

CITY OF BEVERLY
County of Burlington

Report of Audit of Financial Statements

For the Year Ended December 31, 2015

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, 2015

INVERSO & STEWART, LLC

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I 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, 2015 and 2014, 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, and statement of general fixed assets group of accounts for the year ended December 31, 2015 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 my 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, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In my opinion, 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, 2015 and 2014, 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, 2015 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

My 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 my 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*, I have also issued my report dated May 29, 2016 on my consideration of the City of Beverly's, in the County of Burlington, State of New Jersey, internal control over financial reporting and my 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 my 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



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
May 29, 2016

INVERSO & STEWART, LLC

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the 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 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued my report thereon dated May 29, 2016. That report indicated that the City of Beverly's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did however identify the following deficiency in internal control, described in the accompanying *Schedule of Findings and Recommendations* that I consider to be significant deficiency which is Finding no.: 2015-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Beverly's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance 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 is described in the accompanying *Schedule of Findings and Recommendations* as Finding no.: 2015-1.

The City of Beverly's Response to Findings


The City of Beverly's response to the finding identified in my 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, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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 P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
May 29, 2016

CITY OF BEVERLY

Current Fund

**Statement of Assets, Liabilities, Reserves and Fund Balance - Modified Accrual Basis
For the Years Ended December 31, 2015 and 2014**

<u>ASSETS</u>	<u>REFERENCE</u>	<u>2015</u>	<u>2014</u>
Regular Fund:			
Cash - Treasurer	A-4	\$ 1,222,127.82	\$ 867,407.33
Cash - Change Fund	A-5	425.00	425.00
Total		<u>1,222,552.82</u>	<u>867,832.33</u>
Due from State of New Jersey - Senior Citizen and Veteran Deductions	A-6	<u>750.00</u>	<u>19,735.72</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	220,096.26	232,612.77
Tax Title Liens	A-8	327,815.17	290,517.76
Property Acquired for Taxes - Assessed Valuation	A-9	16,940.00	16,940.00
Revenue Accounts Receivable	A-10	3,198.16	4,186.86
Due from Grant Fund	A	278,978.59	268,036.65
Due from Animal Control Fund	B	628.50	628.50
Due from Trust - Other	B	35,386.98	6,119.92
Total		<u>883,043.66</u>	<u>819,042.46</u>
Deferred Charges:			
Emergency Authorizations (40A:4-46)	A-11	<u></u>	<u>16,800.00</u>
Total Regular Fund		<u>2,106,346.48</u>	<u>1,723,410.51</u>
Federal and State Grant Fund:			
Cash	A-4	165,374.37	96,621.04
Federal and State Grants Receivable	A-20	393,518.50	543,208.50
Due From General Capital Fund	C	<u></u>	<u>50,951.31</u>
Total Federal and State Grant Fund		<u>558,892.87</u>	<u>690,780.85</u>
Total		<u>\$ 2,665,239.35</u>	<u>\$ 2,414,191.36</u>

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Modified Accrual Basis
For the Years Ended December 31, 2015 and 2014

	<u>REFERENCE</u>	<u>2015</u>	<u>2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, A-12	\$ 270,262.83	\$ 321,291.09
Encumbrances Payable	A-3, A-12	7,593.98	33,801.86
Accounts Payable		16,384.03	1,470.00
Reserve for Cost of Revaluation		2,009.50	2,009.50
Reserve for Tax Map		16,000.00	16,000.00
Reserve for JIF Safety		2,050.82	2,050.82
Due to State of New Jersey:			
Marriage Licenses	A-13	75.00	125.00
Construction Code Training Fees	A-14	375.00	278.00
Tax Overpayments	A-15	2,502.74	4,670.53
Prepaid Taxes	A-16	43,129.97	31,819.49
Local School Tax Payable	A-17	136,704.02	59,008.02
County Tax Payable	A-18	197.11	1,024.38
Due to Animal Control Fund	B	200.00	
Due to Trust-Other	B	7,876.86	8,126.86
Due to Capital Fund	C	328,455.35	323,484.85
Total Liabilities		833,817.21	805,160.40
Reserve for Receivable and Other Assets	A	883,043.66	819,042.46
Fund Balance	A-1	389,485.61	99,207.65
Total Regular Fund		<u>2,106,346.48</u>	<u>1,723,410.51</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-21	19,005.87	8,469.30
Appropriated Reserves	A-22	244,215.91	414,274.90
Reserve for Encumbrances	A-22	945.50	
Due to Current Fund	A	278,978.59	268,036.65
Due to General Capital Fund	C	15,747.00	
Total Federal and State Grant Fund		<u>558,892.87</u>	<u>690,780.85</u>
Total		<u>\$ 2,665,239.35</u>	<u>\$ 2,414,191.36</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, 2015 and 2014

	2015	2014
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 30,000.00	\$ 30,000.00
Miscellaneous Revenue Anticipated	1,544,574.44	1,013,547.57
Receipts from Delinquent Taxes	222,384.08	142,868.21
Receipts from Current Taxes	4,989,288.19	4,785,257.79
Nonbudget Revenues	15,905.87	11,324.58
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	251,293.72	155,830.13
Liquidation of Reserves for:		
Interfunds and Accounts Receivable	300.00	
Total Revenue and Other Income Realized	<u>7,053,746.30</u>	<u>6,138,828.28</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	973,465.34	967,300.00
Other Expenses	1,110,753.00	1,144,029.00
Deferred Charges and Statutory Expenditures Within "CAPS"	198,388.00	168,767.00
Operations Excluded from "CAPS":		
Other Expenses	61,430.00	17,256.58
Capital Improvements	205,000.00	210,000.00
Debt Service	573,737.86	119,984.39
Deferred Charges	21,800.00	26,200.00
Fire District Taxes	151,954.00	144,073.00
County Taxes	468,594.09	448,904.88
Local District School Tax	2,909,868.00	2,768,851.00
Refund of Prior Year Revenue	2,384.77	
Prior Year Veterans' and Senior Citizens' Deductions Disallowed	19,735.72	
Creation of Reserves for:		
Added Tax Overpayments		662.69
Interfunds and Accounts Receivable	36,357.56	115,976.73
Total Expenditures	<u>6,733,468.34</u>	<u>6,132,005.27</u>
Excess in Revenue	320,277.96	6,823.01
Adjustment to Income Before Fund Balance:		
Expenditures Included Above which are by Statute Deferred		
Charges to Budget of Succeeding Year		<u>16,800.00</u>
Fund Balance January 1	<u>99,207.65</u>	<u>105,584.64</u>
Subtotal	419,485.61	129,207.65
Decreased by Utilization as Anticipated Revenue	<u>30,000.00</u>	<u>30,000.00</u>
Balance December 31	<u><u>\$ 389,485.61</u></u>	<u><u>\$ 99,207.65</u></u>

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

CITY OF BEVERLY

Current Fund

Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2015

	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$ 30,000.00	\$ -	\$ 30,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverage	2,500.00		2,936.00	436.00
Other	1,000.00		890.00	(110.00)
Fees and Permits	20,000.00		29,176.94	9,176.94
Fines and Costs:				
Municipal Court	50,000.00		61,087.19	11,087.19
Interest and Costs on Taxes	30,000.00		23,355.97	(6,644.03)
Interest Earned on Investments	900.00		1,042.47	142.47
Payments in Lieu of Taxes	22,037.00		29,822.00	7,785.00
Rent of Office Space	9,000.00		9,000.00	
Transitional Aid				
Consolidated Municipal Property Tax Relief Aid	307,719.00		307,719.00	
Energy Receipts Tax	262,611.00		262,611.00	
Uniform Construction Code Fees	13,024.00		35,242.00	22,218.00
Miscellaneous Revenues Offset with Appropriations:				
N.J. Transportation Trust Fund Authority Act	195,000.00		195,000.00	
Burlington County Park Improvement Grant	50,310.00		50,310.00	
Comcast Technology Grant	10,000.00		10,000.00	
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government				
Services - Other Speical Items:				
Cable TV Franchise Fees	7,943.67		7,943.67	
Reserve for Payment of Notes	500,000.00		500,000.00	
Snow Removal Reimbursements	18,952.00		18,438.20	(513.80)
Total	1,500,996.67		1,544,574.44	43,577.77
Receipts from Delinquent Taxes	189,376.83		222,384.08	33,007.25
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	1,734,312.13		1,768,721.39	34,409.26
Budget Totals	3,454,685.63		3,565,679.91	\$ 110,994.28
Non-budget Revenues			15,905.87	
Total	\$ 3,454,685.63	\$ -	\$ 3,581,585.78	

(Continued)

