

*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, 2013*



BOROUGH OF SOMERVILLE

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BOROUGH OF SOMERVILLE

PART I

INDEPENDENT AUDITOR'S REPORT ON  
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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2013 AND 2012



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

## **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, 2013 and 2012, 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, 2013, 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, 2013 and 2012, 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, 2013.

### ***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, 2013 and 2012, 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, 2013 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.

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## **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 schedule of expenditures of state financial assistance 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* 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 the schedule of expenditures of state financial assistance 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, 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* 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, 2014 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

CURRENT FUND

BOROUGH OF SOMERVILLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
<u>ASSETS</u>			
Cash	A-4	\$ 3,153,293.57	\$ 2,127,220.42
Cash - Change Fund	A-6	300.00	300.00
		<u>\$ 3,153,593.57</u>	<u>\$ 2,127,520.42</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	\$ 778,864.36	\$ 793,912.36
Tax Title Liens Receivable	A-29	634,087.16	457,566.10
Maintenance Liens Receivable	A-28	1,104.34	1,061.00
Revenue Accounts Receivable	A-9	29,722.89	43,827.13
Property Acquired for Taxes - Assessed Value	A-27	28,500.00	28,500.00
Interfunds Receivable	A-10	28,420.96	799.95
	A	<u>\$ 1,500,699.71</u>	<u>\$ 1,325,666.54</u>
Deferred Charges:			
Special Emergency 40A:4-55 Revaluation		\$ 44,000.00	\$ 88,000.00
Overexpenditure of Appropriations			7,000.00
Overexpenditure of Appropriation Reserves		11,032.60	
	A-31	<u>\$ 55,032.60</u>	<u>\$ 95,000.00</u>
		<u>\$ 4,709,325.88</u>	<u>\$ 3,548,186.96</u>
Grant Fund:			
Grants Receivable	A-19	\$ 219,489.77	\$ 69,626.07
Interfunds Receivable	A-24	351,291.26	31,173.84
		<u>\$ 570,781.03</u>	<u>\$ 100,799.91</u>
		<u>\$ 5,280,106.91</u>	<u>\$ 3,648,986.87</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>	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 630,874.71	\$ 186,718.63
Interfunds Payable	A-10	720,248.12	267,675.77
Prepaid Taxes	A-17	174,190.64	162,828.63
Due State of New Jersey - Chapter 20, P.L.1971	A-16	7,542.13	7,042.13
Tax Overpayments	A-18	2,966.69	2,184.89
Encumbrances Payable	A-20	114,006.50	106,185.66
Emergency Note Payable	A-26	44,000.00	88,000.00
Reserve For:			
Sale of Municipal Assets	A-11	34,520.73	31,206.25
Master Plan	A-21	10,000.00	10,000.00
Revaluation	A-30	2,200.00	2,200.00
Library Surplus	A-32	2,501.00	
		<u>\$ 1,743,050.52</u>	<u>\$ 864,041.96</u>
Reserve for Receivables and Other Assets	A	1,500,699.71	1,325,666.54
Fund Balance	A-1	<u>1,465,575.65</u>	<u>1,358,478.46</u>
		<u>\$ 4,709,325.88</u>	<u>\$ 3,548,186.96</u>
Grant Fund:			
Encumbrances Payable	A-8	\$ 158,617.69	\$ 5,831.09
Reserve for Grants Appropriated	A-23	392,206.73	59,319.46
Reserve for Grants Unappropriated	A-22	19,956.61	35,649.36
		<u>\$ 570,781.03</u>	<u>\$ 100,799.91</u>
		<u>\$ 5,280,106.91</u>	<u>\$ 3,648,986.87</u>

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

BOROUGH OF SOMERVILLECURRENT FUNDSTATEMENTS OF OPERATIONS AND CHANGE  
IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER <u>31, 2013</u>	YEAR ENDED DECEMBER <u>31, 2012</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 1,250,000.00	\$ 1,040,000.00
Miscellaneous Revenue Anticipated	A-2	5,147,516.63	3,381,367.37
Receipts from Delinquent Taxes	A-2	789,280.23	862,098.13
Receipts from Current Taxes	A-2	37,527,665.30	37,089,672.28
Non-Budget Revenue	A-2	67,693.11	81,573.63
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	54,700.19	46,405.27
Tax Overpayments Canceled	A-18	32.60	
Accounts Payable Canceled	A-20	1,430.00	
Maintenance Lien	A-28	821.66	40.00
Interfunds Returned			1,416.97
		<u>                    </u>	<u>                    </u>
<u>Total Income</u>		<u>\$ 44,839,139.72</u>	<u>\$ 42,502,573.65</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations within "CAPS":			
Operating	A-3	\$ 10,624,427.75	\$ 10,338,721.00
Deferred Charges and Statutory Expenditures	A-3	1,352,965.00	1,406,422.24
Operations Excluded From "CAPS":			
Operating	A-3	1,522,095.03	124,742.58
Capital Improvements	A-3	50,000.00	50,000.00
Municipal Debt Service	A-3	2,881,935.95	2,489,447.20
Deferred Charges	A-3	49,000.00	276,172.00
County Taxes	A-14	4,586,545.31	4,636,200.27
County Share of Added Taxes	A-14	2,682.99	1,319.87
Local District School Tax	A-15	21,911,695.00	21,538,682.00
Refund of Prior Years Revenue	A-4	423.00	55,862.59
Downtown Somerville Alliance Tax	A-25	466,401.49	476,091.55
Senior Citizens Disallowed by Collector - Prior Year	A-16	6,250.00	
Interfunds Advanced		27,621.01	
		<u>                    </u>	<u>                    </u>
<u>Total Expenditures</u>		<u>\$ 43,482,042.53</u>	<u>\$ 41,393,661.30</u>
Excess in Revenue		\$ 1,357,097.19	\$ 1,108,912.35
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are Deferred			
Charges to Budget of Succeeding Year			7,000.00
		<u>                    </u>	<u>                    </u>
Statutory Excess to Fund Balance		\$ 1,357,097.19	\$ 1,115,912.35
Fund Balance			
Balance, January 1	A	1,358,478.46	1,282,566.13
		<u>                    </u>	<u>                    </u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	1,250,000.00	1,040,000.00
		<u>                    </u>	<u>                    </u>
Fund Balance, December 31	A	<u>\$ 1,465,575.65</u>	<u>\$ 1,358,478.48</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, 2013

	<u>REF.</u>	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	A-1	\$ 1,250,000.00		\$ 1,250,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-9	\$ 24,600.00	\$	\$ 23,260.00	\$ (1,340.00)
Other	A-2	34,630.00		30,213.00	(4,417.00)
Fees and Permits:					
Construction Code Official	A-9	223,000.00		234,407.00	11,407.00
Other	A-2	130,000.00		165,145.19	35,145.19
Fines:					
Municipal Court	A-9	266,416.00		297,290.73	30,874.73
Interest and Cost on Taxes	A-9	190,000.00		188,288.68	(1,711.32)
Parking Meters	A-9	240,000.00		251,524.25	11,524.25
Interest on Investments and Deposits	A-9	9,484.00		9,607.69	123.69
Sale of Garbage Decals	A-9	18,000.00		20,136.00	2,136.00
Rent of Office Facilities	A-9	7,200.00		5,850.00	(1,350.00)
Consolidated Municipal Property Tax Relief Aid	A-9	61,573.00		61,573.00	
Energy Receipts Tax	A-9	1,342,717.00		1,342,716.64	(0.36)
Body Armor Replacement Fund	A-19	2,951.84		2,951.84	
Recycling Tonnage Grant	A-19	30,972.47		30,972.47	
Drunk Driving Enforcement Fund	A-19		2,557.76	2,557.76	
RCPCG - Res Zone	A-19	63,500.00		63,500.00	
Clean Communities Program	A-19	17,500.00	3,138.75	20,638.75	
Municipal Alliance on Alcoholism and Drug Abuse	A-19	10,902.00		10,902.00	
County of Somerset Historic Preservation	A-19	150,000.00		150,000.00	
DOT Safe Corridors	A-19		4,246.71	4,246.71	
Somerville Landfill Green Seam	A-19		893,600.00	893,600.00	
DOT Transit Village	A-19		230,000.00	230,000.00	
Regional Partnership Center	A-19	20,000.00	26,000.00	46,000.00	
DeSapio Contribution	A-9	76,000.00		76,000.00	
Saker - P.I.L.O.T.	A-9	112,000.00		84,309.18	(27,690.82)
Library Surplus	A-9	2,000.00		10,879.31	8,879.31
Uniform Fire Safety Act	A-9	23,000.00		14,850.21	(8,149.79)
Cable T.V. Franchise Tax	A-9	136,000.00		136,098.40	98.40
Somerville Senior Citizens Housing, Inc.	A-9	70,924.00		95,811.18	24,887.18
Sale of Assets	A-11	31,206.00		31,206.00	
ERG - Contribution to Debt Service	A-9	360,000.00		360,000.00	
FEMA Reimbursement	A-9	30,000.00		202,980.64	172,980.64
Capital Fund Balance	A-9	50,000.00		50,000.00	
	A-1	\$ 3,734,576.31	\$ 1,159,543.22	\$ 5,147,516.63	\$ 253,397.10
Receipts From Delinquent Taxes	A-1:A-2	\$ 900,000.00	\$	\$ 789,280.23	\$ (110,719.77)
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-7	\$ 11,525,786.50	\$	\$ 12,610,340.51	\$ 1,084,554.01
<u>Budget Totals</u>		\$ 17,410,362.81	\$ 1,159,543.22	\$ 19,797,137.37	\$ 1,227,231.34
Non-Budget Revenue	A-1:A-2			67,693.11	67,693.11
		\$ 17,410,362.81	\$ 1,159,543.22	\$ 19,864,830.48	\$ 1,294,924.45
	<u>REF.</u>	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, 2013

	<u>REF.</u>	
Allocation of Current Tax Collections:		
Collections on a Cash Basis	A-1:A-7	\$ <u>37,527,665.30</u>
Reserve from Operations		\$ 37,527,665.30
Allocated to:		
School and County Taxes		26,500,923.30
Special District Taxes		<u>466,401.49</u>
		\$ <u>10,560,340.51</u>
Add: Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>2,050,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u><u>12,610,340.51</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-2:A-7	\$ <u><u>789,280.23</u></u>
Licenses - Other:		
Clerk	A-9	4,665.00
Board of Health/Registrar	A-9	<u>25,548.00</u>
	A-2	\$ <u><u>30,213.00</u></u>
Fees and Permits - Other:		
Clerk	A-9	\$ 41,340.69
Board of Health/Registrar	A-9	104,582.00
Planning / Zoning	A-9	17,100.00
Engineering	A-9	<u>2,122.50</u>
	A-2	\$ <u><u>165,145.19</u></u>
<u>Analysis of Non-Budget Revenues</u>		
Tax Collector		\$ 32,173.54
Miscellaneous		<u>35,519.57</u>
	A-2:A-4	\$ <u><u>67,693.11</u></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, 2013

	APPROPRIATIONS		EXPENDED		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	\$ 176,000.00	\$ 176,200.00	\$ 173,114.75	\$ 3,085.25	
Other Expenses	245,000.00	244,920.00	194,736.41	50,183.59	
Borough Clerk:					
Salaries and Wages	59,750.00	59,750.00	59,750.00		
Elections:					
Salaries and Wages	1,000.00	2,000.00		1,000.00	1,000.00
Other Expenses	3,600.00	3,600.00	2,772.47	0.00	827.53
Financial Administration:					
Salaries and Wages	136,000.00	130,175.00	126,813.06	3,361.94	
Other Expenses	21,700.00	21,700.00	19,374.09	2,325.91	
Audit	40,000.00	40,000.00	40,000.00		
Assessment of Taxes:					
Salaries and Wages	40,750.00	40,450.00	40,377.49	72.51	
Other Expenses	3,600.00	4,210.00	4,209.11	0.89	
Collection of Taxes:					
Salaries and Wages	56,500.00	61,500.00	61,426.18	73.82	
Other Expenses	14,075.00	9,075.00	6,877.18	2,197.82	
Legal Services and Costs:					
Salaries and Wages	43,250.00	43,875.00	42,982.31	892.69	
Other Expenses	34,500.00	34,500.00	19,149.58	15,350.42	
Prosecutor:					
Other Expenses	13,000.00	13,000.00	13,000.00		
Engineering Services and Costs:					
Salaries and Wages	70,000.00	70,450.00	70,295.03	154.97	
Other Expenses	30,500.00	27,569.00	20,225.90	2,343.10	5,000.00

