

CITY OF BEVERLY
County of Burlington

Report of Audit of Financial Statements

For the Year Ended December 31, 2016

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, 2016

INVERSO & STEWART, LLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

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, 2016 and 2015, 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, 2016 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, 2016 and 2015, 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, 2016 and 2015, 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, 2016 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 April 28, 2017 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

A handwritten signature in black ink, appearing to read 'GPA' or similar, written over the printed name.

Robert P. Inverso

Certified Public Accountant

Registered Municipal Accountant

Marlton, New Jersey
April 28, 2017

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued my report thereon dated April 28, 2017. 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.

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.: 2016-1.

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
April 28, 2017

CITY OF BEVERLY

Current Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Modified Accrual Basis
For the Years Ended December 31, 2016 and 2015

	<u>REFERENCE</u>	<u>2016</u>	<u>2015</u>
Regular Fund:			
Cash - Treasurer	A-4	\$ 1,346,606.62	\$ 1,222,127.82
Cash - Change Fund	A-5	425.00	425.00
Total		<u>1,347,031.62</u>	<u>1,222,552.82</u>
Due from State of New Jersey - Senior Citizen and Veteran Deductions			
	A-7	<u>500.00</u>	<u>750.00</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	229,354.45	220,096.26
Tax Title Liens	A-8	349,980.39	327,815.17
Property Acquired for Taxes - Assessed Valuation	A-9	16,940.00	16,940.00
Revenue Accounts Receivable	A-10	6,046.58	3,198.16
Prepaid School Taxes	A-16	1.00	
Due from Grant Fund	A	280,451.19	278,978.59
Due from Animal Control Fund	B	851.82	628.50
Due from Trust - Other	B	40,802.39	35,386.98
Total		<u>924,427.82</u>	<u>883,043.66</u>
Total Regular Fund		<u>2,271,959.44</u>	<u>2,106,346.48</u>
Federal and State Grant Fund:			
Cash	A-4	162,344.75	165,374.37
Federal and State Grants Receivable	A-19	<u>393,518.50</u>	<u>393,518.50</u>
Total Federal and State Grant Fund		<u>\$ 555,863.25</u>	<u>\$ 558,892.87</u>
Total		<u>\$ 2,827,822.69</u>	<u>\$ 2,665,239.35</u>

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Modified Accrual Basis
For the Years Ended December 31, 2016 and 2015

	<u>REFERENCE</u>	<u>2016</u>	<u>2015</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, A-11	\$ 252,228.02	\$ 270,262.83
Encumbrances Payable	A-3, A-11	3,840.70	7,593.98
Accounts Payable	A-11		16,384.03
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-12	25.00	75.00
Construction Code Training Fees	A-13	613.00	375.00
Tax Overpayments	A-14	23,413.05	2,502.74
Prepaid Taxes	A-15	66,719.86	43,129.97
Local School Tax Payable	A-16		136,704.02
County Tax Payable	A-17	1,428.79	197.11
Due to Animal Control Fund	B	200.00	200.00
Due to Trust-Other	B	9,888.86	7,876.86
Due to Capital Fund	C	283,431.41	328,455.35
Total Liabilities		<u>661,849.01</u>	<u>833,817.21</u>
Reserve for Receivable and Other Assets	A	924,427.82	883,043.66
Fund Balance	A-1	<u>685,682.61</u>	<u>389,485.61</u>
Total Regular Fund		<u>2,271,959.44</u>	<u>2,106,346.48</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-20	8,016.35	19,005.87
Appropriated Reserves	A-21	251,648.71	244,215.91
Reserve for Encumbrances	A-21		945.50
Due to General Capital Fund	C	15,747.00	15,747.00
Due to Current Fund	A	<u>280,451.19</u>	<u>278,978.59</u>
Total Federal and State Grant Fund		<u>555,863.25</u>	<u>558,892.87</u>
Total		<u>\$ 2,827,822.69</u>	<u>\$ 2,665,239.35</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 125,000.00	\$ 30,000.00
Miscellaneous Revenue Anticipated	864,508.48	1,544,574.44
Receipts from Delinquent Taxes	235,452.63	222,384.08
Receipts from Current Taxes	5,065,745.83	4,989,288.19
Nonbudget Revenues	68,687.15	15,905.87
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	223,871.15	251,293.72
Liquidation of Reserves for:		
Cancellation of Accounts Payable	16,384.03	
Interfunds and Accounts Receivable	23.94	300.00
Total Revenue and Other Income Realized	<u>6,599,673.21</u>	<u>7,053,746.30</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	1,068,018.00	973,465.34
Other Expenses	1,170,293.00	1,110,753.00
Deferred Charges and Statutory Expenditures Within "CAPS"	205,300.00	198,388.00
Operations Excluded from "CAPS":		
Other Expenses	32,534.87	61,430.00
Capital Improvements	10,000.00	205,000.00
Debt Service	108,462.07	573,737.86
Deferred Charges	5,000.00	21,800.00
Fire District Taxes	165,000.00	151,954.00
County Taxes	480,222.49	468,594.09
Local District School Tax	2,925,115.00	2,909,868.00
Refund of Prior Year Revenue		2,384.77
Prior Year Veterans' and Senior Citizens' Deductions Disallowed	2,500.00	19,735.72
Creation of Reserves for:		
Added Tax Overpayments	4,557.18	
Interfunds and Accounts Receivable	1,473.60	36,357.56
Total Expenditures	<u>6,178,476.21</u>	<u>6,733,468.34</u>
Excess in Revenue	421,197.00	320,277.96
Fund Balance January 1	<u>389,485.61</u>	<u>99,207.65</u>
Subtotal	810,682.61	419,485.61
Decreased by Utilization as Anticipated Revenue	<u>125,000.00</u>	<u>30,000.00</u>
Balance December 31	<u><u>\$ 685,682.61</u></u>	<u><u>\$ 389,485.61</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, 2016

	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$ 125,000.00	\$ -	\$ 125,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverage	2,500.00		3,126.00	626.00
Other	800.00		1,778.00	978.00
Fees and Permits	20,000.00		28,049.00	8,049.00
Fines and Costs:				
Municipal Court	50,000.00		70,241.34	20,241.34
Interest and Costs on Taxes	20,000.00		40,372.37	20,372.37
Interest Earned on Investments	900.00		1,069.87	169.87
Payments in Lieu of Taxes	21,000.00		26,898.04	5,898.04
Rent of Office Space	9,000.00		9,000.00	
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	15,000.00		25,620.00	10,620.00
Miscellaneous Revenues Offset with Appropriations:				
Recycling Tonnage Grant (Prior Year Unappropriated)	6,815.79		6,815.79	
Body Armor Grant (Prior Year Unappropriated)	1,005.16		1,005.16	
Clean Communities Program (Prior Year Unappropriated)	11,184.92		11,184.92	
Body Worn Camera Assistance		3,000.00	3,000.00	
Special Items of General Revenue Anticipated with				
Services - Other Special Items:				
Cable TV Franchise Fees	7,943.67		8,338.99	395.32
Reserve for Payment of Notes	50,000.00		50,000.00	
Snow Removal Reimbursements	7,728.00		5,704.00	(2,024.00)
JIF Safety Award	1,975.00		1,975.00	
Total	796,182.54	3,000.00	864,508.48	65,325.94
Receipts from Delinquent Taxes	226,047.69		235,452.63	9,404.94
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal Purposes	1,771,590.04		1,817,403.74	45,813.70
Budget Totals	2,918,820.27	3,000.00	3,042,364.85	\$120,544.58
Non-budget Revenues			68,687.15	
Total	\$ 2,918,820.27	\$ 3,000.00	\$ 3,111,052.00	

(Continued)