CITY OF BEVERLY

CURRENT FUND

Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2015Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collections	\$ 4,989,288.19
Allocated to School, County and Fire District Taxes	3,530,416.09
Balance for Support of Municipal Budget Appropriations	1,458,872.10
Add Appropriation - Reserve for Uncollected Taxes	309,849.29
Amount for Support of Municipal Budget Appropriations	<u>\$ 1,768,721.39</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 202,199.39
Tax Title Lien Collections	<u>20,184.69</u>

Total	<u>\$ 222,384.08</u>
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Licenses - Other:

Mercantile	\$ 630.00
Other	<u>260.00</u>

Total - Treasurer	<u>\$ 890.00</u>
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Fees and Permits - Other:

Registrar of Vital Statistics Fees	\$ 390.00
Street Opening Permits	1,960.00
Housing Inspection Fees	24,500.00
Zoning Permit Fees	630.00
Dumpster Permits	300.00
Other Fees and Permits	<u>1,396.94</u>

Total	<u>\$ 29,176.94</u>
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Analysis of Non-budget Revenues

Miscellaneous - Treasurer:

Tax Collector Miscellaneous	\$ 5,605.87
Vacant Property Fees	9,600.00
Senior & Vet Admin Fee	505.00
Miscellaneous	<u>195.00</u>

Total	<u>\$ 15,905.87</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, 2015

	<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 APPROPRIATIONS:					
Operations Within "CAPS":					
General Government					
General Administration					
Salaries and Wages	\$ 50,000.00	\$ 50,000.00	\$ 49,749.70	\$ -	\$ 250.30
Other Expenses	14,525.00	14,525.00	13,630.37		894.63
Mayor and City Council					
Other Expenses	650.00	650.00	295.00		355.00
City Clerk					
Salaries and Wages	58,000.00	55,400.00	50,501.39		4,898.61
Other Expenses	6,700.00	8,200.00	7,666.33		533.67
Financial Administration					
Salaries and Wages	22,500.00	22,500.00	17,680.08		4,819.92
Other Expenses	26,350.00	26,350.00	8,245.92		18,104.08
Audit Services					
Other Expenses	15,000.00	15,000.00	14,100.00		900.00
Computerized Data Processing					
Other Expenses	6,893.00	6,893.00	6,293.00		600.00
Collection of Taxes					
Salaries and Wages	21,000.00	21,000.00	16,000.14		4,999.86
Other Expenses	4,450.00	4,450.00	2,430.94	120.00	1,899.06
Assessment of Taxes					
Salaries and Wages	13,700.00	13,700.00	13,667.94		32.06
Other Expenses	2,900.00	2,900.00	1,607.72	495.10	797.18
Legal Services & Costs					
Other Expenses	115,000.00	115,000.00	97,702.56		17,297.44

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2015

	<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	\$ 25,000.00	\$ 26,100.00	\$ 24,712.21	\$ -	\$ 1,387.79	\$ -
Land Use Administration:						
Planning Board						
Salaries & Wages	4,100.00	4,100.00	4,020.38		79.62	
Other Expenses	6,560.00	6,560.00	5,013.50		1,546.50	
Insurance						
Liability Insurance	122,000.00	122,000.00	94,891.00		27,109.00	
Workers Compensation Insurance	124,000.00	124,000.00	124,000.00			
Employees Group Health Insurance	244,959.00	244,959.00	200,745.34		44,213.66	
Unemployment Insurance	5,000.00	5,000.00	222.44		4,777.56	
Health Benefit Waivers	1,041.00	1,041.00	1,040.50		0.50	
Public Safety Function:						
Police						
Salaries & Wages	603,457.00	595,457.00	549,432.76		46,024.24	
Other Expenses	22,450.00	26,450.00	25,100.73	616.30	732.97	
Office of Emergency Management						
Other Expenses	750.00	750.00	427.50		322.50	
Prosecutor's Office						
Salaries and Wages	7,200.00	7,200.00	6,300.00		900.00	
Public Works Function						
Streets and Roads						
Salaries and Wages	81,500.00	81,500.00	74,680.60		6,819.40	
Other Expenses	24,075.00	24,075.00	14,063.45	6,200.00	3,811.55	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2015

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Public Works Function (cont'd):						
Solid Waste Collection	\$ 65,000.00	\$ 65,000.00	\$ 52,921.90	\$ -	\$ 12,078.10	\$ -
Public Buildings and Grounds						
Other Expenses	18,950.00	18,950.00	10,779.04	80.00	8,090.96	
Vehicle Maintenance						
Other Expenses	18,000.00	18,000.00	11,253.54	82.58	6,663.88	
Health and Human Services						
Animal Control						
Other Expenses	6,500.00	6,500.00	6,255.00		245.00	
Parks and Recreation Functions						
Maintenance of Parks and Playgrounds						
Other Expenses	100.00	100.00			100.00	
Utilities						
Electricity	12,000.00	12,000.00	11,035.64		964.36	
Street Lighting	49,000.00	49,000.00	42,498.90		6,501.10	
Telephone	20,000.00	20,000.00	18,553.64		1,446.36	
Water	800.00	800.00	729.61		70.39	
Fuel Oil	12,000.00	12,000.00	5,795.43		6,204.57	
Gasoline	19,000.00	19,000.00	10,472.45		8,527.55	
Landfill/Solid Waste Disposal Cost						
Other Expense	87,000.00	87,000.00	75,094.59		11,905.41	
Municipal Court:						
Salaries and Wages	63,000.00	63,000.00	62,906.50		93.50	
Other Expenses	11,750.00	11,750.00	5,595.20		6,154.80	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2015

	<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	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00	\$ -	\$ -	\$ -
Uniform Construction Code:						
Construction Code Official						
Salaries & Wages	48,708.34	48,708.34	47,345.34		1,363.00	
Other Expenses	500.00	500.00	227.10		272.90	
Inspection of Housing						
Salaries & Wages	7,600.00	7,600.00	5,533.95		2,066.05	
Other Expenses	15,250.00	15,250.00	12,523.75		2,726.25	
Total Operations Including Contingent - Within "CAPS"	<u>2,088,218.34</u>	<u>2,084,218.34</u>	<u>1,807,043.08</u>	<u>7,593.98</u>	<u>269,581.28</u>	<u>-</u>
Detail:						
Salaries and Wages	984,065.34	973,465.34	901,118.78		72,346.56	
Other Expenses	1,104,153.00	1,110,753.00	905,924.30	7,593.98	197,234.72	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	40,865.00	40,865.00	40,276.09		588.91	
Social Security System (O.A.S.I.)	63,000.00	67,000.00	67,000.00		-	
Defined Contribution Retirement Program	500.00	500.00	407.36		92.64	
Police and Firemen's Retirement System	90,023.00	90,023.00	90,023.00		-	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>194,388.00</u>	<u>198,388.00</u>	<u>197,706.45</u>		<u>681.55</u>	
Total General Appropriations - For Municipal Purposes Within "CAPS"	<u>2,282,606.34</u>	<u>2,282,606.34</u>	<u>2,004,749.53</u>	<u>7,593.98</u>	<u>270,262.83</u>	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2015

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>			<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
GENERAL APPROPRIATIONS:						
<i>Operations Excluded from "CAPS":</i>						
Supplemental Fire Services Program - Fire District Payment	\$ 1,120.00	\$ 1,120.00	\$ 1,120.00	\$ -	\$ -	\$ -
Burlington County Park Improvement Grant	50,310.00	50,310.00	50,310.00			
Comcast Technology Grant	10,000.00	10,000.00	10,000.00			
<i>Total Operations - Excluded From "CAPS"</i>	61,430.00	61,430.00	61,430.00			
Detail:						
Salaries and Wages						
Other Expenses	61,430.00	61,430.00	61,430.00			
<i>Capital Improvements - Excluded from "CAPS":</i>						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
New Jersey Transportation Trust Fund Authority Act	195,000.00	195,000.00	195,000.00			
<i>Total Capital Improvements - Excluded From "CAPS"</i>	205,000.00	205,000.00	205,000.00			
<i>Debt Service - Excluded from "CAPS" :</i>						
Payment of Bond Anticipation Notes	555,000.00	555,000.00	555,000.00			
Interest on Notes	19,000.00	19,000.00	18,737.86			262.14
<i>Total Debt Service - Excluded from "CAPS"</i>	574,000.00	574,000.00	573,737.86			262.14

