended December 31, 2012**

---

Balance December 31, 2011		\$	-
Receipts:			
Due from Current Fund	\$	1,132,131.25	
Sale of Bond Anticipation Note		475,000.00	
Budget Appropriation - Capital Improvement Fund		25,000.00	
Budget Appropriation - Deferred Charges Unfunded		5,000.00	
Federal and State Grant Receivables:			
Due from Current Fund		637,892.75	
Due from Federal and State Grant Fund		<u>148,876.00</u>	
			<u>2,423,900.00</u>
 Total			 2,423,900.00
Disbursements:			
Improvement Authorizations		755,642.31	
Due to Current Fund		<u>368,257.69</u>	
			<u>1,123,900.00</u>
Balance December 31, 2012		\$	<u><u>1,300,000.00</u></u>

## CITY OF BEVERLY

## General Capital Fund

**Analysis of General Capital Fund Cash  
For the Year Ended December 31, 2012**

---

Fund Balance		\$	1,855.49
Capital Improvement Fund			67.50
Due to Current Fund			(69,053.89)
Bond Anticipation Notes Payable			2,103,205.00
Reserve for Payment of Notes			648,900.00
Reserve for Encumbrances			287.50
Improvement Authorizations:			
Ord. 2006-17	Purchase of Public Works Truck		18,700.00
Ord. 2009-15	Various Capital Improvements		(32,500.00)
Ord. 2011-8	Multi-purpose:		
	Acquisition & Installation of Elevator		(435,955.00)
	Pine Street Improvements		(237,486.19)
	Improvements to Lauiger Park		(275,500.00)
	Improvements to Municipal Facilities		(61,714.50)
	Acquisition of Land		(7,420.11)
Ord. 2012-4	Multi-purpose:		
	Improvements to Municipal Facilities		(224,782.46)
	Reconstruction of Cooper Street		(128,603.34)
<hr/>			
Total			<u>\$ 1,300,000.00</u>



## CITY OF BEVERLY

## General Capital Fund

**Schedule of Federal and State Grants Receivable  
For the Year Ended December 31, 2012**

---

Balance December 31, 2011	\$ 898,900.00
Increased by Allotment - Transportation Enhancement Grant	<u>228,000.00</u>
	1,126,900.00
Decreased by Cash Received	<u>786,768.75</u>
Balance December 31, 2012	<u><u>\$ 340,131.25</u></u>

**Analysis of Balance:**

NJ Transportation Trust Fund - Pine Street Phase I	\$ 112,131.25
Transportation Enhancement Trust Fund - Cooper Street	<u>228,000.00</u>
Total	<u><u>\$340,131.25</u></u>

## CITY OF BEVERLY

## General Capital Fund

Statement of Improvement Authorizations  
For the Year Ended December 31, 2012

Ord. Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2011		2012 Authorizations		Prior Year Encumbrances	Due to Current Fund	Current Year Encumbrances	Balance December 31, 2012	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges To Future Taxation - Unfunded				Funded	Unfunded
2006-17	Public Works Truck	11/28/06	\$ 70,000.00	\$ 18,700.00							\$ 18,700.00	
2011-08	Multi-purpose:	06/14/11										
	Acquisition & Installation of Elevator		458,900.00	\$ 337,014.77				\$ 337,014.77				
	Pine Street Improvements		250,000.00	6,130.11				6,116.30			\$ 13.81	
	Improvements to Lauiger Park		290,000.00	4,568.67				4,568.67				
	Improvements to Municipal Facilities		65,000.00	16,149.43			\$ 1,347.50	17,173.93	\$ 287.50		35.50	
	Acquisition of Land		650,000.00	\$ 4,962.73	617,500.00			12,382.84			610,079.89	
2012-04	Multi-purpose:	04/10/12										
	Improvements to Municipal Facilities		260,000.00			\$ 13,000.00	\$ 247,000.00	237,782.46			22,217.54	
	Reconstruction of Cooper St		240,000.00			12,000.00	228,000.00	140,603.34			99,396.66	
Total				\$ 23,662.73	\$ 981,362.98	\$ 25,000.00	\$ 475,000.00	\$ 1,347.50	\$ 755,642.31	\$ 287.50	\$ 18,700.00	\$ 731,743.40

## CITY OF BEVERLY

## General Capital Fund

Schedule of Capital Improvement Fund  
For the Year Ended December 31, 2012

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Balance December 31, 2011	\$ 67.50
Increased by:	
Current Fund Budget Appropriation	<u>25,000.00</u>
	25,067.50
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>25,000.00</u>
Balance December 31, 2012	<u>\$ 67.50</u>

## CITY OF BEVERLY

## General Capital Fund

Schedule of Bond Anticipation Notes  
For the Year Ended December 31, 2012

<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, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2012</u>
2011-8	Multi-Purpose	06/21/11	06/21/11	06/20/12	2.000%	\$ 1,628,205.00		\$ 1,628,205.00	
2011-8	Multi-Purpose	06/21/11	06/20/12	06/19/13	1.875%		\$ 1,628,205.00		\$ 1,628,205.00
2012-4	Multi-Purpose	08/15/12	08/15/12	08/14/13	1.170%		475,000.00		475,000.00
						<u>\$ 1,628,205.00</u>	<u>\$ 2,103,205.00</u>	<u>\$ 1,628,205.00</u>	<u>\$ 2,103,205.00</u>
						Renewal	\$ 1,628,205.00	\$ 1,628,205.00	
						Cash Received	475,000.00		
							<u>\$ 2,103,205.00</u>	<u>\$ 1,628,205.00</u>	