CITY OF BEVERLY

CURRENT FUND

Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2016

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collections	\$ 5,065,745.83
Allocated to School, County and Fire District Taxes	<u>3,570,337.49</u>
Balance for Support of Municipal Budget Appropriations	1,495,408.34
Add Appropriation - Reserve for Uncollected Taxes	<u>321,995.40</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 1,817,403.74</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 213,103.20
Tax Title Lien Collections	<u>22,349.43</u>

Total	<u><u>\$ 235,452.63</u></u>
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Licenses - Other:

Mercantile	\$ 808.00
Liquor	3,126.00
Other	<u>970.00</u>

Total - Treasurer	<u><u>\$ 4,904.00</u></u>
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Fees and Permits - Other:

Registrar of Vital Statistics Fees	\$ 810.00
Street Opening Permits	2,850.00
Housing Inspection Fees	22,530.00
Zoning Permit Fees	780.00
Other Fees and Permits	<u>1,079.00</u>

Total	<u><u>\$ 28,049.00</u></u>
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Analysis of Non-budget Revenues

Miscellaneous - Treasurer:

Tax Collector Miscellaneous	\$ 43.00
Zoning Application Fees	500.00
Senior & Vet Admin Fee	425.00
FEMA	4,188.17
Refunds	8,147.86
Fines / Penalties	8,000.00
Vacant Properties	20,400.00
Tax Sale Premiums	25,100.00
Statutory Excess - Animal Control Fund	232.92
Miscellaneous	<u>1,650.20</u>

Receipts	<u><u>\$ 68,687.15</u></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, 2016

	<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 Within "CAPS":</i>						
General Government						
General Administration						
Salaries and Wages	\$ 55,000.00	\$ 55,000.00	\$ 54,949.88	\$ -	\$ 50.12	\$ -
Other Expenses	21,060.00	21,060.00	15,875.66	2,500.44	2,683.90	
Mayor and City Council						
Other Expenses	300.00	300.00	295.00		5.00	
City Clerk						
Salaries and Wages	87,000.00	84,779.00	80,909.23		3,869.77	
Other Expenses	8,650.00	8,650.00	7,730.42		919.58	
Financial Administration						
Salaries and Wages	21,850.00	17,850.00	17,850.00			
Other Expenses	21,000.00	16,100.00	6,048.09		10,051.91	
Audit Services						
Other Expenses	15,000.00	15,000.00	14,400.00		600.00	
Computerized Data Processing						
Other Expenses	6,893.00	6,893.00	6,293.00		600.00	
Collection of Taxes						
Salaries and Wages	16,320.00	16,320.00	16,320.00			
Other Expenses	3,000.00	3,000.00	2,249.96		750.04	
Assessment of Taxes						
Salaries and Wages	14,000.00	14,000.00	13,940.94		59.06	
Other Expenses	2,200.00	2,200.00	2,148.30		51.70	
Legal Services & Costs						
Other Expenses	120,000.00	120,000.00	66,937.78		53,062.22	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2016

	<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	\$ 26,000.00	\$ 26,000.00	\$ 20,198.61	\$ -	\$ 5,801.39	\$ -
Land Use Administration:						
Planning Board						
Salaries & Wages	4,100.00	4,221.00	4,220.48		0.52	
Other Expenses	7,360.00	7,360.00	3,329.92		4,030.08	
Insurance						
Liability Insurance	68,660.00	68,660.00	68,660.00			
Workers Compensation Insurance	169,413.00	169,413.00	147,013.50		22,399.50	
Employees Group Health Insurance	289,591.00	289,591.00	238,462.82		51,128.18	
Unemployment Insurance	2,500.00	2,500.00	559.69		1,940.31	
Health Benefit Waivers	1,041.00	1,041.00	1,040.50		0.50	
Public Safety Function:						
Police						
Salaries & Wages	665,000.00	654,700.00	648,226.47		6,473.53	
Other Expenses	34,050.00	34,050.00	27,158.04	634.74	6,257.22	
Office of Emergency Management						
Other Expenses	750.00	750.00	387.24		362.76	
Prosecutor's Office						
Salaries and Wages	7,200.00	7,200.00	7,200.00			
Public Works Function						
Streets and Roads						
Salaries and Wages	81,500.00	81,500.00	77,358.58		4,141.42	
Other Expenses	21,075.00	21,075.00	17,086.06		3,988.94	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2016

	<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	\$ 53,530.60	\$ -	\$ 11,469.40	\$ -
Public Buildings and Grounds						
Other Expenses	22,150.00	22,150.00	15,463.21	111.62	6,575.17	
Vehicle Maintenance						
Other Expenses	17,000.00	17,000.00	12,365.63		4,634.37	
Health and Human Services						
Animal Control						
Other Expenses	6,500.00	6,500.00	6,200.00		300.00	
Parks and Recreation Functions						
Maintenance of Parks and Playgrounds						
Other Expenses	500.00	500.00	42.52		457.48	
Utilities						
Electricity	12,000.00	15,500.00	13,723.28		1,776.72	
Street Lighting	49,000.00	49,000.00	38,699.88		10,300.12	
Telephone	20,000.00	20,000.00	19,347.24		652.76	
Water	800.00	1,300.00	968.33		331.67	
Fuel Oil	8,000.00	8,000.00	1,998.30		6,001.70	
Gasoline	18,000.00	18,000.00	10,325.50		7,674.50	
Prior Year Bills						
Environmental Resolutions - 2015 Engineering	19,000.00	19,000.00	17,970.00		1,030.00	
Landfill/Solid Waste Disposal Cost						
Other Expense	87,500.00	87,500.00	77,819.85		9,680.15	
Municipal Court						
Salaries and Wages	65,854.00	65,854.00	64,980.02		873.98	
Other Expenses	9,600.00	9,600.00	5,698.04	93.90	3,808.06	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Public Defender						
Salaries and Wages	\$ 4,000.00	\$ 4,000.00	\$ 2,700.00	\$ -	\$ 1,300.00	\$ -
Celebration of Public Events						
Other Expenses	500.00	500.00		500.00		
Uniform Construction Code:						
Construction Code Official						
Salaries & Wages	52,742.00	54,842.00	54,769.91		72.09	
Other Expenses	1,500.00	1,500.00	1,045.20		454.80	
Inspection of Housing						
Salaries & Wages	7,752.00	7,752.00	4,929.60		2,822.40	
Other Expenses	15,600.00	15,600.00	13,272.00		2,328.00	
Total Operations Including Contingent - Within "CAPS"	<u>2,253,511.00</u>	<u>2,238,311.00</u>	<u>1,982,699.28</u>	<u>3,840.70</u>	<u>251,771.02</u>	<u>-</u>
Detail:						
Salaries and Wages	1,082,318.00	1,068,018.00	1,048,355.11		19,662.89	
Other Expenses	1,171,193.00	1,170,293.00	934,344.17	3,840.70	232,108.13	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	33,886.00	33,886.00	33,886.00			
Social Security System (O.A.S.I.)	68,000.00	82,300.00	82,216.97		83.03	
Defined Contribution Retirement Program	500.00	500.00	139.91		360.09	
Police and Firemen's Retirement System	87,714.00	88,614.00	88,600.12		13.88	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>190,100.00</u>	<u>205,300.00</u>	<u>204,843.00</u>		<u>457.00</u>	
Total General Appropriations - For Municipal Purposes Within "CAPS"	<u>2,443,611.00</u>	<u>2,443,611.00</u>	<u>2,187,542.28</u>	<u>3,840.70</u>	<u>252,228.02</u>	