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2015

	<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>	
Deferred Charges - Excluded from "CAPS" :						
Deferred Charges to Future Taxation Unfunded:						
Ordinance 2009-15 Various Capital Improv.	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ -	\$ -	\$ -
Emergency Authorizations	16,800.00	16,800.00	16,800.00			
Total Deferred Charges - Excluded from "CAPS"	<u>21,800.00</u>	<u>21,800.00</u>	<u>21,800.00</u>			
Total General Appropriations for Municipal Purposes Excluded From "CAPS"	<u>862,230.00</u>	<u>862,230.00</u>	<u>861,967.86</u>			<u>262.14</u>
Subtotal General Appropriations	3,144,836.34	3,144,836.34	2,866,717.39	7,593.98	270,262.83	262.14
Reserve for Uncollected Taxes	<u>309,849.29</u>	<u>309,849.29</u>	<u>309,849.29</u>			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 3,454,685.63</u>	<u>\$ 3,454,685.63</u>	<u>\$ 3,176,566.68</u>	<u>\$ 7,593.98</u>	<u>\$ 270,262.83</u>	<u>\$ 262.14</u>
Budget		\$ 3,454,685.63				
Appropriation by 40A:4-87		<u>-</u>				
		<u>\$ 3,454,685.63</u>				
Expended - Paid or Charged:						
Deferred Charges - Future Taxation Unfunded			\$ 5,000.00			
Deferred Charges - Emergency (NJSA 40A:4-55)			16,800.00			
Reserve for Federal and State Grants - Appropriated			255,310.00			
Reserve for Uncollected Taxes			309,849.29			
Reimbursed			(43,222.15)			
Disbursed			<u>2,632,829.54</u>			
Total			<u>\$ 3,176,566.68</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, 2015 and 2014**

	Reference	2015	2014
ASSETS			
Animal Control Fund:			
Cash	B-1	\$ 3,332.02	\$ 2,413.60
Due from Current Fund		200.00	
Total		3,532.02	2,413.60
Other Funds:			
Cash - Treasurer	B-1	1,091,340.10	1,065,212.08
Due From Current Fund	A	7,876.86	8,126.86
Total		1,099,216.96	1,073,338.94
Total Assets		<u>\$ 1,102,748.98</u>	<u>\$ 1,075,752.54</u>
LIABILITIES AND RESERVES			
Animal Control Fund:			
Encumbrances Payable		\$ 255.75	\$ -
Due to State Department of Health		37.20	6.00
Due Current Fund	A	628.50	628.50
Reserve for Animal Control Fund Expenditures	B-2	2,610.57	1,779.10
Total		3,532.02	2,413.60
Other Funds:			
Encumbrances Payable		115.00	115.00
Due to Current Fund	A	35,386.98	6,119.92
Payroll Deductions Payable	B-3	6,753.92	8,850.72
Reserve for Tax Sale Premiums	B-4	283,287.29	150,863.69
Reserve for Escrow Deposits	B-5	14,577.90	11,570.93
Reserve for Municipal Law Enforcement Fund	B-6	2,843.18	2,843.18
Reserve for Regional Contribution Agreements	B-7	679,911.19	819,274.11
Reserve for Community Day Events	B-8	11,797.83	9,207.72
Reserve for Community Development Block Grant Funds:	B-9	58,594.42	58,594.42
Reserve for Off Duty	B-10	5,899.25	5,899.25
Reserve for POAA	B-11	50.00	
Total		1,099,216.96	1,073,338.94
Total Liabilities and Reserves		<u>\$ 1,102,748.98</u>	<u>\$ 1,075,752.54</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, 2015 and 2014

	Reference	2015	2014
ASSETS			
Cash	C-2	\$ 550,893.29	\$ 925,411.68
Deferred Charges to Future Taxation:			
Unfunded	C-4	1,053,105.00	1,525,705.00
Federal and State Grants Receivable	C-5	233,784.19	
Due from Federal & State Grant Fund	A	15,747.00	
Due from Current Fund	A	328,455.35	323,484.85
Total		<u>\$ 2,181,984.83</u>	<u>\$ 2,774,601.53</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Improvement Authorizations:			
Funded	C-6	\$ 189,600.00	\$ 18,700.00
Unfunded	C-6	682,945.49	622,177.32
Due Federal & State Grant Fund	A		50,951.31
Bond Anticipation Notes Payable	C-8	1,035,605.00	1,503,205.00
Encumbrance Payable	C-6	124,864.86	
Reserve for Payment of Notes	C-3	121,646.49	557,644.91
Capital Improvement Fund	C-7	25,467.50	20,067.50
Fund Balance	C-1	1,855.49	1,855.49
Total		<u>\$ 2,181,984.83</u>	<u>\$ 2,774,601.53</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, 2015

Balance December 31, 2015 and 2014\$ 1,855.49

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

CITY OF BEVERLY

ACCOUNT GROUP

**Statement of General Fixed Assets Group of Accounts
For the Year Ended December 31, 2015**

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2015</u>
General Fixed Assets:				
Land	\$ 472,300.00	\$ -	\$ -	\$ 472,300.00
Buildings	1,095,400.00			1,095,400.00
Vehicles and Equipment	316,725.00			316,725.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Fixed Assets	<u>\$ 1,884,425.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,884,425.00</u>
 Total Investment in General Fixed Assets	 <u>\$ 1,884,425.00</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,884,425.00</u>

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

City of Beverly
Notes to Financial Statements
December 31, 2015

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, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets (Continued) - 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, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten (10) day grace period.

Comparative Data - Comparative total data for the prior year have been presented in the accompanying statements of assets, liabilities, reserves and fund balance and statement of operations in order to provide an understanding of changes in the City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

City of Beverly
Notes to Financial Statements
December 31, 2015

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 Municipality's deposits may not be recovered. Although the Municipality 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 or funds that may pass to the Municipality relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized. Of the Municipality's amount on deposit of \$3,097,619 as of December 31, 2015, \$250,751 was insured under FDIC and the remaining balance of \$2,846,868 was collateralized under GUDPA.

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total Tax Rate	<u>\$ 4.389</u>	<u>\$ 4.184</u>	<u>\$ 4.120</u>	<u>\$ 3.955</u>	<u>\$ 5.749</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.445	\$ 1.406	\$ 1.367	\$ 1.217	\$ 1.700
County	0.392	0.371	0.393	0.405	0.681
Local School	2.425	2.288	2.244	2.219	3.206
Fire District	0.127	0.119	0.116	0.114	0.162

Assessed Valuation

2015	\$ 119,964,000
2014	121,033,423
2013	121,743,002
2012	122,442,960 R
2011	84,082,119

R = Revaluation Year

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2015	\$ 5,267,428	\$ 4,989,288	94.72%
2014	5,079,683	4,785,258	94.20%
2013	5,034,054	4,825,123	95.85%
2012	4,842,619	4,650,066	96.02%
2011	4,818,622	4,611,197	95.70%

City of Beverly
Notes to Financial Statements
December 31, 2015

NOTE 3. PROPERTY TAXES (Continued)

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>
2015	\$ 327,815	\$ 214,438	\$ 542,253	10.29%
2014	290,518	232,508	523,026	10.30%
2013	256,991	148,339	405,330	8.05%
2012	228,217	152,662	380,879	7.87%
2011	202,136	185,861	387,997	8.05%

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>
2015	21
2014	16
2013	14
2012	13
2011	8

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>
2015	\$ 16,940
2014	16,940
2013	16,940
2012	87,520
2011	87,520

**City of Beverly
Notes to Financial Statements
December 31, 2015**

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>
<u>Current Fund</u>			
2015	\$ 389,236	\$ 125,000	32.11%
2014	99,208	30,000	30.24%
2013	105,679	30,000	28.39%
2012	126,980	75,000	59.06%
2011	334,496	270,065	80.74%

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, 2015:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
Current Fund	\$ 314,994	\$ 336,532
Federal and State Grant Fund		294,726
Trust Fund:		
Animal Control Fund	200	628
Other Trust Funds	7,877	35,387
General Capital Fund	344,202	
	<u>\$ 667,273</u>	<u>\$ 667,273</u>

NOTE 7. PENSION PLANS

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

**City of Beverly
Notes to Financial Statements
December 31, 2015**

NOTE 7. PENSION PLANS (CONTINUED)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age from age 55 to 65 for Tier 5 members
- The eligible age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increases in active member contribution rates for PERS active members from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. For fiscal year 2012, the member contribution rates will increase in 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4 year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay.)

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 increased to 10.0% 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.

Police & Firemen's Retirement System					
Borough Contributions					
Year	Normal Contribution	Pension		Non-Contributory Life Insurance	Employee Contributions
		Percentage of Covered Payrolls	Accrued Liability		
2015	\$ 30,880	8.71%	\$ 55,105	\$ 4,038	\$ 40,495
2014	29,305	8.81%	48,241	2,960	36,198
2013	40,564	13.69%	53,681	3,892	32,090

At June 30, 2015, the City's net pension liability for PFRS was \$1,797,389.