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, 2013

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>GENERAL GOVERNMENT (CONTINUED)</u>					
Public Buildings and Grounds:					
Salaries and Wages	\$ 170,000.00	\$ 167,000.00	\$ 160,172.17	\$ 6,827.83	
Other Expenses	71,000.00	71,000.00	65,784.87	5,215.13	
Municipal Land Use Law (N.J.S.A. 40:55d-1):					
Planning Board:					
Other Expenses	27,000.00	27,092.00	26,060.43	1,031.57	
Department of Technology:					
Other Expenses	75,000.00	74,908.00	66,522.03	8,385.97	
Zoning Board of Adjustment:					
Other Expenses	5,400.00	5,400.00	4,693.60	706.40	
Insurance:					
Group Insurance for Employees	1,200,000.00	1,200,000.00	1,085,612.63	114,387.37	
Other Insurance Premiums	651,000.00	653,931.00	642,468.00	11,463.00	
Prescription Drug/Dental Program	72,000.00	72,000.00	58,735.08		13,264.92
<u>PUBLIC SAFETY</u>					
Fire:					
Salaries and Wages	56,500.00	56,900.00	56,707.70	192.30	
Other Expenses	157,000.00	157,000.00	145,831.06	11,168.94	
Uniform Fire Safety Act:					
Salaries and Wages	55,000.00	55,000.00	54,966.03	33.97	
Other Expenses	4,200.00	4,200.00	3,737.65	462.35	
Police:					
Salaries and Wages	3,425,000.00	3,460,000.00	3,430,191.40	29,808.60	
Other Expenses	202,786.00	202,786.00	192,595.89	10,190.11	
School Crossing Guard - Contractual	130,000.00	130,000.00	112,888.12	17,111.88	
Municipal Court:					
Salaries and Wages	123,000.00	128,000.00	121,812.64	6,187.36	
Other Expenses	53,700.00	48,700.00	43,795.78	4,904.22	

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, 2013

	APPROPRIATIONS		EXPENDED		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	(4,252.84)	7,252.84	2,000.00
<u>STREETS AND ROADS</u>					
Road Repairs and Maintenance:					
Salaries and Wages	531,250.00	546,250.00	545,646.36	603.64	
Other Expenses	155,000.00	140,000.00	128,708.12	11,291.88	
Snow Removal:					
Other Expenses	20,000.00	20,000.00	20,000.00		
<u>SANITATION</u>					
Sewer System:					
Other Expenses	3,000.00	3,000.00	3,000.00		
Garbage and Trash Removal:					
Other Expenses - (Contractual)	690,000.00	690,000.00	577,207.95	112,792.05	
Recycling:					
Other Expenses	80,000.00	80,000.00	80,000.00		
<u>HEALTH AND WELFARE (BOARD OF HEALTH - LOCAL HEALTH AGENCY)</u>					
Board of Health:					
Salaries and Wages	95,000.00	98,000.00	97,214.56	785.44	
Other Expenses	101,500.00	101,500.00	101,412.60	87.40	
Dog Regulation (Contractual)	86,000.00	91,565.00	82,565.00	9,000.00	

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, 2013

	<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>RECREATION AND EDUCATION</u>					
Parks and Playgrounds:					
Salaries and Wages	\$ 5,000.00	\$ 5,000.00	\$ 4,480.00	\$	\$ 520.00
Other Expenses	28,000.00	28,000.00	22,720.89	3,243.31	2,035.80
Recreation:					
Salaries and Wages	125,000.00	125,000.00	120,350.91	4,649.09	
Other Expenses	2,500.00	2,500.00	2,500.00		
Celebration of Public Event, Anniversary or Holiday:					
Other Expenses	2,000.00	2,000.00	1,700.00		300.00
Redevelopment:					
Other Expenses					
<u>STATE UNIFORM CONSTRUCTION CODE</u> <u>(N.J.S.A. 52:270-120 ET. SEQ.)</u>					
Community Development:					
Salaries and Wages	140,000.00	138,570.00	136,863.72	1,706.28	
Other Expenses	41,150.00	41,150.00	31,494.41	4,655.59	5,000.00
Plumbing Inspector:					
Salaries and Wages	17,500.00	17,500.00	16,838.13	661.87	
Electrical Inspector:					
Salaries and Wages	96,250.00	95,700.00	95,396.71	303.29	
Building Inspector:					
Salaries and Wages	9,850.00	9,750.00	9,701.10	48.90	
<u>UTILITIES:</u>					
Street Lighting	200,000.00	170,000.00	125,479.64	44,520.36	
Fire Hydrant Service	150,000.00	150,000.00	145,500.00	4,500.00	
Telephone	63,000.00	63,000.00	52,898.43	10,101.57	
Water	15,000.00	15,000.00	12,815.64	2,184.36	
Electricity	204,000.00	204,000.00	188,592.84	15,407.16	
Gas/Diesel Fuel	155,000.00	155,000.00	122,475.69	32,524.31	
Accumulated Leave Compensation:					
Salaries and Wages	95,000.00	95,000.00	95,000.00		
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>\$ 10,648,811.00</b>	<b>\$ 10,654,376.00</b>	<b>\$ 10,048,988.50</b>	<b>\$ 575,439.25</b>	<b>\$ 29,948.25</b>

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, 2013

	<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>CONTINGENT</u>	\$ 1,000.00	\$ 1,000.00	\$	\$	\$ 1,000.00
<u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u>	<u>10,649,811.00</u>	<u>10,655,376.00</u>	<u>10,048,988.50</u>	<u>575,439.25</u>	<u>30,948.25</u>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u>					
Deferred Charges:					
Overexpenditure of Appropriation	7,000.00	7,000.00	7,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	293,000.00	293,000.00	292,773.00		227.00
Social Security System	225,000.00	219,435.00	202,375.57	17,059.43	
Police and Firemen's Retire System of N.J.	824,000.00	824,000.00	823,757.00		243.00
Unemployment Compensation	10,000.00	10,000.00	10,000.00		
<u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u>	<u>1,359,000.00</u>	<u>1,353,435.00</u>	<u>1,335,905.57</u>	<u>17,059.43</u>	<u>470.00</u>
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u>	<u>12,008,811.00</u>	<u>12,008,811.00</u>	<u>11,384,894.07</u>	<u>592,498.68</u>	<u>31,418.25</u>
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Length of Service Award Program - (LOSAP)	27,000.00	27,000.00	19,873.97	7,126.03	
Tax Appeals	35,000.00	35,000.00	3,750.00	31,250.00	
<u>PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES</u>					
Clean Communities Grant (N.J.S.A. 40A:4-87 \$3,138.75)	17,500.00	20,638.75	20,638.75		
County of Somerset-Historic Preservation Grant	150,000.00	150,000.00	150,000.00		
Regional Center Partner Grant (N.J.S.A. 40A:4-87 \$26,000.00)	22,000.00	48,000.00	48,000.00		
Highway Safety Grant "Safe Corridors" (N.J.S.A. 40A:4-87 \$4,246.71)		4,246.71	4,246.71		
Body Armor Replacement Fund	2,951.84	2,951.84	2,951.84		
Municipal Alliance Agreement:					
County of Somerset and Local Match	13,627.50	13,627.50	13,627.50		
Drunk Driving Enforcement Fund (N.J.S.A. 40A:4-87 \$ 2,557.76)		2,557.76	2,557.76		
RCPCG	63,500.00	63,500.00	63,500.00		

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, 2013

	<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>PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES</u>					
Transit Village Grant - Veteran's Memorial (N.J.S.A.40A;4-87 - \$230,000.00)	\$	\$ 230,000.00	\$ 230,000.00	\$	
Special Project Grant:					
Somerville Landfill Green Seam (N.J.S.A. 40A;4-87 - \$ 893,600.00)		893,600.00	893,600.00		
Recycling Tonnage Grant	30,972.47	30,972.47	30,972.47		
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	<u>362,551.81</u>	<u>1,522,095.03</u>	<u>1,483,719.00</u>	<u>38,376.03</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	1,565,000.00	1,565,000.00	1,565,000.00		
Payment of Bond Anticipation and Capital Notes	35,000.00	35,000.00	35,000.00		
Interest on Bonds	596,000.00	596,000.00	593,081.00		2,919.00
Interest on Notes	40,000.00	40,000.00	35,513.65		4,486.35
Somerset Co. Improvement Authority-Lease Program					
Principal	607,000.00	607,000.00	606,999.69		0.31
Interest	47,000.00	47,000.00	46,341.61		658.39
<u>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>	<u>2,890,000.00</u>	<u>2,890,000.00</u>	<u>2,881,935.95</u>		<u>8,064.05</u>
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</u>					
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		
<u>TOTAL DEFERRED CHARGES - MUNICIPAL; EXCLUDED FROM "CAPS"</u>	<u>49,000.00</u>	<u>49,000.00</u>	<u>49,000.00</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, 2013

	<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>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	\$ 3,351,551.81	\$ 4,511,095.03	\$ 4,464,654.95	\$ 38,376.03	\$ 8,064.05
SUB-TOTAL GENERAL APPROPRIATIONS	15,360,362.81	16,519,906.03	15,849,549.02	630,874.71	39,482.30
RESERVE FOR UNCOLLECTED TAXES	<u>2,050,000.00</u>	<u>2,050,000.00</u>	<u>2,050,000.00</u>		
<u>TOTAL GENERAL APPROPRIATIONS</u>	\$ <u>17,410,362.81</u>	\$ <u>18,569,906.03</u>	\$ <u>17,899,549.02</u>	\$ <u>630,874.71</u>	\$ <u>39,482.30</u>
	<u>REF.</u>	A-2	A-1	A:A-1	
Budget Appropriations	A-3	\$ 17,410,362.81			
Appropriation by 40A:4-46					
Appropriation by 40A:4-87	A-2	<u>1,159,543.22</u>			
		\$ <u>18,569,906.03</u>			
Accounts Payable	A-20		\$ 114,006.50		
Reserve for Uncollected Taxes	A-2		2,050,000.00		
Reserve for Grants Appropriated	A-23		1,460,095.03		
Overexpenditure of Appropriation Reserves	A-31		7,000.00		
Special Emergency Authorizations- 5 years (N.J.S.A. 40A:4-55)	A-31		44,000.00		
Disbursements	A-4		<u>14,623,674.03</u>		
			\$ <u>18,298,775.56</u>		
Less: Refunds	A-4		<u>399,226.54</u>		
			\$ <u>17,899,549.02</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

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
<u>ASSETS</u>			
Assessment Trust Fund:			
Assessments Receivable	B-11	\$	\$ 1,915.20
Prospective Assessments Funded	B-22	15,000.00	20,000.00
Interfunds Receivable	B-20	<u>169,970.55</u>	<u>168,055.35</u>
		\$ <u>184,970.55</u>	\$ <u>189,970.55</u>
Animal Control Fund:			
Cash	B-2	\$ 700.06	\$ 277.96
Due Current Fund	B-4	<u>1,542.00</u>	<u>1,542.00</u>
		\$ <u>2,242.06</u>	\$ <u>1,819.96</u>
Other Funds:			
Cash	B-2	\$ 1,073,403.50	\$ 653,207.77
Interfunds Receivable	B-19	725,933.89	722,515.17
Accounts Receivable	B-25	17,352.00	7,597.00
Community Development Block Grants Receivable	B-6	<u>44,385.89</u>	<u>89,814.10</u>
		\$ <u>1,861,075.28</u>	\$ <u>1,473,134.04</u>
		\$ <u>2,048,287.89</u>	\$ <u>1,664,924.55</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
Assessment Serial Bonds	B-17	15,000.00	20,000.00
Fund Balance	B-1	<u>16,101.75</u>	<u>14,186.55</u>
		\$ <u>184,970.55</u>	\$ <u>189,970.55</u>
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-3	\$ <u>2,242.06</u>	\$ <u>1,819.96</u>
		\$ <u>2,242.06</u>	\$ <u>1,819.96</u>
Other Funds:			
Interfunds Payable	B-19	\$ 25,533.60	\$ 25,533.60
Accounts Payable - Housing Assistance Program	B-16	10,795.37	13,613.38
Accounts Payable - Trust Fund	B-24	10,200.84	
Reserve for:			
Miscellaneous Deposits	B-5	447,131.77	442,721.95
Community Development Block Grant Expenditures	B-7	44,385.89	89,385.89
District Management Corporation	B-8	236,096.96	167,281.65
Unemployment Insurance Fund	B-9	10,200.63	1,254.65
Sanitary Landfill Closure	B-10	11,375.17	11,355.27
Recycling	B-12	900.90	
Tax Redemption Trust	B-13	753,889.63	289,133.98
Recreation Commission	B-14	163,045.10	163,028.67
Housing Assistance Program	B-15	88,303.34	195,355.14
Housing Assistance Program Portables	B-18	5,524.22	3,951.96
Law Enforcement Trust Fund	B-21	25,651.43	62,476.11
Builders Escrow	B-23	27,907.07	7,890.44
Credit Card Fee Accounts	B-26	<u>133.36</u>	<u>151.35</u>
		\$ <u>1,861,075.28</u>	\$ <u>1,473,134.04</u>
		\$ <u>2,048,287.89</u>	\$ <u>1,664,924.55</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, 2012	B	\$ 14,186.55
Increased by:		
Collections of Unpledged Assessments and Liens	B-27	<u>1,915.20</u>
Balance, December 31, 2013	B	<u><u>\$ 16,101.75</u></u>