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2016

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>			<u>Canceled</u>
GENERAL APPROPRIATIONS:						
<i>Operations Excluded from "CAPS":</i>						
Supplemental Fire Services Program - Fire						
District Payment	\$ 1,120.00	\$ 1,120.00	\$ 1,120.00	\$ -	\$ -	\$ -
Employee Group Health	4,409.00	4,409.00	4,409.00			
Recycling Tax	5,000.00	5,000.00	5,000.00			
Clean Communities Program	11,184.92	11,184.92	11,184.92			
Body Armor Grant	1,005.16	1,005.16	1,005.16			
Recycling Tonnage Grant	6,815.79	6,815.79	6,815.79			
Body Worn Camera		3,000.00	3,000.00			
<i>Total Operations - Excluded From "CAPS"</i>	29,534.87	32,534.87	32,534.87		-	
Detail:						
Salaries and Wages						
Other Expenses	29,534.87	32,534.87	32,534.87			
<i>Capital Improvements - Excluded from "CAPS":</i>						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
<i>Total Capital Improvements - Excluded</i>						
<i>From "CAPS"</i>	10,000.00	10,000.00	10,000.00			
<i>Debt Service - Excluded from "CAPS" :</i>						
Payment of Bond Anticipation Notes	100,000.00	100,000.00	100,000.00			-
Interest on Notes	8,679.00	8,679.00	8,462.07			216.93
<i>Total Debt Service - Excluded from "CAPS"</i>	108,679.00	108,679.00	108,462.07			216.93

(Continued)

CITY OF BEVERLY

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
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	\$ -	\$ -	\$ -
Total Deferred Charges - Excluded from "CAPS"	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>			
Total General Appropriations for Municipal Purposes Excluded From "CAPS"	<u>153,213.87</u>	<u>156,213.87</u>	<u>155,996.94</u>	<u>-</u>	<u>-</u>	<u>216.93</u>
Subtotal General Appropriations	2,596,824.87	2,599,824.87	2,343,539.22	3,840.70	252,228.02	216.93
Reserve for Uncollected Taxes	<u>321,995.40</u>	<u>321,995.40</u>	<u>321,995.40</u>			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 2,918,820.27</u>	<u>\$ 2,921,820.27</u>	<u>\$ 2,665,534.62</u>	<u>\$ 3,840.70</u>	<u>\$ 252,228.02</u>	<u>\$ 216.93</u>
Budget		\$ 2,918,820.27				
Appropriation by 40A:4-87		<u>3,000.00</u>				
		<u>\$ 2,921,820.27</u>				
Expended - Paid or Charged:						
Deferred Charges - Future Taxation Unfunded			\$ 5,000.00			
Reserve for Federal and State Grants - Appropriated			22,005.87			
Reserve for Uncollected Taxes			321,995.40			
Reimbursed			(43,635.25)			
Disbursed			<u>2,360,168.60</u>			
Total			<u>\$ 2,665,534.62</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, 2016 and 2015

	Reference	2016	2015
ASSETS			
Animal Control Fund:			
Cash	B-1	\$ 4,021.22	\$ 3,332.02
Due from Current Fund	A	200.00	200.00
Total		4,221.22	3,532.02
Other Funds:			
Cash - Treasurer	B-1	954,891.30	1,091,340.10
Accounts Receivable		5,493.64	
Due From Current Fund	A	9,888.86	7,876.86
Total		970,273.80	1,099,216.96
Total Assets		\$ 974,495.02	\$ 1,102,748.98
LIABILITIES AND RESERVES			
Animal Control Fund:			
Encumbrances Payable		\$ -	\$ 255.75
Due to State Department of Health		9.60	37.20
Due Current Fund	A	851.82	628.50
Reserve for Animal Control Fund Expenditures	B-2	3,359.80	2,610.57
Total		4,221.22	3,532.02
Other Funds:			
Encumbrances Payable			115.00
Due to Current Fund	A	40,802.39	35,386.98
Payroll Deductions Payable	B-3	3,203.48	6,753.92
Reserve for Tax Sale Premiums	B-4	313,035.47	283,287.29
Reserve for Escrow Deposits	B-5	18,855.12	14,577.90
Reserve for Municipal Law Enforcement Fund	B-6	2,843.18	2,843.18
Reserve for Regional Contribution Agreements	B-7	518,149.99	679,911.19
Reserve for Community Day Events	B-8	11,678.75	11,797.83
Reserve for Community Development Block Grant Funds:	B-9	58,594.42	58,594.42
Reserve for Off Duty	B-10	3,049.00	5,899.25
Reserve for POAA	B-11	62.00	50.00
Total		970,273.80	1,099,216.96
Total Liabilities and Reserves		\$ 974,495.02	\$ 1,102,748.98

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, 2016 and 2015

	Reference	2016	2015
ASSETS			
Cash	C-2	\$ 363,971.98	\$ 550,893.29
Deferred Charges to Future Taxation:			
Unfunded	C-4	1,028,105.00	1,053,105.00
Federal and State Grants Receivable	C-5	233,784.19	233,784.19
Due from Federal & State Grant Fund	A	15,747.00	15,747.00
Due from Current Fund	A	283,431.41	328,455.35
Total		<u>\$ 1,925,039.58</u>	<u>\$ 2,181,984.83</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Improvement Authorizations:			
Funded	C-6	\$ 183,927.50	\$ 189,600.00
Unfunded	C-6	615,802.60	682,945.49
Due Federal & State Grant Fund	A		
Bond Anticipation Notes Payable	C-8	935,605.00	1,035,605.00
Encumbrance Payable	C-6	100,000.00	124,864.86
Reserve for Payment of Notes	C-3	72,381.49	121,646.49
Capital Improvement Fund	C-7	15,467.50	25,467.50
Fund Balance	C-1	1,855.49	1,855.49
Total		<u>\$ 1,925,039.58</u>	<u>\$ 2,181,984.83</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, 2016

Balance December 31, 2016 and 2015\$ 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, 2016**

	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2016</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, 2016

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, 2016

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.

City of Beverly
Notes to Financial Statements
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

City of Beverly
Notes to Financial Statements
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

City of Beverly
Notes to Financial Statements
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest on Delinquent Taxes – It is the policy of the City to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after the due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten (10) day grace period.

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

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – 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 \$2,857,995 as of December 31, 2016, \$250,752 was insured under FDIC and the remaining balance of \$2,607,243 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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total Tax Rate	<u>\$ 4.439</u>	<u>\$ 4.389</u>	<u>\$ 4.184</u>	<u>\$ 4.120</u>	<u>\$ 3.955</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.472	\$ 1.445	\$ 1.406	\$ 1.367	\$ 1.217
County	0.399	0.392	0.371	0.393	0.405
Local School	2.430	2.425	2.288	2.244	2.219
Fire District	0.138	0.127	0.119	0.116	0.114

City of Beverly
Notes to Financial Statements
December 31, 2016

NOTE 3. PROPERTY TAXES (Continued)

Assessed Valuation

2016	\$	120,348,300
2015		119,964,000
2014		121,033,423
2013		121,743,002
2012		122,442,960 R

R = Revaluation Year

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2016	\$ 5,360,651	\$ 5,065,746	94.50%
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%

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>
2016	\$ 349,980	\$ 229,354	\$ 579,334	10.81%
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%

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>
2016	21
2015	21
2014	16
2013	14
2012	13

**City of Beverly
Notes to Financial Statements
December 31, 2016**

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>
2016	\$ 16,940
2015	16,940
2014	16,940
2013	16,940
2012	87,520

NOTE 5. FUND BALANCES APPROPRIATED

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

<u>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>			
2016	\$ 685,683	\$ 150,000	21.88%
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%

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, 2016:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
Current Fund	\$ 322,105	\$ 293,520
Federal and State Grant Fund		296,198
Trust Fund:		
Animal Control Fund	200	852
Other Trust Funds	9,889	40,802
General Capital Fund	299,178	
	<u>\$ 631,372</u>	<u>\$ 631,372</u>

**City of Beverly
Notes to Financial Statements
December 31, 2016**

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.

