

Report of Audit

on the

Financial Statements

of the

Borough of Somerville

in the

County of Somerset
New Jersey

for the

Year Ended
December 31, 2012

BOROUGH OF SOMERVILLE

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BOROUGH OF SOMERVILLE

PART I

INDEPENDENT AUDITOR'S REPORT ON
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FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2012 AND 2011



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Somerville
County of Somerset
Somerville, New Jersey 08876

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Somerville, as of December 31, 2012 and 2011, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's regulatory 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 regulatory basis of accounting prescribed by 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the provisions of U.S. Office of Management and Budget (OMB) Circular 133, "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory 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 Borough of Somerville'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 Borough of Somerville's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the regulatory financial statements.

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

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

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough of Somerville on the basis of the financial reporting provisions prescribed by 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 New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Somerville as of December 31, 2012 and 2011, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2012.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2012 and 2011, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

SUPLEE, CLOONEY & COMPANY

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Somerville's regulatory financial statements. The information included in the Financial Data Section – Section 8 Housing Choice Voucher Program and the supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Financial Data – Section 8 Housing Choice Voucher Program, the supplemental information listed and data in the table of contents, as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2013 on our consideration of the Borough of Somerville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Somerville's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 31, 2013

CURRENT FUND

BOROUGH OF SOMERVILLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER 31, 2012	BALANCE DECEMBER 31, 2011
<u>ASSETS</u>			
Cash	A-4	\$ 2,127,220.42	\$ 2,067,626.61
Cash - Change Fund	A-6	300.00	250.00
		<u>\$ 2,127,520.42</u>	<u>\$ 2,067,876.61</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	\$ 793,912.36	\$ 1,166,271.96
Tax Title Liens Receivable	A-29	457,566.10	9,099.30
Maintenance Liens Receivable	A-28	1,061.00	125.00
Revenue Accounts Receivable	A-9	43,827.13	31,560.90
Property Acquired for Taxes - Assessed Value	A-27	28,500.00	28,500.00
Interfunds Receivable	A-10	799.95	2,216.92
	A	<u>\$ 1,325,666.54</u>	<u>\$ 1,237,774.08</u>
Deferred Charges:			
Special Emergency 40A:4-55 Revaluation		\$ 88,000.00	\$ 132,000.00
Emergency 40A:4-46 Hurricane		7,000.00	220,000.00
Overexpenditure of Appropriations	A-31	<u>\$ 95,000.00</u>	<u>\$ 352,000.00</u>
		<u>\$ 3,548,186.96</u>	<u>\$ 3,657,650.69</u>
Grant Fund:			
Grants Receivable	A-19	\$ 69,626.07	\$ 53,105.24
Interfunds Receivable	A-24	31,173.84	71,529.33
		<u>\$ 100,799.91</u>	<u>\$ 124,634.57</u>
		<u>\$ 3,648,986.87</u>	<u>\$ 3,782,285.26</u>

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

BOROUGH OF SOMERVILLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>BALANCE DECEMBER 31, 2011</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 186,718.63	\$ 123,270.81
Interfunds Payable	A-10	267,675.77	337,387.94
Prepaid Taxes	A-17	162,828.63	246,102.25
Due State of New Jersey - Chapter 20, P.L.1971	A-16	7,042.13	483.92
Tax Overpayments	A-18	2,184.89	14,567.85
Encumbrances Payable	A-20	106,185.66	218,613.79
Emergency Note Payable	A-26	88,000.00	132,000.00
Reserve For:			
Sale of Municipal Assets	A-11	31,206.25	2,683.92
Master Plan	A-21	10,000.00	10,000.00
Revaluation	A-30	2,200.00	2,200.00
Tax Appeals	A-12		50,000.00
		<u>\$ 864,041.96</u>	<u>\$ 1,137,310.48</u>
Reserve for Receivables and Other Assets	A	1,325,666.54	1,237,774.08
Fund Balance	A-1	<u>1,358,478.46</u>	<u>1,282,566.13</u>
		<u>\$ 3,548,186.96</u>	<u>\$ 3,657,650.69</u>
Grant Fund:			
Encumbrances Payable	A-8	\$ 5,831.09	\$ 7,663.75
Reserve for Grants Appropriated	A-23	59,319.46	71,290.69
Reserve for Grants Unappropriated	A-22	35,649.36	45,680.13
		<u>\$ 100,799.91</u>	<u>\$ 124,634.57</u>
		<u>\$ 3,648,986.87</u>	<u>\$ 3,782,285.26</u>

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

BOROUGH OF SOMERVILLE

CURRENT FUND

STATEMENTS OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

	REF.	YEAR ENDED DECEMBER 31, 2012	YEAR ENDED DECEMBER 31, 2011
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 1,040,000.00	\$ 1,300,000.00
Miscellaneous Revenue Anticipated	A-2	3,381,367.37	3,275,124.15
Receipts from Delinquent Taxes	A-2	862,098.13	782,682.58
Receipts from Current Taxes	A-2	37,089,672.26	36,463,395.01
Non-Budget Revenue	A-2	81,573.63	232,550.87
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	46,405.27	11,955.43
Tax Overpayments Canceled			5.30
Accounts Payable Canceled			209.48
Lien Receivable Collected			1,029.90
Maintenance Lien		40.00	
Interfunds Returned		1,416.97	8,256.04
		<u>1,416.97</u>	<u>8,256.04</u>
<u>Total Income</u>		<u>\$ 42,502,573.63</u>	<u>\$ 42,075,208.76</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations within "CAPS":			
Operating	A-3	\$ 10,338,721.00	\$ 10,366,383.00
Deferred Charges and Statutory Expenditures	A-3	1,406,422.24	1,416,312.00
Operations Excluded From "CAPS":			
Operating	A-3	124,742.58	272,198.15
Capital Improvements	A-3	50,000.00	45,000.00
Municipal Debt Service	A-3	2,489,447.20	2,366,302.75
Deferred Charges	A-3	276,172.00	54,067.66
County Taxes	A-14	4,636,200.27	4,733,489.87
County Share of Added Taxes	A-14	1,319.87	1,821.38
Local District School Tax	A-15	21,538,682.00	21,233,913.00
Canceled Receivables			39,917.31
Refund of Prior Years Revenue	A-4	55,862.59	5,742.91
Downtown Somerville Alliance Tax	A-25	476,091.55	479,764.06
		<u>476,091.55</u>	<u>479,764.06</u>
<u>Total Expenditures</u>		<u>\$ 41,393,661.30</u>	<u>\$ 41,014,912.09</u>
Excess in Revenue		\$ 1,108,912.33	\$ 1,060,296.67
Adjustments to Income Before Fund Balance:			
Expenditures Included above which are Deferred			
Charges to Budget of Succeeding Year		<u>7,000.00</u>	<u>220,000.00</u>
Statutory Excess to Fund Balance		\$ 1,115,912.33	\$ 1,280,296.67
Fund Balance			
Balance, January 1	A	1,282,566.13	1,302,269.46
		<u>\$ 2,398,478.46</u>	<u>\$ 2,582,566.13</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>1,040,000.00</u>	<u>1,300,000.00</u>
Fund Balance, December 31	A	<u>\$ 1,358,478.46</u>	<u>\$ 1,282,566.13</u>

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

BOROUGH OF SOMERVILLE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	REF.	<u>ANTICIPATED</u>		<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
		<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>		
Fund Balance Anticipated	A-1	\$ 1,040,000.00		\$ 1,040,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-9	\$ 24,600.00		\$ 24,607.00	7.00
Other	A-2	36,000.00		34,630.00	(1,370.00)
Fees and Permits:					
Construction Code Official	A-9	275,000.00		224,766.00	(50,234.00)
Other	A-2	110,800.00		143,985.63	33,185.63
Fines:					
Municipal Court	A-9	304,000.00		266,416.71	(37,583.29)
Interest and Cost on Taxes	A-9	215,000.00		198,260.12	(16,739.88)
Parking Meters	A-9	220,000.00		232,552.90	12,552.90
Interest on Investments and Deposits	A-9	6,800.00		9,484.59	2,684.59
Sale of Garbage Decals	A-9	17,000.00		18,150.00	1,150.00
Rent of Office Facilities	A-9	7,500.00		7,200.00	(300.00)
Consolidated Municipal Property Tax Relief Aid	A-9	89,681.00		89,681.00	
Energy Receipts Tax	A-9	1,314,609.00		1,314,609.00	
Body Armor Replacement Fund	A-19	3,141.43		3,141.43	
Recycling Tonnage Grant	A-19	41,187.69		41,187.69	
Drunk Driving Enforcement Fund	A-19		4,138.79	4,138.79	
Clean Communities Program	A-19	17,923.66		17,923.66	
Municipal Alliance on Alcoholism and Drug Abuse	A-19	11,000.00		11,000.00	
Bulletproof Vest Fund	A-19	1,351.01		1,351.01	
Regional Partnership Center	A-19	20,000.00		20,000.00	
DeSapio Contribution	A-9	76,000.00		76,000.00	
Saker - P.I.L.O.T.	A-9	84,000.00		101,922.38	17,922.38
Uniform Fire Safety Act	A-9	23,000.00		15,769.31	(7,230.69)
Cable T.V. Franchise Tax	A-9	135,000.00		136,376.86	1,376.86
Somerville Senior Citizens Housing, Inc.	A-9	90,000.00		70,924.13	(19,075.87)
Sale of Assets	A-11	2,684.00		2,684.00	
FEMA Reimbursement	A-9	100,000.00		234,605.16	134,605.16
Capital Fund Balance	A-9	80,000.00		80,000.00	
	A-1	\$ 3,306,277.79	\$ 4,138.79	\$ 3,381,367.37	\$ 70,950.79
Receipts From Delinquent Taxes	A-1:A-2	\$ 925,000.00		\$ 862,098.13	\$ (62,901.87)
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-7	\$ 11,484,419.00		\$ 12,452,378.57	\$ 967,959.57
<u>Budget Totals</u>		\$ 16,755,696.79	\$ 4,138.79	\$ 17,735,844.07	\$ 976,008.49
Non-Budget Revenue	A-1:A-2			81,573.63	81,573.63
		\$ 16,755,696.79	\$ 4,138.79	\$ 17,817,417.70	\$ 1,057,582.12
	REF.	A-3	A-3		

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

BOROUGH OF SOMERVILLE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>	
Allocation of Current Tax Collections:		
Collections on a Cash Basis	A-1:A-7	\$ 37,089,672.26
Allocated to:		
School and County Taxes		26,176,202.14
Special District Taxes		476,091.55
		<u>\$ 10,437,378.57</u>
Add: Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>2,015,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 12,452,378.57</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-2:A-7	<u>\$ 862,098.13</u>
Licenses - Other:		
Clerk	A-9	10,137.00
Board of Health/Registrar	A-9	24,493.00
	A-2	<u>\$ 34,630.00</u>
Fees and Permits - Other:		
Clerk	A-9	\$ 28,617.00
Board of Health/Registrar	A-9	110,425.00
Planning / Zoning	A-9	1,800.00
Engineering	A-9	3,143.63
	A-2	<u>\$ 143,985.63</u>
<u>Analysis of Non-Budget Revenues</u>		
Senior Citizen's and Veteran's Administrative Fee		\$ 1,511.16
Police Reports		8,041.15
Zoning Permit		4,845.00
Tax Collector		36,070.23
Police Outside Overtime		17,062.99
Miscellaneous		14,043.10
	A-2:A-4	<u>\$ 81,573.63</u>

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

BOROUGH OF SOMERVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		OVEREXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive:						
Salaries and Wages	\$ 160,000.00	\$ 165,000.00	\$ 164,655.13	\$ 344.87		\$
Other Expenses	133,730.00	131,730.00	109,602.48	22,127.52		
Borough Clerk:						
Salaries and Wages	59,000.00	59,000.00	59,000.00			
Elections:						
Salaries and Wages	600.00	600.00	406.18	193.82		
Other Expenses	3,600.00	3,600.00	2,950.82	649.18		
Financial Administration:						
Salaries and Wages	95,000.00	95,000.00	94,862.00	138.00		
Other Expenses	18,750.00	18,750.00	13,386.59	5,363.41		
Audit	40,000.00	40,000.00	40,000.00			
Assessment of Taxes:						
Salaries and Wages	40,100.00	40,100.00	40,076.92	23.08		
Other Expenses	3,525.00	3,525.00	2,610.75	914.25		
Collection of Taxes:						
Salaries and Wages	72,000.00	72,000.00	71,971.18	28.82		
Other Expenses	7,625.00	7,625.00	6,379.17	1,245.83		
Legal Services and Costs:						
Salaries and Wages	43,000.00	43,000.00	42,548.96	451.04		
Other Expenses	29,000.00	33,375.00	30,065.52	3,309.48		
Prosecutor:						
Other Expenses	13,000.00	13,000.00	12,000.00	1,000.00		
Engineering Services and Costs:						
Salaries and Wages	172,000.00	171,500.00	171,174.30	325.70		
Other Expenses	21,825.00	23,905.00	23,902.75	2.25		

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

BOROUGH OF SOMERVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>OVEREXPENDED</u>	<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>		
<u>GENERAL GOVERNMENT (CONTINUED)</u>						
Public Buildings and Grounds:						
Salaries and Wages	\$ 85,000.00	\$ 83,490.00	\$ 82,555.53	\$ 934.47	\$	\$
Other Expenses	73,200.00	76,110.00	76,090.11	19.89		
Municipal Land Use Law (N.J.S.A. 40:55d-1):						
Planning Board:						
Other Expenses	27,100.00	27,100.00	25,381.34	1,718.66		
Department of Technology:						
Other Expenses	50,000.00	50,000.00	48,458.46	1,541.54		
Zoning Board of Adjustment:						
Other Expenses	5,600.00	5,600.00	4,751.56	848.44		
Insurance:						
Group Insurance for Employees	1,165,000.00	1,165,000.00	1,164,243.48	756.52		
Other Insurance Premiums	635,000.00	637,500.00	634,576.72	2,923.28		
Prescription Drug/Dental Program	75,000.00	68,500.00	66,945.06	1,554.94		
<u>PUBLIC SAFETY</u>						
Fire:						
Salaries and Wages	56,500.00	56,500.00	55,960.32	539.68		
Other Expenses	157,500.00	157,500.00	156,870.74	629.26		
Uniform Fire Safety Act:						
Salaries and Wages	55,000.00	58,500.00	57,131.05	1,368.95		
Other Expenses	5,000.00	4,000.00	3,930.86	69.14		
Police:						
Salaries and Wages	3,475,000.00	3,499,000.00	3,498,063.13	936.87		
Other Expenses	202,766.00	199,766.00	195,800.14	3,965.86		
School Crossing Guard - Contractual	135,000.00	131,300.00	120,244.59	11,055.41		
Municipal Court:						
Salaries and Wages	133,500.00	133,500.00	132,494.40	1,005.60		
Other Expenses	56,350.00	56,350.00	55,229.39	1,120.61		

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

BOROUGH OF SOMERVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		OVEREXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>PUBLIC SAFETY (CONTINUED)</u>						
First Aid Organization Contribution	\$ 65,000.00	\$ 65,000.00	\$ 65,000.00		\$	\$
Emergency Management Services:						
Other Expenses	5,000.00	5,000.00	601.15	4,398.85		
<u>STREETS AND ROADS</u>						
Road Repairs and Maintenance:						
Salaries and Wages	515,000.00	521,000.00	515,225.58	5,774.42		
Other Expenses	135,000.00	132,000.00	103,173.17	28,826.83		
Snow Removal:						
Other Expenses	15,000.00	15,000.00	11,005.91	3,994.09		
<u>SANITATION</u>						
Sewer System:						
Other Expenses	3,000.00	3,000.00	3,000.00			
Garbage and Trash Removal:						
Other Expenses - (Contractual)	590,000.00	603,000.00	602,615.24	384.76		
Recycling:						
Other Expenses	85,000.00	85,000.00	64,780.36	20,219.64		
<u>HEALTH AND WELFARE (BOARD OF HEALTH - LOCAL HEALTH AGENCY)</u>						
Board of Health:						
Salaries and Wages	94,000.00	94,000.00	93,671.76	328.24		
Other Expenses	98,500.00	98,500.00	98,488.08	11.92		
Dog Regulation (Contractual)	80,000.00	83,700.00	83,699.50	0.50		

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

BOROUGH OF SOMERVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>OVEREXPENDED</u>	<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>		
<u>RECREATION AND EDUCATION</u>						
Parks and Playgrounds:						
Salaries and Wages	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00		\$	\$
Other Expenses	28,000.00	25,000.00	24,427.89	572.11		
Recreation:						
Salaries and Wages	125,000.00	125,000.00	124,307.72	692.28		
Other Expenses	2,500.00	2,500.00	2,445.00	55.00		
Celebration of Public Event, Anniversary or Holiday:						
Other Expenses	2,000.00	2,000.00	1,700.00	300.00		
<u>STATE UNIFORM CONSTRUCTION CODE (N.J.S.A. 52:270-120 ET. SEQ.)</u>						
Community Development:						
Salaries and Wages	140,000.00	136,150.00	136,135.22	14.78		
Other Expenses	42,750.00	41,120.00	34,339.75	6,780.25		
Plumbing Inspector:						
Salaries and Wages	17,000.00	17,000.00	16,712.80	287.20		
Electrical Inspector:						
Salaries and Wages	95,000.00	95,000.00	94,686.54	313.46		
Building Inspector:						
Salaries and Wages	9,700.00	9,700.00	9,628.84	71.16		
<u>UTILITIES:</u>						
Street Lighting	215,000.00	200,000.00	193,805.85	6,194.15		
Fire Hydrant Service	150,000.00	145,625.00	145,625.00			
Telephone	65,000.00	65,000.00	50,677.79	14,322.21		
Water	15,000.00	15,000.00	12,991.83	2,008.17		
Electricity	225,000.00	192,000.00	189,491.45	2,508.55		
Gas/Diesel Fuel	130,000.00	145,000.00	143,274.54	1,725.46		
Accumulated Leave Compensation:						
Salaries and Wages	80,000.00	80,000.00	80,000.00			
TOTAL OPERATIONS WITHIN "CAPS"	\$ 10,337,721.00	\$ 10,337,721.00	\$ 10,170,830.60	\$ 166,890.40		\$