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

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GENERAL CAPITAL FUND

BOROUGH OF SOMERVILLEGENERAL CAPITAL FUNDBALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
<u>ASSETS</u>			
Cash	C-2	\$ 60,176.17	\$ 44,173.11
Investment		44,000.00	88,000.00
Deferred Charges to Future Taxation:			
Funded	C-5	16,390,000.00	17,955,000.00
Unfunded	C-6	5,930,044.83	5,269,294.83
State Aid Receivable	C-7	1,014,394.33	1,214,394.33
Downtown Somerville Alliance Contribution Receivable	C-15	61,963.00	75,000.00
Due From Somerset County Improvement Authority	C-13	36,044.34	69,301.03
Interfunds Receivable	C-11	347,568.85	208,868.80
		<u>\$ 23,884,191.52</u>	<u>\$ 24,924,032.10</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-10	\$ 16,390,000.00	\$ 17,955,000.00
Bond Anticipation Notes	C-9	4,300,000.00	3,330,000.00
Interfunds Payable	C-11	772,762.17	773,562.12
Improvement Authorizations:			
Funded	C-8	591,177.46	276,875.83
Unfunded	C-8	1,458,402.51	2,401,396.63
Reserve for Debt Service	C-14	220,591.29	24,853.12
Contracts Payable	C-12	137,250.73	104,087.04
Capital Improvement Fund	C-4	3,492.83	2,742.83
Fund Balance	C-1	5,514.53	55,514.53
		<u>\$ 23,879,191.52</u>	<u>\$ 24,924,032.10</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, 2012	C	\$ 55,514.53
Decreased by:		
Anticipated as Current Fund Revenue	C-2	<u>50,000.00</u>
Balance, December 31, 2013	C	\$ <u><u>5,514.53</u></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>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
Operating Fund:			
Cash - Treasurer	D-5	\$ 32,106.33	\$ 8,517.18
Cash - Change Fund	D-10	50.00	50.00
Interfund Receivable	D-19	647,409.75	578,284.52
		<u>\$ 679,566.08</u>	<u>\$ 586,851.70</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	\$ 171,392.72	\$ 197,931.15
Sewer Utility Liens	D-9	240.00	240.00
	D	<u>\$ 171,632.72</u>	<u>\$ 198,171.15</u>
Deferred Charges:			
Operating Deficit	D-1	\$	\$ 76,741.34
<u>Total Operating Fund</u>		<u>\$ 851,198.80</u>	<u>\$ 861,764.19</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	660,000.00
Interfund Receivable	D-13	538,762.17	538,762.17
<u>Total Capital Fund</u>		<u>\$ 3,480,100.00</u>	<u>\$ 3,480,100.00</u>
		<u>\$ 4,331,298.80</u>	<u>\$ 4,341,864.19</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-14	\$ 47,856.92	\$ 37,489.16
Encumbrances Payable	D-15	1,140.32	1,000.00
Interfunds Payable	D-19	516,610.59	488,189.63
Accrued Interest on Bonds	D-17	11,354.61	11,354.61
Prepaid Sewer Charges	D-24	1,762.81	1,057.89
Overpayments	D-16	3,158.83	28,110.73
		<u>\$ 581,884.08</u>	<u>\$ 567,202.02</u>
Reserve for Receivables	D	171,632.72	198,171.15
Fund Balance	D-1	97,682.00	96,391.02
<u>Total Operating Fund</u>		<u>\$ 851,198.80</u>	<u>\$ 861,764.19</u>
Capital Fund:			
Serial Bonds	D-23	\$ 218,000.00	\$ 293,000.00
Improvement Authorizations:			
Funded	D-18	82.50	9,108.38
Unfunded	D-18	78,083.14	149,761.53
Interfunds Payable	D-13	647,409.75	566,705.48
Capital Improvement Fund	D-21	152,000.00	152,000.00
Reserve for Deferred Amortization	D-20	260,000.00	260,000.00
Reserve for Amortization	D-22	2,122,810.28	2,047,810.28
Down Payment on Improvements	D-8	732.00	732.00
Fund Balance	D-2	982.33	982.33
<u>Total Capital Fund</u>		<u>\$ 3,480,100.00</u>	<u>\$ 3,480,100.00</u>
		<u>\$ 4,331,298.80</u>	<u>\$ 4,341,864.19</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, 2013</u>	YEAR ENDED DECEMBER <u>31, 2012</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-3	\$ 96,000.00	\$ 39,500.00
Rents	D-3	2,393,257.77	2,302,912.42
Penalties	D-3	29,881.77	31,113.11
Miscellaneous	D-3	2,737.70	7,156.76
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-14	386.74	2,133.81
Unexpended Balance Cancelled	D-4	<u>1,269.00</u>	<u>                    </u>
<u>TOTAL INCOME</u>		<u>\$ 2,523,532.98</u>	<u>\$ 2,382,816.10</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operating	D-4	\$ 2,232,000.00	\$ 2,251,178.88
Deferred Charges and Statutory Expenditures	D-4	107,242.00	36,647.88
Municipal Debt Service	D-4	87,000.00	170,500.00
Refund of Prior Year Revenue		<u>                    </u>	<u>1,230.68</u>
<u>TOTAL EXPENDITURES</u>		<u>\$ 2,426,242.00</u>	<u>\$ 2,459,557.44</u>
Excess in Revenue		\$ 97,290.98	\$
Deficit in Revenues			76,741.34
Operating Deficit to be Raised in Budget of Succeeding Year	D		<u>\$ 76,741.34</u>
<u>Fund Balance</u>			
Balance, January 1	D	<u>96,391.02</u>	<u>135,891.02</u>
		\$ 193,682.00	\$ 135,891.02
Decreased by:			
Utilization by Sewer Operating Budget	D-1:D-3	<u>96,000.00</u>	<u>39,500.00</u>
Balance, December 31	D	<u>\$ 97,682.00</u>	<u>\$ 96,391.02</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, 2012 and December 31, 2013	D	\$ <u><u>982.33</u></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, 2013

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	D-1	\$ 96,000.00	\$ 96,000.00	\$
Sewer Use Charges	D-1:D-7	2,300,000.00	2,393,257.77	93,257.77
Penalties	D-1:D-6	23,241.00	29,881.77	6,640.77
Miscellaneous	D-1:D-3	<u>7,001.00</u>	<u>2,737.70</u>	<u>(4,263.30)</u>
	D-4	\$ <u>2,426,242.00</u>	\$ <u>2,521,877.24</u>	\$ <u>95,635.24</u>

ANALYSIS OF REALIZED REVENUE

Miscellaneous:		
Interest Earned		\$ 260.70
Connection Fee		<u>2,477.00</u>
	D-3:D-5	\$ <u>2,737.70</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, 2013

	<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>	
Operating:					
Salaries and Wages	\$ 320,000.00	\$ 320,000.00	\$ 300,253.46	\$ 19,746.54	\$
Other Expenses	192,000.00	192,000.00	168,559.74	23,440.26	
Sewerage Authority (R.S. 40:14A-9):					
Share of Costs	1,700,000.00	1,700,000.00	1,695,329.88	4,670.12	
Reserve for Retirement	20,000.00	20,000.00	20,000.00		
	<u>2,232,000.00</u>	<u>2,232,000.00</u>	<u>2,184,143.08</u>	<u>47,856.92</u>	
<u>Total Operating</u>					
Debt Service:					
Payment of Bond Principal	75,000.00	75,000.00	75,000.00		
Interest on Bonds	12,000.00	12,000.00	10,731.00		1,269.00
	<u>87,000.00</u>	<u>87,000.00</u>	<u>85,731.00</u>		<u>1,269.00</u>
<u>Total Debt Service</u>					
Deferred Charges and Statutory Expenditures:					
Deferred Charges:					
Operating Deficit	76,742.00	76,742.00	76,742.00		
Statutory Expenditures:					
Contributions to:					
Social Security System (O.A.S.I)	5,500.00	5,500.00	5,500.00		
Public Employees' Retirement System	25,000.00	25,000.00	25,000.00		
	<u>107,242.00</u>	<u>107,242.00</u>	<u>107,242.00</u>		
<u>Total Deferred Charges and Statutory Expenditures</u>					
	<u>\$ 2,426,242.00</u>	<u>\$ 2,426,242.00</u>	<u>\$ 2,377,116.08</u>	<u>\$ 47,856.92</u>	<u>\$ 1,269.00</u>
	<u>REF.</u>	<u>D-3</u>		<u>D:D-1</u>	
Cash Disbursements	D-5		\$ 2,288,604.75		
Accrued Interest on Bonds	D-17		10,731.00		
Deficit			76,742.00		
Encumbrances Payable	D-15		1,140.32		
			<u>\$ 2,377,218.07</u>		
Refunds	D-5		101.99		
			<u>\$ 2,377,116.08</u>		

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

PUBLIC ASSISTANCE TRUST FUND

"E"

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

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
<u>ASSETS</u>			
Due Trust Other Fund - P.A.T.F. I	E-1	\$ <u>25,533.60</u>	\$ <u>25,533.60</u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance: Public Assistance Trust Fund I	E-2	\$ <u>25,533.60</u>	\$ <u>25,533.60</u>

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

GENERAL FIXED ASSET ACCOUNT GROUP

"F"

BOROUGH OF SOMERVILLE

GENERAL FIXED ASSET ACCOUNT GROUP (UNAUDITED)

BALANCE SHEETS - REGULATORY BASIS

	<u>DECEMBER</u> <u>31, 2013</u>	<u>DECEMBER</u> <u>31, 2012</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, 2013 AND 2012

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 - 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 unchanged under the requirements of N.J.A.C. 5-30-5.6.

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, 2013:

<u>FUND</u>	<u>Cash on Deposit</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>TOTAL</u>
Current Fund	\$ 2,429,684.33	\$ 792,526.27	\$ 68,917.03	\$ 3,153,293.57
Animal Control Trust Fund	663.46	36.60		700.06
Trust Other Fund	1,696,315.66	10,824.76	633,736.92	1,073,403.50
General Capital Fund	10,176.17	45,000.00		55,176.17
Sewer Utility Operating Fund	<u>21,459.76</u>	<u>10,646.57</u>		<u>32,106.33</u>
<u>Total December 31, 2013</u>	<u>\$ 4,158,299.38</u>	<u>\$ 399,034.20</u>	<u>\$ 702,653.95</u>	<u>\$ 4,314,679.63</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, 2013, 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, \$410,901.01 was covered by Federal Depository Insurance and \$3,747,398.34 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, 2013 are detailed on Exhibits "B-17", "C-9", "C-10" and "D-23".