**City of Beverly
Notes to Financial Statements
December 31, 2015**

NOTE 7. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

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

Inflation rate: 3.04%
Salary Increases:
 2012-2021: 2.60-9.48% based on age
 Thereafter: 3.60-10.48% based on age
Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from base year of 2014 based on Projection Scale BB.

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

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

Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	01.04%
U.S. Treasuries	01.75%	01.64%
Investment Grade Credit	10.00%	01.79%
Mortgages	02.10%	01.62%
High Yield Bonds	02.00%	04.03%
Inflation Indexed Bonds	01.50%	03.25%
Broad US Equities	27.25%	08.52%
Developed Foreign Equities	12.00%	06.88%
Emerging Market Equities	06.40%	10.00%
Private Equity	09.25%	12.41%
Hedge Funds/Absolute Ret	12.00%	04.72%
Real Estate (Property)	02.00%	06.83%
Commodities	01.00%	05.32%
Global Debt ex US	03.50%	-0.40%
REIT	04.25%	5.12%

Discount rate. The discount rate used to measure the State's total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.8% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

City of Beverly
Notes to Financial Statements
December 31, 2015

NOTE 7. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 5.79%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.79%) or 1 percentage point higher (6.79%) than the current rate:

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Borough's proportionate share of the net pension liability	\$ 2,369,529	\$ 1,797,389	\$ 1,330,860

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008.

Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

Public Employee's Retirement System					
Borough Contributions					
Pension					
Year	Normal Contribution	Percentage of Covered Payrolls	Accrued Liability	Non- Contributory Life Insurance	Employee Contributions
2015	\$ 5,138	1.83%	\$ 33,180	\$ 1,958	\$ 21,053
2014	3,141	1.06%	13,810	288	25,246
2013	8,642	3.52%	20,663	1,744	21,357

At June 30, 2015, the City's net pension liability for PERS was \$884,779.

**City of Beverly
Notes to Financial Statements
December 31, 2015**

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

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

Inflation rate: 3.04%
Salary Increases:
2012-2021: 2.15-4.40% based on age
Thereafter: 3.15-5.40% based on age
Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	05.00%	01.04%
U.S. Treasuries	01.75%	01.64%
Investment Grade Credit	10.00%	01.79%
Mortgages	02.10%	01.62%
High Yield Bonds	02.00%	04.03%
Inflation Indexed Bonds	01.50%	03.25%
Broad US Equities	27.25%	08.52%
Developed Foreign Equities	12.00%	06.88%
Emerging Market Equities	06.40%	10.00%
Private Equity	09.25%	12.41%
Hedge Funds/Absolute Ret	12.00%	04.72%
Real Estate (Property)	02.00%	06.83%
Commodities	01.00%	05.32%
Global Debt ex US	03.50%	-0.40%
REIT	04.25%	5.12%

Discount rate. The discount rate used to measure the State's total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.8% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

**City of Beverly
Notes to Financial Statements
December 31, 2015**

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 4.90%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.90%) or 1 percentage point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Borough's proportionate share of the net pension liability	\$ 1,099,672	\$ 884,779	\$ 704,614

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

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.

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 was one City employee enrolled in the DCRP for the year ended December 31, 2015.

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.

City of Beverly
Notes to Financial Statements
December 31, 2015

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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 years 2015, 2014 and 2013 there was one retired employee who received this benefit resulting in respective payments of \$30,364, \$28,573 and \$27,212 in related health care premiums.

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 only be carried forward to the subsequent year with the permission of City Council.

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, 2015, accrued benefits for compensated absences are valued at \$54,486.

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.

City of Beverly
Notes to Financial Statements
December 31, 2015

NOTE 11. JOINT INSURANCE POOL

The City is a member of the Burlington County Municipal 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 for December 31, 2015, which can be obtained by writing to:

Burlington County Municipal Joint Insurance Fund
P.O. Box 489
Marlton, New Jersey 08053.

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, 2015, 2014 and 2013 was \$222, \$3,610 and \$4,138 respectively.

NOTE 13. CAPITAL DEBT

Summary of Municipal Debt

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued:</u>			
General Bonds and Notes	\$ 1,035,605	\$ 1,503,205	\$ 1,603,205
Total Issued	<u>1,035,605</u>	<u>1,503,205</u>	<u>1,603,205</u>
<u>Authorized But Not Issued:</u>			
General Bonds and Notes	<u>17,500</u>	<u>22,500</u>	<u>27,500</u>
Net Debt	<u><u>\$ 1,053,105</u></u>	<u><u>\$ 1,525,705</u></u>	<u><u>\$ 1,630,705</u></u>

City of Beverly
Notes to Financial Statements
December 31, 2015

NOTE 13. CAPITAL DEBT (CONTINUED)

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 .871%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ -	\$ -	\$ -
General Debt	<u>1,053,105</u>	<u>57,645</u>	<u>995,460</u>
Total	<u>\$ 1,053,105</u>	<u>\$ 57,645</u>	<u>\$ 995,460</u>

- Net Debt, \$995,460 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$116,184,067 equals .857%.

Equalized Valuation Basis:

2013	\$ 117,891,604
2014	113,816,436
2015	<u>116,844,161</u>
Average	<u>\$ 116,184,067</u>

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 4,066,442
Net Debt	<u>995,460</u>
Remaining Borrowing Power	<u>\$ 3,070,982</u>

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

Bond Anticipation Notes Payable

The City issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the Notes 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, 2015, the City had an outstanding bond anticipation note as follows:

<u>Fund</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
General Capital	\$ 1,035,605	1.25%	June 15, 2016

**City of Beverly
Notes to Financial Statements
December 31, 2015**

NOTE 14. CONTINGENCIES

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

NOTE 15. COMMITMENTS – TAX APPEALS

The City has one tax appeal pending in New Jersey State Tax Court as of December 31, 2015. However, it appears that the net potential loss of the tax appeal will not be material to the financial statements.

NOTE 16. 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, 2015 the City has unexpended funds held in trust for the regional contribution agreement in the amount of \$679,911.

SUPPLEMENTAL EXHIBITS

CURRENT FUND

CITY OF BEVERLY

CURRENT FUND

Statement of Cash - Treasurer
For the Year Ended December 31, 2015

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2014	\$ 867,407.33	\$ 96,621.04
Receipts:		
Taxes Receivable	\$ 5,130,220.36	
Revenue Accounts Receivable	1,289,234.94	
Prepaid 2016 Taxes	43,129.97	
Tax Overpayments	9,435.99	
Due to Animal Control Fund	200.00	
Due to POAA	50.00	
Due from State of New Jersey:		
Senior Citizen and Veteran Deductions	25,250.00	
Marriage License Fees	325.00	
Construction Code Training Fees	2,129.00	
Miscellaneous Revenue Not Anticipated	15,905.87	
Budget Refunds	43,222.15	
Contra	9,452.75	
Collected on Behalf of General Capital Fund		\$ 66,698.31
Federal & State Grants Receivable		10,000.00
Federal & State Grants Unappropriated		<u>10,536.57</u>
Total Receipts	<u>6,568,556.03</u>	<u>87,234.88</u>
Total Funds Available	<u>7,435,963.36</u>	<u>183,855.92</u>
Disbursements:		
2015 Appropriations	2,632,829.54	
Appropriation Reserves and Encumbrances Payable	88,465.20	
Accounts Payable	420.00	
Due from Other Trust Fund	5,230.93	
Due from Federal & State Grant Fund	10,941.94	
Refund Tax Overpayments	8,156.05	
Due State of New Jersey:		
Construction Code Training Fees	2,032.00	
Marriage License Fees	375.00	
Fire District Tax	151,954.00	
County Taxes	469,421.36	
Local District School Tax	2,832,172.00	
Refund of Prior Year Revenue	2,384.77	
Contra	9,452.75	
Reserve for Federal & State Grants - Appropriated		<u>18,481.55</u>
Total Disbursements	<u>6,213,835.54</u>	<u>18,481.55</u>
Balance December 31, 2015	<u>\$ 1,222,127.82</u>	<u>\$ 165,374.37</u>

CITY OF BEVERLY

CURRENT FUND

Schedule of Change Funds
For the Year Ended December 31, 2015

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

CITY OF BEVERLY

CURRENT FUND

Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2015

Year	Balance December 31, 2014	2015 Levy	Added Taxes	Treasurer Collections by Cash 2014	2015	State Share of 2015 Senior Citizens and Veterans Deductions Allowed/(Disallowed)	Transfer to Tax Title Liens	Overpayments Applied	Canceled	Balance December 31, 2015
2013	\$ 104.87	\$ -	\$ -	\$ -	\$ 3.74	\$ -	\$ -	\$ -	\$ -	\$ 101.13
2014	232,507.90		250.00		202,195.65		13,362.85		11,642.75	5,556.65
2015		5,267,427.67		31,819.49	4,928,020.97	26,000.00	41,658.98	3,447.73	22,042.02	214,438.48
Total	\$ 232,612.77	\$ 5,267,427.67	\$ 250.00	\$ 31,819.49	\$ 5,130,220.36	\$ 26,000.00	\$ 55,021.83	\$ 3,447.73	\$ 33,684.77	\$ 220,096.26