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

BOROUGH OF SOMERVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	OVEREXPENDED	
<u>CONTINGENT</u>	\$ 1,000.00	\$ 1,000.00	\$ 989.50	\$ 10.50	\$	\$
TOTAL OPERATIONS INCLUDING <u>CONTINGENT WITHIN "CAPS"</u>	<u>10,338,721.00</u>	<u>10,338,721.00</u>	<u>10,171,820.10</u>	<u>166,900.90</u>		
DEFERRED CHARGES AND STATUTORY <u>EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u>						
Contribution To:						
Public Employees Retirement System	370,000.00	370,000.00	369,000.00			1,000.00
Social Security System	225,000.00	225,000.00	207,808.30	17,191.70		
Consolidated Police and Firemen's Pension Fund	11,000.00	11,000.00	10,788.24	0.00		211.76
Police and Firemen's Retire System of N.J.	785,000.00	785,000.00	784,634.00			366.00
Unemployment Compensation	10,000.00	10,000.00	17,000.00		7,000.00	
TOTAL DEFERRED CHARGES AND STATUTORY <u>EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u>	\$ <u>1,401,000.00</u>	\$ <u>1,401,000.00</u>	\$ <u>1,389,230.54</u>	\$ <u>17,191.70</u>	\$ <u>7,000.00</u>	\$ <u>1,577.76</u>
TOTAL GENERAL APPROPRIATIONS FOR <u>MUNICIPAL PURPOSES WITHIN "CAPS"</u>	\$ <u>11,739,721.00</u>	\$ <u>11,739,721.00</u>	\$ <u>11,561,050.64</u>	\$ <u>184,092.60</u>	\$ <u>7,000.00</u>	\$ <u>1,577.76</u>
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Length of Service Award Program - (LOSAP)	25,000.00	25,000.00	22,373.97	2,626.03		
<u>PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES</u>						
Clean Communities Grant (N.J.S.A. 40A:4-87 \$17,870.79)	17,923.66	17,923.66	17,923.66			
Regional Center Partner Grant	20,000.00	20,000.00	20,000.00			
Body Armor Replacement Fund	3,141.43	3,141.43	3,141.43			
Municipal Alliance Agreement:						
County of Somerset and Local Match	12,000.00	12,000.00	12,000.00			
Drunk Driving Enforcement Fund		4,138.79	4,138.79			

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

BOROUGH OF SOMERVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	OVEREXPENDED	
<u>PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES</u>						
Bulletproof Vest Fund	\$ 1,351.01	\$ 1,351.01	\$ 1,351.01		\$	
Recycling Tonnage Grant	41,187.69	41,187.69	41,187.69			
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	<u>120,603.79</u>	<u>124,742.58</u>	<u>122,116.55</u>	<u>2,626.03</u>		
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	50,000.00	50,000.00	50,000.00			
<u>TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>			
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	1,415,000.00	1,415,000.00	1,415,000.00			
Interest on Bonds	547,000.00	547,000.00	498,038.27			48,961.73
Interest on Notes	50,610.00	50,610.00	50,609.99			0.01
Somerset Co. Improvement Authority-Lease Program-Prior to 7/1/07						
Principal	125,000.00	125,000.00	111,884.36			13,115.64
Interest	14,790.00	14,790.00	12,202.38			2,587.62
Somerset Co. Improvement Authority-Lease Program						
Principal	350,800.00	350,800.00	350,712.20			87.80
Interest	51,000.00	51,000.00	51,000.00			
<u>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>	<u>2,554,200.00</u>	<u>2,554,200.00</u>	<u>2,489,447.20</u>			<u>64,752.80</u>
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</u>						
Emergency Authorizations	220,000.00	220,000.00	220,000.00			
Special Emergency Authorizations- 5 years (N.J.S.A. 40A:4-55)	44,000.00	44,000.00	44,000.00			
Deficit in Dedicated Assessment Trust Fund	5,000.00	5,000.00	5,000.00			
Deferred Charges to Future Taxation Unfunded: Ordinance # 1077/2032	7,172.00	7,172.00	7,172.00			
<u>TOTAL DEFERRED CHARGES - MUNICIPAL; EXCLUDED FROM "CAPS"</u>	<u>276,172.00</u>	<u>276,172.00</u>	<u>276,172.00</u>			

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

BOROUGH OF SOMERVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>			<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>OVEREXPENDED</u>	
PURPOSES EXCLUDED FROM "CAPS"	\$ 3,000,975.79	\$ 3,005,114.58	\$ 2,937,735.75	\$ 2,626.03	\$	\$ 64,752.80
SUB-TOTAL GENERAL APPROPRIATIONS	14,740,696.79	14,744,835.58	14,498,786.39	186,718.63	7,000.00	66,330.56
RESERVE FOR UNCOLLECTED TAXES	2,015,000.00	2,015,000.00	2,015,000.00			
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 16,755,696.79</u>	<u>\$ 16,759,835.58</u>	<u>\$ 16,513,786.39</u>	<u>\$ 186,718.63</u>	<u>\$ 7,000.00</u>	<u>\$ 66,330.56</u>
<u>REF.</u>	A-2		A-1	A:A-1	A-31	
Budget Appropriations	A-3	\$ 16,755,696.79				
Appropriation by 40A:4-87	A-2	4,138.79				
		<u>\$ 16,759,835.58</u>				
Accounts Payable	A-20		\$ 104,755.66			
Reserve for Uncollected Taxes	A-2		2,015,000.00			
Reserve for Grants Appropriated	A-23		99,742.58			
Special Emergency Authorizations 40A:4-46	A-31		220,000.00			
Special Emergency Authorizations- 5 years (N.J.S.A. 40A:4-55)	A-31		44,000.00			
Disbursements	A-4		14,402,846.47			
			<u>\$ 16,886,344.71</u>			
Less: Refunds	A-4		372,558.32			
			<u>\$ 16,513,786.39</u>			

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

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TRUST FUND

BOROUGH OF SOMERVILLE

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2012	BALANCE DECEMBER 31, 2011
<u>ASSETS</u>			
Assessment Trust Fund:			
Assessments Receivable	B-11	\$ 1,915.20	\$ 1,655.29
Prospective Assessments Funded	B-22	20,000.00	25,000.00
Interfunds Receivable	B-20	168,055.35	163,316.92
		<u>\$ 189,970.55</u>	<u>\$ 189,972.21</u>
Animal Control Fund:			
Cash	B-2	\$ 277.96	\$ 840.74
Due Current Fund	B-4	1,542.00	
		<u>\$ 1,819.96</u>	<u>\$ 840.74</u>
Other Funds:			
Cash	B-2	\$ 653,207.77	\$ 515,738.50
Interfunds Receivable	B-19	722,515.17	655,864.34
Accounts Receivable	B-25	7,597.00	8,043.00
Community Development Block Grants Receivable	B-6	89,814.10	113,346.90
		<u>\$ 1,473,134.04</u>	<u>\$ 1,292,992.74</u>
		<u>\$ 1,664,924.55</u>	<u>\$ 1,483,805.69</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Assessment Trust Fund:			
Interfunds Payable	B-20	\$ 153,868.80	\$ 153,868.80
Reserve for Assessments and Liens	B-27	1,915.20	1,655.29
Assessment Serial Bonds	B-17	20,000.00	25,000.00
Fund Balance	B-1	14,186.55	9,448.12
		<u>\$ 189,970.55</u>	<u>\$ 189,972.21</u>
Animal Control Fund:			
Due Current Fund	B-4	\$	\$ 643.78
Reserve for Animal Control Expenditures	B-3	1,819.96	196.96
		<u>\$ 1,819.96</u>	<u>\$ 840.74</u>
Other Funds:			
Interfunds Payable	B-19	\$ 25,533.60	\$ 26,358.60
Accounts Payable - Housing Assistance Program	B-16	13,613.38	12,660.75
Accounts Payable - Trust Fund	B-24		62,091.52
Reserve for:			
Miscellaneous Deposits	B-5	442,721.95	263,502.49
Community Development Block Grant Expenditures	B-7	89,385.89	113,346.90
District Management Corporation	B-8	167,281.65	118,372.95
Unemployment Insurance Fund	B-9	1,254.65	21,006.56
Sanitary Landfill Closure	B-10	11,355.27	11,334.28
Recycling	B-12		18,021.23
Tax Redemption Trust	B-13	289,133.98	242,100.00
Recreation Commission	B-14	163,028.67	104,331.74
Housing Assistance Program	B-15	195,355.14	211,349.30
Housing Assistance Program Portables	B-18	3,951.96	5,312.04
Law Enforcement Trust Fund	B-21	62,476.11	55,337.66
Builders Escrow	B-23	7,890.44	27,321.71
Credit Card Fee Accounts	B-26	151.35	545.01
		<u>\$ 1,473,134.04</u>	<u>\$ 1,292,992.74</u>
		<u>\$ 1,664,924.55</u>	<u>\$ 1,483,805.69</u>

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

BOROUGH OF SOMERVILLE

TRUST FUND

STATEMENT OF FUND BALANCE - ASSESSMENT TRUST - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2011	B	\$ 9,448.12
Increased by:		
Collections of Unpledged Assessments and Liens	B-27	<u>4,738.43</u>
Balance, December 31, 2012	B	<u>\$ 14,186.55</u>

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

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GENERAL CAPITAL FUND

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>
<u>ASSETS</u>			
Cash	C-2	\$ 44,173.11	\$ 7,667.02
Investment		88,000.00	132,000.00
Deferred Charges to Future Taxation:			
Funded	C-5	17,955,000.00	14,120,000.00
Unfunded	C-6	5,269,294.83	9,786,466.83
State Aid Receivable	C-7	1,214,394.33	1,547,617.91
Downtown Somerville Alliance Contribution Receivable	C-15	75,000.00	
Due From Somerset County Improvement Authority	C-13	69,301.03	157,595.26
Interfunds Receivable	C-11	208,868.80	212,546.15
		<u>\$ 24,924,032.10</u>	<u>\$ 25,963,893.17</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-10	\$ 17,955,000.00	\$ 14,120,000.00
Bond Anticipation Notes	C-9	3,330,000.00	7,250,000.00
Interfunds Payable	C-11	773,562.12	695,762.17
Improvement Authorizations:			
Funded	C-8	276,875.83	836,307.43
Unfunded	C-8	2,401,396.63	2,378,101.74
Reserve for Debt Service	C-14	24,853.12	24,853.12
Contracts Payable	C-12	104,087.04	610,856.70
Capital Improvement Fund	C-4	2,742.83	2,742.83
Fund Balance	C-1	55,514.53	45,269.18
		<u>\$ 24,924,032.10</u>	<u>\$ 25,963,893.17</u>

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

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2011	C	\$ 45,269.18
Increased by:		
Premium on Sale of Notes	C-2	90,245.35
		<u>\$ 135,514.53</u>
Decreased by:		
Anticipated as Current Fund Revenue	C-2	80,000.00
		<u>80,000.00</u>
Balance, December 31, 2012	C	<u>\$ 55,514.53</u>

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

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SEWER UTILITY FUND

BOROUGH OF SOMERVILLE

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER 31, 2012	BALANCE DECEMBER 31, 2011
Operating Fund:			
Cash - Treasurer	D-5	\$ 8,517.18	\$ 93,263.01
Cash - Change Fund	D-10	50.00	100.00
Interfund Receivable	D-19	578,284.52	518,293.81
		<u>\$ 586,851.70</u>	<u>\$ 611,656.82</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	\$ 197,931.15	\$ 206,367.99
Sewer Utility Liens	D-9	240.00	
	D	<u>\$ 198,171.15</u>	<u>\$ 206,367.99</u>
Deferred Charges:			
Operating Deficit	D-1	<u>\$ 76,741.34</u>	<u>\$</u>
<u>Total Operating Fund</u>		<u>\$ 861,764.19</u>	<u>\$ 818,024.81</u>
Capital Fund:			
Fixed Capital	D-12	\$ 2,281,337.83	\$ 2,281,337.83
Fixed Capital Authorized and Uncompleted	D-11	660,000.00	510,000.00
Interfund Receivable	D-13	<u>538,762.17</u>	<u>538,762.17</u>
<u>Total Capital Fund</u>		<u>\$ 3,480,100.00</u>	<u>\$ 3,330,100.00</u>
		<u>\$ 4,341,864.19</u>	<u>\$ 4,148,124.81</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-14	\$ 37,489.16	\$ 4,098.28
Encumbrances Payable	D-15	1,000.00	454.59
Interfunds Payable	D-19	488,189.63	456,573.14
Accrued Interest on Bonds	D-17	11,354.61	7,945.61
Prepaid Sewer Charges	D-24	1,057.89	4,285.48
Overpayments	D-16	28,110.73	2,408.70
		<u>\$ 567,202.02</u>	<u>\$ 475,765.80</u>
Reserve for Receivables	D	198,171.15	206,367.99
Fund Balance	D-1	<u>96,391.02</u>	<u>135,891.02</u>
<u>Total Operating Fund</u>		<u>\$ 861,764.19</u>	<u>\$ 818,024.81</u>
Capital Fund:			
Serial Bonds	D-23	\$ 293,000.00	\$ 368,000.00
Improvement Authorizations:			
Funded	D-18	9,108.38	82.50
Unfunded	D-18	149,761.53	57,199.08
Interfunds Payable	D-13	566,705.48	518,293.81
Capital Improvement Fund	D-21	152,000.00	162,000.00
Reserve for Deferred Amortization	D-20	260,000.00	250,000.00
Reserve for Amortization	D-22	2,047,810.28	1,972,810.28
Down Payment on Improvements	D-8	732.00	732.00
Fund Balance	D-2	<u>982.33</u>	<u>982.33</u>
<u>Total Capital Fund</u>		<u>\$ 3,480,100.00</u>	<u>\$ 3,330,100.00</u>
		<u>\$ 4,341,864.19</u>	<u>\$ 4,148,124.81</u>

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

BOROUGH OF SOMERVILLE
SEWER UTILITY OPERATING FUND
STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER <u>31, 2012</u>	YEAR ENDED DECEMBER <u>31, 2011</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-3	\$ 39,500.00	\$
Rents	D-3	2,302,912.42	2,465,851.68
Penalties	D-3	31,113.11	33,110.96
Miscellaneous	D-3	7,156.76	60,983.65
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-14	<u>2,133.81</u>	<u> </u>
<u>TOTAL INCOME</u>		<u>\$ 2,382,816.10</u>	<u>\$ 2,559,946.29</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operating	D-4	\$ 2,251,178.88	\$ 2,179,611.23
Deferred Charges and Statutory Expenditures	D-4	36,647.88	135,888.28
Capital Improvements	D-4		1,000.00
Municipal Debt Service	D-4	170,500.00	173,500.00
Refund of Prior Year Revenue	D-5	<u>1,230.68</u>	<u> </u>
<u>TOTAL EXPENDITURES</u>		<u>\$ 2,459,557.44</u>	<u>\$ 2,489,999.51</u>
Excess in Revenue		\$	\$ 69,946.78
Deficit in Revenues		76,741.34	
Operating Deficit to be Raised in Budget of Succeeding Year	D	<u>\$ 76,741.34</u>	<u>\$</u>
Statutory Excess to Surplus		\$	\$ 69,946.78
<u>Fund Balance</u>			
Balance, January 1	D	135,891.02	65,944.24
Decreased by:			
Utilization by Sewer Operating Budget	D-1:D-3	<u>39,500.00</u>	<u> </u>
Balance, December 31	D	<u>\$ 96,391.02</u>	<u>\$ 135,891.02</u>

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

BOROUGH OF SOMERVILLE
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL SURPLUS - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2011 and December 31, 2012	D	\$ <u>982.33</u>

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

BOROUGH OF SOMERVILLE

SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	D-1	\$ 39,500.00	\$ 39,500.00	\$
Sewer Use Charges	D-1:D-7	2,465,000.00	2,302,912.42	(162,087.58)
Penalties	D-1:D-6	33,000.00	31,113.11	(1,886.89)
Miscellaneous	D-1:D-3	<u>6,000.00</u>	<u>7,156.76</u>	<u>1,156.76</u>
	D-4	\$ <u>2,543,500.00</u>	\$ <u>2,380,682.29</u>	\$ <u>(162,817.71)</u>

ANALYSIS OF REALIZED REVENUE

Miscellaneous:		
Interest Earned		\$ 74.76
Connection Fee		<u>7,082.00</u>
	D-3:D-5	\$ <u>7,156.76</u>

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

BOROUGH OF SOMERVILLE
 SEWER UTILITY OPERATING FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2012

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Operating:					
Salaries and Wages	\$ 365,000.00	\$ 375,000.00	\$ 368,113.52	\$ 6,886.48	\$ 15,000.00
Other Expenses	250,000.00	240,000.00	194,397.32	30,602.68	
Sewerage Authority (R.S. 40:14A-9):					
Share of Costs	1,700,000.00	1,700,000.00	1,631,178.88		68,821.12
Reserve for Retirement	20,000.00	20,000.00	20,000.00		
<u>Total Operating</u>	2,335,000.00	2,335,000.00	2,213,689.72	37,489.16	83,821.12
Debt Service:					
Payment of Bond Principal	150,000.00	150,000.00	150,000.00		
Interest on Bonds	20,500.00	20,500.00	20,500.00		
<u>Total Debt Service</u>	170,500.00	170,500.00	170,500.00		
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contributions to:					
Social Security System (O.A.S.I.)	30,000.00	30,000.00	29,956.88		43.12
Public Employees' Retirement System	8,000.00	8,000.00	6,691.00		1,309.00
<u>Total Deferred Charges and Statutory Expenditures</u>	38,000.00	38,000.00	36,647.88		1,352.12
	\$ 2,543,500.00	\$ 2,543,500.00	\$ 2,420,837.60	\$ 37,489.16	\$ 85,173.24
	<u>REF.</u>	D-3	D-1	D:D-1	
Cash Disbursements			\$ 2,408,482.99		
Accrued Interest on Bonds			11,354.61		
Encumbrances Payable			1,000.00		
			\$ 2,420,837.60		