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2013</u>	<u>YEAR 2012</u>	<u>YEAR 2011</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 20,690,000.00	\$ 21,285,000.00	\$ 21,370,000.00
Sewer Utility:			
Bonds and Notes	218,000.00	293,000.00	368,000.00
Assessment Utility:			
Bonds	<u>15,000.00</u>	<u>20,000.00</u>	<u>25,000.00</u>
Net Debt Issued	20,923,000.00	21,598,000.00	21,763,000.00
Less:			
Reserve for Debt Service	220,591.29	24,853.12	
Cash on Hand to Pay Notes	<u>8,600.00</u>		
	\$ <u>20,693,808.71</u>	\$ <u>21,573,146.88</u>	\$ <u>21,763,000.00</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	1,638,644.83	1,939,294.83	2,539,141.83
Sewer Utility:			
Bonds and Notes	<u>341,527.55</u>	<u>201,527.55</u>	<u>201,527.55</u>
Total Authorized But Not Issued	<u>1,980,172.38</u>	<u>2,140,822.38</u>	<u>2,740,669.38</u>
Net Bonds and Notes Issued and Authorized But Not Issued	\$ <u>22,673,981.09</u>	\$ <u>23,713,969.26</u>	\$ <u>24,503,669.38</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 1.79%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$23,175,000.00	\$23,175,000.00	-0-
Sewer Utility Debt	559,527.55	559,527.55	-0-
General Debt	<u>22,343,644.83</u>	<u>229,191.29</u>	<u>\$22,114,453.54</u>
	<u>\$46,078,172.38</u>	<u>\$23,963,718.84</u>	<u>\$22,114,453.54</u>

NET DEBT \$22,114,453.54 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$1,233,547,568.00 EQUALS 1.79%.

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

Equalized Valuation Basis* - December 31, 2013	\$1,233,547,568.00
3-1/2 of Equalized Valuation Basis	43,174,164.88
Net Debt	<u>22,114,453.54</u>
Remaining Borrowing Power	<u>\$21,059,711.34</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	\$ 2,425,877.24
Deductions:	
Operating and Maintenance Cost	\$ 2,262,500.00
Debt Service	<u>87,000.00</u>
Total Deductions	<u>2,349,500.00</u>
Excess/(Deficit) in Revenue	<u>\$ 76,377.24</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

	OUTSTANDING BALANCE DECEMBER <u>31, 2013</u>
General Serial Bonds:	
\$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.	\$ 2,340,000.00
\$3,360,000.00 2009 County Guaranteed Governmental Loan Revenue due in annual installments of \$190,000.00 to \$265,000.00 through October 2024 at varying interest rates.	2,740,000.00
\$3,640,000.00 2009 County Guaranteed Governmental Loan Revenue due in annual installments of \$210,000.00 to \$285,000.00 through October 2024 at varying interest rates.	2,960,000.00
\$5,340,000.00 2012 General Improvement Bonds due in annual installments of \$285,000.00 to \$475,000.00 through September 2026 at varying interest rates.	5,090,000.00
\$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>\$16,390,000.00</u>
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%.	<u>\$ 218,000.00</u>
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%	<u>\$ 15,000.00</u>

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	0.730%	3/6/2013 to 3/5/2014	<u>\$ 4,300,000.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2013

CALENDAR YEAR	GENERAL CAPITAL		TOTAL
	PRINCIPAL	INTEREST	
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>\$16,390,000.00</u>	<u>\$2,678,452.63</u>	<u>\$19,068,452.63</u>

CALENDAR YEAR	SEWER CAPITAL		TOTAL
	PRINCIPAL	INTEREST	
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>\$218,000.00</u>	<u>\$13,440.00</u>	<u>\$231,440.00</u>

CALENDAR YEAR	ASSESSMENT CAPITAL		TOTAL
	PRINCIPAL	INTEREST	
2014	\$5,000.00	\$600.00	\$5,600.00
2015	5,000.00	400.00	5,400.00
2016	5,000.00	200.00	5,200.00
	<u>\$15,000.00</u>	<u>\$1,200.00</u>	<u>\$16,200.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2013, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014, were as follows:

Current Fund	\$1,350,000.00
Sewer Utility Fund	\$ 97,000.00

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>2013</u>	BALANCE DECEMBER 31, <u>2012</u>
Prepaid Taxes	<u>\$174,190.64</u>	<u>\$162,828.63</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 \$1,116,530.00 for 2013, \$1,171,113.24 for 2012, and \$1,186,161.87 for 2011.

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 2013. 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 2013 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, 2013, 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>
2013	\$3.24	\$14,329.10	\$5,386.36	\$10,200.63
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

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, 2013:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$28,420.96	\$720,248.12
Grant Fund	351,291.26	
Assessment Trust Fund	169,970.55	153,868.80
Animal Control Fund	1,542.00	
Trust Other Fund	725,933.89	25,533.60
General Capital Fund	347,568.85	772,762.17
Sewer Utility Operating Fund	649,220.12	518,420.96
Sewer Utility Capital Fund	538,762.17	647,409.75
Public Assistance Fund	25,533.60	
	<u>\$2,838,243.40</u>	<u>\$2,838,243.40</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, 2013, the following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER 31, <u>2013</u>	2014 BUDGET <u>APPROPRIATION</u>
Current Fund:		
Special Emergency		
40A:4-46 Hurricane Irene	\$44,000.00	\$44,000.00
Overexpenditure of		
Appropriation Reserves	<u>11,032.60</u>	<u>11,032.60</u>
	<u>\$55,032.60</u>	<u>\$55,032.60</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, 2013, 2012 and 2011 were \$3,693.60, \$5,091.24 and \$4,991.40 respectively, which equaled the required contributions for each year.

BOROUGH OF SOMERVILLE  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2013

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF CASH-COLLECTOR-TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2012	A	\$ 2,127,220.42	\$
Increased by Receipts:			
Taxes Receivable	A-7	\$ 38,084,616.90	\$
Miscellaneous Revenue Not Anticipated	A-2	67,693.11	
Refunds - 2013 Appropriations	A-3	399,226.54	
Petty Cash	A-5	300.00	
Revenue Accounts Receivable	A-9	3,660,941.10	
Interfunds Received	A-10:A-24	2,934,647.00	974,421.16
Senior Citizens Disallowed by Collector - Prior Year	A-16		
Maintenance Lien	A-28	821.66	
Sale of Municipal Assets	A-11	34,520.48	
State of New Jersey-Chapter 20,P.L.1971	A-16	63,750.00	
Prepaid Taxes	A-17	174,190.64	
Tax Overpayments	A-18	42,063.40	
Library Surplus	A-32	2,501.00	
Grants Receivables	A-19		1,271,581.52
Reserve for Grants Unappropriated	A-22		18,231.56
		<u>45,465,271.83</u>	<u>1,271,581.52</u>
		\$ <u>47,592,492.25</u>	\$ <u>2,264,234.24</u>
Decreased by Disbursements:			
2013 Appropriations	A-3	\$ 14,623,674.03	\$
2012 Appropriation Reserves	A-13	247,806.70	
Change Fund	A-6		
Petty Cash	A-5	300.00	
Interfunds Payable	A-10:A-24	2,514,421.16	1,289,813.08
County Taxes	A-14	4,589,228.30	
Emergency Note Payable	A-26	44,000.00	
Local District School Tax	A-15	21,911,695.00	
District Management Corporation Taxes	A-25	466,401.49	
Refund of Tax Overpayments	A-18	41,249.00	
Refund of Prior Year Revenue	A-1	423.00	
Reserve for Grants Appropriated	A-23		974,421.16
		<u>44,439,198.68</u>	<u>974,421.16</u>
		\$ <u>3,153,293.57</u>	\$ <u>2,264,234.24</u>
Balance, December 31, 2013	A	\$ <u>3,153,293.57</u>	\$ <u>2,264,234.24</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>300.00</u>	\$ <u>300.00</u>
<u>REF.</u>	A-4	A-4

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

REF.

Balance, December 31, 2012 and  
December 31, 2013

A

\$ 300.00

OFFICE

Collector  
Clerk  
Police  
Construction Code  
Municipal Court  
Vital Statistics

\$ 50.00  
25.00  
50.00  
25.00  
100.00  
50.00  
300.00

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>2013 LEVY</u>	<u>COLLECTED</u>		<u>TRANSFERRED TO TAX TITLE LIENS</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2013</u>
			<u>IN 2012</u>	<u>IN 2013</u>			
2012 and Prior	\$ 793,912.36	\$	\$	\$ 789,280.23	\$	\$	\$ 4,632.13
2013		38,512,469.87	162,828.63	37,364,836.67	176,521.06	34,051.28	774,232.23
	<u>\$ 793,912.36</u>	<u>\$ 38,512,469.87</u>	<u>\$ 162,828.63</u>	<u>\$ 38,154,116.90</u>	<u>\$ 176,521.06</u>	<u>\$ 34,051.28</u>	<u>\$ 778,864.36</u>
<u>REF.</u>	A		A-2:A-17	A-2	A-29		A
Collector	A-4			\$ 38,084,616.90			
Tax Overpayments Applied	A-18						
State of New Jersey	A-16			69,500.00			
				<u>\$ 38,154,116.90</u>			

ANALYSIS OF 2013 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax	\$ 38,024,065.19
Added Taxes (54:4-63.1 et.seq.)	22,003.19
Downtown Somerville Alliance	466,401.49
	<u>\$ 38,512,469.87</u>

TAX LEVY

Local District School Tax (Abstract)	A-15	\$ 21,911,695.00
County Taxes:		
County Tax (Abstract)	A-14	\$ 4,586,545.31
Due County for Added Taxes (54:4-63.1 et.seq.)	A-14	<u>2,682.99</u>
<u>Total County Taxes</u>		4,589,228.30
Downtown Somerville Alliance	A-25	466,401.49
Local Tax for Municipal Purposes (Abstract)	A-2	\$ 11,525,786.50
Add: Additional Tax Levied		<u>19,358.58</u>
		<u>11,545,145.08</u>
		<u>\$ 38,512,469.87</u>

BOROUGH OF SOMERVILLE

GRANT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2012	A	\$ 5,831.09
Increased by:		
2013 Grants	A-23	<u>158,617.69</u>
		164,448.78
Decreased by:		
Transferred to Grant Reserves	A-23	\$ <u>5,831.09</u>
Balance, December 31, 2013	A	\$ <u><u>158,617.69</u></u>

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>ACCRUED IN 2013</u>	<u>COLLECTED BY COLLECTOR- TREASURER</u>	<u>BALANCE DECEMBER 31, 2013</u>
Alcoholic Beverage Licenses	A-2	\$	\$ 23,260.00	\$ 23,260.00	\$
Clerk:					
Licenses-Other	A-2		4,665.00	4,665.00	
Fees and Permits	A-2		41,340.69	41,340.69	
Board of Health/Registrar:					
Licenses	A-2		25,548.00	25,548.00	
Fees and Permits	A-2		104,582.00	104,582.00	
Planning/Zoning					
Fees and Permits	A-2		17,100.00	17,100.00	
Engineering					
Fees and Permits	A-2		2,122.50	2,122.50	
Construction Code Official:					
Fees and Permits	A-2	25,772.00	220,445.91	234,407.00	11,810.91
Municipal Court:					
Fines and Costs	A-2	18,055.13	297,147.58	297,290.73	17,911.98
Interest and Costs on Taxes	A-2		188,288.68	188,288.68	
Parking Meters	A-2		251,524.25	251,524.25	
Interest on Investments and Deposits	A-2		9,607.69	9,607.69	
Sale of Garbage Decals	A-2		20,136.00	20,136.00	
Rent of Office Facilities	A-2		5,850.00	5,850.00	
ERG - Contribution for Debt Service	A-2		360,000.00	360,000.00	
Consolidated Municipal Property Tax Relief Aid	A-2		61,573.00	61,573.00	
Energy Receipts Tax	A-2		1,342,716.64	1,342,716.64	
FEMA Reimbursement	A-2		202,980.64	202,980.64	
Library Surplus	A-2		10,879.31	10,879.31	
Uniform Fire Safety Act	A-2		14,850.21	14,850.21	
Cable TV Franchise Tax	A-2		136,098.40	136,098.40	
Somerville Senior Citizens Housing Inc.	A-2		95,811.18	95,811.18	
DeSapio Contribution	A-2		76,000.00	76,000.00	
Saker - P.I.L.O.T.	A-2		84,309.18	84,309.18	
Capital Fund Balance	A-2		50,000.00	50,000.00	
		<u>\$ 43,827.13</u>	<u>\$ 3,646,836.86</u>	<u>\$ 3,660,941.10</u>	<u>\$ 29,722.89</u>
<u>REF.</u>		A		A-4	A