Analysis of Property Taxes

Tax Yield:

General Purpose Tax	\$ 5,265,220.45
Added and Omitted Taxes (54:4-63.1 et seq.)	<u>2,207.22</u>
Total	<u>\$ 5,267,427.67</u>

Tax Levy:

Local School District Tax (Abstract)		\$ 2,909,868.00
Fire District Tax (Abstract)		151,954.00
County Tax (Abstract)	\$ 386,963.84	
County Library Tax (Abstract)	36,053.74	
County Open Space Tax (Abstract)	45,379.40	
Due County for Added Taxes	<u>197.11</u>	468,594.09
Local Tax for Municipal Purposes	1,734,312.13	
Additional Taxes Levied	<u>3,356.66</u>	<u>1,737,011.58</u>
Total		<u>\$ 5,267,427.67</u>

CITY OF BEVERLY

CURRENT FUND

**Schedule of Due From State of New Jersey -
Senior Citizen and Veterans' Deductions
For the Year Ended December 31, 2015**

Balance December 31, 2014		\$ 19,735.72
Increased by - Accrued to City in 2015:		
Senior Citizen's and Veteran's Deductions per Original Tax Billings	\$ 25,250.00	
Senior Citizen's and Veteran's Deductions Allowed - 2015 Taxes	<u>750.00</u>	
	26,000.00	
Less:		
Prior Year adjustment	(19,485.72)	
Senior Citizen's and Veteran Deductions Disallowed - 2014 Taxes	<u>(250.00)</u>	
		<u>6,264.28</u>
Total		26,000.00
Decreased by Cash Received		<u>25,250.00</u>
Balance December 31, 2015		<u><u>\$ 750.00</u></u>

CITY OF BEVERLY

CURRENT FUND

**Schedule of Tax Title Liens
For the Year Ended December 31, 2015**

Balance December 31, 2014		\$ 290,517.76
Increased by:		
Transfers from Taxes Receivable	\$ 55,021.83	
Interest and costs on tax sale	<u>2,460.27</u>	
		<u>57,482.10</u>
Total		347,999.86
Decreased by:		
Due from Trust Fund		<u>20,184.69</u>
Balance December 31, 2015		<u><u>\$ 327,815.17</u></u>

**Schedule of Property Acquired for Taxes
(At Assessed Valuation)
For the Year Ended December 31, 2015**

Balance December 31, 2014 & 2015	<u><u>\$ 16,940.00</u></u>
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CITY OF BEVERLY

CURRENT FUND

**Schedule of Revenue Accounts Receivable
For the Year Ended December 31, 2015**

	Balance December 31, <u>2014</u>	Accrued in <u>2015</u>	<u>Collected</u>	Balance December 31, <u>2015</u>	<u>Remarks</u>
City Clerk:					
Licenses:					
Alcoholic Beverages	\$ -	\$ 2,936.00	\$ 2,936.00	\$ -	
Other		890.00	890.00		
Fees and Permits		29,176.94	29,176.94		
Rent of Office Space		9,000.00	9,000.00		
Construction Code Official Fees		35,242.00	35,242.00		
Payments in Lieu of Taxes		29,822.00	29,822.00		
Municipal Court - Fines and Costs	4,186.86	60,098.49	61,087.19	3,198.16	Dec. 2015
Interest and Costs on Taxes		23,355.97	23,355.97		
Interest Earned on Investments		1,012.97	1,012.97		
Cable TV Franchise Fees		7,943.67	7,943.67		
Snow Removal Reimbursements		18,438.20	18,438.20		
Consolidated Municipal Property Tax Relief Aid		307,719.00	307,719.00		
Energy Receipts Tax		262,611.00	262,611.00		
Reserve for Payment of Notes		500,000.00	500,000.00		
Total	<u>\$ 4,186.86</u>	<u>\$ 1,288,246.24</u>	<u>\$ 1,289,234.94</u>	<u>\$ 3,198.16</u>	

CITY OF BEVERLY

Current Fund

Statement of Deferred Charges
N.J.S. 40A:4-46 Emergency Authorizations
For the Year Ended December 31, 2015

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	Balance December 31, <u>2014</u>	Raised in 2015 <u>Budget</u>	Balance December 31, <u>2015</u>
12/5/2014	Demolition of 455 Cooper Street	<u>\$ 16,800.00</u>	<u>\$ 16,800.00</u>	<u>\$</u>

CITY OF BEVERLY

CURRENT FUND

Statement of 2014 Appropriation Reserves
For The Year Ended December 31, 2015

	<u>Balance December 31, 2014</u>		<u>Appropriation</u>		<u>Encumbered</u>	
	<u>Reserve for</u>	<u>Appropriation</u>	<u>Reserve</u>	<u>Paid or</u>	<u>Transfer to</u>	<u>Balance</u>
	<u>Encumbrance</u>	<u>Reserve</u>	<u>After</u>	<u>Charged</u>	<u>Account Payable</u>	<u>Lapsed</u>
	<u>Payable</u>		<u>Transfers</u>			
Inside CAPS:						
Salaries and Wages:						
General Administration	\$ -	\$ 250.07	\$ 250.07	\$ -	\$ -	\$ 250.07
City Clerk		2,930.35	2,930.35			2,930.35
Financial Administration		374.14	74.14	-	-	74.14
Collection of Taxes		2,395.38	95.38	-	-	95.38
Assessment of Taxes		32.06	32.06	-	-	32.06
Police		87,057.83	87,057.83	11,369.06	-	75,688.77
Planning Board		79.43	79.43	-	-	79.43
Streets and Roads		8,627.86	8,627.86	-	-	8,627.86
Inspection of Buildings		70.24	70.24	-	-	70.24
Other Expenses:						
General Administration	661.46	5,536.56	6,198.02	1,109.94	84.03	5,004.05
Mayor and City Council		505.00	505.00	-	-	505.00
City Clerk		826.43	826.43	103.50	-	722.93
Financial Administration	302.09	8,650.65	8,852.74	2,746.29	-	6,106.45
Audit Services		9,700.00	9,700.00	-	-	9,700.00
Computerized Data Processing		757.00	757.00	-	-	757.00
Collection of Taxes		2,611.53	2,611.53	-	-	2,611.53
Assessment of Taxes		531.40	531.40	189.61	-	341.79
Legal Services & Costs		42,755.38	42,755.38	6,193.62	-	36,561.76
Engineering Services & Costs	16,800.00	13,062.25	30,162.25	18,749.50	-	11,412.75
Planning Board		828.00	828.00	212.00	-	616.00
Insurance		49,424.42	49,424.42	17,568.77	-	31,855.65
Police	100.00	5,567.31	5,667.31	2,150.83	-	3,516.48
Office of Emergency Management		177.92	177.92	-	-	177.92
Streets and Roads	4,375.25	2,842.56	7,217.81	688.50	4,375.25	2,154.06
Solid Waste Collection		17,442.00	17,442.00	4,811.10	-	12,630.90
Public Buildings and Grounds	576.86	751.22	1,328.08	774.66	-	553.42
Vehicle Maintenance	10,948.97	13,306.08	24,255.05	44.64	10,874.75	13,335.66
Municipal Court		2,275.45	2,275.45	-	-	2,275.45
Construction Code Official		411.95	411.95	-	-	411.95
Animal Control		3,764.75	3,764.75	-	-	3,764.75
Maintenance of Parks and Playgrounds		500.00	500.00	-	-	500.00
Inspection of Buildings		3,450.48	3,450.48	1,710.00	-	1,740.48

(continued)