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

PUBLIC ASSISTANCE TRUST FUND

BOROUGH OF SOMERVILLE
PUBLIC ASSISTANCE TRUST FUND
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2012</u>	BALANCE DECEMBER <u>31, 2011</u>
<u>ASSETS</u>			
Due Trust Other Fund - P.A.T.F. I	E-1	\$ <u>25,533.60</u>	\$ <u>26,358.60</u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance: Public Assistance Trust Fund I	E-2	\$ <u>25,533.60</u>	\$ <u>26,358.60</u>

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

GENERAL FIXED ASSET ACCOUNT GROUP

BOROUGH OF SOMERVILLE

GENERAL FIXED ASSET ACCOUNT GROUP (UNAUDITED)

BALANCE SHEETS - REGULATORY BASIS

	DECEMBER <u>31, 2012</u>	DECEMBER <u>31, 2011</u>
General Fixed Assets:		
Land	\$ 10,571,500.00	\$ 10,571,500.00
Buildings	10,498,600.00	10,498,600.00
Machinery and Equipment	<u>7,309,384.00</u>	<u>7,309,384.00</u>
<u>TOTAL GENERAL FIXED ASSETS</u>	<u>\$ 28,379,484.00</u>	<u>\$ 28,379,484.00</u>
Investment in General Fixed Assets	<u>\$ 28,379,484.00</u>	<u>\$ 28,379,484.00</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF SOMERVILLE

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Somerville is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Somerville include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Somerville, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Somerville do not include the operations of the municipal library or the local school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Somerville conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices 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. Under this method of accounting, the financial transactions and accounts of the Borough of Somerville are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account groups:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created

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

Sewer Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally-owned sewer utility

Public Assistance Trust Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes

General Fixed Asset Account Group - utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's regulatory Appropriation Reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year 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. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

Interfunds - 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. GAAP does not require the establishment of an offsetting reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General Fixed Assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$500.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on General Fixed Assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an outside appraiser. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Buildings and land are stated at the assessed value contained in the Borough's most recent property revaluation.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital has not been accounted for separately.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital - Sewer Utility

Accounting for utility fund "fixed capital" remains uncharged under the requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be held in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough of Somerville had the following cash and cash equivalents at December 31, 2012:

<u>FUND</u>	<u>Cash on Deposit</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>TOTAL</u>
Current Fund	\$ 2,150,738.21	\$ 124,742.25	\$ 148,260.04	\$ 2,127,220.42
Animal Control Trust Fund	256.36			256.36
Trust Other Fund	699,146.34		45,938.57	653,207.77
General Capital Fund	45,173.11		1,000.00	44,173.11
Sewer Utility Operating Fund	8,517.18			8,517.18
<u>Total December 31, 2012</u>	<u>\$ 2,903,831.20</u>	<u>\$ -0-</u>	<u>\$ 195,198.61</u>	<u>\$ 2,833,374.84</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2012, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$518,608.29 was covered by Federal Depository Insurance and \$2,385,222.91 was covered under the provisions of NJGUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchases of investments by the Borough are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years of financed by the issuance of bonds. A summary of bond and note transactions for the year ended December 31, 2012 are detailed on Exhibits "B-24", "C-9", "C-10" and "D-23".

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2012</u>	<u>YEAR 2011</u>	<u>YEAR 2010</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 21,195,000.00	\$ 21,370,000.00	\$ 16,410,000.00
Sewer Utility:			
Bonds and Notes	293,000.00	368,000.00	443,000.00
Assessment Utility:			
Bonds	<u>20,000.00</u>	<u>25,000.00</u>	<u>30,000.00</u>
Net Debt Issued	21,508,000.00	21,763,000.00	16,883,000.00
Less: Cash on Hand to Pay Notes	<u>24,853.12</u>		
	<u>\$ 21,483,146.88</u>	<u>\$ 21,763,000.00</u>	<u>\$ 16,883,000.00</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	1,939,294.83	2,539,141.83	7,684,089.49
Sewer Utility:			
Bonds and Notes	<u>201,527.55</u>	<u>201,527.55</u>	<u>160,527.55</u>
Total Authorized but not Issued	<u>2,140,822.38</u>	<u>2,740,669.38</u>	<u>7,844,617.04</u>
Net Bonds and Notes Issued and and Authorized but not issued	<u>\$ 23,623,969.26</u>	<u>\$ 24,503,669.38</u>	<u>\$ 24,727,617.04</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF REGULATORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of 1.82%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$24,017,000.00	\$24,017,000.00	-0-
Sewer Utility Debt	494,527.55		\$494,527.55
General Debt	<u>23,154,294.83</u>	<u>24,853.12</u>	<u>\$23,129,441.71</u>
	<u>\$47,665,822.38</u>	<u>\$24,041,853.12</u>	<u>\$23,623,969.26</u>

NET DEBT \$23,623,969.26 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$1,298,851,922.00 EQUALS 1.81%.

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2012	\$1,298,851,922.00
3-1/2 of Equalized Valuation Basis	45,459,817.27
Net Debt	<u>23,623,969.26</u>
Remaining Borrowing Power	<u>\$21,835,848.01</u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the Borough of Somerville for the last three (3) preceding years.

CALCULATION OF "SELF-LIQUIDATING PURPOSE"
SEWER UTILITY PER N.J.S.A. 40A:2-45

Surplus Anticipated and Total Cash Receipts from Fees, Rents, or Other Charges for the Year	\$	2,411,146.10
Deductions:		
Operating and Maintenance Cost	\$	2,285,826.76
Debt Service		<u>167,091.00</u>
Total Deductions		<u>2,452,917.76</u>
(Deficit) in Revenue	\$	<u>(41,771.66)</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

General Serial Bonds:

	OUTSTANDING BALANCE DECEMBER <u>31, 2012</u>
\$5,700,000.00 1999 General Improvement Bonds due in annual installments of \$570,000.00 through February 2013 at an interest rate of 4.200%.	\$570,000.00
\$4,500,000.00 2003 County Guaranteed Capital Equipment and Improvement revenue Bonds due in annual installments of \$100,000.00 March 2013 at an interest rate of 3.60%.	\$100,000.00
\$3,780,000.00 2006 General Improvement Bonds due in annual installments of \$255,000.00 to \$300,000.00 through August 2021 at varying interest rates.	\$2,610,000.00
\$3,360,000.00 2009 County Guaranteed Governmental Loan Revenue due in annual installments of \$130,000.00 to \$265,000.00 through October 2024 at varying interest rates.	\$2,920,000.00
\$3,640,000.00 2009 County Guaranteed Governmental Loan Revenue due in annual installments of \$145,000.00 to \$285,000.00 through October 2024 at varying interest rates.	\$3,155,000.00
\$5,340,000.00 2012 General Improvement Bonds due in annual installments of \$250,000.00 to \$475,000.00 through September 2026 at varying interest rates.	\$5,340,000.00
\$3,260,000.00 2012 Refunding Bonds due in annual installments of \$630,000.00 to \$685,000.00 through March 2018 at varying interest rates.	<u>\$3,260,000.00</u>
	<u><u>\$17,955,000.00</u></u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

OUTSTANDING
BALANCE
DECEMBER
31, 2012

Sewer Utility Serial Bonds:

\$5,700,000.00 1999 Sewer Utility Improvement Bonds due in annual installments of between \$68,000.00 to \$75,000.00 through February 2016 at an interest rate of 4.200%.

\$293,000.00

Assessment Serial Bonds:

\$50,000.00 2006 Special Assessment Bonds due in annual installments of \$5,000.00 through August 2016 at an interest rate of 4.000%.

\$20,000.00

BOND ANTICIPATION NOTES

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Interest Rate</u>	<u>Issue and Maturity Dates</u>	<u>Amount</u>
Capital Fund	1.250%	3/8/2012 to 3/7/2013	\$2,130,000.00
Capital Fund	0.95%	5/24/2012 to 3/7/2013	<u>1,200,000.00</u>
			<u>\$3,330,000.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2012

CALENDAR YEAR	<u>GENERAL CAPITAL</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2013	\$1,565,000.00	\$496,747.51	\$2,061,747.51
2014	1,665,000.00	458,152.51	2,123,152.51
2015	1,745,000.00	418,602.51	2,163,602.51
2016	1,755,000.00	371,902.51	2,126,902.51
2017	1,905,000.00	320,402.51	2,225,402.51
2018	1,920,000.00	263,402.51	2,183,402.51
2019	1,245,000.00	219,802.51	1,464,802.51
2020	1,250,000.00	190,452.51	1,440,452.51
2021	1,215,000.00	158,315.01	1,373,315.01
2022	970,000.00	115,090.01	1,085,090.01
2023	980,000.00	82,808.76	1,062,808.76
2024	840,000.00	48,646.26	888,646.26
2025	475,000.00	20,781.26	495,781.26
2026	425,000.00	10,093.76	435,093.76
	<u>\$17,955,000.00</u>	<u>\$3,175,200.14</u>	<u>\$21,130,200.14</u>

CALENDAR YEAR	<u>SEWER CAPITAL</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2013	\$75,000.00	\$10,731.00	\$85,731.00
2014	75,000.00	7,581.00	82,581.00
2015	75,000.00	4,431.00	79,431.00
2016	68,000.00	1,428.00	69,428.00
	<u>\$293,000.00</u>	<u>\$24,171.00</u>	<u>\$317,171.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

CALENDAR YEAR	ASSESSMENT CAPITAL		TOTAL
	PRINCIPAL	INTEREST	
2013	\$5,000.00	\$800.00	\$5,800.00
2014	5,000.00	600.00	5,600.00
2015	5,000.00	400.00	5,400.00
2016	<u>5,000.00</u>	<u>200.00</u>	<u>5,200.00</u>
	<u>\$20,000.00</u>	<u>\$2,000.00</u>	<u>\$22,000.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2012 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2013 were as follows:

Current Fund	\$1,040,000.00
Sewer Utility Fund	\$ 39,500.00

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes collected in advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, <u>2012</u>	BALANCE DECEMBER 31, <u>2011</u>
Prepaid Taxes	<u>\$162,828.63</u>	<u>\$246,102.25</u>

NOTE 6: PENSION PLANS

Borough employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The plans are: the Public Employees' Retirement System, the Police and Firemen's Retirement System, and the Consolidated Police and Firemen's Pension Fund of New Jersey. The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods. Certain portions of the costs are contributed by the employees. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$1,171,113.24 for 2012, \$1,186,161.87 for 2011, and \$994,825.67 for 2010.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off or paid at a later date up to a maximum number of days as specified by contract. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and has not been determined, but is probably material. The Borough annually appropriates the amounts that are required to be paid in that year's budget.

NOTE 8: LITIGATION

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 9: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the year 2011. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

NOTE 10: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial award programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. The state and federal grants received and expended in 2012 were subject to the Single Audit Act Amendments of 1996, which mandates that grant revenues and expenditures be audited in conjunction with the Borough's annual audit. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II, Schedule of Findings and Questioned Costs. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2012, the Borough does not believe that any material liabilities will result from such audits.

NOTE 11: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Borough maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. Below is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Borough's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Borough Contributions and Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$16,012.26	\$7,632.15	\$43,396.32	\$1,254.65
2011	60.08	5,895.80	28,237.88	21,006.56
2010	134.69	9,268.95	42,919.75	43,288.56

NOTE 12: DEFERRED COMPENSATION

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the Plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of Plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

All assets of the Plan are held by an independent administrator, the Valic Company.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities. The Borough's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM

During 2002, the Borough of Somerville adopted an ordinance establishing a Length of Service Awards Program for the members of the volunteer Fire Department and the First Aid and Rescue Squad pursuant to N.J.S.A. 40A:14-183 et seq. This ordinance is effective January 1, 2003.

Under this program, each volunteer of the volunteer Fire Department or the First Aid and Rescue Squad will have an annual amount of \$750.00 deposited into a tax deferred income account that will earn interest for the volunteer. The estimated annual cost of this program is \$60,000.00.

The accompanying financial statements do not include the Borough's Length of Service Awards Program's activities. The Borough's Length of Service Awards Program's financial statements are contained in a separate review report as required by state regulations.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$799.95	\$267,675.77
Grant Fund	31,173.84	
Assessment Trust Fund	168,055.35	153,868.80
Animal Control Fund	1,542.00	
Trust Other Fund	722,515.17	25,533.60
General Capital Fund	208,868.80	773,562.12
Sewer Utility Operating Fund	578,284.52	488,189.63
Sewer Utility Capital Fund	538,762.17	566,705.48
Public Assistance Fund	25,533.60	
	<u>\$2,275,535.40</u>	<u>\$2,275,535.40</u>

All balances resulted from the time lag between dates that short-term loans were disbursed and payments between funds were made.

NOTE 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, the following deferred charges are shown on the balance sheets of the various funds:

	<u>BALANCE DECEMBER 31, 2012</u>	<u>2013 BUDGET APPROPRIATION</u>	<u>BALANCE TO SUCCEEDING YEARS</u>
Current Fund:			
Special Emergency			
40A:4-46 Hurricane Irene	\$88,000.00	\$44,000.00	\$44,000.00
Overexpenditure of			
Appropriation	7,000.00	7,000.00	
	<u>\$95,000.00</u>	<u>\$51,000.00</u>	<u>\$44,000.00</u>

NOTE 16: GASB 45: OTHER POST-RETIREMENT BENEFITS

Plan Description - The Borough contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pensions 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. 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. 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 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 the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

Funding Policy - Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Borough's contributions to SHBP for the years ended December 31, 2012, 2011 and 2010 were \$5,091.24, \$4,991.40 and \$5,269.56 respectively, which equaled the required contributions for each year.

BOROUGH OF SOMERVILLE
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2012

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF CASH-COLLECTOR-TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2011	A	\$ 2,067,626.61	\$
Increased by Receipts:			
Taxes Receivable	A-7	\$ 37,631,283.96	\$
Miscellaneous Revenue Not Anticipated	A-2	81,573.63	
Refunds - 2012 Appropriations	A-3	372,558.32	
Petty Cash	A-5	300.00	
Revenue Accounts Receivable	A-9	3,279,940.79	
Interfunds Received	A-10:A-24	359,773.51	114,068.71
Senior Citizens Disallowed by Collector - Prior Year	A-16	250.00	
Maintenance Lien	A-28	40.00	
Sale of Municipal Assets	A-11	31,206.33	
State of New Jersey-Chapter 20,P.L.1971	A-16	75,558.21	
Prepaid Taxes	A-17	162,828.63	
Tax Overpayments	A-18	34,659.37	
Grants Receivables	A-19		36,475.22
Reserve for Grants Unappropriated	A-22		35,649.36
		<u>42,029,972.75</u>	<u>186,193.29</u>
		\$ <u>44,097,599.36</u>	\$ <u>186,193.29</u>
Decreased by Disbursements:			
2012 Appropriations	A-3	\$ 14,402,846.47	\$
2011 Appropriation Reserves	A-13	294,049.33	
Change Fund	A-6	50.00	
Petty Cash	A-5	300.00	
Interfunds Payable	A-10:A-24	429,068.71	72,124.58
County Taxes	A-14	4,637,520.14	
Reserve for Tax Appeals	A-12	50,000.00	
Emergency Note Payable	A-26	44,000.00	
Local District School Tax	A-15	21,538,682.00	
District Management Corporation Taxes	A-25	476,091.55	
Refund of Tax Overpayments	A-18	41,908.15	
Refund of Prior Year Revenue	A-1	55,862.59	
Reserve for Grants Appropriated	A-23		114,068.71
		<u>41,970,378.94</u>	<u>186,193.29</u>
Balance, December 31, 2012	A	\$ <u>2,127,220.42</u>	\$ <u></u>

"A-5"

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF PETTY CASH

	<u>CASH RECEIVED</u>	<u>CASH DISBURSED</u>
Administration	\$ 100.00	\$ 100.00
Police Chief	200.00	200.00
	<u>300.00</u>	<u>300.00</u>
<u>REF.</u>	A-4	A-4

BOROUGH OF SOMERVILLE
CURRENT FUND
SCHEDULE OF CHANGE FUNDS

	<u>REF.</u>	
Balance, December 31, 2011	A	\$ 250.00
Increased by:		
Cash Disbursement	A-4	<u>50.00</u>
Balance, December 31, 2012	A	\$ <u><u>300.00</u></u>

OFFICE

Collector		\$ 50.00
Clerk		25.00
Police		50.00
Construction Code		25.00
Municipal Court		100.00
Vital Statistics		<u>50.00</u>
		\$ <u><u>300.00</u></u>

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>2012 LEVY</u>	<u>COLLECTED</u>		<u>TRANSFERRED TO TAX TITLE LIENS</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2012</u>
			<u>IN 2011</u>	<u>IN 2012</u>			
2011 and Prior	\$ 1,166,271.96	\$	\$	\$ 862,098.13	\$ 299,851.40	\$ 4,322.43	\$
2012		<u>38,152,505.02</u>	<u>246,102.25</u>	<u>36,843,570.01</u>	<u>129,446.90</u>	<u>139,473.50</u>	<u>793,912.36</u>
	\$ <u>1,166,271.96</u>	\$ <u>38,152,505.02</u>	\$ <u>246,102.25</u>	\$ <u>37,705,668.14</u>	\$ <u>429,298.30</u>	\$ <u>143,795.93</u>	\$ <u>793,912.36</u>
	<u>REF. A</u>		<u>A-2:A-17</u>	<u>A-2</u>	<u>A-29</u>		<u>A</u>
Collector	A-4			\$ 37,631,283.96			
Tax Overpayments Applied	A-18			5,134.18			
State of New Jersey	A-16			<u>69,250.00</u>			
				\$ <u>37,705,668.14</u>			