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, 2012:								
Due From	A	\$ 799.95	\$	\$	\$	\$	\$ 799.95	\$
Due To	A	<u>267,675.77</u>	<u>31,173.84</u>	<u>168,055.35</u>	<u>1,542.00</u>	<u>55,325.54</u>		<u>11,579.04</u>
Receipts	A-4	\$ 2,934,647.00	\$ 1,289,813.08	\$ 1,915.20	\$	\$ 3,418.72	\$ 1,189,500.00	\$ 450,000.00
Transfer to Grant Fund	A-24	4,725.50	4,725.50					
Disbursements	A-4	<u>2,514,421.16</u>	<u>974,421.16</u>				<u>1,050,000.00</u>	<u>490,000.00</u>
Balance, December 31, 2013:								
Due From	A	28,420.96						\$ 28,420.96
Due To	A	<u>\$ 720,248.12</u>	<u>\$ 351,291.26</u>	<u>\$ 169,970.55</u>	<u>\$ 1,542.00</u>	<u>\$ 58,744.26</u>	<u>\$ 138,700.05</u>	

"A-11"

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>	
Balance, December 31, 2012	A	\$ 31,206.25
Increased by:		
Receipts	A-4	34,520.48
		\$ <u>65,726.73</u>
Decreased by:		
Anticipated as Revenue in the 2013 Budget	A-2	<u>31,206.00</u>
Balance, December 31, 2013	A	\$ <u><u>34,520.73</u></u>

"A-12"

SCHEDULE OF RESERVE FOR TAX APPEALS

Balance, December 31, 2012 and December 31, 2013	A	\$ <u><u>-0-</u></u>
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BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF 2012 APPROPRIATION RESERVES

	<u>BALANCE DECEMBER 31, 2012</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>	<u>BALANCE OVEREXPENDED</u>
<u>SALARIES AND WAGES</u>					
Administrative and Executive	\$ 344.87	\$ 1,119.29	\$	\$ 1,119.29	
Elections	193.82				
Financial Administration	138.00				
Assessment of Taxes	23.08				
Collection of Taxes	28.82				
Legal Services and Costs	451.04				
Public Buildings and Grounds	934.47				
Engineering Services and Costs	325.70				
Fire	539.68				
Uniform Fire Safety Act	1,368.95				
Police	936.87				
Road Repairs and Maintenance	5,774.42				
Board of Health	328.24				
Recreation	692.28	692.28	692.28		
Department of Community Development	14.78				
Plumbing Inspector	287.20				
Electrical Inspector	313.46				
Building Inspector	71.16				
Municipal Court	1,005.60				
<u>OTHER EXPENSES</u>					
Administration and Executive	22,127.52	22,851.74	20,625.86	2,225.88	
Elections	649.18				
Financial Administration	5,363.41	739.15	739.15		
Assessment of Taxes	914.25	914.25	914.25		
Collection of Taxes	1,245.83	458.52	458.52		
Legal Services and Costs	3,309.48	65.00	65.00		
Prosecutor	1,000.00				
Engineering Services and Costs	2.25	2,869.62	2,575.75	293.87	
Public Buildings and Grounds	19.89	4,969.29	4,969.29		
Municipal Land Use Law (N.J.S. 40:55d-1)					
Planning Board	1,718.66	7,479.06	7,479.06		
Department of Technology	1,541.54	1,300.00	1,300.00		
Zoning Board of Adjustment	848.44				
Insurance:					
Group Insurance Plan for Employees	756.52	756.52		756.52	
Other Insurance Premiums	2,923.28	0.00		0.00	
Prescription Drug Program	1,554.94	1.36		1.36	
Fire	629.26	19,921.39	19,921.39		
Uniform Fire Safety Act	69.14	59.77	59.77		
Police	3,965.86	13,897.83	13,206.23	691.60	
School Crossing Guards - Contractual	11,055.41	12,239.03	12,229.12	9.91	
Municipal Court	1,120.61	92.00	92.00		
Emergency Management Services	4,398.85	4,398.85		4,398.85	
Road Repairs and Maintenance	28,826.83	10,209.16	7,543.48	2,665.68	
Snow Removal	3,994.09	5,247.29	5,247.29		
Garbage and Trash Removal	384.76	11,240.97	11,240.97		
Recycling	20,219.64	20,219.66	31,252.26		11,032.60
Board of Health	11.92				
Dog Regulation	0.50	0.50		0.50	
Parks and Playgrounds	572.11	1,628.47	128.47	1,500.00	
Recreation	55.00				
Celebration of Public Event, Anniversary, or Holiday	300.00				
Department of Community Development	6,780.25	3,954.81	3,712.51	242.30	
Street Lighting	6,194.15	19,398.06	19,398.06		
Fire Hydrant Service		12,125.00	12,125.00		
Telephone	14,322.21	2,051.86	2,051.86		
Water	2,008.17	1,781.64	1,781.64		
Electricity	2,508.55	79,064.69	55,472.46	23,592.23	
Gas/Diesel Fuel	1,725.46	9,899.00	9,899.00		
Contingent	10.50	10.50		10.50	
Social Security System	17,191.70	17,191.70		17,191.70	
Length of Service Award Program (LOSAP)	2,626.03	2,626.03	2,626.03		
	<u>\$ 186,718.63</u>	<u>\$ 291,474.29</u>	<u>\$ 247,806.70</u>	<u>\$ 54,700.19</u>	<u>\$ 11,032.60</u>

REF.

A

A-4

A-1

A-1

Balance, December 31, 2012

A:A-13

\$ 186,718.63

Accounts Payable

A-20

104,755.66

\$ 291,474.29

"A-14"

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

REF.

Increased by:

2013 Tax Levy:

County Taxes

A-1:A-7

\$ 4,586,545.31

County Share of Added Taxes

A-1:A-7

2,682.99

\$ 4,589,228.30

Decreased by:

Disbursements

A-4

\$ 4,589,228.30

"A-15"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Increased by:

2013 Levy

A-1:A-7

\$ 21,911,695.00

Decreased by:

Disbursements

A-4

\$ 21,911,695.00

BOROUGH OF SOMERVILLE

CURRENT FUND

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

	<u>REF.</u>		
Balance, December 31, 2012 (Due To)	A		\$ 7,042.13
Increased by:			
Received From State of New Jersey	A-4	\$ 63,750.00	
Senior Citizens Disallowed by Collector:			
Current Year		2,250.00	
Prior Year	A-1	<u>6,250.00</u>	
			<u>72,250.00</u>
			\$ <u>79,292.13</u>
Decreased by:			
Deductions per Tax Duplicate:			
Senior Citizens		\$ 12,750.00	
Veterans		57,750.00	
Senior Citizens and Veterans Allowed by Collector		<u>1,250.00</u>	
			<u>71,750.00</u>
Balance, December 31, 2013 (Due To)	A		\$ <u><u>7,542.13</u></u>

SUMMARY OF 2013 EXEMPTIONS

Senior Citizens and Veterans Exemptions Per Tax Billings		\$ 70,500.00	
Senior Citizens and Veterans Exemptions Allowed by Tax Collector		<u>1,250.00</u>	
			\$ 71,750.00
Senior Citizens and Veterans Exemptions Disallowed by Tax Collector			<u>2,250.00</u>
	A-7		\$ <u><u>69,500.00</u></u>

"A-17"

BOROUGH OF SOMERVILLE  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2012	A	\$	162,828.63
Increased by:			
Collection of 2014 Taxes	A-4		174,190.64
		\$	<u>337,019.27</u>
Decreased by:			
Application to 2013 Taxes Receivable	A-7		<u>162,828.63</u>
Balance, December 31, 2013	A	\$	<u><u>174,190.64</u></u>

"A-18"

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2012	A	\$	2,184.89
Increased by:			
Overpayments in 2013	A-4		42,063.40
		\$	<u>44,248.29</u>
Decreased by:			
Refunded	A-4	\$	41,249.00
Canceled	A-1		<u>32.60</u>
			<u>41,281.60</u>
Balance, December 31, 2013	A	\$	<u><u>2,966.69</u></u>

BOROUGH OF SOMERVILLE

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLES

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>ACCRUED</u>	<u>DECREASED</u>	<u>UNAPPROPRIATED RESERVE APPLIED</u>	<u>BALANCE DECEMBER 31, 2013</u>
Municipal Alliance Grant	\$ 15,247.22	\$ 10,902.00	\$ 11,285.01	\$	\$ 14,864.21
Clean Communities Program 11	345.01	20,638.75	20,638.75		345.01
Historic Grant - County		150,000.00	75,000.00		75,000.00
Challenge Grant Program-Park and Recreation Needs	20,000.00	46,000.00	20,000.00		46,000.00
Regional Center Challenge Grant	12,500.00		12,500.00		
Regional Center Challenge Grant - Res Zone		63,500.00	63,500.00		
Recycling Tonnage Grant		30,972.47		30,972.47	
Drunk Driving Enforcement Fund		2,557.76	2,557.76		
Body Armor Replacement Fund		2,951.84		2,951.84	
H.U.D. Main Street Revitalization	0.60				0.60
D.O.T. Centers of Place Program	21,533.24				21,533.24
Somerville Landfill Green Seam		893,600.00	893,600.00		
NJDOT Transit Village		230,000.00	172,500.00		57,500.00
Highway Safety Safe Corridors		4,246.71			4,246.71
	<u>\$ 69,626.07</u>	<u>\$ 1,455,369.53</u>	<u>\$ 1,271,581.52</u>	<u>\$ 33,924.31</u>	<u>\$ 219,489.77</u>
<u>REF.</u>	A	A-2		A-22	A
Receipts			<u>\$ 1,271,581.52</u>		
			<u>\$ 1,271,581.52</u>		

"A-20"

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2012	A		\$ 106,185.66
Increased by:			
2013 Appropriations	A-3		<u>114,006.50</u>
			\$ <u>220,192.16</u>
Decreased by:			
Transfer to 2012 Appropriation Reserves	A-13	\$ 104,755.66	
Canceled	A-1	<u>1,430.00</u>	
			<u>106,185.66</u>
Balance, December 31, 2013	A		\$ <u><u>114,006.50</u></u>

"A-21"

SCHEDULE OF RESERVE FOR MASTER PLAN

Balance, December 31, 2012 and December 31, 2013	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 31, 2012	RECEIPTS	APPLIED TO RECEIVABLES	BALANCE DECEMBER 31, 2013
Body Armor Replacement Fund	\$ 2,951.84	\$ 3,924.95	\$ 2,951.84	\$ 3,924.95
Recycling Tonnage Grant	30,972.47	14,306.61	30,972.47	14,306.61
Federal Bulletproof Vest Program	<u>1,725.05</u>	<u>                    </u>	<u>                    </u>	<u>1,725.05</u>
	<u>\$ 35,649.36</u>	<u>\$ 18,231.56</u>	<u>\$ 33,924.31</u>	<u>\$ 19,956.61</u>
<u>REF.</u>	A	A-4	A-19	A

BOROUGH OF SOMERVILLE

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

<u>GRANT</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>PRIOR YEAR ACCOUNTS PAYABLE</u>	<u>2013 BUDGET APPROPRIATION</u>	<u>DISBURSEMENTS</u>	<u>ACCOUNTS PAYABLE</u>	<u>BALANCE DECEMBER 31, 2013</u>
Municipal Alliance Grant-County	\$ 7,656.76	\$	\$	\$	\$	\$ 7,656.76
Municipal Alliance Grant-County '12	1,713.30					1,713.30
Municipal Alliance Grant-Local	1,165.41					1,165.41
Municipal Alliance Grant-Local '12	1,000.00					1,000.00
Municipal Alliance Grant-County '13			10,902.00	10,195.72		706.28
Municipal Alliance Grant-Local '13			2,725.50			2,725.50
Clean Communities Program '13			20,638.75	10,320.07	8,617.69	1,700.99
Clean Communities Program '12	3,106.00					3,106.00
Body Armor Replacement Fund '13			2,951.84			2,951.84
Body Armor Replacement Fund Prior	2,931.55					2,931.55
Drunk Driving Enforcement Fund '13			2,557.76	2,557.76		
Drunk Driving Enforcement Fund '12	2,515.41			481.61		2,033.80
H.U.D. Main Street Revitalization						
Federal Bulletproof Vest Program	1,351.01					1,351.01
D.O.T. Centers of Place Program	20,759.69	581.09		11,651.33		9,689.45
Recycling Tonnage Grant			30,972.47	30,972.47		
Regional Center Partnership Grant-Res Zone			63,500.00	60,850.00		2,650.00
Regional Center Partnership Grant	11,806.33			4,392.54		7,413.79
Historic Somerset County Grant			150,000.00		150,000.00	
Regional Center Challenge Grant '13			20,000.00	18,830.19		1,169.81
Regional Center Challenge Grant '13 local			2,000.00	2,000.00		
Regional Center Challenge Grant '13			26,000.00			26,000.00
Regional Center Challenge Grant Fitness Trl '12	5,314.00	5,250.00		10,422.77		141.23
Somerville Landfill Green Seam			893,600.00	807,500.00		86,100.00
NJ DOT Transit Village			230,000.00			230,000.00
Highway Safety Safe Corridors			4,246.71	4,246.70		0.01
	<u>\$ 59,319.46</u>	<u>\$ 5,831.09</u>	<u>\$ 1,460,095.03</u>	<u>\$ 974,421.16</u>	<u>\$ 158,617.69</u>	<u>\$ 392,206.73</u>
<u>REF.</u>	A	A-8	A-3	A-4	A-8	A