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.

City of Beverly
Notes to Financial Statements
December 31, 2016

NOTE 7. PENSION PLANS (Continued)

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

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					
City Contributions					
Year	Normal Contribution	Pension		Non- Contributory Life Insurance	Employee Contributions
		Percentage of Covered Payrolls	Accrued Liability		
2016	\$ 29,407	7.41%	\$ 54,397	\$ 3,910	\$ 41,827
2015	30,880	8.71%	55,105	4,038	40,495
2014	29,305	8.81%	48,241	2,960	36,198

At June 30, 2016, the City's net pension liability for PFRS was \$2,106,612.

Actuarial assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate: 3.08%
Salary Increases:
 Through 2026: 2.10-8.98% based on age
 Thereafter: 3.10-9.98% based on age
Investment Rate of Return: 7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement Mortality Tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projections scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plans actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirement and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plans actuary's modified 2014 projection scales.

Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 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 (7.65% at June 30, 2016) 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.

City of Beverly
Notes to Financial Statements
December 31, 2016

NOTE 7. PENSION PLANS (Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 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%	00.87%
U.S. Treasuries	01.50%	01.74%
Investment Grade Credit	08.00%	01.79%
Mortgages	02.00%	01.67%
High Yield Bonds	02.00%	04.56%
Inflation Indexed Bonds	01.50%	03.44%
Broad US Equities	26.00%	08.53%
Developed Foreign Equities	13.25%	06.83%
Emerging Market Equities	06.50%	09.95%
Private Equity	09.00%	12.40%
Hedge Funds/Absolute Ret	12.50%	04.68%
Real Estate (Property)	02.00%	06.91%
Commodities	00.50%	05.45%
Global Debt ex US	05.00%	-0.25%
REIT	05.25%	05.63%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 contribution rate in the most recent fiscal year. That state employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, 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, 2016, calculated using the discount rate of 5.55%, 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 (4.55%) or 1 percentage point higher (6.55%) than the current rate:

	<u>1% Decrease (4.55%)</u>	<u>Current Discount Rate (5.55%)</u>	<u>1% Increase (6.55%)</u>
City's proportionate share of the net pension liability	\$ 2,716,322	\$ 2,106,612	\$ 1,609,430

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.

City of Beverly
Notes to Financial Statements
December 31, 2016

NOTE 7. PENSION PLANS (Continued)

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					
City Contributions					
Year	Normal Contribution	Pension		Non- Contributory Life Insurance	Employee Contributions
		Percentage of Covered Payrolls	Accrued Liability		
2016	\$ 5,737	1.88%	\$ 26,427	\$ 1,722	\$ 22,163
2015	5,138	1.83%	33,180	1,958	21,053
2014	3,141	1.06%	13,810	288	25,246

At June 30, 2016, the City's net pension liability for PERS was \$1,249,114.

Actuarial assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate: 3.08%
Salary Increases:
Through 2026: 1.65-4.15% based on age
Thereafter: 2.65-5.15% based on age
Investment Rate of Return: 7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active employees. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

City of Beverly
Notes to Financial Statements
December 31, 2016

NOTE 7. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disables Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	05.00%	00.87%
U.S. Treasuries	01.50%	01.74%
Investment Grade Credit	08.00%	01.79%
Mortgages	02.00%	01.67%
High Yield Bonds	02.00%	04.56%
Inflation Indexed Bonds	01.50%	03.44%
Broad US Equities	26.00%	08.53%
Developed Foreign Equities	13.25%	06.83%
Emerging Market Equities	06.50%	09.95%
Private Equity	09.00%	12.40%
Hedge Funds/Absolute Ret	12.50%	04.68%
Real Estate (Property)	02.00%	06.91%
Commodities	00.50%	05.45%
Global Debt ex US	05.00%	-0.25%
REIT	05.25%	05.63%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 contribution rate in the most recent fiscal year. The state employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 2034.

City of Beverly
Notes to Financial Statements
December 31, 2016

NOTE 7. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, 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, 2016, calculated using the discount rate of 3.98%, 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 (2.98%) or 1 percentage point higher (4.98%) than the current rate:

	<u>1% Decrease</u> <u>(2.98%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(3.98%)</u>	<u>1% Increase</u> <u>(4.98%)</u>
City's proportionate share of the net pension liability	\$ 1,530,643	\$ 1,249,114	\$ 1,016,687

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.

The City's contributions, equal to the required contribution for each fiscal year, were as follows:

	<u>Employer</u>
2016	\$ 140
2015	407
2014	315

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

City of Beverly
Notes to Financial Statements
December 31, 2016

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. The City’s defined benefit postemployment healthcare plan provides post employment health care benefits, at its cost, to certain retired employees. A City employee will receive paid health insurance benefits upon retirement from the City provided they 1) retire from the City with at least twenty-five years of service in the New Jersey Public Employees Retirement System, 2) retire from the City with at least twenty-five years of consecutive service with the City, and 3) at the time of retirement the employee is at least fifty-five years of age. Retirees will not be eligible to receive paid health coverage for their spouses or for their dependents.

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

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the City on a monthly basis. The City funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. During the years 2016, 2015 and 2014 there was one retired employee who received this benefit resulting in respective payments of \$64,222, \$30,364 and \$28,573 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, 2016, accrued benefits for compensated absences are valued at \$64,815.

Actual payment for compensated absences occurs through the Current Fund budget at the time the employee terminates employment.

City of Beverly
Notes to Financial Statements
December 31, 2016

NOTE 10. DEFERRED COMPENSATION SALARY ACCOUNT

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

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

NOTE 11. JOINT INSURANCE POOL

The City is a member of the 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, 2016, 2015 and 2014 was \$4,141, \$222 and \$3,610 respectively.

City of Beverly
Notes to Financial Statements
December 31, 2016

NOTE 13. CAPITAL DEBT

Summary of Municipal Debt

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Issued:</u>			
General Bonds and Notes	\$ 935,605	\$ 1,035,605	\$ 1,503,205
Total Issued	<u>935,605</u>	<u>1,035,605</u>	<u>1,503,205</u>
<u>Authorized But Not Issued:</u>			
General Bonds and Notes	<u>92,500</u>	<u>17,500</u>	<u>22,500</u>
Net Debt	<u><u>\$ 1,028,105</u></u>	<u><u>\$ 1,053,105</u></u>	<u><u>\$ 1,525,705</u></u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with required method of setting up the Annual Debt Statement and indicates a statutory net debt of .807%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 980,000	\$ 980,000	\$ -
General Debt	<u>1,028,105</u>	<u>72,381</u>	<u>955,724</u>
Total	<u><u>\$ 2,008,105</u></u>	<u><u>\$ 1,052,381</u></u>	<u><u>\$ 955,724</u></u>

Net Debt, \$955,724 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$118,475,158 equals .807%.

Equalized Valuation Basis:

2014	\$ 113,816,436
2015	116,844,161
2016	<u>124,764,877</u>
Average	<u><u>\$ 118,475,158</u></u>

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 4,146,631
Net Debt	<u>955,724</u>
Remaining Borrowing Power	<u><u>\$ 3,190,907</u></u>

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

**City of Beverly
Notes to Financial Statements
December 31, 2016**

NOTE 13. CAPITAL DEBT (Continued)

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, 2016, 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	\$ 935,605	2.00%	June 8, 2017

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, 2016. 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, 2016 the City has unexpended funds held in trust for the regional contribution agreement in the amount of \$518,150.