CITY OF BEVERLY

CURRENT FUND

Statement of 2014 Appropriation Reserves
For The Year Ended December 31, 2015

	<u>Balance December 31, 2014</u>		<u>Appropriation</u>		<u>Encumbered</u>	
	<u>Reserve for</u>	<u>Appropriation</u>	<u>Reserve</u>	<u>Paid or</u>	<u>Transfer to</u>	<u>Balance</u>
	<u>Encumbrance</u>	<u>Reserve</u>	<u>After</u>	<u>Charged</u>	<u>Account Payable</u>	<u>Lapsed</u>
	<u>Payable</u>		<u>Transfers</u>			
Inside CAPS:						
Gasoline	\$ -	\$ 3,814.62	\$ 3,814.62	\$ 1,050.22	\$ -	\$ 2,764.40
Electricity		910.08	910.08	306.67		603.41
Street Lighting		3,805.08	4,305.08	4,265.71		39.37
Telephone	37.23	1,188.09	1,625.32	1,572.50		52.82
Water		118.97	118.97	64.16		54.81
Fuel Oil		757.50	757.50	-		757.50
Landfill Solid Waste Disp. Cost		6,283.92	7,783.92	7,783.92		-
Municipal Court		374.92	374.92	-		374.92
Construction Code Official		963.89	963.89	-		963.89
Contribution to:				-		-
Public Employee Retirement System		1,957.00	1,957.00	-		1,957.00
Social Security System (O.A.S.I.)		2,871.07	2,871.07	-		2,871.07
Defined Contribution Retirement Program		185.25	185.25	-		185.25
Police & Firemen's Retirement System		5,565.00	5,565.00	-		5,565.00
				-		-
Outside CAPS:						
Recycling Tax		5,000.00	5,000.00	5,000.00		-
Total	\$ 33,801.86	\$ 321,291.09	\$ 355,092.95	\$ 88,465.20	\$ 15,334.03	\$ 251,293.72

CITY OF BEVERLY

Current Fund

**Schedule of Due to State of NJ - Marriage Licenses
For the Year Ended December 31, 2015**

Balance December 31, 2014	\$	125.00
Increased by:		
State Portion of Marriage Licenses		325.00
		<u>450.00</u>
Decreased by:		
Disbursements		375.00
		<u>375.00</u>
Balance December 31, 2015	\$	<u>75.00</u>

**Schedule of Due to State of NJ - UCC Fees
For the Year Ended December 31, 2015**

Balance December 31, 2014	\$	278.00
Increased by:		
State Portion of UCC Fees		2,129.00
		<u>2,407.00</u>
Decreased by:		
Disbursements		2,032.00
		<u>2,032.00</u>
Balance December 31, 2015	\$	<u>375.00</u>

CITY OF BEVERLY

Current Fund

**Schedule of Tax Overpayments
For the Year Ended December 31, 2015**

Balance December 31, 2014		\$	4,670.53
Increased by:			
Collected			<u>9,435.99</u>
Subtotal			14,106.52
Decreased by:			
Refunds	\$	8,156.05	
Applied to 2015 Taxes		<u>3,447.73</u>	<u>11,603.78</u>
Balance December 31, 2015		\$	<u><u>2,502.74</u></u>

EXHIBIT A-16

**Schedule of Prepaid Taxes
For the Year Ended December 31, 2015**

Balance December 31, 2014		\$	31,819.49
Increased by:			
Collected			<u>43,129.97</u>
Subtotal			74,949.46
Decreased by:			
Applied to 2014 Taxes			<u>31,819.49</u>
Balance December 31, 2015		\$	<u><u>43,129.97</u></u>

CITY OF BEVERLY

CURRENT FUND

**Schedule of Local School District Taxes Payable
For the Year Ended December 31, 2015**

Balance December 31, 2014:	
School Tax Payable	\$ 59,008.02
Increased by:	
Levy - January 1, 2015 to December 31, 2015	<u>2,909,868.00</u>
Total	2,968,876.02
Decreased by:	
Payments	<u>2,832,172.00</u>
Balance December 31, 2015:	
School Tax Payable	<u><u>\$ 136,704.02</u></u>

CITY OF BEVERLY

Current Fund

**Schedule of County Taxes Payable
For the Year Ended December 31, 2015**

Balance December 31, 2014		\$	1,024.38
Increased by:			
2015 Levy:			
General County	\$	386,963.84	
County Library		36,053.74	
County Open Space		45,379.40	
Added and Omitted Taxes		<u>197.11</u>	
			<u>468,594.09</u>
Subtotal			469,618.47
Decreased by:			
Payments			<u>469,421.36</u>
Balance December 31, 2015		\$	<u><u>197.11</u></u>

Exhibit A-19

**Schedule of Fire District Taxes Payable
For the Year Ended December 31, 2015**

Balance December 31, 2014	\$	-
Increased by:		
Levy - January 1, 2015 to December 31, 2015		<u>151,954.00</u>
		151,954.00
Decreased by:		
Payments		<u>151,954.00</u>
Balance December 31, 2015:	\$	<u><u>-</u></u>

CITY OF BEVERLY

FEDERAL AND STATE GRANT FUND

Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2015

	Balance December 31, 2014	Accrued	Received	Canceled	Balance December 31, 2015
State Grants:					
Transportation Authority Trust Fund:					
2010 Allotment - Pine Street	\$ 7,994.75	\$ -	\$ -	\$ -	\$ 7,994.75
2013 Allotment - Northwest Roads Improvement	110,213.75				110,213.75
2014 Allotment - Northwest Roads Improvement Phase II	200,000.00			200,000.00	
2015 Allotment - Northwest Roads Improvement Phase III		195,000.00		195,000.00	
Total State Grants	318,208.50	195,000.00		395,000.00	118,208.50
Local Grants:					
Comcast Technology Grant		10,000.00	10,000.00		
Burlington County Park Improvement Grant - 2013	225,000.00				225,000.00
Burlington County Park Improvement Grant - 2015		50,310.00			50,310.00
Total Local Grants	225,000.00	60,310.00	10,000.00		275,310.00
Total All Grants	\$ 543,208.50	\$ 255,310.00	\$ 10,000.00	\$ 395,000.00	\$ 393,518.50
Original Budget		\$ 255,310.00	\$ -	\$ -	
Canceled				395,000.00	
Receipts			10,000.00		
		\$ 255,310.00	\$ 10,000.00	\$ 395,000.00	

CITY OF BEVERLY

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Unappropriated
For the Year Ended December 31, 2015

	Balance December 31, <u>2014</u>	<u>Received</u>	Realized as Revenue <u>in 2015</u>	Balance December 31, <u>2015</u>
State Grants:				
Recycling Tonnage Grant	\$ 3,420.36	\$ 3,395.43	\$ -	\$ 6,815.79
Body Armor Grant		1,005.16		1,005.16
Clean Communities	<u>5,048.94</u>	<u>6,135.98</u>	<u></u>	<u>11,184.92</u>
Total State Grants	<u>8,469.30</u>	<u>10,536.57</u>	<u>-</u>	<u>19,005.87</u>
Total All Grants	<u>\$ 8,469.30</u>	<u>\$ 10,536.57</u>	<u>\$ -</u>	<u>\$ 19,005.87</u>

CITY OF BEVERLY

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Appropriated
For the Year Ended December 31, 2015

	Balance December 31, 2014	Transferred From 2015 Budget Appropriation	Paid or Charged	Reclassified	Canceled	Balance December 31, 2015
Federal Grants:						
Transportation Trust Fund:						
2010 Allotment - Pine Street	\$ 2,050.44	\$ -	\$ -	\$ -	\$ -	\$ 2,050.44
Click It or Ticket	1,462.68		945.50			517.18
Total Federal Grants	3,513.12	-	945.50	-	-	2,567.62
State Grants:						
Clean Communities Grant	8,973.08		7,089.35			1,883.73
Drunk Driving Enforcement Fund	1,190.97					1,190.97
Body Armor Grant	2,191.10		1,734.90			456.20
Alcohol Rehabilitation Grant	8,079.39					8,079.39
Municipal Alliance Grant	14,362.29					14,362.29
Hazardous Discharge Grant	9,671.31		9,671.31			
Clean Shores	3,863.11		1,000.00			2,863.11
Recycling Tonnage Grant	4,228.40		20.63			4,207.77
Transportation Trust Fund:						
2013 Allotment - Northwest Roads Improvement	30,821.50		9,907.30	(2,640.62)		18,273.58
2014 Allotment - Northwest Roads Phase II	197,359.38		-	2,640.62	200,000.00	0.00
2015 Allotment - Northwest Roads Phase III		195,000.00	-	-	195,000.00	
Total State Grants	280,740.53	195,000.00	29,423.49	-	395,000.00	51,317.04
Other Grants:						
Comcast Technology Grant		10,000.00				10,000.00
Burlington County Park Improvement Grant - 2013	130,021.25					130,021.25
Burlington County Park Improvement Grant - 2015		50,310.00	-	-		50,310.00
Total Local Grants	130,021.25	60,310.00				190,331.25
Total All Grants	\$ 414,274.90	\$ 255,310.00	\$ 30,368.99	\$ -	\$ 395,000.00	\$ 244,215.91
Disbursed - Grant Fund			\$ 18,481.55			
Disbursed by Current Fund on Behalf of Grant Fund			10,941.94			
Encumbered			945.50			
			\$ 30,368.99			