"A-24"

BOROUGH OF SOMERVILLE

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>FUND</u>
Balance, December 31, 2012:			
Due From	A	\$ <u>31,173.84</u>	\$ <u>31,173.84</u>
Receipts	A-4	974,421.16	974,421.16
Disbursements	A-4	1,289,813.08	1,289,813.08
Other		<u>4,725.50</u>	<u>4,725.50</u>
Balance, December 31, 2013:			
Due From	A	\$ <u><u>351,291.26</u></u>	\$ <u><u>351,291.26</u></u>

"A-25"

CURRENT FUND

SCHEDULE OF DOWNTOWN SOMERVILLE ALLIANCE TAX

Increased by:			
2013 Levy	A-1:A-7		\$ <u>466,401.49</u>
Decreased by:			
Disbursements	A-4		\$ <u><u>466,401.49</u></u>

"A-26"

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF EMERGENCY NOTE PAYABLE

	<u>REF.</u>	
Balance, December 31, 2012	A	\$ 88,000.00
Decreased by:		
Disbursements	A-4	<u>44,000.00</u>
Balance, December 31, 2013	A	<u>\$ 44,000.00</u>

"A-27"

SCHEDULE OF RESERVE FOR PROPERTY ACQUIRED FOR  
TAXES-ASSESSED VALUE

Balance, December 31, 2012 and December 31, 2013	A	<u>\$ 28,500.00</u>
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"A-28"

SCHEDULE OF MAINTENANCE LIENS RECEIVABLE

Balance, December 31, 2012	A	\$ 1,061.00
Increased by:		
Maintenance Lien		<u>865.00</u>
		\$ <u>1,926.00</u>
Decreased by:		
Receipts	A-4	<u>821.66</u>
Balance, December 31, 2013	A	<u>\$ 1,104.34</u>

BOROUGH OF SOMERVILLE  
GRANT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2012	A	\$ 457,566.10
Increased by:		
Taxes Receivable	A-7	<u>176,521.06</u>
Balance, December 31, 2013	A	<u><u>\$ 634,087.16</u></u>

BOROUGH OF SOMERVILLE  
CURRENT FUND  
SCHEDULE OF RESERVE FOR REVALUATION

REF.

Balance, December 31, 2012 and December 31, 2013	A	\$ <u>2,200.00</u>
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SCHEDULE OF DEFERRED CHARGES

Balance, December 31, 2012	A	\$ 95,000.00
Increased by:		
Overexpenditure of Appropriations Reserves	A-3	<u>11,032.60</u>
		\$ <u>106,032.60</u>
Decreased by:		
Raised in 2013 Budget:		
Overexpenditure of Appropriation Reserves	A-13	\$ 7,000.00
Special Emergency Authorizations 40A:4-55	A-3	<u>44,000.00</u>
		<u>51,000.00</u>
Balance, December 31, 2013	A	\$ <u>55,032.60</u>

BOROUGH OF SOMERVILLE

GRANT FUND

SCHEDULE OF RESERVE FOR LIBRARY SURPLUS

	<u>REF.</u>	
Increased by:		
Receipts	A-4	\$ <u>2,501.00</u>
Balance, December 31, 2013	A	\$ <u><u>2,501.00</u></u>

TRUST FUND  
SCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>ASSESSMENT</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2012	B	\$ -0-	\$ 277.96	\$ 653,207.77
Increased by Receipts:				
Dog License Fees	B-3		\$ 6,182.60	\$
Prospective Assessments Funded	B-22	5,000.00		
Assessments Receivable	B-11	1,915.20		
Miscellaneous Trust Deposits	B-5			1,290,165.22
Community Development Block Grants	B-6			45,428.21
Downtown Somerville Alliance	B-8			491,482.46
Unemployment Insurance	B-9			14,332.34
Sanitary Landfill Closure	B-10			19.90
Recycling	B-12			1,195.90
Tax Redemption Trust	B-13			1,163,540.56
Recreation Commission	B-14			120,194.38
Reserve for Housing Assistance Program	B-15			2,069,648.90
Reserve for Housing Assistance Program Portables	B-18			51,973.26
Credit Card Fee Accounts	B-26			4,593.84
Builders Escrow	B-23			148,765.06
Law Enforcement Trust Fund	B-21			72.28
		<u>6,915.20</u>	<u>6,182.60</u>	<u>5,401,412.31</u>
		\$ <u>6,915.20</u>	\$ <u>6,460.56</u>	\$ <u>6,054,620.08</u>
Decreased by Disbursements:				
Animal Control Expenditures Under R.S.4:19-15.11	B-3		\$ 5,760.50	\$
Miscellaneous Trust Deposits	B-5			1,275,554.56
Community Development Block Grants	B-7			45,000.00
Downtown Somerville Alliance	B-8			422,667.15
Unemployment Insurance	B-9			5,386.36
Builders Escrow	B-23			128,748.43
Recycling	B-12			295.00
Tax Redemption Trust	B-13			698,784.91
Recreation Commission	B-14			120,177.95
Reserve for Housing Assistance Program	B-15			2,175,794.08
Accounts Payable - Housing Assistance Program	B-16			13,479.63
Reserve for Housing Assistance Program Portables	B-18			50,401.00
Assessment Serial Bonds	B-17	5,000.00		
Interfunds	B-20:B-4:B-19	1,915.20		3,418.72
Credit Card Fee Accounts	B-26			4,611.83
		<u>6,915.20</u>	<u>5,760.50</u>	<u>4,981,216.58</u>
		\$ <u>-0-</u>	\$ <u>700.06</u>	\$ <u>1,073,403.50</u>
Balance, December 31, 2013	B			

"B-3"

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>	
Balance, December 31, 2012	B	\$ 1,819.96
Increased by:		
Dog License Fees Collected	B-2	<u>6,182.60</u>
		\$ <u>8,002.56</u>
Decreased by:		
Expenditures Under R.S.4:19-15.11	B-2	<u>5,760.50</u>
Balance, December 31, 2013	B	\$ <u><u>2,242.06</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2011	\$ 5,656.40
2012	<u>5,492.00</u>
	\$ <u><u>11,148.40</u></u>

"B-4"

SCHEDULE OF DUE CURRENT FUND-  
ANIMAL CONTROL FUND

Balance, December 31, 2012 and December 31, 2013 (Due From)	B	\$ <u><u>1,542.00</u></u>
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BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS

	BALANCE DECEMBER 31, 2012	RECEIPTS	DISBURSEMENTS	ACCOUNTS PAYABLE	BALANCE DECEMBER 31, 2013
Police Donations	\$ 14,136.95	\$	\$	\$	\$ 14,136.95
Community Policing	4,566.60	500.00	3,918.20		1,148.40
Youth Services Program	5,590.02	5,095.32	6,024.24		4,661.10
Maintenance Guarantee		3,649.00			3,649.00
Retirement Pay	11,411.20	115,000.00	126,411.20		
Community Day	52.46				52.46
Environmental Commission	3,858.32	1,550.00			5,408.32
Payroll Agency	83,234.53	977,799.53	953,869.77		107,164.29
Public Defenders Fee	1,480.96	2,225.00	750.00		2,955.96
Fire Safety	6,080.62	11,352.00	4,750.34		12,682.28
Engineering Escrow	14,503.01	6,434.00	2,962.78		17,974.23
Planning Board	41,994.13	68,162.11	82,930.25		27,225.99
Performance Deposits	174,005.81	36,650.00	66,270.63	10,200.84	134,184.34
Street Openings	12,351.52	34,755.25	12,354.28		34,752.49
Demolition Project	12,190.94				12,190.94
POAA	8,916.39	4,460.00	3,503.74		9,872.65
Cable TV	25,321.57	18,050.00	11,146.51		32,225.06
Sewer Escrow	7,083.13	662.62	662.62		7,083.13
Hurricane Sandy Donations	500.00				500.00
Snow Removal	15,443.79	3,820.39			19,264.18
	<u>\$ 442,721.95</u>	<u>\$ 1,290,165.22</u>	<u>\$ 1,275,554.56</u>	<u>\$ 10,200.84</u>	<u>\$ 447,131.77</u>

REF.

B

B-2

B-2

B-24

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, 2012</u>	<u>RECEIVED</u>	<u>BALANCE DECEMBER 31, 2013</u>
Sanitary Sewer Improvements - 2009	U1891-18	\$ 6,123.31	\$ 428.21	\$ 5,695.10
Sanitary Sewer Improvements - 2010	U1801-18	38,690.79		38,690.79
Sanitary Sewer Improvements - 2011	U1811-18	<u>45,000.00</u>	<u>45,000.00</u>	<u>                    </u>
		<u>\$ 89,814.10</u>	<u>\$ 45,428.21</u>	<u>\$ 44,385.89</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 NUMBER</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>EXPENDITURES</u>	<u>BALANCE DECEMBER 31, 2013</u>
Sanitary Sewer Improvements - 2009	U1891-18	\$ 5,695.10	\$	\$ 5,695.10
Sanitary Sewer Improvements - 2010	U1801-18	38,690.79		38,690.79
Sanitary Sewer Improvements - 2011	U1811-18	<u>45,000.00</u>	<u>45,000.00</u>	<u></u>
		<u>\$ 89,385.89</u>	<u>\$ 45,000.00</u>	<u>\$ 44,385.89</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, 2012	B	\$	167,281.65
Increased by:			
Receipts	B-2		<u>491,482.46</u>
			658,764.11
Decreased by:			
Disbursements	B-2		<u>422,667.15</u>
Balance, December 31, 2013	B	\$	<u><u>236,096.96</u></u>

"B-9"

SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT INSURANCE

Balance, December 31, 2012	B	\$	1,254.65
Increased by:			
Cash Receipts	B-2		<u>14,332.34</u>
			15,586.99
Decreased by:			
Cash Disbursements	B-2		<u>5,386.36</u>
Balance, December 31, 2013	B	\$	<u><u>10,200.63</u></u>

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR SANITARY LANDFILL CLOSURE FUND

	<u>REF.</u>	
Balance, December 31, 2012	B	\$ 11,355.27
Increased by:		
Interest Earned	B-2	<u>19.90</u>
Balance, December 31, 2013	B	\$ <u><u>11,375.17</u></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, 2012</u>	<u>COLLECTED</u>
2125	Sidewalk Construction	3	2/1/2010	\$ <u>1,915.20</u>	\$ <u>1,915.20</u>
			<u>REF.</u>	B	B-2

BOROUGH OF SOMERVILLE  
TRUST FUND  
SCHEDULE OF RESERVE FOR RECYCLING

	<u>REF.</u>	
Increased by:		
Receipts	B-2	\$ 1,195.90
Decreased by:		
Disbursements	B-2	<u>295.00</u>
Balance, December 31, 2013	B	<u><u>\$ 900.90</u></u>

"B-13"

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF TAX REDEMPTION TRUST

	<u>REF.</u>	
Balance, December 31, 2012	B	\$ 289,133.98
Increased by:		
Receipts	B-2	<u>1,163,540.56</u>
		\$ <u>1,452,674.54</u>
Decreased by:		
Disbursements	B-2	<u>698,784.91</u>
Balance, December 31, 2013	B	\$ <u><u>753,889.63</u></u>

"B-14"

SCHEDULE OF RECREATION DEPOSITS

Balance, December 31, 2012	B	\$ 163,028.67
Increased by:		
Receipts	B-2	<u>120,194.38</u>
		\$ <u>283,223.05</u>
Decreased by:		
Disbursements	B-2	<u>120,177.95</u>
Balance, December 31, 2013	B	\$ <u><u>163,045.10</u></u>

"B-15"

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR HOUSING ASSISTANCE PROGRAM