ANALYSIS OF 2012 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax	\$ 37,666,015.47
Added Taxes (54:4-63.1 et.seq.)	10,398.00
Downtown Somerville Alliance	<u>476,091.55</u>
	\$ <u>38,152,505.02</u>

TAX LEVY

Local District School Tax (Abstract)	A-15	\$ 21,538,682.00
County Taxes:		
County Tax (Abstract)	A-14	\$ 4,636,200.27
Due County for Added Taxes (54:4-63.1 et.seq.)	A-14	<u>1,319.87</u>
<u>Total County Taxes</u>		4,637,520.14
Downtown Somerville Alliance	A-25	476,091.55
Local Tax for Municipal Purposes (Abstract)	A-2	\$ 11,484,419.00
Add: Additional Tax Levied		<u>15,792.33</u>
		<u>11,500,211.33</u>
		\$ <u>38,152,505.02</u>

BOROUGH OF SOMERVILLE
GRANT FUND
SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2011	A	\$ 7,663.75
Increased by:		
2012 Grants	A-23	<u>5,831.09</u>
		13,494.84
Decreased by:		
Transferred to Grant Reserves	A-23	<u>\$ 7,663.75</u>
Balance, December 31, 2012	A	<u>\$ 5,831.09</u>

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>ACCRUED IN 2012</u>	<u>COLLECTED BY COLLECTOR- TREASURER</u>	<u>BALANCE DECEMBER 31, 2012</u>
Alcoholic Beverage Licenses	A-2	\$	\$ 24,607.00	\$ 24,607.00	\$
Clerk:					
Licenses-Other	A-2		10,137.00	10,137.00	
Fees and Permits	A-2		28,617.00	28,617.00	
Board of Health/Registrar:					
Licenses	A-2		24,493.00	24,493.00	
Fees and Permits	A-2		110,425.00	110,425.00	
Planning / Zoning					
Fees and Permits	A-2		1,800.00	1,800.00	
Engineering					
Fees and Permits	A-2		3,143.63	3,143.63	
Construction Code Official:					
Fees and Permits	A-2	11,062.00	239,476.00	224,766.00	25,772.00
Municipal Court:					
Fines and Costs	A-2	20,498.90	263,972.94	266,416.71	18,055.13
Interest and Costs on Taxes	A-2		198,260.12	198,260.12	
Parking Meters	A-2		232,552.90	232,552.90	
Interest on Investments and Deposits	A-2		9,484.59	9,484.59	
Sale of Garbage Decals	A-2		18,150.00	18,150.00	
Rent of Office Facilities	A-2		7,200.00	7,200.00	
Consolidated Municipal Property Tax Relief Aid	A-2		89,681.00	89,681.00	
Energy Receipts Tax	A-2		1,314,609.00	1,314,609.00	
FEMA Reimbursement	A-2		234,605.16	234,605.16	
Uniform Fire Safety Act	A-2		15,769.31	15,769.31	
Cable TV Franchise Tax	A-2		136,376.86	136,376.86	
Somerville Senior Citizens Housing Inc.	A-2		70,924.13	70,924.13	
DeSapio Contribution	A-2		76,000.00	76,000.00	
Saker - P.I.L.O.T.	A-2		101,922.38	101,922.38	
Capital Fund Balance	A-2		80,000.00	80,000.00	
		<u>\$ 31,560.90</u>	<u>\$ 3,292,207.02</u>	<u>\$ 3,279,940.79</u>	<u>\$ 43,827.13</u>
<u>REF.</u>		<u>A</u>		<u>A-4</u>	<u>A</u>

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>	<u>ASSESSMENT TRUST FUND</u>	<u>ANIMAL CONTROL FUND</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER OPERATING FUND</u>
Balance, December 31, 2011:								
Due From	A	\$ 2,216.92	\$	\$	\$ 643.78	\$	\$	\$ 1,573.14
Due To	A	<u>337,387.94</u>	<u>71,529.33</u>	<u>163,316.92</u>	<u> </u>	<u>98,864.34</u>	<u>3,677.35</u>	<u> </u>
Receipts	A-4	\$ 359,773.51	\$ 72,713.22	\$ 4,738.43	\$ 2,185.78	\$ 105,461.20	\$ 161,522.70	\$ 13,152.18
Transfer to Grant Fund	A-24	1,000.00	1,000.00					
Disbursements	A-4	<u>429,068.71</u>	<u>114,068.71</u>	<u> </u>	<u> </u>	<u>149,000.00</u>	<u>166,000.00</u>	<u> </u>
Balance, December 31, 2012:								
Due From	A	\$ 799.95	\$	\$	\$	\$	\$ 799.95	\$
Due To	A	<u><u>267,675.77</u></u>	<u><u>31,173.84</u></u>	<u><u>168,055.35</u></u>	<u><u>1,542.00</u></u>	<u><u>55,325.54</u></u>	<u><u> </u></u>	<u><u>11,579.04</u></u>

"A-11"

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>	
Balance, December 31, 2011	A	\$ 2,683.92
Increased by:		
Receipts	A-4	31,206.33
		\$ <u>33,890.25</u>
Decreased by:		
Anticipated as Revenue in the 2012 Budget	A-2	<u>2,684.00</u>
Balance, December 31, 2012	A	\$ <u><u>31,206.25</u></u>

"A-12"

SCHEDULE OF RESERVE FOR TAX APPEALS

Balance, December 31, 2011	A	\$ 50,000.00
Decreased by:		
Cash Disbursements	A-4	\$ <u><u>50,000.00</u></u>

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DECEMBER <u>31, 2011</u>	BALANCE AFTER <u>TRANSFERS</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
<u>SALARIES AND WAGES</u>				
Administrative and Executive	\$ 202.78	\$ 202.78	\$	\$ 202.78
Financial Administration	331.94	1,536.94	1,536.55	0.39
Assessment of Taxes	8.06	8.06		8.06
Collection of Taxes	37.86	37.86		37.86
Legal Services and Costs	0.12	0.12		0.12
Public Buildings and Grounds	456.66	41.66		41.66
Engineering Services and Costs	27.13	27.13		27.13
Fire	14.73	14.73		14.73
Uniform Fire Safety Act	66.03	66.03		66.03
Police	3,459.87	3,459.87	(3,091.46)	6,551.33
Road Repairs and Maintenance	3,140.37	2,340.37	1,016.57	1,323.80
Board of Health	664.88			
Department of Community Development	124.39	124.39		124.39
Plumbing Inspector	115.06	115.06		115.06
Building Inspector	59.92	59.92		59.92
Municipal Court	1,150.87	0.87		0.87
<u>OTHER EXPENSES</u>				
Administration and Executive	1,529.99	11,939.99	10,960.60	979.39
Financial Administration	355.11	2,407.11	2,407.11	
Assessment of Taxes	807.02	82.02	2.48	79.54
Collection of Taxes	859.24	324.24	311.04	13.20
Legal Services and Costs	782.64	9,282.64	5,175.14	4,107.50
Prosecutor	1,000.00			
Engineering Services and Costs	8,359.28	4,458.78	4,455.05	3.73
Public Buildings and Grounds	141.60	4,124.65	4,023.24	101.41
Emergency Appropriation / Hurricane Irene	703.64	75,560.52	75,560.52	
Municipal Land Use Law (N.J.S. 40:55d-1)				
Planning Board	11,552.07	5,552.07	2,542.13	3,009.94
Department of Technology	4,168.98	3,445.48	3,445.48	
Zoning Board of Adjustment	535.56	85.56	48.64	36.92
Insurance:				
Group Insurance Plan for Employees	103.19	103.19		103.19
Other Insurance Premiums	39.00	39.00		39.00
Prescription Drug Program	0.01	0.01		0.01
Fire	61.27	306.07	294.80	11.27
Uniform Fire Safety Act	991.00	391.00	316.28	74.72
Police	24,091.58	35,871.88	16,323.47	19,548.41
School Crossing Guards - Contractual	883.76	24,383.76	24,383.76	
Municipal Court	310.12	6,551.37	6,550.00	1.37
Emergency Management Services	1,748.42	1,748.42	349.00	1,399.42
Road Repairs and Maintenance	10,805.43	10,045.88	8,637.42	1,408.46
Snow Removal		5,800.00		5,800.00
Sewer System	500.00			
Garbage and Trash Removal	5,160.67	89,659.42	89,659.42	
Sanitary Landfill	500.00			
Recycling	2,339.84	2,339.84	2,339.84	
Board of Health	10,904.62	15,920.28	15,919.66	0.62
Dog Regulation	1,056.00	1,056.00	1,056.00	
Parks and Playgrounds	1,843.18	50.40	50.40	0.00
Recreation	1.50	1.50		1.50
Celebration of Public Event, Anniversary, or Holiday	50.00	50.00		50.00

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2011	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED)</u>				
Redevelopment	\$ 1,052.00	\$	\$	\$
Department of Community Development	3,130.54	2,630.54	2,585.00	45.54
Street Lighting	5,849.81	49.81		49.81
Telephone	2,377.32	2,377.32	2,184.91	192.41
Water	940.62	940.62	940.62	
Electricity	752.10	752.10	752.10	
Gas/Diesel Fuel	1,340.74	6,705.05	6,595.91	109.14
Social Security System	20.01	20.01		20.01
Length of Service Award Program (LOSAP)	5,079.03	5,079.03	5,079.03	
Public Employee's Retire System of N.J.		1,600.00	1,600.00	
Consolidated Police and Firemen's Pension Fund	0.49	0.49	0.49	
Police & Firemen's Retire System of N.J.	38.13	38.13	38.13	
First Aid Organization Contribution	644.63	644.63		644.63
	<u>\$ 123,270.81</u>	<u>\$ 340,454.60</u>	<u>\$ 294,049.33</u>	<u>\$ 46,405.27</u>
<u>REF.</u>	A		A-4	A-1
Balance, December 31, 2011	A:A-13	\$ 123,270.81		
Accounts Payable	A-20	<u>217,183.79</u>		
		<u>\$ 340,454.60</u>		

"A-14"

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Increased by:			
2012 Tax Levy:			
County Taxes	A-1:A-7	\$ 4,636,200.27	
County Share of Added Taxes	A-1:A-7	<u>1,319.87</u>	
			\$ 4,637,520.14
Decreased by:			
Disbursements	A-4		\$ <u>4,637,520.14</u>

"A-15"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Increased by:			
2012 Levy	A-1:A-7	\$ 21,538,682.00	
Decreased by:			
Disbursements	A-4		\$ <u>21,538,682.00</u>

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
PER CHAPTER 20, P.L. 1971

	<u>REF.</u>		
Balance, December 31, 2011 (Due To)	A		\$ 483.92
Increased by:			
Received From State of New Jersey	A-4	\$ 75,558.21	
Senior Citizens Disallowed by Collector:			
Current Year		6,500.00	
Prior Year	A-4	<u>250.00</u>	
			<u>82,308.21</u>
			\$ <u>82,792.13</u>
Decreased by:			
Deductions per Tax Duplicate:			
Senior Citizens		\$ 13,250.00	
Veterans		61,250.00	
Senior Citizens and Veterans Allowed by Collector		<u>1,250.00</u>	
			<u>75,750.00</u>
Balance, December 31, 2012 (Due To)	A		\$ <u><u>7,042.13</u></u>

SUMMARY OF 2012 EXEMPTIONS

Senior Citizens and Veterans Exemptions Per Tax Billings		\$ 74,500.00	
Senior Citizens and Veterans Exemptions Allowed by Tax Collector		<u>1,250.00</u>	
			\$ 75,750.00
Senior Citizens and Veterans Exemptions Disallowed by Tax Collector			<u>6,500.00</u>
	A-7		\$ <u><u>69,250.00</u></u>

BOROUGH OF SOMERVILLE
CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2011	A	\$	246,102.25
Increased by:			
Collection of 2013 Taxes	A-4		162,828.63
		\$	<u>408,930.88</u>
Decreased by:			
Application to 2012 Taxes Receivable	A-7		<u>246,102.25</u>
Balance, December 31, 2012	A	\$	<u><u>162,828.63</u></u>

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2011	A	\$	14,567.85
Increased by:			
Overpayments in 2012	A-4		34,659.37
		\$	<u>49,227.22</u>
Decreased by:			
Applied to Taxes Receivable	A-7	\$	5,134.18
Refunded	A-4		<u>41,908.15</u>
			<u>47,042.33</u>
Balance, December 31, 2012	A	\$	<u><u>2,184.89</u></u>

BOROUGH OF SOMERVILLE

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLES

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>ACCRUED</u>	<u>DECREASED</u>	<u>UNAPPROPRIATED RESERVE APPLIED</u>	<u>BALANCE DECEMBER 31, 2012</u>
Municipal Alliance Grant	\$ 8,164.00	\$ 11,000.00	\$ 3,916.78	\$	\$ 15,247.22
Clean Communities Program 11		17,923.66	17,578.65		345.01
Challenge Grant Program-Park and Recreation Needs		20,000.00			20,000.00
Regional Center Challenge Grant	12,500.00				12,500.00
Recycling Tonnage Grant		41,187.69		41,187.69	
Drunk Driving Enforcement Fund		4,138.79	4,138.79		
Body Armor Replacement Fund		3,141.43		3,141.43	
Federal Bulletproof Vest Fund		1,351.01		1,351.01	
H.U.D. Main Street Revitalization	10,908.00		10,907.40		0.60
D.O.T. Centers of Place Program	21,533.24				21,533.24
	<u>\$ 53,105.24</u>	<u>\$ 98,742.58</u>	<u>\$ 36,541.62</u>	<u>\$ 45,680.13</u>	<u>\$ 69,626.07</u>
	<u>A</u>	<u>A-2</u>		<u>A-22</u>	<u>A</u>
Receipts	A-4		\$ 36,475.22		
Canceled	A-24		66.40		
			<u>\$ 36,541.62</u>		

"A-20"

BOROUGH OF SOMERVILLE
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2011	A	\$ 218,613.79
Increased by:		
2012 Appropriations	A-3	104,755.66
		\$ <u>323,369.45</u>
Decreased by:		
Transfer to 2011 Appropriation Reserves	A-13	<u>217,183.79</u>
Balance, December 31, 2012	A	\$ <u><u>106,185.66</u></u>

"A-21"

SCHEDULE OF RESERVE FOR MASTER PLAN

Balance, December 31, 2011 and December 31, 2012	A	\$ <u><u>10,000.00</u></u>
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BOROUGH OF SOMERVILLE

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS UNAPPROPRIATED

	BALANCE DECEMBER <u>31, 2011</u>	<u>RECEIPTS</u>	<u>APPLIED TO RECEIVABLES</u>	BALANCE DECEMBER <u>31, 2012</u>
Body Armor Replacement Fund	\$ 3,141.43	\$ 2,951.84	\$ 3,141.43	\$ 2,951.84
Recycling Tonnage Grant	41,187.69	30,972.47	41,187.69	30,972.47
Federal Bulletproof Vest Program	<u>1,351.01</u>	<u>1,725.05</u>	<u>1,351.01</u>	<u>1,725.05</u>
	<u>\$ 45,680.13</u>	<u>\$ 35,649.36</u>	<u>\$ 45,680.13</u>	<u>\$ 35,649.36</u>
<u>REF.</u>	A	A-4	A-19	A

BOROUGH OF SOMERVILLE

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

GRANT	BALANCE DECEMBER 31, 2011	2012 BUDGET APPROPRIATION	DISBURSEMENTS	ACCOUNTS PAYABLE	ACCOUNTS PAYABLE CANCELED	REFUNDS	CANCELED	BALANCE DECEMBER 31, 2012
Municipal Alliance Grant-County	\$ 7,676.76		\$ 367.50	\$	\$ 347.50	\$	\$	\$ 7,656.76
Municipal Alliance Grant-County '12		11,000.00	9,286.70					1,713.30
Municipal Alliance Grant-Local	1,165.41							1,165.41
Municipal Alliance Grant-Local '12		1,000.00						1,000.00
Clean Communities Program			430.25		430.25			
Clean Communities Program '12		17,923.66	14,817.66					3,106.00
Body Armor Replacement Fund	1,228.02		715.00					513.02
Body Armor Replacement Fund '12		3,141.43	722.90					2,418.53
Drunk Driving Enforcement Fund	1,246.23		1,246.23					
Drunk Driving Enforcement Fund '12		4,138.79	2,212.02			588.64		2,515.41
H.U.D. Main Street Revitalization	10,908.00		10,841.60				66.40	
Federal Bulletproof Vest Program		1,351.01						1,351.01
D.O.T. Centers of Place Program	22,031.24		690.46	581.09				20,759.69
Recycling Tonnage Grant		41,187.69	41,187.69					
Regional Center Partnership Grant-Shuttle Bus	10,523.89		17,409.89		6,886.00			
Regional Center Partnership Grant	16,311.14		4,504.81					11,806.33
Regional Center Challenge Grant Fitness Trl	200.00							200.00
Regional Center Challenge Grant Fitness Trl '12		20,000.00	9,636.00	5,250.00				5,114.00
	<u>\$ 71,290.69</u>	<u>\$ 99,742.58</u>	<u>\$ 114,068.71</u>	<u>\$ 5,831.09</u>	<u>\$ 7,663.75</u>	<u>\$ 588.64</u>	<u>\$ 66.40</u>	<u>\$ 59,319.46</u>
REF.	A	A-3	A-4	A-8	A-8	A-24	A-24	A

"A-24"