SUPPLEMENTAL EXHIBITS

CURRENT FUND

CITY OF BEVERLY

CURRENT FUND

Statement of Cash - Treasurer
For the Year Ended December 31, 2016

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2015	\$ 1,222,127.82	\$ 165,374.37
Receipts:		
Taxes Receivable	\$ 5,209,716.32	
Tax Tilt Liens Receivable	22,349.43	
Revenue Accounts Receivable	792,502.61	
Tax Overpayments	21,077.74	
Prepaid 2017 Taxes	66,719.86	
Due from to Federal and State Grant Fund	1,032.20	
Due from Trust Other Fund	2,012.00	
Due from State of New Jersey:		
Senior Citizen and Veteran Deductions	21,250.00	
Marriage License Fees	375.00	
Construction Code Training Fees	1,541.00	
Miscellaneous Revenue Not Anticipated	68,687.15	
Budget Refunds	45,198.58	
Due Current Fund		\$ 1.00
Federal & State Grants Receivable		3,000.00
Federal & State Grants Unappropriated		8,016.35
Total Receipts	<u>6,252,461.89</u>	<u>11,017.35</u>
Total Funds Available	<u>7,474,589.71</u>	<u>176,391.72</u>
Disbursements:		
2016 Appropriations	2,360,168.60	
Appropriation Reserves and Encumbrances Payable	55,548.99	
Due from Federal & State Grant Fund	2,504.80	
Refund Tax Overpayments	2,221.87	
Due State of New Jersey:		
Marriage License Fees	425.00	
Construction Code Training Fees	1,303.00	
Local District School Tax	3,061,820.02	
County Taxes	478,990.81	
Fire District Tax	165,000.00	
Due Current Fund		1,033.20
Reserve for Federal & State Grants - Appropriated		13,013.77
Total Disbursements	<u>6,127,983.09</u>	<u>14,046.97</u>
Balance December 31, 2016	<u>\$ 1,346,606.62</u>	<u>\$ 162,344.75</u>

CITY OF BEVERLY

CURRENT FUND

Schedule of Change Funds
For the Year Ended December 31, 2016

<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, 2016

<u>Year</u>	<u>Balance December 31, 2014</u>	<u>2016 Levy</u>	<u>Added Taxes</u>	<u>Treasurer Collections by Cash</u>	<u>State Share of 2016 Senior Citizens and Veterans Deductions Allowed/(Disallowed)</u>	<u>Transfer to Tax Title Liens</u>	<u>Overpayments Applied</u>	<u>Canceled</u>	<u>Balance December 31, 2016</u>
				<u>2015</u>	<u>2016</u>				
2013	\$ 101.13	\$ -	\$ -	\$ -	\$ 101.13	\$ -	\$ -	\$ -	\$ -
2014	5,556.65				5,556.65				-
2015	214,438.48		2,500.00		207,445.42	4,666.88			4,826.18
2016		5,360,651.44		43,129.97	4,996,613.12	23,500.00	38,948.91	2,502.74	31,428.43
Total	\$ 220,096.26	\$ 5,360,651.44	\$ 2,500.00	\$ 43,129.97	\$ 5,209,716.32	\$ 23,500.00	\$ 43,615.79	\$ 2,502.74	\$ 31,428.43
									\$ 229,354.45

Analysis of Property Taxes

Tax Yield:	
General Purpose Tax	\$ 5,175,498.74
Fire Tax	165,000.00
Added and Omitted Taxes (54:4-63.1 et seq.)	<u>33,428.34</u>
Total	<u>\$ 5,373,927.08</u>
Tax Levy:	
Local School District Tax (Abstract)	\$ 2,925,115.00
Fire District Tax (Abstract)	165,000.00
County Tax (Abstract)	\$ 395,019.94
County Library Tax (Abstract)	36,743.46
County Open Space Tax (Abstract)	47,030.30
Due County for Added Taxes	<u>1,428.79</u>
Local Tax for Municipal Purposes	1,771,590.04
Additional Taxes Levied	<u>31,999.55</u>
Total	<u>\$ 5,373,927.08</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, 2016

Balance December 31, 2015		\$ 750.00
Increased by - Accrued to City in 2016:		
Senior Citizen's and Veteran's Deductions per Original Tax Billings	\$ 23,000.00	
Senior Citizen's and Veteran's Deductions Allowed - 2016 Taxes	<u>500.00</u>	
	23,500.00	
Less - Senior Citizen's and Veteran Deductions Disallowed - 2015 Taxes	<u>(2,500.00)</u>	
		<u>21,000.00</u>
Total		21,750.00
Decreased by Cash Received		<u>21,250.00</u>
Balance December 31, 2016		<u><u>\$ 500.00</u></u>

CITY OF BEVERLY

CURRENT FUND

**Schedule of Tax Title Liens
For the Year Ended December 31, 2016**

Balance December 31, 2015		\$ 327,815.17
Increased by:		
Transfers from Taxes Receivable	\$ 43,615.79	
Interest on tax sale	898.86	
		<u>44,514.65</u>
Total		<u>372,329.82</u>
Decreased by:		
Collections	22,349.43	
Cancellations		
		<u>22,349.43</u>
Balance December 31, 2016		<u><u>\$ 349,980.39</u></u>

**Schedule of Property Acquired for Taxes
(At Assessed Valuation)
For the Year Ended December 31, 2016**

Balance December 31, 2015 & 2016	<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, 2016**

	Balance December 31, <u>2015</u>	Accrued in <u>2016</u>	<u>Collected</u>	Balance December 31, <u>2016</u>	<u>Remarks</u>
City Clerk:					
Licenses:					
Alcoholic Beverages	\$ -	\$ 3,126.00	\$ 3,126.00	\$ -	
Other		1,778.00	1,778.00		
Fees and Permits		28,049.00	28,049.00		
Rent of Office Space		9,000.00	9,000.00		
Construction Code Official Fees		25,620.00	25,620.00		
Payments In Lieu of Taxes		26,898.04	26,898.04		
Municipal Court - Fines and Costs	3,198.16	73,089.76	70,241.34	6,046.58	Dec. 2016
Snow Removal Reimbursements		5,704.00	5,704.00		
Interest and Costs on Taxes		40,372.37	40,372.37		
Interest Earned on Investments		1,069.87	1,069.87		
Consolidated Municipal Property Tax Relief Aid		307,719.00	307,719.00		
Energy Receipts Tax		262,611.00	262,611.00		
Cable TV Franchise Fees		8,338.99	8,338.99		
JIF Safety Award		1,975.00	1,975.00		
Total	<u>\$ 3,198.16</u>	<u>\$ 795,351.03</u>	<u>\$ 792,502.61</u>	<u>\$ 6,046.58</u>	