	<u>REF.</u>		
Balance, December 31, 2012	B		\$ 195,355.14
Increased by:			
Fraud Recovery	B-25	\$ 9,755.00	
Receipts	B-2	<u>2,069,648.90</u>	
			\$ <u>2,079,403.90</u>
Decreased by:			
Disbursements	B-2	\$ 2,175,794.08	
Accounts Payable	B-16	<u>10,661.62</u>	
			\$ <u>2,186,455.70</u>
Balance, December 31, 2013	B		\$ <u><u>88,303.34</u></u>

"B-16"

SCHEDULE OF ACCOUNTS PAYABLE - HOUSING ASSISTANCE PROGRAM

Balance, December 31, 2012	B		\$ 13,613.38
Increased by:			
Transferred From Reserve	B-15		<u>10,661.62</u>
			\$ <u>24,275.00</u>
Decreased by:			
Disbursements	B-2		<u>13,479.63</u>
Balance, December 31, 2013	B		\$ <u><u>10,795.37</u></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, 2013</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Assessment Bonds	8/1/06	\$ 50,000.00	02/01/14-16	\$ 5,000.00	4.00%	\$ <u>20,000.00</u>	\$ <u>5,000.00</u>	\$ <u>15,000.00</u>
						\$ <u>20,000.00</u>	\$ <u>5,000.00</u>	\$ <u>15,000.00</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, 2012	B	\$	3,951.96
Increased by:			
Receipts	B-2		<u>51,973.26</u>
		\$	<u>55,925.22</u>
Decreased by:			
Disbursements	B-2		<u>50,401.00</u>
Balance, December 31, 2013	B	\$	<u><u>5,524.22</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. ↓</u>
Balance, December 31, 2012:						
Due To	B	\$ 25,533.60	\$	\$	\$	\$ 25,533.60
Due From	B	<u>722,515.17</u>	<u>55,325.54</u>	<u>433,189.63</u>	<u>234,000.00</u>	<u>                    </u>
Disbursements	B-2	<u>3,418.72</u>	<u>3,418.72</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance, December 31, 2013:						
Due To	B	25,533.60				\$ 25,533.60
Due From	B	<u>\$ 725,933.89</u>	<u>\$ 58,744.26</u>	<u>\$ 433,189.63</u>	<u>\$ 234,000.00</u>	<u>                    </u>



BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2012	B	\$ 62,476.11
Increased by:		
Receipts	B-2	72.28
		<u>\$ 62,548.39</u>
Decreased by:		
Cash Disbursements	B-2	<u>36,896.96</u>
Balance, December 31, 2013	B	<u><u>\$ 25,651.43</u></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, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
2103	Sidewalk Construction	\$ <u>20,000.00</u>	\$ <u>5,000.00</u>	\$ <u>15,000.00</u>
		\$ <u><u>20,000.00</u></u>	\$ <u><u>5,000.00</u></u>	\$ <u><u>15,000.00</u></u>
	<u>REF.</u>	B	B-2	B

"B-23"

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR BUILDERS ESCROW

	<u>REF.</u>	
Balance, December 31, 2012	B	\$ 7,890.44
Increased by:		
Receipts	B-2	<u>148,765.06</u>
		\$ <u>156,655.50</u>
Decreased by:		
Disbursements	B-2	<u>128,748.43</u>
Balance, December 31, 2013	B	\$ <u><u>27,907.07</u></u>

"B-24"

SCHEDULE OF ACCOUNTS PAYABLE - TRUST FUND

Increased by:		
Accounts Payable - Trust Other Fund	B-5	\$ <u>10,200.84</u>
Balance, December 31, 2013	B	\$ <u><u>10,200.84</u></u>

"B-25"

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF ACCOUNTS RECEIVABLE - ADMINISTRATIVE  
FEE - HOUSING ASSISTANCE PROGRAM

	<u>REF.</u>		
Balance, December 31, 2012	B	\$	7,597.00
Increased by:			
Fraud Recovery Fees Earned	B-15		<u>9,755.00</u>
Balance, December 31, 2013	B	\$	<u><u>17,352.00</u></u>

"B-26"

SCHEDULE OF RESERVE FOR CREDIT CARD FEE ACCOUNTS

Balance, December 31, 2012	B	\$	151.35
Increased by:			
Receipts	B-2		<u>4,593.84</u>
		\$	<u>4,745.19</u>
Decreased by:			
Disbursements	B-2		<u>4,611.83</u>
Balance, December 31, 2013	B	\$	<u><u>133.36</u></u>

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS

	<u>REF.</u>	
Balance, December 31, 2012	B	\$ <u>1,915.20</u>
Decreased by:		
Collections Applied	B-1	\$ <u><u>1,915.20</u></u>

BOROUGH OF SOMERVILLE  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2012	C		\$ 44,173.11
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-4	\$ 50,000.00	
Grants Receivable	C-7	400,000.00	
Interfunds	C-11	1,057,410.00	
Deferred Charges to Future Taxation - Unfunded	C-6	150,000.00	
Improvement Authorization Refunds	C-8	5,690.60	
Bond Anticipation Notes	C-9	4,300,000.00	
Reserve for Debt Service	C-14	555,738.17	
DSA Grants Receivable	C-15	13,037.00	
Investment		44,000.00	
Other Accounts Receivable	C-13	<u>60,638.11</u>	
			<u>6,636,513.88</u>
			\$ 6,680,686.99
Decreased by Disbursements:			
Contracts Payable	C-12	\$ 1,718,600.82	
Bond Anticipation Notes	C-9	3,295,000.00	
Fund Balance Anticipated as Current Fund Revenue	C-1	50,000.00	
Reserve for Debt Service	C-14	360,000.00	
Interfunds	C-11	<u>1,196,910.00</u>	
			<u>6,620,510.82</u>
Balance, December 31, 2013	C:C-3		\$ <u><u>60,176.17</u></u>

"C-3"

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

ANALYSIS OF CASH

BALANCE  
DECEMBER  
31, 2013

Fund Balance	\$	5,514.53
Capital Improvement Fund		3,492.83
Improvement Authorizations Funded Set Forth on "C-8"		591,177.46
Cash on Hand As Set Forth on Exhibit "C-6"		8,600.00
Improvement Authorizations Expended As Set Forth on Exhibit "C-6"		(773,105.59)
Unexpended Proceeds of Bond Anticipation Notes as Set Forth on "C-6"		592,863.27
State Aid Receivable		(1,014,394.33)
Accounts Receivable Other		(98,007.34)
Interfunds Receivable		(347,568.85)
Reserve for Debt Service		220,591.29
Contracts Payable		137,250.73
Investment		(44,000.00)
Interfunds Payable		<u>772,762.17</u>
	\$	<u>55,176.17</u>

REF.

C-2

"C-4"

BOROUGH OF SOMERVILLE  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2012	C	\$	2,742.83
Increased by:			
2013 Budget Appropriation	C-2		<u>50,000.00</u>
		\$	<u>52,742.83</u>
Decreased by:			
Appropriation to Finance Improvement			
Authorizations	C-8	\$	44,250.00
Disbursements	C-2		<u>5,000.00</u>
			<u>49,250.00</u>
Balance, December 31, 2013	C	\$	<u><u>3,492.83</u></u>

"C-5"

SCHEDULE OF DEFERRED CHARGES  
TO FUTURE TAXATION - FUNDED

Balance, December 31, 2012	C	\$	17,955,000.00
Decreased by:			
Paid by Budget	C-10		<u>1,565,000.00</u>
Balance, December 31, 2013	C	\$	<u><u>16,390,000.00</u></u>

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31. 2012	2013 AUTHORIZATIONS	CASH RECEIPTS	RAISED IN BUDGET	BALANCE DECEMBER 31. 2013	ANALYSIS OF BALANCE, DECEMBER 31, 2013		
							BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
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	96,000.00		1,750.00
2211	Various Improvements-Vanderveer Field	3,749.83				3,749.83		3,749.83	
2217	Various Improvements	310,000.00				310,000.00	310,000.00		
2227	Various Improvements	429,350.00				429,350.00	300,000.00	92,382.37	36,967.63
2245	Various Redevelopment Projects	195,000.00			3,450.00	191,550.00	191,550.00		
2272	Various Improvements	143,000.00				143,000.00	143,000.00		
2286	Various Improvements	216,400.00			9,430.00	206,970.00	206,970.00		
2306	Various Improvements	545,000.00			13,200.00	531,800.00	486,800.00	1,862.23	43,137.77
2319	Various Redevelopment Projects	475,000.00			3,450.00	471,550.00	471,550.00		
2332	Various Improvements	237,500.00			5,470.00	232,030.00	214,530.00		17,500.00
2339	Capital Grant Saker Shoprite	420,000.00				420,000.00	280,000.00		140,000.00
2352	Parking Lot Improvements	380,000.00		150,000.00		230,000.00	140,000.00	90,000.00	
2355	Site Remediation at Landfill	122,370.00				122,370.00	100,000.00		22,370.00
2361	Various Improvements	731,500.00				731,500.00	625,000.00	57,652.27	48,847.73
2377	Various Improvements	874,000.00				874,000.00	650,000.00		224,000.00
2399	Various Redevelopment Projects	76,000.00				76,000.00	76,000.00		
2412	Various Improvements General Capital		517,750.00			517,750.00		450,287.93	67,462.07
2420	Various Improvements		233,000.00			233,000.00			233,000.00
2421	Various Redevelopment Projects		95,000.00			95,000.00		64,495.96	30,504.04
		<u>\$ 5,269,294.83</u>	<u>\$ 845,750.00</u>	<u>\$ 150,000.00</u>	<u>\$ 35,000.00</u>	<u>\$ 5,930,044.83</u>	<u>\$ 4,291,400.00</u>	<u>\$ 773,105.59</u>	<u>\$ 865,539.24</u>
	<u>REF.</u>	C	C-8	C-2		C		C-3	
Bond Anticipation Notes	C-9						\$ 4,300,000.00		
Less: Cash on Hand-Ordinance 2286	C-3						(8,600.00)		
							<u>\$ 4,291,400.00</u>		
Improvement Authorizations-Unfunded	C-8								\$ 1,458,402.51
Less: Bond Anticipation Note Proceeds									
Unexpended Ordinances									
various	C-3								<u>592,863.27</u>
									<u>\$ 865,539.24</u>

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2012	C	\$ 1,214,394.33
Increased by:		
Grants Awarded	C-8	<u>200,000.00</u>
		\$ <u>1,414,394.33</u>
Decreased by:		
Cash Receipts	C-2	<u>400,000.00</u>
Balance, December 31, 2013	C	\$ <u><u>1,014,394.33</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
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	230,000.00
New Jersey DOT - Ordinance 2420	<u>200,000.00</u>
	\$ <u><u>1,014,394.33</u></u>