BOROUGH OF SOMERVILLE

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>FUND</u>
Balance, December 31, 2011:			
Due From	A	\$ <u>71,529.33</u>	\$ <u>71,529.33</u>
Canceled Reserves	A-23	\$ 66.40	\$ 66.40
Receipts	A-4	114,068.71	114,068.71
Transferred from Current Fund	A-10	1,000.00	1,000.00
Canceled Receivables	A-19	66.40	66.40
Disbursements	A-4	72,124.58	72,124.58
Refunds	A-23	<u>588.64</u>	<u>588.64</u>
Balance, December 31, 2012:			
Due From	A	\$ <u><u>31,173.84</u></u>	\$ <u><u>31,173.84</u></u>

"A-25"

CURRENT FUND

SCHEDULE OF DOWNTOWN SOMERVILLE ALLIANCE TAX

Increased by:			
2012 Levy	A-1:A-7	\$	476,091.55
Decreased by:			
Disbursements	A-4	\$	<u><u>476,091.55</u></u>

"A-26"

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF EMERGENCY NOTE PAYABLE

	<u>REF.</u>	
Balance, December 31, 2011	A	\$ 132,000.00
Decreased by:		
Disbursements	A-4	<u>44,000.00</u>
Balance, December 31, 2012	A	\$ <u><u>88,000.00</u></u>

"A-27"

SCHEDULE OF RESERVE FOR PROPERTY ACQUIRED FOR
TAXES-ASSESSED VALUE

Balance, December 31, 2011 and December 31, 2012	A	\$ <u><u>28,500.00</u></u>
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"A-28"

SCHEDULE OF MAINTENANCE LIENS RECEIVABLE

Balance, December 31, 2011	A	\$ 125.00
Increased by:		
Maintenance Lien		<u>976.00</u>
		\$ <u>1,101.00</u>
Decreased by:		
Receipts	A-4	<u>40.00</u>
Balance, December 31, 2012	A	\$ <u><u>1,061.00</u></u>

BOROUGH OF SOMERVILLE
GRANT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2011	A		\$ 9,099.30
Increased by:			
Taxes Receivable	A-7	\$ 429,298.30	
Penalty		<u>19,168.50</u>	
			<u>448,466.80</u>
Balance, December 31, 2012	A		\$ <u>457,566.10</u>

"A-30"

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF RESERVE FOR REVALUATION

	<u>REF.</u>	
Balance, December 31, 2011 and December 31, 2012	A	\$ <u>2,200.00</u>

"A-31"

SCHEDULE OF DEFERRED CHARGES

Balance, December 31, 2011	A	\$ 352,000.00
Increased by:		
Overexpenditure of Appropriations	A-3	<u>7,000.00</u>
		\$ 359,000.00
Decreased by:		
Raised in 2012 Budget:		
Special Emergency Authorizations 40A:4-46	A-3	220,000.00
Special Emergency Authorizations 40A:4-55	A-3	<u>44,000.00</u>
		<u>264,000.00</u>
Balance, December 31, 2012	A	\$ <u>95,000.00</u>

TRUST FUND
SCHEDULE OF CASH-TREASURER

REF.	<u>ASSESSMENT</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2011	B \$ -0-	\$ 840.74	\$ 515,738.50
Increased by Receipts:			
Dog License Fees	B-3 \$	\$ 6,548.00	\$
Prospective Assessments Funded	B-22 5,000.00		
Assessments Receivable	B-11 4,738.43		
Miscellaneous Trust Deposits	B-5		1,283,294.16
Community Development Block Grants	B-6		23,532.80
Downtown Somerville Alliance	B-8		533,516.65
Unemployment Insurance	B-9		23,644.41
Sanitary Landfill Closure	B-10		20.99
Recycling	B-12		2,399.84
Tax Redemption Trust	B-13		643,510.80
Recreation Commission	B-14		154,865.93
Reserve for Housing Assistance Program	B-15		2,143,966.61
Reserve for Housing Assistance Program Portables	B-18		58,881.92
Credit Card Fee Accounts	B-26		2,993.29
Interfunds	B-19		150,810.37
Builders Escrow	B-23		25,042.77
Law Enforcement Trust Fund	B-21		7,138.45
	<u>9,738.43</u>	<u>6,548.00</u>	<u>5,053,618.99</u>
	\$ <u>9,738.43</u>	\$ <u>7,388.74</u>	\$ <u>5,569,357.49</u>
Decreased by Disbursements:			
Animal Control Expenditures Under R.S.4:19-15.11	B-3 \$	\$ 4,925.00	\$
Miscellaneous Trust Deposits	B-5		1,104,074.70
Community Development Block Grants	B-7		23,961.01
Downtown Somerville Alliance	B-8		539,450.22
Unemployment Insurance	B-9		43,396.32
Builders Escrow	B-23		44,474.04
Recycling	B-12		20,421.07
Tax Redemption Trust	B-13		596,476.82
Recreation Commission	B-14		102,128.25
Reserve for Housing Assistance Program	B-15		2,146,085.14
Accounts Payable - Housing Assistance Program	B-16		12,477.00
Reserve for Housing Assistance Program Portables	B-18		60,242.00
Accounts Payable	B-24		1,290.00
Assessment Serial Bonds	B-17 5,000.00		
Interfunds	B-20 B-4 B-19 4,738.43	2,185.78	218,286.20
Credit Card Fee Accounts	B-26		3,386.95
	<u>9,738.43</u>	<u>7,110.78</u>	<u>4,916,149.72</u>
Balance, December 31, 2012	B \$ <u>-0-</u>	\$ <u>277.96</u>	\$ <u>653,207.77</u>

"B-3"

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>	
Balance, December 31, 2011	B	\$ 196.96
Increased by:		
Dog License Fees Collected	B-2	6,548.00
		<u>\$ 6,744.96</u>
Decreased by:		
Expenditures Under R.S.4:19-15.11	B-2	4,925.00
Balance, December 31, 2012	B	<u>\$ 1,819.96</u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2010	\$ 5,656.40
2011	7,233.60
	<u>\$ 12,890.00</u>

"B-4"

SCHEDULE OF DUE CURRENT FUND-
ANIMAL CONTROL FUND

Balance, December 31, 2011	B	\$ 643.78
Decreased by:		
Disbursements	B-2	2,185.78
Balance, December 31, 2012 (Due To)	B	<u>\$ (1,542.00)</u>

BOROUGH OF SOMERVILLETRUST FUNDSCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS

	BALANCE DECEMBER 31, 2011	INCREASED	DECREASED	BALANCE DECEMBER 31, 2012
Police Donations	\$ 14,136.95	\$	\$	\$ 14,136.95
Community Policing	3,902.01	4,500.00	3,835.41	4,566.60
Youth Services Program	6,075.75	5,112.50	5,598.23	5,590.02
Retirement Pay		100,000.00	88,588.80	11,411.20
Community Day	3,352.38		3,299.92	52.46
Environmental Commission	3,158.32	700.00		3,858.32
Payroll Agency	52,931.90	910,660.72	880,358.09	83,234.53
Public Defenders Fee	2,505.96	2,525.00	3,550.00	1,480.96
Fire Safety	1,491.50	8,760.00	4,170.88	6,080.62
Engineering Escrow	8,967.03	10,371.47	4,835.49	14,503.01
Planning Board	26,315.54	93,203.63	77,525.04	41,994.13
Performance Deposits	80,200.97	104,068.84	10,264.00	174,005.81
Street Openings	12,351.52	500.00	500.00	12,351.52
Demolition Project	12,190.94			12,190.94
POAA	5,214.39	4,272.00	570.00	8,916.39
Cable TV	8,229.79	37,370.00	20,278.22	25,321.57
Sewer Escrow	7,033.75	750.00	700.62	7,083.13
Hurricane Sandy Donations		500.00		500.00
Snow Removal	15,443.79			15,443.79
	<u>\$ 263,502.49</u>	<u>\$ 1,283,294.16</u>	<u>\$ 1,104,074.70</u>	<u>\$ 442,721.95</u>
<u>REF.</u>	B	B-2	B-2	B

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK
GRANTS RECEIVABLE

<u>PROJECT</u>	<u>GRANTOR'S NUMBER</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>RECEIVED</u>	<u>BALANCE DECEMBER 31, 2012</u>
Sanitary Sewer Improvements - 2009	U1891-18	\$ 13,346.90	\$ 7,223.59	\$ 6,123.31
Sanitary Sewer Improvements - 2010	U1801-18	55,000.00	16,309.21	38,690.79
Sanitary Sewer Improvements - 2011	U1811-18	45,000.00		45,000.00
		<u>\$ 113,346.90</u>	<u>\$ 23,532.80</u>	<u>\$ 89,814.10</u>
	<u>REF.</u>	B	B-2	B

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT
BLOCK GRANT RESERVES

<u>PROJECT</u>	<u>GRANTOR'S</u> <u>NUMBER</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>EXPENDITURES</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
Sanitary Sewer Improvements - 2009	U1891-18	\$ 13,346.90	\$ 7,651.80	\$ 5,695.10
Sanitary Sewer Improvements - 2010	U1801-18	55,000.00	16,309.21	38,690.79
Sanitary Sewer Improvements - 2011	U1811-18	45,000.00		45,000.00
		<u>\$ 113,346.90</u>	<u>\$ 23,961.01</u>	<u>\$ 89,385.89</u>
	<u>REF.</u>	B	B-2	B

"B-8"

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR DOWNTOWN SOMERVILLE ALLIANCE

	<u>REF.</u>		
Balance, December 31, 2011	B		\$ 118,372.95
Increased by:			
Receipts	B-2	\$ 533,516.65	
Transferred Accounts Payable	B-24	<u>54,842.27</u>	
			588,358.92
			<u>\$ 706,731.87</u>
Decreased by:			
Disbursements	B-2		<u>539,450.22</u>
Balance, December 31, 2012	B		<u>\$ 167,281.65</u>

"B-9"

SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT INSURANCE

Balance, December 31, 2011	B		\$ 21,006.56
Increased by:			
Cash Receipts	B-2		<u>23,644.41</u>
			<u>\$ 44,650.97</u>
Decreased by:			
Cash Disbursements	B-2		<u>43,396.32</u>
Balance, December 31, 2012	B		<u>\$ 1,254.65</u>

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR SANITARY LANDFILL CLOSURE FUND

	<u>REF.</u>	
Balance, December 31, 2011	B	\$ 11,334.28
Increased by:		
Interest Earned	B-2	<u>20.99</u>
Balance, December 31, 2012	B	<u>\$ 11,355.27</u>

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ANNUAL INSTALLMENTS</u>	<u>DUE DATES</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>ASSESSMENTS CONFIRMED</u>	<u>COLLECTED</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>PLEGGED TO RESERVE</u>
2125	Sidewalk Construction	3	2/1/2010	\$ <u>1,655.29</u>	\$ <u>4,998.34</u>	\$ <u>4,738.43</u>	\$ <u>1,915.20</u>	\$ <u>1,915.20</u>
			<u>REF.</u>	B	B-27	B-2	B	

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR RECYCLING

	<u>REF.</u>	
Balance, December 31, 2011	B	\$ 18,021.23
Increased by:		
Receipts	B-2	<u>2,399.84</u>
		\$ 20,421.07
Decreased by:		
Disbursements	B-2	<u>\$ 20,421.07</u>

"B-13"

BOROUGH OF SOMERVILLE
TRUST FUND
SCHEDULE OF TAX REDEMPTION TRUST

	<u>REF.</u>		
Balance, December 31, 2011	B	\$	242,100.00
Increased by:			
Receipts	B-2		643,510.80
		\$	<u>885,610.80</u>
Decreased by:			
Disbursements	B-2		<u>596,476.82</u>
Balance, December 31, 2012	B	\$	<u><u>289,133.98</u></u>

"B-14"

SCHEDULE OF RECREATION DEPOSITS

Balance, December 31, 2011	B	\$	104,331.74
Increased by:			
Receipts	B-2		154,865.93
Transferred Accounts Payable	B-24		<u>5,959.25</u>
		\$	<u>160,825.18</u>
			<u>265,156.92</u>
Decreased by:			
Disbursements	B-2		<u>102,128.25</u>
Balance, December 31, 2012	B	\$	<u><u>163,028.67</u></u>

"B-15"

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR HOUSING ASSISTANCE PROGRAM

	<u>REF.</u>		
Balance, December 31, 2011	B		\$ 211,349.30
Increased by:			
Receipts	B-2		2,143,966.61
			<u>\$ 2,355,315.91</u>
Decreased by:			
Disbursements	B-2	\$ 2,146,085.14	
Fraud Recovery Fees Adjustment	B-25	446.00	
Accounts Payable	B-16	<u>13,429.63</u>	
			<u>2,159,960.77</u>
Balance, December 31, 2012	B		<u>\$ 195,355.14</u>

"B-16"

SCHEDULE OF ACCOUNTS PAYABLE - HOUSING ASSISTANCE PROGRAM

	<u>REF.</u>		
Balance, December 31, 2011	B		12,660.75
Increased by:			
Transferred From Reserve	B-15		13,429.63
			<u>\$ 26,090.38</u>
Decreased by:			
Disbursements	B-2		<u>12,477.00</u>
Balance, December 31, 2012	B		<u>\$ 13,613.38</u>

BOROUGH OF SOMERVILLE
TRUST FUND
SCHEDULE OF ASSESSMENT SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>OUTSTANDING DECEMBER 31, 2012</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2012</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Assessment Bonds	8/1/06	\$ 50,000.00	02/01/13-16	\$ 5,000.00	4.00%	\$ <u>25,000.00</u>	\$ <u>5,000.00</u>	\$ <u>20,000.00</u>
						\$ <u>25,000.00</u>	\$ <u>5,000.00</u>	\$ <u>20,000.00</u>
					<u>REF.</u>	B	B-2	B

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR HOUSING ASSISTANCE
PROGRAM PORTABLES

	<u>REF.</u>	
Balance, December 31, 2011	B	\$ 5,312.04
Increased by:		
Receipts	B-2	58,881.92
		<u>\$ 64,193.96</u>
Decreased by:		
Disbursements	B-2	60,242.00
		<u>60,242.00</u>
Balance, December 31, 2012	B	<u><u>\$ 3,951.96</u></u>

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF INTERFUNDS - TRUST OTHER

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>SEWER UTILITY FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>P.A.T.F. I</u>
Balance, December 31, 2011:						
Due To	B	\$ 26,358.60	\$	\$	\$	\$ 26,358.60
Due From	B	655,864.34	98,864.34	400,000.00	157,000.00	
Receipts	B-2	\$ 150,810.37	\$ 149,000.00	\$ 1,810.37	\$	\$
Disbursements	B-2	218,286.20	105,461.20	35,000.00	77,000.00	825.00
Balance, December 31, 2012:						
Due To	B	\$ 25,533.60	\$	\$	\$	\$ 25,533.60
Due From	B	722,515.17	55,325.54	433,189.63	234,000.00	

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF INTERFUNDS - ASSESSMENT TRUST

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2011:				
Due From	B	\$ 163,316.92	\$ 163,316.92	\$
Due To	B	<u>153,868.80</u>	<u> </u>	<u>153,868.80</u>
Disbursements	B-2	<u>\$ 4,738.43</u>	<u>\$ 4,738.43</u>	<u>\$</u>
Balance, December 31, 2012:				
Due From	B	\$ 168,055.35	\$ 168,055.35	\$
Due To	B	<u>153,868.80</u>	<u> </u>	<u>153,868.80</u>

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2011	B	\$ 55,337.66
Increased by:		
Receipts	B-2	<u>7,138.45</u>
Balance, December 31, 2012	B	<u>\$ 62,476.11</u>

"B-22"

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2012</u>
2103	Sidewalk Construction	\$ <u>25,000.00</u>	\$ <u>5,000.00</u>	\$ <u>20,000.00</u>
		\$ <u>25,000.00</u>	\$ <u>5,000.00</u>	\$ <u>20,000.00</u>
		<u>B</u>	<u>B-2</u>	<u>B</u>

REF.