CITY OF BEVERLY

CURRENT FUND

Statement of 2015 Appropriation Reserves
For The Year Ended December 31, 2016

	<u>Balance December 31, 2015</u>	<u>Appropriation</u>	<u>Reserve</u>	<u>Paid or</u>	<u>Encumbered/</u>	<u>Balance</u>
	<u>Reserve for</u>	<u>Encumbrance</u>	<u>Balance</u>	<u>Charged</u>	<u>Transfer to</u>	<u>Lapsed</u>
	<u>Payable</u>	<u>Reserve</u>	<u>After</u>		<u>Account Payable</u>	
			<u>Transfers</u>			
Inside CAPS:						
Salaries and Wages:						
General Administration		\$ 250.30	\$ 250.30	\$ -	\$ -	\$ 250.30
City Clerk		4,898.61	4,898.61			4,898.61
Financial Administration		4,819.92	4,819.92			4,819.92
Collection of Taxes		4,999.86	4,999.86			4,999.86
Assessment of Taxes		32.06	32.06			32.06
Police		46,024.24	43,024.24	593.50		42,430.74
Planning Board		79.62	79.62			79.62
Streets and Roads		6,819.40	6,819.40			6,819.40
Inspection of Buildings		2,066.05	2,066.05			2,066.05
Prosecutor's Office		900.00	900.00			900.00
Construction Code Official		1,363.00	1,363.00			1,363.00
Municipal Court		93.50	93.50	25.00		68.50
Other Expenses:						
General Administration		894.63	894.63	598.27		296.36
Mayor and City Council		355.00	355.00			355.00
City Clerk		533.67	533.67			533.67
Financial Administration		18,104.08	18,104.08	3,444.25		14,659.83
Audit Services		900.00	900.00			900.00
Computerized Data Processing		600.00	600.00			600.00
Collection of Taxes	\$ 120.00	1,899.06	2,019.06			2,019.06
Assessment of Taxes	495.10	797.18	1,292.28	345.10		947.18
Legal Services & Costs		17,297.44	17,297.44	1,231.00		16,066.44
Engineering Services & Costs		1,387.79	1,387.79	1,035.00		352.79
Planning Board		1,546.50	1,546.50	667.50		879.00
Insurance		76,100.72	76,100.72	16,105.24		59,995.48
Police	616.30	732.97	4,349.27	4,023.86		325.41
Office of Emergency Management		322.50	322.50			322.50
Streets and Roads	6,200.00	3,811.55	10,011.55	4,636.67		5,374.88
Solid Waste Collection		12,078.10	12,078.10	4,866.40		7,211.70
Public Buildings and Grounds	80.00	8,090.96	8,170.96	1,305.00		6,865.96
Vehicle Maintenance	82.58	6,663.88	6,746.46	82.58		6,663.88
Municipal Court		6,154.80	6,154.80	230.95		5,923.85
Construction Code Official		272.90	272.90			272.90
Animal Control		245.00	245.00	55.50		189.50
Maintenance of Parks and Playgrounds		100.00	100.00			100.00
Inspection of Buildings		2,726.25	2,726.25			2,726.25
Gasoline		8,527.55	8,527.55	818.02		7,709.53
Electricity		964.36	964.36	964.36		
Street Lighting		6,501.10	6,501.10	4,387.63		2,113.47
Telephone		1,446.36	1,446.36	342.05		1,104.31
Water		70.39	70.39	60.87		9.52
Fuel Oil		6,204.57	6,204.57			6,204.57
Landfill Solid Waste Disp. Cost		11,905.41	11,905.41	8,166.91		3,738.50
Contribution to:						
Public Employee Retirement System		588.91	588.91			588.91
Defined Contribution Retirement Program		92.64	92.64			92.64
Total	\$ 7,593.98	\$ 270,262.83	\$ 277,856.81	\$ 53,985.66	\$ -	\$ 223,871.15
			Disbursed	\$ 55,548.99		
			Reimbursed	(1,563.33)		
				<u>\$ 53,985.66</u>		

CITY OF BEVERLY

Current Fund

**Schedule of Due to State of NJ - Marriage Licenses
For the Year Ended December 31, 2016**

Balance December 31, 2015	\$	75.00
Increased by:		
State Portion of Marriage Licenses		<u>375.00</u>
		450.00
Decreased by:		
Disbursements		<u>425.00</u>
Balance December 31, 2016	\$	<u><u>25.00</u></u>

EXHIBIT A-13

**Schedule of Due to State of NJ - UCC Fees
For the Year Ended December 31, 2016**

Balance December 31, 2015	\$	375.00
Increased by:		
State Portion of UCC Fees		<u>1,541.00</u>
		1,916.00
Decreased by:		
Disbursements		<u>1,303.00</u>
Balance December 31, 2016	\$	<u><u>613.00</u></u>

CITY OF BEVERLY

Current Fund

**Schedule of Tax Overpayments
For the Year Ended December 31, 2016**

Balance December 31, 2015		\$	2,502.74
Increased by:			
Added Overpayments	\$	4,557.18	
Collected		<u>21,077.74</u>	
			<u>25,634.92</u>
Subtotal			28,137.66
Decreased by:			
Refunds		2,221.87	
Applied to 2016 Taxes		<u>2,502.74</u>	
			<u>4,724.61</u>
Balance December 31, 2016		\$	<u><u>23,413.05</u></u>

EXHIBIT A-15

**Schedule of Prepaid Taxes
For the Year Ended December 31, 2016**

Balance December 31, 2015		\$	43,129.97
Increased by:			
Collected			<u>66,719.86</u>
Subtotal			109,849.83
Decreased by:			
Applied to 2016 Taxes			<u>43,129.97</u>
Balance December 31, 2016		\$	<u><u>66,719.86</u></u>

CITY OF BEVERLY

CURRENT FUND

Schedule of Local School District Taxes Payable
For the Year Ended December 31, 2016

Balance December 31, 2015:	
School Tax Payable	\$ 136,704.02
Increased by:	
Levy - January 1, 2016 to December 31, 2016	<u>2,925,115.00</u>
Total	3,061,819.02
Decreased by:	
Payments	<u>3,061,820.02</u>
Balance December 31, 2016:	
Prepaid School Taxes	<u>\$ (1.00)</u>

CITY OF BEVERLY

Current Fund

**Schedule of County Taxes Payable
For the Year Ended December 31, 2016**

Balance December 31, 2015		\$	197.11
Increased by:			
2016 Levy:			
General County	\$	395,019.94	
County Library		36,743.46	
County Open Space		47,030.30	
Added and Omitted Taxes		<u>1,428.79</u>	
			<u>480,222.49</u>
Subtotal			480,419.60
Decreased by:			
Payments			<u>478,990.81</u>
Balance December 31, 2016		\$	<u><u>1,428.79</u></u>

Exhibit A-18

**Schedule of Fire District Taxes Payable
For the Year Ended December 31, 2016**

Balance December 31, 2015		\$	-
Increased by:			
Levy - January 1, 2016 to December 31, 2016			<u>165,000.00</u>
			165,000.00
Decreased by:			
Payments			<u>165,000.00</u>
Balance December 31, 2016:		\$	<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, 2016

	Balance December 31, 2015	Accrued	Received	Balance December 31, 2016
Federal Grants:				
Transportation Authority Trust Fund:				
2010 Allotment - Pine Street	\$ 7,994.75	\$ -	\$ -	\$ 7,994.75
Body Worn Camera Assistance	-	3,000.00	3,000.00	-
Total Federal Grants	<u>7,994.75</u>	<u>3,000.00</u>	<u>3,000.00</u>	<u>7,994.75</u>
State Grants:				
Transportation Authority Trust Fund:				
2013 Allotment - Northwest Roads Improvement	110,213.75			110,213.75
Body Armor Grant		1,005.16	1,005.16	
Recycling Tonnage Grant		6,815.79	6,815.79	
Clean Communities		11,184.92	11,184.92	
Total State Grants	<u>110,213.75</u>	<u>19,005.87</u>	<u>19,005.87</u>	<u>110,213.75</u>
Local Grants:				
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	<u>275,310.00</u>	<u>-</u>	<u>-</u>	<u>275,310.00</u>
Total All Grants	<u>\$ 393,518.50</u>	<u>\$ 22,005.87</u>	<u>\$ 22,005.87</u>	<u>\$ 393,518.50</u>
Original Budget		\$ 19,005.87	\$ -	
Appropriation by N.J.S.A. 40A:4-87		3,000.00		
Transferred from Unappropriated Grants			19,005.87	
Receipts			3,000.00	
		<u>\$ 22,005.87</u>	<u>\$ 22,005.87</u>	

CITY OF BEVERLY

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Unappropriated
For the Year Ended December 31, 2016