TRUST FUND

CITY of BEVERLY

Trust Fund

Schedule of Cash - Treasurer
For the Year Ended December 31, 2015

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2014	\$ 2,413.60	\$ 1,065,212.08
Receipts:		
Animal Control Fund:		
Reserve for Animal Control Fund	1,733.80	
State Registration Fees	301.20	
Payroll Account:		
Net Payroll		900,727.63
Payroll Withholdings		475,892.93
Reserve for Escrow Deposits		9,863.22
Reserve for Trust - Tax Premium		426,097.75
Reserve for Community Day Events		9,413.87
Total Receipts	<u>2,035.00</u>	<u>1,821,995.40</u>
Subtotal	<u>4,448.60</u>	<u>2,887,207.48</u>
Disbursements:		
Animal Control Account:		
State of New Jersey	270.00	
Reserve for Animal Control Fund	846.58	
Due from Current Fund		
Reserve for Escrow Deposits		6,856.25
Reserve for Community Day Events		6,823.76
Payroll Account:		
Net Payroll		900,727.63
Payment to Withholding Agencies		473,203.37
Reserve for Tax Sale Premium		268,893.45
Reserve for Regional Contribution Agreement		139,362.92
Total Disbursements	<u>1,116.58</u>	<u>1,795,867.38</u>
Balance December 31, 2015	<u>\$ 3,332.02</u>	<u>\$ 1,091,340.10</u>

CITY OF BEVERLY

TRUST FUND

**Schedule of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2015**

Balance December 31, 2014	\$ 1,779.10
Increased by:	
Receipts - Animal License Fees	<u>1,933.80</u>
	3,712.90
Decreased by:	
Expenditures Under R.S. 4:19-15.11	<u>1,102.33</u>
Balance December 31, 2015	<u><u>\$ 2,610.57</u></u>

LICENSE FEES COLLECTED

<u>Year</u>	
2014	\$ 1,426.00
2013	<u>1,363.00</u>
Total	<u><u>\$ 2,789.00</u></u>

EXHIBIT B-3

CITY OF BEVERLY

TRUST FUND

**Schedule of Payroll Deductions Payable
For the Year Ended December 31, 2015**

Balance December 31, 2014		\$ 8,850.72
Increased by:		
Net Payroll	\$ 900,727.63	
Payroll Deductions Withheld	<u>475,892.93</u>	<u>1,376,620.56</u>
Total		1,385,471.28
Decreased by:		
Net Payroll	900,727.63	
Payroll Deductions Paid	<u>473,203.37</u>	
Due to Current	<u>4,786.36</u>	<u>1,378,717.36</u>
Balance December 31, 2015		<u>\$ 6,753.92</u>

EXHIBIT B-4

**Schedule of Reserve for Tax Sale Premiums
For the Year Ended December 31, 2015**

Balance December 31, 2014	\$ 150,863.69
Increased by - Cash Received	<u>426,097.75</u>
	576,961.44
Decreased by:	
Returned to Lienholder	<u>293,674.15</u>
Balance December 31, 2015	<u>\$ 283,287.29</u>

Note - An analysis of the balance at December 31, 2015 is on file with the Tax Collector.

CITY OF BEVERLY

TRUST FUND

**Schedule of Reserve for Escrow Deposits
For the Year Ended December 31, 2015**

Balance December 31, 2014	\$ 11,570.93
Increased by:	
Escrow monies received	<u>9,863.22</u>
Total	21,434.15
Decreased by:	
Paid or Charged	<u>6,856.25</u>
Balance December 31, 2015	<u><u>\$ 14,577.90</u></u>

Note - An analysis of the balance at December 31, 2015 is on file.

**Schedule of Reserve for Municipal Law Enforcement
For the Year Ended December 31, 2015**

Balance December 31, 2014 and 2015	<u><u>\$ 2,843.18</u></u>
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CITY OF BEVERLY

TRUST FUND

Schedule of Reserve for Regional Contribution Agreements
For the Year Ended December 31, 2015

	<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, 2014	\$ 113,642.15	\$ 37,140.56	\$ 64,975.68	\$ 204,330.42	\$ 8,979.05	\$ 390,206.25	\$ 819,274.11
Increased by:							
Cash Received:							
Total Receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Decreased by:							
Cash Disbursed:							
Housing Rehabilitation						139,362.92	139,362.92
Total Disbursed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,362.92</u>	<u>139,362.92</u>
Balance December 31, 2015	<u>\$ 113,642.15</u>	<u>\$ 37,140.56</u>	<u>\$ 64,975.68</u>	<u>\$ 204,330.42</u>	<u>\$ 8,979.05</u>	<u>\$ 250,843.33</u>	<u>\$ 679,911.19</u>

EXHIBIT B-8

CITY OF BEVERLY

Trust Fund

**Schedule of Reserve for Community Day Activities
For the Year Ended December 31, 2015**

Balance December 31, 2014		\$ 9,207.72
Increased by:		
Community Day	\$ 6,116.50	
Fishing Derby	100.00	
Memorial Day	3,185.00	
Interest Earned	12.37	9,413.87
		18,621.59
Decreased by:		
Disbursed for Activities		6,823.76
Balance December 31, 2015		<u>\$ 11,797.83</u>

EXHIBIT B-9

**Schedule of Reserve For Community Development Block Grants
For the Year Ended December 31, 2015**

	Balance December 31, <u>2014</u>	<u>Accrued</u>	Balance December 31, <u>2015</u>
Public Facilities:			
Housing Rehabilitation	\$ 58,594.42		\$ 58,594.42
Total	<u>\$ 58,594.42</u>	<u>\$ -</u>	<u>\$ 58,594.42</u>

CITY OF BEVERLY

Trust Fund

**Schedule of Reserve for Police Off Duty Employment
For the Year Ended December 31, 2015**

Balance December 31, 2015 and 2014	\$ 5,899.25
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**Schedule of Reserve for POAA
For the Year Ended December 31, 2015**

Balance December 31, 2014	\$ -
Increased by - Due from Current Fund	<u>50.00</u>
Balance December 31, 2015	<u>\$ 50.00</u>

GENERAL CAPITAL FUND

CITY OF BEVERLY

GENERAL CAPITAL FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2015

Balance December 31, 2014		\$	925,411.68
Receipts:			
Capital Improvement Fund	\$	10,000.00	
Due Current Fund		505.75	
Bond Anticipation Note		87,400.00	
Cooper Street		64,001.58	
Northwest Project		282,517.50	
			<u>444,424.83</u>
Total			1,369,836.51
Disbursements:			
Improvement Authorizations		318,466.97	
Current Fund Budget Appropriation:			
Reserve for Payment of Notes		500,000.00	
Due to Current Fund		476.25	
			<u>818,943.22</u>
Balance December 31, 2015		\$	<u>550,893.29</u>

CITY OF BEVERLY

General Capital Fund

Analysis of General Capital Fund Cash
For the Year Ended December 31, 2015

Fund Balance		\$	1,855.49
Capital Improvement Fund			25,467.50
Due from Current Fund			(328,455.35)
Due from Federal and State Grant Fund			(15,747.00)
Reserve for Payment of Notes			121,646.49
Improvement Authorizations:			
Ord. 2006-17	Purchase of Public Works Truck		18,700.00
Ord. 2009-15	Various Capital Improvements		(17,500.00)
Ord. 2011-8	Multi-purpose:		
	Pine Street Improvements		13.81
	Improvements to Municipal Facilities		323.00
	Acquisition of Land		188,232.99
	Various Improvements to the Municipal Building and Grounds		300,000.00
Ord. 2012-4	Multi-purpose:		
	Improvements to Municipal Facilities		18,526.55
	Reconstruction of Cooper Street		92,491.19
Ord. 2015-6	Multi-purpose:		
	Improvements to Northwest Project		162,438.62
	Improvements to Lauinger Park		(17,100.00)
Total			<u>\$ 550,893.29</u>

General Capital Fund

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Analysis of Balance December 31, 2015									
Ord. Number	Improvement Description	Balance December 31, 2014	2015 Authorizations	Reappropriation	Funded by Budget Appropriation	Balance December 31, 2015	Expenditures	Financed by Bond Anticipation Notes	Unexpended Improvement Authorizations
2009-15	Various Capital Improvements	\$ 22,500.00	\$ -	\$ -	\$ 5,000.00	\$ 17,500.00	\$ 17,500.00	\$ -	\$ -
2011-08	Multi-purpose:								
	Acquisition & Installation of Elevator	153,020.00			153,020.00	-		-	
	Pine Street Improvements	161,805.00			137,273.00	24,532.00		24,532.00	
	Improvements to Lauiger Park	95,880.00			95,880.00	-		-	
	Acquisition of Land	617,500.00		(300,000.00)	4,048.00	313,452.00		313,452.00	
	Various Improvements to the Municipal Building and Grounds			300,000.00		300,000.00		300,000.00	
2012-04	Multi-purpose:								
	Improvements to Municipal Facilities	247,000.00			164,779.00	82,221.00		82,221.00	
	Reconstruction of Cooper Street	228,000.00				228,000.00		228,000.00	
2015-06	Multi-purpose:								
	Improvements to Northwest Project		87,400.00			87,400.00		87,400.00	
		\$ 1,525,705.00	\$ 87,400.00	\$ -	\$ 560,000.00	\$ 1,053,105.00	\$ 17,500.00	\$ 1,035,605.00	\$ -
							Improvement Authorizations - Unfunded		\$ 659,333.32
							Less - Unexpended Proceeds from Bond		
							Anticipation Notes:		
							Ordinance 2011-08	\$ 488,569.80	
							Ordinance 2012-04	111,017.74	
							Ordinance 2015-06	59,745.78	
									(659,333.32)
									\$ -