"B-23"

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR BUILDERS ESCROW

	<u>REF.</u>		
Balance, December 31, 2011	B	\$	27,321.71
Increased by:			
Receipts	B-2		25,042.77
		\$	<u>52,364.48</u>
Decreased by:			
Disbursements	B-2		<u>44,474.04</u>
Balance, December 31, 2012	B	\$	<u><u>7,890.44</u></u>

"B-24"

SCHEDULE OF ACCOUNTS PAYABLE - TRUST FUND

Balance, December 31, 2011	B	\$	62,091.52
Decreased by:			
Cash Disbursements	B-2		1,290.00
Transferred to Reserve for DSA	B-8		54,842.27
Transferred to Reserve for Recreation	B-14		<u>5,959.25</u>
		\$	<u><u>62,091.52</u></u>

"B-25"

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF ACCOUNTS RECEIVABLE - ADMINISTRATIVE
FEE - HOUSING ASSISTANCE PROGRAM

	<u>REF.</u>	
Balance, December 31, 2011	B	\$ 8,043.00
Decreased by:		
Fraud Recovery Fees Adjustment	B-15	\$ <u>446.00</u>
Balance, December 31, 2012	B	\$ <u><u>7,597.00</u></u>

"B-26"

SCHEDULE OF RESERVE FOR CREDIT CARD FEE ACCOUNTS

Balance, December 31, 2011	B	\$ 545.01
Increased by:		
Receipts	B-2	<u>2,993.29</u>
		\$ <u>3,538.30</u>
Decreased by:		
Disbursements	B-2	<u>3,386.95</u>
Balance, December 31, 2012	B	\$ <u><u>151.35</u></u>

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS

	<u>REF.</u>	
Balance, December 31, 2011	B	\$ 1,655.29
Increased by:		
Collections	B-11	4,998.34
		<u>\$ 6,653.63</u>
Decreased by:		
Collections Applied	B-1	4,738.43
		<u>4,738.43</u>
Balance, December 31, 2012	B:B-27	<u>\$ 1,915.20</u>

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2012</u>
2125	Sidewalk Construction	<u>\$ 1,915.20</u>
		<u>\$ 1,915.20</u>

REF. B-27

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2011	C		\$ 7,667.02
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-4	\$ 50,000.00	
Grants Receivable	C-7	563,223.58	
Interfunds	C-11	243,000.00	
Sale of Bonds	C-10	5,340,000.00	
Deferred Charges to Future Taxation - Unfunded	C-6	127,172.00	
Improvement Authorization Refunds	C-8	110,157.14	
Bond Anticipation Notes	C-9	3,330,000.00	
Investment		44,000.00	
Other Accounts Receivable	C-13	461,061.94	
Premium on Sale of Notes	C-1	90,245.35	
			<u>10,358,860.01</u>
			\$ <u>10,366,527.03</u>
Decreased by Disbursements:			
Contracts Payable	C-12	\$ 2,830,831.22	
Bond Anticipation Notes	C-9	7,250,000.00	
Fund Balance Anticipated as Current Fund Revenue	C-1	80,000.00	
Interfunds	C-11	161,522.70	
			<u>10,322,353.92</u>
Balance, December 31, 2012	C:C-3		\$ <u><u>44,173.11</u></u>

"C-3"

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

ANALYSIS OF CASH

BALANCE
DECEMBER
31, 2012

Fund Balance	\$	55,514.53
Capital Improvement Fund		2,742.83
Improvement Authorizations Funded Set Forth on "C-8"		276,875.83
Improvement Authorizations Expended As Set Forth on Exhibit "C-6"		(269,152.90)
Unexpended Proceeds of Bond Anticipation Notes as Set Forth on "C-6"		731,254.70
State Aid Receivable		(1,214,394.33)
Accounts Receivable Other		(144,301.03)
Interfunds Receivable		(208,868.80)
Reserve for Debt Service		24,853.12
Contracts Payable		104,087.04
Investment		(88,000.00)
Interfunds Payable		<u>773,562.12</u>
	\$	<u><u>44,173.11</u></u>

REF.

C-2

"C-4"

BOROUGH OF SOMERVILLE
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2011	C	\$	2,742.83
Increased by:			
2012 Budget Appropriation	C-2		50,000.00
		\$	<u>52,742.83</u>
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-8		<u>50,000.00</u>
Balance, December 31, 2012	C	\$	<u><u>2,742.83</u></u>

"C-5"

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

Balance, December 31, 2011	C	\$	14,120,000.00
Increased by:			
Bonds Issued	C-6:C-10	\$	5,340,000.00
Refunding Bonds	C-10		<u>3,260,000.00</u>
			8,600,000.00
		\$	<u>22,720,000.00</u>
Decreased by:			
Refunding Bonds	C-10	\$	3,350,000.00
Budget Appropriation to Pay Bonds	C-10		<u>1,415,000.00</u>
			<u>4,765,000.00</u>
Balance, December 31, 2012	C	\$	<u><u>17,955,000.00</u></u>

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011	2012 AUTHORIZATIONS	RAISED IN BUDGET	SALE OF BONDS	BALANCE DECEMBER 31, 2012	ANALYSIS OF BALANCE, DECEMBER 31, 2012		
							BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
1066/2031	Various Improvements	\$ 7,172.00		\$ 7,172.00					
2018	Local Improvements- Sidewalks	5,125.00				5,125.00		5,125.00	
2141	Various Improvements	7,550.00				7,550.00		7,550.00	
2189	Various Improvements	97,750.00				97,750.00	50,000.00		47,750.00
2211	Various Improvements-Vanderveer Field	3,749.83				3,749.83		3,749.83	
2217	Various Improvements	310,000.00				310,000.00	280,000.00	17,929.80	12,070.20
2227	Various Improvements	429,350.00				429,350.00	225,000.00		204,350.00
2245	Various Redevelopment Projects	195,000.00				195,000.00	195,000.00		
2272	Various Improvements	143,000.00				143,000.00	75,000.00	8,358.35	59,641.65
2286	Various Improvements	216,400.00				216,400.00	130,000.00		86,400.00
2306	Various Improvements	545,000.00				545,000.00	500,000.00		45,000.00
2319	Various Redevelopment Projects	475,000.00				475,000.00	475,000.00		
2332	Various Improvements	237,500.00				237,500.00	200,000.00		37,500.00
2339	Capital Grant Saker Shoprite	5,880,000.00		120,000.00	5,340,000.00	420,000.00			420,000.00
2352	Parking Lot Improvements	380,000.00				380,000.00	200,000.00	180,000.00	
2355	Site Remediation at Landfill	122,370.00				122,370.00			122,370.00
2361	Various Improvements	731,500.00				731,500.00	600,000.00		131,500.00
2377	Various Improvements		874,000.00			874,000.00	400,000.00		474,000.00
2399	Various Redevelopment Projects		76,000.00			76,000.00		46,439.92	29,560.08
		<u>\$ 9,786,466.83</u>	<u>\$ 950,000.00</u>	<u>\$ 127,172.00</u>	<u>\$ 5,340,000.00</u>	<u>\$ 5,269,294.83</u>	<u>\$ 3,330,000.00</u>	<u>\$ 269,152.90</u>	<u>\$ 1,670,141.93</u>
<u>REF.</u>		C	C-8	C-2	C-5	C		C-3	
Bond Anticipation Notes	C-9						\$ 3,330,000.00		
Improvement Authorizations-Unfunded	C-8								\$ 2,401,396.63
Less: Bond Anticipation Note Proceeds									
Unexpended Ordinances	C-3								731,254.70
various									<u>\$ 1,670,141.93</u>

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2011	C	\$ 1,547,617.91
Increased by:		
Grants Awarded	C-8	<u>230,000.00</u>
		\$ 1,777,617.91
Decreased by:		
Cash Receipts	C-2	<u>563,223.58</u>
Balance, December 31, 2012	C	\$ <u><u>1,214,394.33</u></u>

Analysis of Balance

State Aid Allotment - Ordinance 2109	\$ 37,500.00
State Aid Allotment - Ordinance 2124	18,750.00
New Jersey DOT - Ordinance 2189	68,750.00
New Jersey DOT - Ordinance 2227	0.88
New Jersey DOT - Ordinance 2286	10,943.03
New Jersey DOT - Ordinance 2206	400,000.00
NJ Economic Development Authority - Ordinance 2355	132,141.21
New Jersey DOT - Ordinance 2361	300,000.00
Community Development Block Grant - Ordinance 2361	16,309.21
New Jersey DOT - Ordinance 2377	<u>230,000.00</u>
	\$ <u><u>1,214,394.33</u></u>

BOROUGH OF SOMERVILLE
 GENERAL CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2011		2012 AUTHORIZATIONS	CONTRACTS PAYABLE	REFUNDS	BALANCE DECEMBER 31, 2012								
				FUNDED	UNFUNDED				FUNDED	UNFUNDED							
General Improvements:																	
2189	Various Improvements	7/6/05	\$ 1,595,000.00	\$	\$ 58,458.33	\$	\$ 1,345.00	\$	\$	\$ 57,113.33							
2217	Various Improvements	6/19/06	845,000.00		38,955.39		26,885.19			12,070.20							
2227	Various Improvements	4/2/07	1,098,000.00		242,290.63		32,233.30			210,057.33							
2272	Various Improvements	6/2/08	1,222,500.00		85,717.80		26,076.15			59,641.65							
2286	Various Improvements	2/15/09	1,185,000.00		127,640.78		37,079.73	9,194.92		99,755.97							
2306	Various Improvements	6/15/09	975,000.00		66,196.93		14,021.59			52,175.34							
2332	Various Improvements	6/21/10	485,000.00		44,785.76		25,690.44	95,045.86		114,141.18							
2339	Capital Grant Saker Shoprite	11/22/10	6,000,000.00		860,186.12		205,099.55			655,086.57							
2355	Site Remediation at Landfill	5/16/11	1,193,833.00	608,495.43	122,370.00		379,279.21		229,216.22	122,370.00							
2361	Various Improvements	6/8/11	1,125,000.00	180,152.39	731,500.00		552,972.82	2,000.00		360,679.57							
2377	Various Improvements	2/21/12	1,225,000.00			1,225,000.00	600,170.95	3,916.36		628,745.41							
2399	Various Redevelopment Projects	9/4/12	80,000.00			80,000.00	50,439.92			29,560.08							
Local Improvements:																	
2125	Various Local Improvements	5/6/02	60,000.00		47,659.61					47,659.61							
				\$	<u>836,307.43</u>	\$	<u>2,378,101.74</u>	\$	<u>1,305,000.00</u>	\$	<u>1,951,293.85</u>	\$	<u>110,157.14</u>	\$	<u>276,875.83</u>	\$	<u>2,401,396.63</u>
				REF.	C	C	C-12	C-2	C:C-3	C:C-6							
Capital Improvement Fund						\$ 50,000.00											
State Aid Grants Receivable						230,000.00											
Downtown Somerville Alliance Contribution Receivable						75,000.00											
Deferred Charges to Future Taxation - Unfunded						<u>950,000.00</u>											
						\$	<u>1,305,000.00</u>										

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE DECEMBER 31, 2012</u>
2189	Various Improvements	3/10/11	3/8/12	3/7/13	1.250%	\$ 30,000.00	\$ 50,000.00	\$ 30,000.00	\$ 50,000.00
2217	Various Improvements	3/10/11	3/8/12	3/7/13	1.250%	200,000.00	280,000.00	200,000.00	280,000.00
2227	Various Improvements	3/10/11	3/8/12	3/7/13	1.250%	225,000.00	225,000.00	225,000.00	225,000.00
2245	Various Redevelopment Improvements	3/10/11	3/8/12	3/7/13	1.250%	95,000.00	95,000.00	95,000.00	95,000.00
2272	Various Improvements	3/10/11	3/8/12	3/7/13	1.250%	75,000.00	75,000.00	75,000.00	75,000.00
2319	Various Redevelopment Improvements	3/10/11	3/8/12	3/7/13	1.250%	375,000.00	375,000.00	375,000.00	375,000.00
2339	Capital Grant to Sakar Shoprites, Inc.	3/10/11	3/10/11	3/9/12	2.125%	100,000.00		100,000.00	
2246/2278	Various Redevelopment Improvements	8/5/10	8/5/10	3/9/12	0.990%	100,000.00		100,000.00	
2286	Various Improvements	8/5/10	3/8/12	3/7/13	1.250%	100,000.00	130,000.00	100,000.00	130,000.00
2245	Various Redevelopment Improvements	8/5/10	3/8/12	3/7/13	1.250%		100,000.00		100,000.00
2306	Various Improvements	8/5/10	3/8/12	3/7/13	1.250%	500,000.00	500,000.00	500,000.00	500,000.00
2319	Various Redevelopment Improvements	8/5/10	3/8/12	3/7/13	1.250%	100,000.00	100,000.00	100,000.00	100,000.00
2332	Various Improvements	8/5/10	3/8/12	3/7/13	1.250%	200,000.00	200,000.00	200,000.00	200,000.00
2339	Capital Grant to Sakar Shoprites, Inc.	10/28/11	10/28/11	2/28/12	1.250%	5,150,000.00		5,150,000.00	
2352	Parking Lot Improvements	5/24/12	5/24/12	3/7/13	0.950%		200,000.00		200,000.00
2361	Various Improvements	5/24/12	5/24/12	3/7/13	0.950%		600,000.00		600,000.00
2377	Various Improvements	5/24/12	5/24/12	3/7/13	0.950%		400,000.00		400,000.00
						<u>\$ 7,250,000.00</u>	<u>\$ 3,330,000.00</u>	<u>\$ 7,250,000.00</u>	<u>\$ 3,330,000.00</u>

REF. C C-2 C-2 C:C-6

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2012		INTEREST RATE	BALANCE DECEMBER 31, 2011	ISSUED	DECREASED	BALANCE DECEMBER 31, 2012
			DATE	AMOUNT					
General Improvement	02/01/99	\$ 5,700,000.00	02/01/13	\$ 570,000.00	4.200%	\$ 1,140,000.00	\$	\$ 570,000.00	\$ 570,000.00
County Guaranteed Capital Equipment and Improvement Revenue Bonds	06/15/03	4,500,000.00	3/15/13	100,000.00		3,650,000.00		3,550,000.00	100,000.00
General Improvement	08/01/06	3,830,000.00	08/01/13	270,000.00	4.000%				
			8/01/14-16	295,000.00	4.000%				
			8/01/17-19	300,000.00	4.000%				
			81/2020	300,000.00	4.250%				
			81/2021	255,000.00	4.500%	2,880,000.00		270,000.00	2,610,000.00
County Guaranteed Governmental Loan Revenue Bonds Series 2010B		3,360,000.00	10/1/13	180,000.00	2.000%				
			10/1/14	215,000.00	2.500%				
			10/1/15-16	240,000.00	3.000%				
			10/1/17-19	265,000.00	3.000%				
			10/1/20	265,000.00	3.250%				
			10/1/21	265,000.00	3.750%				
			10/1/22	265,000.00	3.500%				
			10/1/23	265,000.00	4.000%				
			10/1/24	190,000.00	4.000%	3,100,000.00		180,000.00	2,920,000.00
County Guaranteed Governmental Loan Revenue Bonds Series 2010C		3,640,000.00	10/1/13	195,000.00	4.000%				
			10/1/14	235,000.00	4.000%				
			10/1/15	260,000.00	4.250%				
			10/1/16	260,000.00	4.500%				
			10/1/17-20	285,000.00	5.000%				
			10/1/21-22	285,000.00	5.125%				
			10/1/23	285,000.00	5.250%				
			10/1/24	210,000.00	5.250%	3,350,000.00		195,000.00	3,155,000.00

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2012		INTEREST RATE	BALANCE DECEMBER 31, 2011	ISSUED	DECREASED	BALANCE DECEMBER 31, 2012
			DATE	AMOUNT					
General Improvement	02/08/12	5,340,000.00	9/15/13	250,000.00	2.000%				
			9/15/14	285,000.00	2.000%				
			9/15/15	320,000.00	2.000%				
			9/15/16	330,000.00	2.000%				
			9/15/17	375,000.00	2.000%				
			9/15/18	385,000.00	2.000%				
			9/15/19	395,000.00	2.000%				
			9/15/20	400,000.00	2.000%				
			9/15/21	410,000.00	2.000%				
			9/15/22	420,000.00	2.000%				
			9/15/23	430,000.00	2.000%				
			9/15/24	440,000.00	2.100%				
			9/15/25	475,000.00	2.250%				
			9/15/26	425,000.00	2.375%				
Refunding	03/15/12	3,260,000.00	3/15/14	635,000.00	3.000%				
			3/15/15-16	630,000.00	3.000%				
			3/15/17	680,000.00	4.000%				
			3/15/18	685,000.00	4.000%				
						<u>\$ 14,120,000.00</u>	<u>\$ 8,600,000.00</u>	<u>\$ 4,765,000.00</u>	<u>\$ 17,955,000.00</u>
						C			C
Bonds Paid by Budget								\$ 1,415,000.00	
Refunding Bonds								<u>3,350,000.00</u>	
								<u>\$ 4,765,000.00</u>	
Bonds Issued					C-2:C-5	\$ 5,340,000.00			
Refunding Bonds					C-5	<u>3,260,000.00</u>			
							<u>8,600,000.00</u>		

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>ASSESSMENT TRUST FUND</u>	<u>TRUST OTHER FUND</u>	<u>SEWER OPERATING FUND</u>	<u>SEWER CAPITAL FUND</u>
Balance, December 31, 2011:							
Due From	C	\$ 212,546.15	\$ 3,677.35	\$ 153,868.80	\$	\$ 55,000.00	\$
Due To	C	<u>695,762.17</u>	<u></u>	<u></u>	<u>157,000.00</u>	<u></u>	<u>538,762.17</u>
Receipts	C-2	\$ 243,000.00	\$ 166,000.00	\$	\$ 77,000.00	\$	\$
Disbursements	C-2	<u>161,522.70</u>	<u>161,522.70</u>	<u></u>	<u></u>	<u></u>	<u></u>
Balance, December 31, 2012:							
Due From	C	\$ 208,868.80	\$	\$ 153,868.80	\$	\$ 55,000.00	\$
Due To	C	<u>773,562.12</u>	<u>799.95</u>	<u></u>	<u>234,000.00</u>	<u></u>	<u>538,762.17</u>

"C-12"

BOROUGH OF SOMERVILLE
GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2011	C		\$ 610,856.70
Increased by:			
Improvement Authorizations Charged	C-8	\$ 1,951,293.85	
Improvement Authority Lease	C-13	<u>372,767.71</u>	
			2,324,061.56
			<u>\$ 2,934,918.26</u>
Decreased by:			
Cash Disbursements	C-2		<u>2,830,831.22</u>
Balance, December 31, 2012	C		<u>\$ 104,087.04</u>

"C-13"

SCHEDULE OF DUE SOMERSET COUNTY IMPROVEMENT AUTHORITY

Balance, December 31, 2011 (Due from)	C		\$ 157,595.26
Increased by:			
Charges	C-12		<u>372,767.71</u>
			<u>\$ 530,362.97</u>
Decreased by:			
Cash Receipts	C-2		<u>461,061.94</u>
Balance, December 31, 2012 (Due from)	C		<u>\$ 69,301.03</u>

"C-14"

SCHEDULE OF RESERVE FOR DEBT SERVICE

Balance, December 31, 2011 and December 31, 2012	C		<u>\$ 24,853.12</u>
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"C-15"

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF DOWNTOWN SOMERVILLE
ALLIANCE CONTRIBUTION RECEIVABLE

	<u>REF.</u>	
Increased by:		
Contribution Receivable	C-8	\$ <u>75,000.00</u>
Balance, December 31, 2012	C	\$ <u><u>75,000.00</u></u>