	Balance December 31, 2015	Received	Realized as Revenue in 2016	Balance December 31, 2016
State Grants:				
Recycling Tonnage Grant	\$ 6,815.79	\$ -	\$ 6,815.79	\$ -
Body Armor Grant	1,005.16	981.19	1,005.16	981.19
Clean Communities	11,184.92	7,035.16	11,184.92	7,035.16
Total State Grants	<u>19,005.87</u>	<u>8,016.35</u>	<u>19,005.87</u>	<u>8,016.35</u>
Total All Grants	<u>\$ 19,005.87</u>	<u>\$ 8,016.35</u>	<u>\$ 19,005.87</u>	<u>\$ 8,016.35</u>

CITY OF BEVERLY

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Appropriated
For the Year Ended December 31, 2016

	Balance December 31, 2015	Transferred From 2016 Budget Appropriation	Paid or Charged	Prior Year Encumbrances Reclassified	Balance December 31, 2016
Federal Grants:					
Transportation Trust Fund:					
2010 Allotment - Pine Street	\$ 2,050.44	\$ -	\$ -	\$ -	\$ 2,050.44
Body Worn Camera Assistance		3,000.00			3,000.00
Click It or Ticket	517.18		-	945.50	1,462.68
Total Federal Grants	2,567.62	3,000.00	-	945.50	6,513.12
State Grants:					
Clean Communities Grant	1,883.73	11,184.92	1,746.85		11,321.80
Drunk Driving Enforcement Fund	1,190.97				1,190.97
Body Armor Grant	456.20	1,005.16	1,461.36		
Alcohol Rehabilitation Grant	8,079.39				8,079.39
Municipal Alliance Grant	14,362.29				14,362.29
Clean Shores	2,863.11		2,394.80		468.31
Recycling Tonnage Grant	4,207.77	6,815.79	149.00		10,874.56
Transportation Trust Fund:					
2013 Allotment - Northwest Roads Improvement	18,273.58		360.00		17,913.58
Total State Grants	51,317.04	19,005.87	6,112.01	-	64,210.90
Other Grants:					
Comcast Technology Grant	10,000.00		9,406.56		593.44
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	190,331.25	-	9,406.56	-	180,924.69
Total All Grants	\$ 244,215.91	\$ 22,005.87	\$ 15,518.57	\$ 945.50	\$ 251,648.71
Original Budget		\$ 19,005.87	\$ -		
Appropriation by NJS 40A:4-87 (Chapter 159's)		3,000.00			
Disbursed - Federal and State Grant Fund			13,013.77		
Disbursed by Current Fund			2,504.80		
		\$ 22,005.87	\$ 15,518.57		

TRUST FUND

CITY of BEVERLY

Trust Fund

Schedule of Cash - Treasurer
For the Year Ended December 31, 2016

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2015	\$ 3,332.02	\$ 1,091,340.10
Receipts:		
Animal Control Fund:		
Reserve for Animal Control Fund	1,681.20	
State Registration Fees	295.80	
Payroll Account:		
Net Payroll		734,454.78
Payroll Withholdings		710,154.41
Due to Current		4,442.52
Reserve for Escrow Deposits		11,056.33
Reserve for Trust - Tax Premium		296,973.04
Reserve for Community Day Events		6,296.42
Reserve for Regional Contribution Agreement		5,992.00
Off Duty		2,500.00
Total Receipts	<u>1,977.00</u>	<u>1,771,869.50</u>
Subtotal	<u>5,309.02</u>	<u>2,863,209.60</u>
Disbursements:		
Animal Control Account:		
State of New Jersey	317.40	
Reserve for Animal Control Fund	970.40	
Due from Current Fund		
Reserve for Escrow Deposits		9,324.50
Reserve for Community Day Events		6,415.50
Payroll Account:		
Net Payroll		734,454.78
Payment to Withholding Agencies		716,908.33
Off Duty		4,257.50
Reserve for Tax Sale Premium		269,204.49
Reserve for Regional Contribution Agreement		167,753.20
Total Disbursements	<u>1,287.80</u>	<u>1,908,318.30</u>
Balance December 31, 2016	<u>\$ 4,021.22</u>	<u>\$ 954,891.30</u>

CITY OF BEVERLY

TRUST FUND

**Schedule of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2016**

Balance December 31, 2015		\$ 2,610.57
Increased by:		
Animal License Fees		<u>1,687.20</u>
		4,297.77
Decreased by:		
Expenditures Under R.S. 4:19-15.11	\$ 714.65	
Statutory Excess Due Current Fund	<u>223.32</u>	<u>937.97</u>
Balance December 31, 2016		<u>\$ 3,359.80</u>

LICENSE FEES COLLECTED

<u>Year</u>	
2015	\$ 1,933.80
2014	<u>1,426.00</u>
Total	<u>\$ 3,359.80</u>

EXHIBIT B-3

CITY OF BEVERLY

TRUST FUND

**Schedule of Payroll Deductions Payable
For the Year Ended December 31, 2016**

Balance December 31, 2015		\$ 6,753.92
Increased by:		
Net Payroll	\$ 734,454.78	
Payroll Deductions Withheld	713,357.89	
		<u>1,447,812.67</u>
Total		1,454,566.59
Decreased by:		
Net Payroll	734,454.78	
Payroll Deductions Paid	716,908.33	
Due to Current		<u>1,451,363.11</u>
Balance December 31, 2016		<u>\$ 3,203.48</u>

EXHIBIT B-4

**Schedule of Reserve for Tax Sale Premiums
For the Year Ended December 31, 2016**

Balance December 31, 2015	\$ 283,287.29
Increased by - Cash Received	<u>296,952.67</u>
	580,239.96
Decreased by:	
Returned to Lienholder	<u>267,204.49</u>
Balance December 31, 2016	<u>\$ 313,035.47</u>

Note - An analysis of the balance at December 31, 2016 is on file with the Tax Collector.

CITY OF BEVERLY

TRUST FUND

**Schedule of Reserve for Escrow Deposits
For the Year Ended December 31, 2016**

Balance December 31, 2015	\$ 14,577.90
Increased by:	
Escrow monies received	<u>13,601.72</u>
Total	28,179.62
Decreased by:	
Paid or Charged	<u>9,324.50</u>
Balance December 31, 2016	<u><u>\$ 18,855.12</u></u>

Note - An analysis of the balance at December 31, 2016 is on file.

**Schedule of Reserve for Municipal Law Enforcement
For the Year Ended December 31, 2016**

Balance December 31, 2015 and 2016	<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, 2016**

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	<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, 2015	\$ 113,642.15	\$ 37,140.56	\$ 64,975.68	\$ 204,330.42	\$ 8,979.05	\$ 250,843.33	\$ 679,911.19
Increased by:							
Cash Received:						5,992.00	5,992.00
Total Receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,992.00</u>	<u>5,992.00</u>
Decreased by:							
Cash Disbursed:							
Housing Rehabilitation						167,753.20	167,753.20
Total Disbursed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,753.20</u>	<u>167,753.20</u>
Balance December 31, 2016	<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>\$ 89,082.13</u>	<u>\$ 518,149.99</u>

EXHIBIT B-8**CITY OF BEVERLY****Trust Fund****Schedule of Reserve for Community Day Activities
For the Year Ended December 31, 2016**

Balance December 31, 2015		\$ 11,797.83
Increased by:		
Community Day	\$ 3,236.00	
Fishing Derby	117.00	
Memorial Day	2,933.00	
Interest Earned	10.42	6,296.42
		18,094.25
Decreased by:		
Disbursed for Activities		6,415.50
Balance December 31, 2016		<u>\$ 11,678.75</u>

EXHIBIT B-9**Schedule of Reserve For Community Development Block Grants
For the Year Ended December 31, 2016**