CITY OF BEVERLY

General Capital Fund

**Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2015**

Increased By:

NJ Department of Transportation Municipal Aid Grant	\$ 395,000.00	
Burlington County Municipal Park Development Program	<u>188,000.00</u>	
		<u>\$ 583,000.00</u>

Decreased by:

Cash Received	282,517.50	
Due from Federal and State Grant Fund	<u>66,698.31</u>	
		<u>349,215.81</u>

Balance December 31, 2015

\$ 233,784.19Analysis of Balance:

NJ Department of Transportation Municipal Aid Grant	\$ 45,784.19
Burlington County Municipal Park Development Program	<u>188,000.00</u>
Total	<u><u>\$ 233,784.19</u></u>

CITY OF BEVERLY

General Capital Fund

Statement of Improvement Authorizations
For the Year Ended December 31, 2015

Ord. Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2014		Reappropriated	2015 Authorizations	Paid or Charged	Balance December 31, 2015	
				Funded	Unfunded				Funded	Unfunded
2006-17	Public Works Truck	11/28/06	\$ 70,000.00	\$ 18,700.00	\$ -	\$ -	\$ -	\$ -	\$ 18,700.00	\$ -
2011-08/ 2015-13	Multi-purpose: Acquisition & Installation of Elevator	6/14/2011/ 11/24/15	458,900.00							
	Pine Street Improvements		250,000.00		13.81					13.81
	Improvements to Lauinger Park		290,000.00							
	Improvements to Municipal Facilities		65,000.00		323.00					323.00
	Acquisition of Land		650,000.00		508,655.49	(300,000.00)		20,422.50		188,232.99
	Various Improvements to the Municipal Building and Grounds					300,000.00				300,000.00
2012-04	Multi-purpose: Improvements to Municipal Facilities	04/10/12	260,000.00		20,693.83			2,167.28		18,526.55
	Reconstruction of Cooper St		240,000.00		92,491.19					92,491.19
2015-06	Multi-purpose: Improvements to Northwest Project		487,000.00				487,000.00	403,642.05		83,357.95
	Improvements to Lauinger Park		188,000.00				188,000.00	17,100.00	170,900.00	
Total				\$ 18,700.00	\$ 622,177.32	\$ -	\$ 675,000.00	\$ 443,331.83	\$ 189,600.00	\$ 682,945.49
Capital Improvement Fund							\$ 4,600.00			
Deferred Charges to Future Taxation - Unfunded							87,400.00			
NJ Department of Transportation Municipal Aid Grant							395,000.00			
Burlington County Municipal Park Development Program							188,000.00			
Disbursed								\$ 318,466.97		
Encumbered								124,864.86		
							\$ 675,000.00	\$ 443,331.83		

CITY OF BEVERLY

General Capital Fund

Schedule of Capital Improvement Fund
For the Year Ended December 31, 2015

Balance December 31, 2014	\$ 20,067.50
Increased by:	
Current Fund Budget Appropriation	<u>10,000.00</u>
	30,067.50
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>4,600.00</u>
Balance December 31, 2015	<u><u>\$ 25,467.50</u></u>

CITY OF BEVERLY

General Capital Fund

Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2015

<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, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2015</u>
2011-8	Multi-Purpose	06/21/11	06/16/14	06/15/15	1.250%	\$ 1,028,205.00	\$ -	\$ 1,028,205.00	\$ -
2011-8	Multi-Purpose	06/21/11	06/11/15	06/10/16	0.800%		528,205.00		528,205.00
2012-4	Multi-Purpose	08/15/12	06/16/14	06/15/15	1.250%	475,000.00		475,000.00	-
2012-4	Multi-Purpose	08/15/12	06/11/15	06/10/16	0.800%		420,000.00		420,000.00
2015-06	Multi-Purpose	08/13/15	08/13/15	06/10/16	1.250%		87,400.00		87,400.00
						<u>\$ 1,503,205.00</u>	<u>\$ 1,035,605.00</u>	<u>\$ 1,503,205.00</u>	<u>\$ 1,035,605.00</u>
						Renewed	\$ 948,205.00	\$ 948,205.00	
						Issued	87,400.00		
						Paid by Budget Appropriation		555,000.00	
							<u>\$ 1,035,605.00</u>	<u>\$ 1,503,205.00</u>	

CITY OF BEVERLY

General Capital Fund

Statement of Bonds and Notes Authorized But not Issued
For the Year Ended December 31, 2015

<u>Ord. Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2014</u>	2015 <u>Authorizations</u>	Notes <u>Issued</u>	Paid from Budget <u>Appropriation</u>	Balance December 31, <u>2015</u>
2009-15	Various Capital Improvements	\$ 22,500.00	\$ -	\$ -	\$ 5,000.00	\$ 17,500.00
2015-06	Various Capital Improvements		87,400.00	87,400.00		-
	Total	<u>\$ 22,500.00</u>	<u>\$ 87,400.00</u>	<u>\$87,400.00</u>	<u>\$ 5,000.00</u>	<u>\$ 17,500.00</u>

CITY OF BEVERLY

GENERAL CAPITAL FUND

Schedule of Amount Due From Current Fund
For the Year Ended December 31, 2015

Balance December 31, 2014		\$ 323,484.85
Increased by:		
Budget Appropriation - Def Charges Unfunded	\$ 5,000.00	
Interest Earnings Turned Over	<u>476.25</u>	
		<u>5,476.25</u>
		328,961.10
Decreased by:		
Interest Earnings		<u>505.75</u>
Balance December 31, 2015		<u><u>\$ 328,455.35</u></u>

CITY OF BEVERLY

PART II

Schedule of Findings and Recommendations

For the Year Ended December 31, 2015

**CITY OF BEVERLY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
1) Material weaknesses identified?	<u> </u> yes	<u> X </u> no	
2) Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported	
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no	

Federal Awards

NOT APPLICABLE

State Awards

NOT APPLICABLE

CITY OF BEVERLY

**Schedule of Findings and Recommendations
For the Year Ended December 31, 2015**

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 #2015-1

Condition:

The tax title lien and premium account balance was not analyzed during the year.

Criteria or specific requirement:

The Division of Local Government Services requires that all bank account balances be analyzed on a monthly basis.

Context:

Oversight.

Effect:

The lack of effective internal controls in determining funds received, disbursed, and analysis of balances.

Recommendation:

That the tax title lien and premium account balance be analyzed on a monthly basis.

View of Responsible Official and Planned Corrective Action:

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

CITY OF BEVERLY

**Schedule of Findings and Recommendations
For the Year Ended December 31, 2015**

***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 15-08.

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 #2014-1

Condition:

A Current Fund cash receipt was not reflected in the financial records.

Current Status:

This condition has been corrected.

Finding #2014-2

Condition:

The tax title lien account was not reconciled from April 2014 through December 31, 2014.

Current Status:

This condition has been corrected.

FEDERAL AWARDS

A Federal Single Audit was not required.

STATE AWARDS

A State Single Audit was not required.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2015:

<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		
Mark Schwedes	Councilman		
Richard Wolbert	City Administrator	\$ 50,000	(B)
Donna Snyder	City Clerk, Municipal Improvement Search Officer, Registrar of Vital Statistics	50,000	(B)
Yvonne Bullock	Chief Financial Officer/Treasurer	1,000,000	(A)
Shari Phillips	Tax Collector	1,000,000	(A)
Donna McIlvaine	Court Administrator	1,000,000	(A)
Richard Andronici	Municipal Magistrate	1,000,000	(A)
Richard Wolbert	Safety Director	50,000	(B)
Pete Carbone	Construction Code Official	50,000	(B)
Joseph Robinson	Assessor		
Pete Carbone	Zoning Officer		

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

I express my appreciation for the assistance and courtesies extended to the audit team by the City Officials during the course of our audit.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountant



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

May 29, 2016