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>		<u>BALANCE DECEMBER 31, 2012</u>
2018	Local Improvements - Sidewalks	\$	5,125.00
2141	Various Improvements		7,550.00
2189	Various Improvements		47,750.00
2211	Various Improvements-Vanderveer Field		3,749.83
2217	Various Improvements		30,000.00
2227	Various Improvements		204,350.00
2272	Various Improvements		68,000.00
2286	Various Improvements		86,400.00
2306	Various Improvements		45,000.00
2332	Various Improvements		37,500.00
2339	Capital Grant Saker Shoprite		660,000.00
2355	Site Remediation at Landfill		122,370.00
2361	Various Improvements		131,500.00
2377	Various Improvements		474,000.00
2399	Various Redevelopment Projects		76,000.00
			<hr/>
		\$	<u>1,999,294.83</u>

BOROUGH OF SOMERVILLE

SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2011	D	\$ 93,263.01	\$ -0-
Increased by Receipts:			
Collector	D-6	\$ 2,356,499.97	\$
Interfunds	D-13:D-19	35,000.00	48,411.67
Change Fund	D-10	50.00	
Miscellaneous	D-3	<u>7,156.76</u>	
		<u>2,398,706.73</u>	<u>48,411.67</u>
		\$ <u>2,491,969.74</u>	\$ <u>48,411.67</u>
Decreased by Disbursements:			
2012 Appropriations	D-4	\$ 2,408,482.99	\$
2011 Appropriation Reserves	D-14	2,419.06	
Accrued Interest on Bonds	D-17	7,945.61	
Interfunds	D-19	63,374.22	
Refund of Prior Year Revenue	D-1	1,230.68	
Improvement Authorizations	D-18		<u>48,411.67</u>
		<u>2,483,452.56</u>	<u>48,411.67</u>
Balance, December 31, 2012	D	\$ <u><u>8,517.18</u></u>	\$ <u><u>-0-</u></u>

"D-6"

BOROUGH OF SOMERVILLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR

	<u>REF.</u>	<u>OPERATING</u>
Increased by Receipts:		
Consumer Accounts Receivable	D-7	\$ 2,296,357.39
Overpayments	D-16	27,971.58
Prepaid Sewer Charges	D-24	1,057.89
Penalties on Delinquent Accounts	D-3	<u>31,113.11</u>
		\$ 2,356,499.97
Decreased by Disbursements:		
Payment to Treasurer:		
Sewer Operating Fund	D-5	<u>\$ 2,356,499.97</u>

"D-7"

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance, December 31, 2011	D	\$ 206,367.99
Increased by:		
Sewer Rents Levied - Net		<u>2,294,715.58</u>
		\$ 2,501,083.57
Decreased by:		
Collection	D-3:D-6	\$ 2,296,357.39
Overpayment Applied	D-3:D-16	2,269.55
Prepaid Applied	D-3:D-24	4,285.48
Transfer to Lien	D-9	<u>240.00</u>
		<u>2,303,152.42</u>
Balance, December 31, 2012	D	<u>\$ 197,931.15</u>

"D-8"

BOROUGH OF SOMERVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DOWN PAYMENT ON IMPROVEMENTS

REF.

Balance, December 31, 2011 and December 31, 2012	D	\$ <u>732.00</u>
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"D-9"

SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER LIENS RECEIVABLE

Increased by: Sewer Lien Receivable	D-7	\$ 240.00
Balance, December 31, 2012	D	\$ <u>240.00</u>

"D-10"

SCHEDULE OF CHANGE FUND -
SEWER OPERATING FUND

Balance, December 31, 2011	D	\$ 100.00
Decreased by: Cash Receipts	D-5	<u>50.00</u>
Balance, December 31, 2012	D	\$ <u>50.00</u>

BOROUGH OF SOMERVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2011	AUTHORIZATIONS	BALANCE DECEMBER 31, 2012
		DATE	AMOUNT			
General Improvements:						
2184	Sewer Rehabilitation	02/07/09	\$ 150,000.00	\$ 150,000.00	\$	\$ 150,000.00
2190	Acquisition of Wash Down Truck	06/06/09	105,000.00	105,000.00		105,000.00
2218	Sewer Rehabilitation	06/19/06	50,000.00	50,000.00		50,000.00
2271	Various Sewer Improvements	06/02/08	110,000.00	110,000.00		110,000.00
2307	Various Sewer Improvements	6/15/09	50,000.00	50,000.00		50,000.00
2360	Various Sewer Improvements	06/08/11	45,000.00	45,000.00		45,000.00
2378	Various Sewer Improvements	02/21/12	150,000.00		150,000.00	150,000.00
				<u>\$ 510,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ 660,000.00</u>
			<u>REF.</u>	D		D
	Deferred Reserve for Amortization		D-20		\$ 10,000.00	
	Deferred Charges to Future Revenue		D-18		<u>140,000.00</u>	
					<u>\$ 150,000.00</u>	

"D-12"

BOROUGH OF SOMERVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

REF.

Balance, December 31, 2011 and
December 31, 2012

D

\$ 2,281,337.83

"D-13"

SCHEDULE OF INTERFUNDS - SEWER CAPITAL FUND

		<u>TOTAL</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER OPERATING FUND</u>
Balance, December 31, 2011:				
Due From	D	\$ 538,762.17	\$ 538,762.17	\$
Due To	D	<u>518,293.81</u>		<u>518,293.81</u>
Receipts	D-5	<u>48,411.67</u>		<u>48,411.67</u>
Balance, December 31, 2012:				
Due From	D	\$ 538,762.17	\$ 538,762.17	\$
Due To	D	<u>566,705.48</u>		<u>566,705.48</u>

BOROUGH OF SOMERVILLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Operating:				
Other Expenses	\$ <u>4,098.28</u>	\$ <u>4,552.87</u>	\$ <u>2,419.06</u>	\$ <u>2,133.81</u>
	\$ <u>4,098.28</u>	\$ <u>4,552.87</u>	\$ <u>2,419.06</u>	\$ <u>2,133.81</u>
	<u>REF.</u>	D	D-5	D-1
Balance, December 31, 2011	D-14	\$ 4,098.28		
Encumbrances Payable	D-15	<u>454.59</u>		
		<u>\$ 4,552.87</u>		

BOROUGH OF SOMERVILLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2011	D	\$ 454.59
Increased by:		
Charges to 2012 Appropriations	D-4	1,000.00
		\$ <u>1,454.59</u>
Decreased by:		
Transferred to 2011 Appropriation Reserves	D-14	<u>454.59</u>
Balance, December 31, 2012	D	\$ <u><u>1,000.00</u></u>

"D-16"

BOROUGH OF SOMERVILLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER OVERPAYMENTS

	<u>REF.</u>	
Balance, December 31, 2011	D	\$ 2,408.70
Increased by:		
Receipts	D-6	27,971.58
		\$ <u>30,380.28</u>
Decreased by:		
Applied to Receivable	D-7	<u>2,269.55</u>
Balance, December 31, 2012	D	\$ <u><u>28,110.73</u></u>

"D-17"

SCHEDULE OF ACCRUED INTEREST ON BONDS

Balance, December 31, 2011	D	\$ 7,945.61
Increased by:		
Budget Appropriation	D-4	11,354.61
		\$ <u>19,300.22</u>
Decreased by:		
Disbursements	D-5	<u>7,945.61</u>
Balance, December 31, 2012	D	\$ <u><u>11,354.61</u></u>

BOROUGH OF SOMERVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2011		2012 AUTHORIZATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2012	
		DATE	AMOUNT	FUNDED	UNFUNDED			FUNDED	UNFUNDED
<u>General Improvements:</u>									
2184	Sewer Rehabilitation	2/7/05	\$ 150,000.00	\$ 82.50	\$	\$	\$	\$ 82.50	\$
2307	Various Sewer Improvements	06/15/09	50,000.00		18,138.14		8,376.61		9,761.53
2360	Various Sewer Improvements	06/08/11	45,000.00		39,060.94		39,060.94		
2378	Various Sewer Improvements	02/21/12	150,000.00			150,000.00	974.12	9,025.88	140,000.00
				\$ 82.50	\$ 57,199.08	\$ 150,000.00	\$ 48,411.67	\$ 9,108.38	\$ 149,761.53
		<u>REF.</u>		D	D		D-5	D	D
	Capital Improvement Fund		D-21			\$ 10,000.00			
	Deferred Charges to Future Revenue		D-11			140,000.00			
						\$ 150,000.00			

BOROUGH OF SOMERVILLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>OTHER TRUST FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER CAPITAL FUND</u>
Balance, December 31, 2011:						
Due From	D	\$ 518,293.81	\$	\$	\$	\$ 518,293.81
Due To	D	<u>456,573.14</u>	<u>1,573.14</u>	<u>400,000.00</u>	<u>55,000.00</u>	<u></u>
Receipts	D-5	<u>\$ 35,000.00</u>	<u>\$</u>	<u>\$ 35,000.00</u>	<u>\$</u>	<u>\$</u>
Disbursements	D-5	<u>63,374.22</u>	<u>13,152.18</u>	<u>1,810.37</u>	<u></u>	<u>48,411.67</u>
Balance, December 31, 2012:						
Due From	D	\$ 578,284.52	\$ 11,579.04	\$	\$	\$ 566,705.48
Due To	D	<u>488,189.63</u>	<u></u>	<u>433,189.63</u>	<u>55,000.00</u>	<u></u>

BOROUGH OF SOMERVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORDINANCE</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>FIXED CAPITAL AUTHORIZED</u>	<u>BALANCE DECEMBER 31, 2012</u>
General Improvements:					
2184	Sewer Rehabilitation	02/07/09	\$ 150,000.00	\$	\$ 150,000.00
2218	Sewer Rehabilitation	06/19/09	50,000.00		50,000.00
2271	Sewer Improvements	06/02/08	40,000.00		40,000.00
2307	Sewer Improvements	06/15/09	5,000.00		5,000.00
2360	Sewer Improvements	06/08/11	5,000.00		5,000.00
2378	Sewer Improvements	02/21/12		10,000.00	10,000.00
			<u>\$ 250,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 260,000.00</u>
		<u>REF.</u>	D	D-11:D-21	D

"D-21"

BOROUGH OF SOMERVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2011	D	\$ 162,000.00
Decreased by:		
Appropriation to Finance Improvement Authorizations	D-18:D-20	<u>10,000.00</u>
Balance, December 31, 2012	D	<u>\$ 152,000.00</u>

"D-22"

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2011	D	\$ 1,972,810.28
Increased by:		
Serial Bonds Paid by Operating Budget	D-23	<u>75,000.00</u>
Balance, December 31, 2012	D	<u>\$ 2,047,810.28</u>

BOROUGH OF SOMERVILLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SEWER SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2012</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2012</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Sewer Utility Bonds	02/01/99	\$ 1,200,000.00	02/01/13-15 02/01/16	\$ 75,000.00 68,000.00	4.20% 4.20%	\$ <u>368,000.00</u>	\$ <u>75,000.00</u>	\$ <u>293,000.00</u>
					<u>REF.</u>	D	D-22	D

BOROUGH OF SOMERVILLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF PREPAID SEWER CHARGES

	<u>REF.</u>	
Balance, December 31, 2011	* D	\$ 4,285.48
Increased by:		
Receipts	* D-6	<u>1,057.89</u>
		\$ 5,343.37
Decreased by:		
Applied to Receivable	* D-7	<u>4,285.48</u>
Balance, December 31, 2012	* D	<u><u>1,057.89</u></u>

BOROUGH OF SOMERVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2012</u>
1143	Various Sewer Improvements	\$ 469.83
2142	Various Sewer Utility Improvements	45,999.72
2190	Acquisition of Wash Down Truck	58.00
2190	Various Sewer Improvements	70,000.00
2307	Various Sewer Improvements	45,000.00
2360	Various Sewer Improvements	40,000.00
2378	Various Sewer Improvements	<u>140,000.00</u>
		<u>\$ 341,527.55</u>

"E-1"

BOROUGH OF SOMERVILLE
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF DUE TRUST OTHER FUND

	<u>REF.</u>	
Balance, December 31, 2011	E	\$ 26,358.60
Decreased by:		
Receipts	E-2	<u>825.00</u>
Balance, December 31, 2012	E	<u>\$ 25,533.60</u>

"E-2"

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

Balance, December 31, 2011	E	\$ 26,358.60
Increased by:		
Disbursements	E-1	<u>825.00</u>
Balance, December 31, 2012	E	<u>\$ 25,533.60</u>

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BOROUGH OF SOMERVILLE

PART II

SINGLE AUDIT SECTION

REPORTS 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

REPORTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL AND STATE FINANCIAL ASSISTANCE
PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL DATA SCHEDULE – SECTION 8
HOUSING CHOICE VOUCHER PROGRAM



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Mayor and Members
of the Borough Council
Borough of Somerville
County of Somerset
Somerville, New Jersey 08876

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Somerville, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated July 31, 2013. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Somerville prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough of Somerville's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We also noted other instances of noncompliance which are discussed in Part III, Comments and Recommendations Section of this report.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Somerville's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Somerville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 31, 2013



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAMS AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH U.S. OMB CIRCULAR A -133**

The Honorable Mayor and Members
of the Borough Council
Borough of Somerville
County of Somerset
Somerville, New Jersey 08876

Report on Compliance for Each Major Federal Program

We have audited the Borough of Somerville's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Borough of Somerville's major federal programs for the year ended December 31, 2012. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Somerville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough of Somerville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough of Somerville's compliance.

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major Federal Program

In our opinion, the Borough of Somerville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Borough of Somerville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Somerville's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Somerville's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 31, 2013

BOROUGH OF SOMERVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL C.F.D.A. NUMBER	GRANTOR'S NUMBER	GRANT AWARD AMOUNT	GRANT PERIOD		2012 RECEIPTS	2012 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2012
				FROM	TO			
<u>U. S. Department of Housing and Urban Development</u>								
<u>Direct Programs</u>								
Main Street Revitalization	14.251	B-05-SP-NJ-0536	\$ 99,133.60	Continuous		\$ 10,841.00	\$ 10,841.60	\$ 99,133.60
Section 8 Program:								
Low Income Housing Assistance Program - Vouchers	14.871	NJ39VO97013/026	2,131,622.00	1/1/12	12/31/12	2,131,622.00	2,131,622.00	2,131,622.00
						<u>\$ 2,142,463.00</u>	<u>\$ 2,142,463.60</u>	<u>\$ 2,230,755.60</u>
<u>Pass -Through From County of Somerset</u>								
Community Development Block Grants:								
Sewer Rehabilitation	14.218	CD01-U1891-18	35,000.00	9/1/09	8/31/10	\$ 7,223.59	\$ 7,651.80	\$ 29,304.90
Sewer Rehabilitation-Ord. 2361	14.218	CD01-U1801-18	55,000.00	9/1/10	8/31/11	55,000.00	55,000.00	55,000.00
Sewer Rehabilitation	14.218	CD01-U1811-18	45,000.00	9/1/11	8/31/12			
						<u>\$ 62,223.59</u>	<u>\$ 62,651.80</u>	<u>\$ 84,304.90</u>
<u>U.S. Department of Justice</u>								
Federal Bulletproof Partnership Program - FY 2012	16.607		1,351.01	Continuous		1,351.01		
						<u>\$ 1,351.01</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
<u>Department of Transportation</u>								
Centers of Place Program	20.205	07-480-078-6320-DG5-7310	270,000.00	Continuous		\$	\$ 1,271.55	\$ 249,240.31
Sidewalk Improvements - Ord.2142 / 2189	20.205	6320-480-078-6320-AFM-TCAP-6010	430,000.00	Continuous				342,500.00
West Spring Street Improvements - Ord.2109	20.205	6320-480-078-6320-AIH-TCAP-6010	150,000.00	Continuous				112,500.00
PetersBrook Pathway Southern Ext. - Ord.2286	20.205	6320-480-078-6300-DLJ-TCAP-7310	450,000.00	Continuous				439,056.97
East / West High Street - Ord. 2286	20.205	6320-480-078-6320-AKE-TCAP-6010	323,000.00	Continuous				323,000.00
PetersBrook -Clark Woods Ext. - Ord.2306 / 2217	20.205	6320-480-078-6300-DLJ-TCAP-7310	400,000.00	Continuous				163,578.17
Grove Street Improvements - Ord.2125 / 2227 / 2286	20.205	6320-480-078-6320-AKN-TCAP-6010	235,000.00	Continuous		58,750.00		235,000.00
Post Street Reconstruction - Ord.2361	20.205	6320-480-078-6320-AK3-TCAP-6010	200,000.00	Continuous				
Division Street Pedestrian Improvements - Ord.2361	20.205	6320-480-078-6320-AKV-TCAP-6010	100,000.00	Continuous			100,000.00	100,000.00
Various Streets - Ord.2377	20.205		230,000.00	Continuous			230,000.00	230,000.00
						<u>\$ 58,750.00</u>	<u>\$ 331,271.55</u>	<u>\$ 2,194,875.45</u>
<u>TOTAL FEDERAL FINANCIAL ASSISTANCE</u>						<u>\$ 2,264,787.60</u>	<u>\$ 2,536,386.95</u>	<u>\$ 4,509,935.95</u>

BOROUGH OF SOMERVILLE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>STATE ACCOUNT NUMBER</u>	<u>GRANT AWARD AMOUNT</u>	<u>2012 RECEIPTS</u>	<u>2012 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2012</u>
<u>Department of Environmental Protection</u>					
Clean Communities Program					
2012	4900-765-042-4900-004-VCMC-6020	\$ 17,923.66	\$ 17,578.65	\$ 14,817.66	\$ 14,817.66
Recycling Tonnage Program					
2012	4900-752-042-4900-001-V42Y-6020	41,487.69		41,187.69	41,187.69
Unappropriated	4900-752-042-4900-001-V42Y-6020	30,972.47	30,972.47		
Hazardous Discharge Site Remediation - EDA	P34449	1,193,833.00	465,782.79	379,279.21	846,368.21
			<u>\$ 514,333.91</u>	<u>\$ 435,284.56</u>	<u>\$ 3,040,665.56</u>
<u>Department of Law and Public Safety</u>					
<u>Drunk Driving Enforcement Fund</u>					
Prior Years	6400-100-078-6400-YYYY	2,798.98		\$ 1,246.23	\$ 2,798.98
2012	6400-100-078-6400-YYYY	4,138.79	4,138.79	1,623.38	1,623.38
<u>Body Armor Replacement Fund</u>					
Prior Years	1020-718-066-1020-001-YCJS-0120	7,445.90		715.00	6,932.88
2012	1020-718-066-1020-001-YCJS-0120	3,141.43		722.90	722.90
Unappropriated	1020-718-066-1020-001-YCJS-0120	2,951.84	2,951.84		
			<u>\$ 7,090.63</u>	<u>\$ 4,307.51</u>	<u>\$ 12,078.14</u>
<u>Pass Through from County of Somerset</u>					
<u>Municipal Alliance on Alcoholism and Drug Abuse</u>					
2010	SC-ALL-10-07	11,114.00			\$ 6,041.98
2011	SC-ALL-11-07	11,114.00	3,019.28	20.00	8,529.26
2012	SC-ALL-12-07	11,000.00	897.50	9,286.70	9,286.70
			<u>\$ 3,916.78</u>	<u>\$ 9,306.70</u>	<u>\$ 23,857.94</u>
<u>TOTAL STATE AID AND STATE GRANT FINANCIAL ASSISTANCE</u>			<u>\$ 525,341.32</u>	<u>\$ 448,898.77</u>	<u>\$ 3,076,601.64</u>

BOROUGH OF SOMERVILLE

NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2012

NOTE 1. GENERAL

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state financial assistance programs of the Borough of Somerville, County of Somerset, New Jersey. All federal awards and state financial assistance received directly from federal or state agencies, as well as federal financial assistance passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Borough's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules of expenditures agree with the amounts reported in the related federal and state financial reports.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules of expenditures agree with amounts reported in the Borough's regulatory basis financial statements. These amounts are reported in either the Grant Fund, Trust Other Fund or General Capital Fund.