	Balance December 31, <u>2015</u>	<u>Accrued</u>	Balance December 31, <u>2016</u>
Public Facilities:			
Housing Rehabilitation	\$ 58,594.42	\$ -	\$ 58,594.42
Total	<u>\$ 58,594.42</u>	<u>\$ -</u>	<u>\$ 58,594.42</u>

EXHIBIT B-10**CITY OF BEVERLY****Trust Fund****Schedule of Reserve for Police Off Duty Employment
For the Year Ended December 31, 2016**

Balance December 31, 2015	\$ 5,899.25
Increased by:	
Receipts	<u>5,563.25</u>
Decreased by:	
Due to current fund	<u>8,413.50</u>
Balance December 31, 2016	<u><u>\$ 3,049.00</u></u>

EXHIBIT B-11**Schedule of Reserve for POAA
For the Year Ended December 31, 2016**

Balance December 31, 2015	\$ 50.00
Increased by - Due from Current Fund	<u>12.00</u>
Balance December 31, 2016	<u><u>\$ 62.00</u></u>

GENERAL CAPITAL FUND

CITY OF BEVERLY

GENERAL CAPITAL FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2016

Balance December 31, 2015		\$	550,893.29
Receipts:			
Capital Improvement Fund	\$	10,000.00	
Due Current Fund		326.34	
Premium on Sale of Bond Anticipation Notes		735.00	
			<u>11,061.34</u>
 Total			 561,954.63
Disbursements:			
Improvement Authorizations		197,680.25	
Due to Current Fund		302.40	
			<u>197,982.65</u>
Balance December 31, 2016		\$	<u>363,971.98</u>

CITY OF BEVERLY

General Capital Fund

**Analysis of General Capital Fund Cash
For the Year Ended December 31, 2016**

Fund Balance		\$ 1,855.49
Capital Improvement Fund		15,467.50
Due from Current Fund		(283,431.41)
Due from Federal and State Grant Fund		(15,747.00)
Reserve for Payment of Notes		72,381.49
Improvement Authorizations:		
Ord. 2006-17	Purchase of Public Works Truck	18,700.00
Ord. 2009-15	Various Capital Improvements	(12,500.00)
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	271,081.38
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	(650.51)
	Improvements to Lauinger Park	(22,772.50)
Ord. 2016-8	Acquisition of Two Police Vehicles	20,000.00
Total		<u>\$ 363,971.98</u>

CITY OF BEVERLY

General Capital Fund

Schedule of Deferred Charges to Future Taxation - Unfunded
For the Year Ended December 31, 2016

[illegible]

CITY OF BEVERLY

General Capital Fund

Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2016

Balance December 31, 2015 and 2016	\$ 233,784.19
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Analysis of Balance:

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

CITY OF BEVERLY

General Capital Fund

Statement of Improvement Authorizations
For the Year Ended December 31, 2016

Ord. Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2015		Reappropriated	2016 Authorizations	Prior Year Encumbrances	Paid or Charged	Balance December 31, 2016	
				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:	6/14/2011/ 11/24/15									
	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		188,232.99						188,232.99
	Various Improvements to the Municipal Building and Grounds				300,000.00				28,918.62		271,081.38
2012-04	Multi-purpose:	04/10/12									
	Improvements to Municipal Facilities		260,000.00		18,526.55						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		83,357.95			124,864.86	163,089.13		45,133.68
	Improvements to Lauinger Park		188,000.00	170,900.00					5,672.50	165,227.50	
2016-8	Acquisition of Two Police Vehicles	08/23/16	100,000.00				100,000.00		100,000.00		
Total				\$ 189,600.00	\$ 682,945.49	\$ -	\$ 100,000.00	\$ 124,864.86	\$ 297,680.25	\$ 183,927.50	\$ 615,802.60
Capital Improvement Fund							\$ 20,000.00				
Deferred Charges to Future Taxation - Unfunded							80,000.00				
Disbursed									\$ 197,680.25		
Encumbered									100,000.00		
							\$ 100,000.00		\$ 297,680.25		

CITY OF BEVERLY

General Capital Fund

Schedule of Capital Improvement Fund
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 25,467.50
Increased by:	
Current Fund Budget Appropriation	<u>10,000.00</u>
	35,467.50
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>20,000.00</u>
Balance December 31, 2016	<u>\$ 15,467.50</u>

CITY OF BEVERLY

General Capital Fund

Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2016

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance	Increased	Decreased	Balance
						December 31, 2015			December 31, 2016
2011-8	Multi-Purpose	06/21/11	06/11/15	06/10/16	0.800%	\$ 528,205.00		\$ 528,205.00	\$
2011-8	Multi-Purpose	06/21/11	06/09/16	06/08/17	2.000%		468,205.00		468,205.00
2012-4	Multi-Purpose	08/15/12	06/11/15	06/10/16	0.800%	420,000.00		420,000.00	
2012-4	Multi-Purpose	08/15/12	06/09/16	06/08/17	2.000%		380,000.00		380,000.00
2015-6	Multi-Purpose	08/13/15	08/13/15	06/10/16	1.250%	87,400.00		87,400.00	
2015-6	Multi-Purpose	08/13/15	06/09/16	06/08/17	2.000%		87,400.00		87,400.00
						<u>\$ 1,035,605.00</u>	<u>\$ 935,605.00</u>	<u>\$ 1,035,605.00</u>	<u>\$ 935,605.00</u>
					Renewed		\$ 935,605.00	\$ 935,605.00	
					Paid by Budget Appropriation			100,000.00	
							<u>\$ 935,605.00</u>	<u>\$ 1,035,605.00</u>	

CITY OF BEVERLY

General Capital Fund

Statement of Bonds and Notes Authorized But not Issued
For the Year Ended December 31, 2016

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2015</u>	<u>2016 Authorizations</u>	<u>Notes Issued</u>	<u>Paid from Budget Appropriation</u>	<u>Balance December 31, 2016</u>
2009-15	Various Capital Improvements	\$ 17,500.00	\$ -	\$ -	\$ 5,000.00	\$ 12,500.00
2016-8	Acquisition of Two Police Vehicles		80,000.00			80,000.00
	Total	\$ 17,500.00	\$ 80,000.00		\$ 5,000.00	\$ 92,500.00

CITY OF BEVERLY

GENERAL CAPITAL FUND

Schedule of Amount Due From Current Fund
For the Year Ended December 31, 2016

Balance December 31, 2015		\$ 328,455.35
Increased by:		
Budget Appropriation - Deferred Charges Unfunded	\$ 5,000.00	
Interest Earnings Turned Over	<u>302.40</u>	
		<u>5,302.40</u>
		333,757.75
Decreased by:		
Interest Earnings	326.34	
Budget Appropriation - Reserve for Notes	<u>50,000.00</u>	
		<u>50,326.34</u>
Balance December 31, 2016		<u><u>\$ 283,431.41</u></u>

CITY OF BEVERLY

PART II

Schedule of Findings and Recommendations

For the Year Ended December 31, 2016

CITY OF BEVERLY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

1) Material weaknesses identified?

yes

X

no

2) Were reportable conditions identified that were
not considered to be material weaknesses?

yes

X

none reported

Noncompliance material to financial statements noted?

X

yes

no

Federal Awards

A Federal Single Audit was not required

State Awards

A State Single Audit was not required

CITY OF BEVERLY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Schedule of Financial Statement Findings

This section identifies the reportable conditions, 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 #2016-1

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 Questioned Costs
For the Year Ended December 31, 2016

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* and NJOMB Circular Letter 15-08, as applicable.

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 and state grant awards that are required to be reported in accordance with *Government Auditing Standards* and New Jersey OMB's Circular 15-08.

FINANCIAL STATEMENT FINDINGS

Finding #2015-1

Condition:

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

Current Status:

This condition has not 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, 2016:

<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 Wojculewski	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

April 28, 2017