## CITY OF BEVERLY

## General Capital Fund

Statement of Bonds and Notes Authorized But not Issued  
For the Year Ended December 31, 2012

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2011</u>	<u>2012 Authorizations</u>	<u>Bond Anticipation Note Issued</u>	<u>Paid from Budget Appropriation</u>	<u>Balance December 31, 2012</u>
2009-15	Various Capital Improvements	\$ 37,500.00			\$ 5,000.00	\$ 32,500.00
2012-04	Multi-purpose:					
	Improvements to					
	Municipal Facilities		\$ 247,000.00	\$ 247,000.00		
	Reconstruction of Cooper St		228,000.00	228,000.00		
	Total	<u>\$ 37,500.00</u>	<u>\$ 475,000.00</u>	<u>\$ 475,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 32,500.00</u>

**CITY OF BEVERLY**

**PART II**

**Schedule of Findings and Recommendations**

**For the Year Ended December 31, 2012**

**CITY OF BEVERLY**

**Schedule of Findings and Recommendations  
For the Year Ended December 31, 2012**

***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 #2012-1***

**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 #2012-2***

**Condition:**

During the examination of the City payroll it was noted that seven (7) 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, 2012**

***Schedule of Financial Statement Findings (Cont'd)***

***Finding #2012-3***

**Condition:**

The payroll bank account was not reconciled to the general ledger or the analysis of deductions payable during the year.

**Criteria:**

As a function of effective internal controls, an accurate payroll and payroll agency analysis must be maintained and reconciled to the general ledger and the bank balance to ensure that balances in the account and payments to the various agencies are for the correct amounts.

**Context:**

Payroll deductions payable activities were reviewed to determine if there were excess funds in the payroll account.

**Effect:**

Without an accurate analysis, there is an increased possibility that various overages and shortages in payroll deductions can go undetected and uncorrected. As a result, there appears to be excess unallocated funds.

**Cause:**

Time constraints with regards to the Chief Financial Officer's office.

**Recommendation:**

That the payroll bank account be reconciled to the general ledger and the analysis of payroll deductions payable 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 their corrective action plan.

***Finding #2012-4***

**Condition:**

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

**Criteria:**

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

**Effect:**

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

**Cause:**

Time constraints with regards to the City Clerk's office.

**Recommendation:**

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

**View of Responsible Official and Planned Corrective Action:**

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

**CITY OF BEVERLY  
Schedule of Findings and Recommendations  
For the Year Ended December 31, 2012**

***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 #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.

**Current Status:**

This condition remains unchanged as reported in Finding #2012-1.

**Planned Corrective Action:**

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

***Finding #2011-2***

**Condition:**

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

**Current Status:**

This condition has been corrected.

***Finding #2011-3***

**Condition:**

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

**Current Status:**

This condition remains unchanged as reported in Finding #2012-3.

**Planned Corrective Action:**

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

***Finding #2011-4***

**Condition:**

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

**Current Status:**

This condition has been corrected.

**CITY OF BEVERLY**

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

***Finding #2015-5***

**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.

**Current Status:**

This condition has been corrected.

***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.

**Current Status:**

This condition has been corrected.

***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.

**Current Status:**

This condition has been corrected.

***Finding #2011-8***

**Condition:**

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

**Current Status:**

This condition has been corrected.

***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.

**Current Status:**

This condition remains unchanged as reported in Finding #2012-2.

**Planned Corrective Action:**

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

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

***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, 2012:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Randy H. Miller	Mayor		
Robert H. Bancroft	President of Council		
Robert E. Lowden, Jr.	Councilman		
Lawrence F. Carlbom	Councilman		
Robert D. Thibault	Councilman		
Luis M. Crespo	Councilman		
Ken Gerber	City Administrator	\$ 50,000	(B)
Donna Snyder	City Clerk, Municipal Improvement Search Officer, Registrar of Vital Statistics	50,000	(B)
Dawn Robertson Emmons	Chief Financial Officer (From 1/1/12 to 6/30/12)	50,000	(B)
Dorothea Jones	Chief Financial Officer (From 7/1/12 to 12/31/12)	50,000	(B)
	Treasurer, Deputy City Clerk	50,000	(B)
	Tax Collector	1,000,000	(A)
Donna Browne	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		
Kenneth Gerber	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.

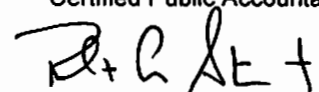
(B) Burlington County Municipal Joint Insurance Fund - Public Employees Honesty Blanket Bond.

### 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



Robert A. Stewart  
Certified Public Accountant  
Registered Municipal Accountant

February 19, 2013