Revenues

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 10,841.00	\$ 525,341.32	\$ 10,841.00	\$ 547,023.32
Trust Other Fund	2,155,154.80			2,155,154.80
General Capital Fund	<u>58,750.00</u>	<u> </u>	<u> </u>	<u>58,750.00</u>
	<u>\$ 2,224,745.80</u>	<u>\$ 525,341.32</u>	<u>\$ 10,841.00</u>	<u>2,760,928.12</u>

Expenditures

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 12,113.25	\$ 448,898.77	\$ 40,756.30	\$ 501,768.32
Trust Other Fund	2,155,583.01			2,155,583.01
General Capital Fund	<u>329,999.90</u>	<u> </u>	<u> </u>	<u>329,999.90</u>
	<u>\$ 2,497,696.16</u>	<u>\$ 448,898.77</u>	<u>\$ 40,756.30</u>	<u>\$ 2,987,351.23</u>

NOTE 5. OTHER

Matching contributions expended by the Borough in accordance with terms of the various grants are not reported in the accompanying schedules.

BOROUGH OF SOMERVILLE
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|--|-------------|
| (1) Type of Auditor Report Issued: | Unqualified |
| (2) Internal Control Over Financial Reporting: | |
| (a) Material weakness(es) identified? | No |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (3) Noncompliance material to the financial statements noted during the audit? | No |

Federal Program(s)

- | | |
|---|-------------|
| (1) Internal Control Over Major Federal Programs: | |
| (a) Material weakness(es) identified? | No |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (2) Type of Auditor's Report issued on compliance for major federal program(s)? | Unqualified |
| (3) Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133 and listed in Section III of this schedule? | No |

- (4) Identification of Major Federal Program(s):

<u>Program</u>	<u>C.F.D.A. #</u>
US Department of Housing and Urban Development: Section 8 Housing Assistance Program	14.871

- | | |
|---|-----|
| (5) Program Threshold Determination:
Type A Federal Program Threshold > \$300,000.00
Type B Federal Program Threshold <= \$300,000.00 | |
| (6) Auditee qualified as a low-risk auditee under OMB Circular A-133? | Yes |

BOROUGH OF SOMERVILLE
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Section I - Summary of Auditor's Results (Continued)

State Program(s)-Not Applicable

Section II - Financial Statement Audit - Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III - Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs - None Reported

State Programs - None Reported

Status of Prior Year Audit Findings - Not Applicable

BOROUGH OF SOMERVILLE
 SUPPLEMENTARY INFORMATION
 FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING CHOICE VOUCHER PROGRAM
 FOR THE YEAR ENDED DECEMBER 31, 2012

Line Item No.	Description	Total Programs	14.871 Housing Choice Vouchers
	Balance Sheet		
111	Cash-unrestricted	\$ 37,974	\$ 37,974
113	Cash-other restricted	\$ 167,349	\$ 167,349
100	Total Cash	\$ 205,323	\$ 205,323
128	Fraud recovery	\$ 7,597	\$ 7,597
120	Total receivables, Net of Allowance for Doubtful Accounts	\$ 7,597	\$ 7,597
150	Total Current Assets	\$ 212,920	\$ 212,920
190	Total Assets	\$ 212,920	\$ 212,920
312	Accounts payable <= 90 days	\$13,480	\$13,480
332	Accounts payable-PHA Programs	3,951	3,951
345	Other Current Liabilities	133	133
310	Total Current Liabilities	\$17,564	\$17,564
300	Total Liabilities	\$17,564	\$17,564
509.2	Fund Balance Reserved	\$ 167,349	\$ 167,349
512.2	Unreserved, Undesignated Fund Balance	\$ 28,007	\$ 28,007
513	Total Equity/Net Assets	\$ 195,356	\$ 195,356
600	Total Liabilities and Equity/Net assets	\$ 212,920	\$ 212,920
	Income Statement		
70600	HUD PHA operating grants	\$ 2,131,622	\$ 2,131,622
71100	Investment Income- Unrestricted	\$ 94	\$ 94
71400	Fraud recovery	\$ 4,993	\$ 4,993
71500	Other revenue	\$ 67,148	\$ 67,148
72000	Investment Income- restricted	\$ 578	\$ 578
70000	Total Revenue	\$ 2,204,435	\$ 2,204,435
91100	Administrative salaries		
91200	Auditing fees	\$ 2,250	\$ 2,250
91300	Management Fee	\$ 161,110	\$ 161,110
91900	Other	\$ 13,118	\$ 13,118
91000	Total Operating-Administrative	\$ 176,478	\$ 176,478
96200	Other general expenses	\$ 2,928	\$ 2,928
96000	Total Other General Expenses	\$ 2,928	\$ 2,928
96900	Total Operating Expenses	\$ 179,406	\$ 179,406
97000	Excess Revenue Over Operating Expenses	\$ 2,025,029	\$ 2,025,029

BOROUGH OF SOMERVILLE
 SUPPLEMENTARY INFORMATION
 FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING CHOICE VOUCHER PROGRAM
 FOR THE YEAR ENDED DECEMBER 31, 2012

Line Item No.	Description	Total Programs	14.871 Housing Choice Vouchers
97300	Housing assistance payments	\$ 1,980,781	\$ 1,980,781
97350	HAP Portability-in	\$ 60,242	\$ 60,242
90000	Total Expenses	\$ 2,220,429	\$ 2,220,429
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (15,994)	\$ (15,994)
11030	Beginning equity	\$ 211,350	\$ 211,350
11040	Prior period adjustments, equity transfers, and correction of errors		
11170	Administrative Fee Equity	\$ 28,007	\$ 28,007
11180	Housing Assistance Payments Equity	\$ 167,349	\$ 167,349
11190	Unit Months Available	2040	2040
11210	Unit Months Leased	2002	2002

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PART III

BOROUGH OF SOMERVILLE

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

	<u>YEAR 2012</u>		<u>YEAR 2011</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,040,000.00	2.45%	\$ 1,300,000.00	3.09%
Miscellaneous - From Other Than Local				
Property Tax Levies	3,510,803.24	8.26%	3,529,131.17	8.39%
Collection of Delinquent Taxes and Tax Title Liens	862,098.13	2.03%	782,682.58	1.86%
Collection of Current Tax Levy	<u>37,089,672.26</u>	<u>87.26%</u>	<u>36,463,395.01</u>	<u>86.66%</u>
<u>TOTAL INCOME</u>	<u>\$ 42,502,573.63</u>	<u>100.00%</u>	<u>\$ 42,075,208.76</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 14,685,505.02	35.48%	\$ 14,520,263.56	35.40%
County Taxes	4,637,520.14	11.20%	4,735,311.25	11.55%
Local School Taxes	21,538,682.00	52.03%	21,233,913.00	51.77%
Other Expenditures	<u>531,954.14</u>	<u>1.29%</u>	<u>525,424.28</u>	<u>1.28%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 41,393,661.30</u>	<u>100.00%</u>	<u>\$ 41,014,912.09</u>	<u>100.00%</u>
Excess in Revenue	\$ 1,108,912.33		\$ 1,060,296.67	
Adjustments to Income Before Fund Balance: Expenditures Included Above Which are Deferred Charges to Budget of Succeeding Year	<u>7,000.00</u>		<u>220,000.00</u>	
Statutory Excess to Fund Balance	\$ 1,115,912.33		\$ 1,280,296.67	
Fund Balance, January 1	<u>1,282,566.13</u>		<u>1,302,269.46</u>	
	\$ 2,398,478.46		\$ 2,582,566.13	
Less: Utilization as Anticipated Revenue	<u>1,040,000.00</u>		<u>1,300,000.00</u>	
Fund Balance, December 31	<u>\$ 1,358,478.46</u>		<u>\$ 1,282,566.13</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - SEWER UTILITY FUND

	YEAR 2012		YEAR 2011	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Collection of Sewer Rents	\$ 39,500.00	1.66%	\$ 2,465,851.68	96.32%
Miscellaneous - From Other Than Sewer Rents	2,302,912.42	96.65%	94,094.61	3.68%
Unexpended Balance of Appropriation Reserves	38,269.87	1.61%		
	2,133.81	0.09%		
<u>TOTAL INCOME</u>	<u>\$ 2,382,816.10</u>	<u>100.00%</u>	<u>\$ 2,559,946.29</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 2,251,178.88	91.53%	\$ 2,179,611.23	87.53%
Deferred Charges and Statutory Expenditures	36,647.88	1.49%	135,888.28	5.46%
Capital Improvements			1,000.00	0.04%
Municipal Debt Service	170,500.00	6.93%	173,500.00	6.97%
Refund of Prior Year Revenue	1,230.68	0.05%		
<u>TOTAL EXPENDITURES</u>	<u>\$ 2,459,557.44</u>	<u>100.00%</u>	<u>\$ 2,489,999.51</u>	<u>100.00%</u>
Excess in Revenue	\$		\$ 69,946.78	
Deficit in Revenue	76,741.34			
Operating Deficit to be Raised in Budget of Succeeding Year	\$ 76,741.34		\$	
Statutory Excess to Fund Balance			69,946.78	
Fund Balance:				
January 1	135,891.02		65,944.24	
	<u>\$ 135,891.02</u>		<u>\$ 135,891.02</u>	
Less: Utilization as Anticipated Revenue	<u>39,500.00</u>			
Balance, December 31	<u>\$ 96,391.02</u>		<u>\$ 135,891.02</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	<u>3.135</u>	<u>2.977</u>	<u>5.478</u>
Apportionment of Tax Rate:			
Municipal	0.955	0.889	1.653
County	0.387	0.382	0.627
Local School	1.793	1.706	3.198

Assessed Valuation:

2012	<u>\$1,201,467,798</u>		
2011		<u>\$1,244,090,427</u>	
2010			<u>\$659,431,551</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CASH COLLECTION</u>	<u>CURRENTLY PERCENTAGE OF COLLECTIONS</u>
2012	\$38,152,505.02	\$37,089,672.26	97.21%
2011	37,530,531.59	36,463,395.01	97.15%
2010	36,588,094.25	35,659,350.95	97.46%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2012	\$457,566.10	\$793,912.36	\$1,251,478.46	3.28%
2011	9,099.30	1,166,271.96	1,175,371.26	3.13%
2010	-0-	901,420.39	901,420.39	2.46%

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, was as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2012	\$28,500.00
2011	28,500.00
2010	28,500.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2012	\$1,358,478.46	\$1,250,000.00
2011	1,282,566.13	1,040,000.00
Current Fund 2010	1,302,269.46	1,300,000.00
2009	1,544,526.20	1,500,000.00
2008	1,942,637.25	1,800,000.00

<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2012	\$96,391.02	\$96,000.00
Water and Sewer 2011	135,891.02	39,500.00
Utility Operating 2010	65,944.24	-0-
Fund 2009	65,944.24	-0-
2008	87,944.24	22,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Brian G. Gallagher	Mayor	*
Jane Kobuta	President of Council	*
Thompson Mitchell	Council Person	*
Amanda O'Neill	Council Person	*
Nick Stires	Council Person	*
Dennis Sullivan	Council Person	*
Robert Wilson	Council Person	*
Kevin Sluka	Borough Clerk, Administrator, Election Officer	*
Janet E. Kelk	Chief Financial Officer, Treasurer, Tax Collector, Sewer Utility Collector to Nov. 30, 2012	*
Dena Flynn	Chief Financial Officer, Treasurer, from Nov. 26, 2012	*
Joan M. Osienko	Deputy Treasurer, Payroll Officer	*
Carol Strehle	Deputy Tax Collector, Tax Search Officer	*
Corrine Legge	Court Administrator to June 30, 2012	*
Richard Adams	Court Administrator from July 1, 2012	*
William T. Kelleher, Jr.	Magistrate	*

OFFICIALS IN OFFICE AND SURETY BONDS (CONTINUED)

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Jeremy Solomon	Borough Attorney	*
Dave Meyers	Construction Code Official Building Inspector, Electrical Sub-Code Official	*
Basil Kulick	Plumbing Sub-Code Official	*
Frank Vuoso	Community Development Director, Code Official, Zoning Officer	*
Barry Van Horn	Fire Official	*
Matthew D. Loper	Borough Engineer	*
Brendon J. Nally	Assistant to Borough Engineer	*
Peter Hendershot	Public Works Manager	*
Joseph Pidany	Recreation Director	*
Frank Betts	Tax Assessor	*
Dennis Manning	Police Chief	*

*All Officials and Borough Employees covered for \$1,000,000.00 Employee Theft Faithful Performance Blanket Position Bond of Fidelity Deposit Company of Maryland.

All of the bonds were examined and were properly executed.

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR N.J.S.A. 40A:11-4

"Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 P.L. 1971 C. 198 (C. 40A:11-3), except by contract or agreement."

Effective January 1, 2012, the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$36,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

- Solid Waste Collection
- Crossing Guard Services
- Ambulance
- Parking Lot Improvements
- Roadway Improvements
- Sidewalk Improvements
- Brush Chipper
- Basketball and Tennis Court Rehabilitation

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 1, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

“BE IT RESOLVED, that the rate of interest to be charged by the Borough of Somerville for non-payment of taxes and sewer charges when the same shall become due, according to the statutes in such case made and provided, be and the same is hereby fixed at the rate of eight percent (8%) per annum for the first \$1,500.00 of delinquency and eighteen percent (18%) per annum on any amount in the excess of \$1,500.00, to be computed after ten (10) days grace period; however, payments made after ten (10) days grace period will be charged said interest from the original due date, without and grace period, to the actual date of payment or installment, thereof, remaining delinquent and to be in nowise construed to apply or relate to any taxes heretofore levied or assessed other than the taxes assessed for the year 2012.

WHEREAS, N.J.S.A. 54:4-67 now permits the governing body to invoke a penalty when certain conditions are present;

NOW THEREFORE, BE IT FURTHER RESOLVED, that as per N.J.S.A. 54:4-67, a six percent (6%) penalty will be charged to any tax payer with a delinquency in excess of \$10,000.00 who fails to pay the delinquency prior to the end of the calendar year.”

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on October 17, 2012 and was complete.

Inspection of Tax Sale Certificates on file revealed that all Tax Sale Certificates were available for audit.

The following comparison is made of the number of tax title liens on December 31 of the last three years:

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2012	7
2011	4
2010	0

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of the mailing of verification notices as follows:

<u>TYPE</u>	
Payments of 2013 Taxes	25
Payments of 2012 Taxes	25
Delinquent Taxes	25
Payment of Sewer Utility Charges	15
Delinquent Sewer Utility Charges	15

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which require a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year.

It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

Treasurer

The Current Fund General Ledger was not completely maintained. While cash receipts and disbursements were recorded in the ledger, not all individual non-cash transactions and adjustments were posted, thus, many of the balances reflected were incomplete.

Fixed Assets

The General Fixed Assets Ledger has not been updated to reflect the purchase, retirement or sale of general fixed assets that occurred during 2012. In addition, a physical inspection of fixed assets and a reconciliation with the property records has not been prepared for the past several years. Any difference between quantities determined by the physical inspection and the accounting records should be investigated and fully documented.

Purchasing

The Borough has not maintained a complete encumbrance accounting system in accordance with the minimum requirements as promulgated by the Division of Local Government Services. We noted that several purchase orders are processed as confirming orders. This is where goods have been received or services have been rendered prior to the issuance of a purchase order.

RECOMMENDATIONS

*That all non-cash transactions and adjustments be recorded in the current fund general ledger.

That a complete record of general fixed assets be maintained.

That the encumbrance accounting system be completely maintained.

*Unresolved 2011 audit recommendations