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2012		2013 AUTHORIZATIONS	CONTRACTS PAYABLE	REFUNDS	BALANCE DECEMBER 31, 2013		
				FUNDED	UNFUNDED				FUNDED	UNFUNDED	
General Improvements:											
2189	Various Improvements	7/6/05	\$ 1,595,000.00	\$	\$ 57,113.33	\$	\$ 53,017.05	\$	\$	\$ 4,096.28	
2217	Various Improvements	6/19/06	845,000.00		12,070.20		512.00			11,558.20	
2227	Various Improvements	4/2/07	1,098,000.00		210,057.33		177,834.70	4,745.00		36,967.63	
2272	Various Improvements	6/2/08	1,222,500.00		59,641.65		7,839.00			51,802.65	
2286	Various Improvements	2/15/09	1,185,000.00		99,755.97		95,429.75			4,326.22	
2306	Various Improvements	6/15/09	975,000.00		52,175.34		9,037.57			43,137.77	
2332	Various Improvements	6/21/10	485,000.00		114,141.18		40,290.78			73,850.40	
2339	Capital Grant Saker Shoprite	11/22/10	6,000,000.00		655,086.57		8,787.58		226,298.99	420,000.00	
2355	Site Remediation at Landfill	5/16/11	1,193,833.00	229,216.22	122,370.00		102,415.39		126,800.83	122,370.00	
2361	Various Improvements	6/8/11	1,125,000.00		360,679.57		311,831.84			48,847.73	
2377	Various Improvements	2/21/12	1,225,000.00		628,745.41		319,242.17	945.60		310,448.84	
2399	Various Redevelopment Projects	9/4/12	80,000.00		29,560.08		29,529.40			30.68	
2412	Various Improvements General Capital	3/18/13	545,000.00			545,000.00	477,537.93			67,462.07	
2420	Various Improvements	8/19/13	445,000.00			445,000.00	11,352.00		200,648.00	233,000.00	
2421	Various Redevelopment Projects	8/19/13	100,000.00			100,000.00	69,495.96			30,504.04	
Local Improvements:											
2125	Various Local Improvements	5/6/02	60,000.00		47,659.61		10,229.97			37,429.64	
					<u>276,875.83</u>	<u>2,401,396.63</u>	<u>1,090,000.00</u>	<u>1,724,383.09</u>	<u>5,690.60</u>	<u>591,177.46</u>	<u>1,458,402.51</u>
				<u>REF.</u>	C	C	C-12	C-2	C:C-3	C:C-6	
Capital Improvement Fund				C-4		\$ 44,250.00					
State Aid Grants Receivable				C-7		200,000.00					
Deferred Charges to Future Taxation - Unfunded				C-6		845,750.00					
						<u>1,090,000.00</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, 2012</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE DECEMBER 31, 2013</u>
2189	Various Improvements	3/10/11	3/6/13	3/5/14	0.730%	\$ 50,000.00	\$ 96,000.00	\$ 50,000.00	\$ 96,000.00
2217	Various Improvements	3/10/11	3/6/13	3/5/14	0.730%	280,000.00	310,000.00	280,000.00	310,000.00
2227	Various Improvements	3/10/11	3/6/13	3/5/14	0.730%	225,000.00	300,000.00	225,000.00	300,000.00
2245	Various Redevelopment Improvements	3/10/11	3/6/13	3/5/14	0.730%	95,000.00	191,550.00	95,000.00	191,550.00
2272	Various Improvements	3/10/11	3/6/13	3/5/14	0.730%	75,000.00	143,000.00	75,000.00	143,000.00
2319	Various Redevelopment Improvements	3/10/11	3/6/13	3/5/14	0.730%	375,000.00		375,000.00	
2286	Various Improvements	8/5/10	3/6/13	3/5/14	0.730%	130,000.00	215,570.00	130,000.00	215,570.00
2245	Various Redevelopment Improvements	8/5/10	3/6/13	3/5/14	0.730%	100,000.00		100,000.00	
2306	Various Improvements	8/5/10	3/6/13	3/5/14	0.730%	500,000.00	486,800.00	500,000.00	486,800.00
2319	Various Redevelopment Improvements	8/5/10	3/6/13	3/5/14	0.730%	100,000.00	471,550.00	100,000.00	471,550.00
2332	Various Improvements	8/5/10	3/6/13	3/5/14	0.730%	200,000.00	214,530.00	200,000.00	214,530.00
2339	Capital Grant to Sakar Shoprites, Inc.	10/28/11	3/6/13	3/5/14	0.730%		280,000.00		280,000.00
2352	Parking Lot Improvements	5/24/12	3/6/13	3/5/14	0.730%	200,000.00	140,000.00	200,000.00	140,000.00
2355	Site Remediation at Landfill	3/6/13	3/6/13	3/5/14	0.730%		100,000.00		100,000.00
2361	Various Improvements	5/24/12	3/6/13	3/5/14	0.730%	600,000.00	625,000.00	600,000.00	625,000.00
2377	Various Improvements	5/24/12	3/6/13	3/5/14	0.730%	400,000.00	650,000.00	400,000.00	650,000.00
2399	Various Redevelopment Projects	3/6/13	3/6/13	3/5/14	0.730%		76,000.00		76,000.00
						<u>\$ 3,330,000.00</u>	<u>\$ 4,300,000.00</u>	<u>\$ 3,330,000.00</u>	<u>\$ 4,300,000.00</u>

REF.

C

C-2

C:C-6

Issued for Cash

C-2

\$ 3,295,000.00

Paid by Budget Appropriation

C-6

35,000.00

\$ 3,330,000.00

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2013</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvement	02/01/99	\$ 5,700,000.00				\$ 570,000.00	\$ 570,000.00	
County Guaranteed Capital Equipment and Improvement Revenue Bonds	06/15/03	4,500,000.00				100,000.00	100,000.00	
General Improvement	08/01/06	3,830,000.00	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%	2,610,000.00	270,000.00	2,340,000.00
County Guaranteed Governmental Loan Revenue Bonds Series 2010B		3,360,000.00	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%	2,920,000.00	180,000.00	2,740,000.00
County Guaranteed Governmental Loan Revenue Bonds Series 2010C		3,640,000.00	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%	3,155,000.00	195,000.00	2,960,000.00



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, 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>
Receipts	C-2	\$ 1,057,410.00	\$ 1,057,410.00	\$	\$	\$	\$
Disbursements	C-2	<u>1,196,910.00</u>	<u>1,196,910.00</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance, December 31, 2013:							
Due From	C	347,568.85	\$ 138,700.05	\$ 153,868.80		\$ 55,000.00	
Due To	C	<u>\$ 772,762.17</u>	<u>                    </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, 2012	C		\$ 104,087.04
Increased by:			
Improvement Authorizations Charged	C-8	\$ 1,724,383.09	
Improvement Authority Lease	C-13	<u>27,381.42</u>	
			\$ <u>1,751,764.51</u>
			\$ 1,855,851.55
Decreased by:			
Cash Disbursements	C-2		<u>1,718,600.82</u>
Balance, December 31, 2013	C		\$ <u><u>137,250.73</u></u>

"C-13"

SCHEDULE OF DUE SOMERSET COUNTY IMPROVEMENT AUTHORITY

Balance, December 31, 2012 (Due from)	C		\$ 69,301.03
Increased by:			
Charges	C-12		<u>27,381.42</u>
			\$ 96,682.45
Decreased by:			
Cash Receipts	C-2		<u>60,638.11</u>
Balance, December 31, 2013 (Due from)	C		\$ <u><u>36,044.34</u></u>

"C-14"

SCHEDULE OF RESERVE FOR DEBT SERVICE

Balance, December 31, 2012			\$ 24,853.12
Increased by:			
Cash Receipts	C-8		<u>555,738.17</u>
			\$ 580,591.29
Decreased by:			
Cash Disbursements	C-2		<u>360,000.00</u>
December 31, 2013	C		\$ <u><u>220,591.29</u></u>

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF DOWNTOWN SOMERVILLE  
ALLIANCE CONTRIBUTION RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2012	C	\$ 75,000.00
Decreased by:		
Receipts	C-2	<u>13,037.00</u>
Balance, December 31, 2013	C	\$ <u><u>61,963.00</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, 2013</u>
2018	Local Improvements - Sidewalks	\$	5,125.00
2141	Various Improvements		7,550.00
2189	Various Improvements		1,750.00
2211	Various Improvements-Vanderveer Field		3,749.83
2227	Various Improvements		129,350.00
2306	Various Improvements		45,000.00
2332	Various Improvements		17,500.00
2339	Capital Grant Saker Shoprite		140,000.00
2352	Parking Lot Improvements		90,000.00
2355	Site Remediation at Landfill		22,370.00
2361	Various Improvements		106,500.00
2377	Various Improvements		224,000.00
2412	Various Improvements General Capital		517,750.00
2420	Various Improvements		233,000.00
2421	Various Redevelopment Projects		95,000.00
			<u>95,000.00</u>
		\$	<u><u>1,638,644.83</u></u>

BOROUGH OF SOMERVILLE

SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2012	D	\$ 8,517.18	\$ -0-
Increased by Receipts:			
Collector	D-6	\$ 2,398,892.56	\$
Interfunds	D-13:D-19	490,000.00	80,704.27
Appropriation Refunds	D-4	101.99	
Miscellaneous	D-3	<u>2,737.04</u>	
		<u>2,891,731.59</u>	<u>80,704.27</u>
		\$ <u>2,900,248.77</u>	\$ <u>80,704.27</u>
Decreased by Disbursements:			
2013 Appropriations	D-4	\$ 2,288,604.75	\$
2012 Appropriation Reserves	D-14	38,102.42	
Accrued Interest on Bonds	D-17	10,731.00	
Interfunds	D-19	530,704.27	
Improvement Authorizations	D-18		80,704.27
		<u>2,868,142.44</u>	<u>80,704.27</u>
Balance, December 31, 2013	D	\$ <u><u>32,106.33</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	\$ 2,364,846.23	
Overpayments	D-16	2,401.75	
Prepaid Sewer Charges	D-24	1,762.81	
Penalties on Delinquent Accounts	D-3	<u>29,881.77</u>	
			\$ <u>2,398,892.56</u>
Decreased by Disbursements:			
Payment to Treasurer:			
Sewer Operating Fund	D-5		\$ <u>2,398,892.56</u>

"D-7"

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance, December 31, 2012	D		\$ 197,931.15
Increased by:			
Sewer Rents Levied - Net			<u>2,366,719.34</u>
			\$ <u>2,564,650.49</u>
Decreased by:			
Collection	D-3:D-6	\$ 2,364,846.23	
Overpayment Applied	D-3:D-16	27,353.65	
Prepaid Applied	D-3:D-24	<u>1,057.89</u>	
			<u>2,393,257.77</u>
Balance, December 31, 2013	D		\$ <u>171,392.72</u>

"D-8"

BOROUGH OF SOMERVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF DOWN PAYMENT ON IMPROVEMENTS

REF.

Balance, December 31, 2012 and  
December 31, 2013

D

\$ 732.00

"D-9"

SEWER UTILITY OPERATING FUND

SCHEDULE OF SEWER LIENS RECEIVABLE

Balance, December 31, 2012 and  
December 31, 2013

D

\$ 240.00

"D-10"

SCHEDULE OF CHANGE FUND -  
SEWER OPERATING FUND

Balance, December 31, 2012 and  
December 31, 2013

D

\$ 50.00

BOROUGH OF SOMERVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u>		<u>BALANCE</u>	<u>BALANCE</u>
		<u>DATE</u>	<u>AMOUNT</u>	<u>DECEMBER 31, 2013</u>	<u>DECEMBER 31, 2012</u>
	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	06/15/09	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	<u>150,000.00</u>	<u>150,000.00</u>
				<u>\$ 660,000.00</u>	<u>\$ 660,000.00</u>
			<u>REF.</u>	D	D



BOROUGH OF SOMERVILLE

SEWER UTILITY OPERATING FUND

SCHEDULE OF 2012 APPROPRIATION RESERVES

	<u>BALANCE DECEMBER 31, 2012</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
Operating:				
Salaries and Wages	\$ 6,886.48	\$ 386.48	\$	\$ 386.48
Other Expenses	<u>30,602.68</u>	<u>38,102.68</u>	<u>38,102.42</u>	<u>0.26</u>
	<u>\$ 37,489.16</u>	<u>\$ 38,489.16</u>	<u>\$ 38,102.42</u>	<u>\$ 386.74</u>
<u>REF.</u>	D		D-5	D-1
Balance, December 31, 2012	D-14	\$ 37,489.16		
Encumbrances Payable	D-15	<u>1,000.00</u>		
		<u>\$ 38,489.16</u>		

BOROUGH OF SOMERVILLE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2012	D	\$ 1,000.00
Increased by:		
Charges to 2013 Appropriations	D-4	<u>1,140.32</u>
		\$ <u>2,140.32</u>
Decreased by:		
Transferred to 2012 Appropriation Reserves	D-14	<u>1,000.00</u>
Balance, December 31, 2013	D	\$ <u><u>1,140.32</u></u>

"D-16"

BOROUGH OF SOMERVILLE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF SEWER OVERPAYMENTS

	<u>REF.</u>	
Balance, December 31, 2012	D	\$ 28,110.73
Increased by:		
Receipts	D-6	<u>2,401.75</u>
		\$ 30,512.48
Decreased by:		
Applied to Receivable	D-7	<u>27,353.65</u>
Balance, December 31, 2013	D	<u>\$ 3,158.83</u>

"D-17"

SCHEDULE OF ACCRUED INTEREST ON BONDS

Balance, December 31, 2012	D	\$ 11,354.61
Increased by:		
Budget Appropriation	D-4	<u>10,731.00</u>
		\$ 22,085.61
Decreased by:		
Disbursements	D-5	<u>10,731.00</u>
Balance, December 31, 2013	D	<u>\$ 11,354.61</u>

BOROUGH OF SOMERVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2012		PAID OR CHARGED	BALANCE DECEMBER 31, 2013	
		DATE	AMOUNT	FUNDED	UNFUNDED		FUNDED	UNFUNDED
<u>General Improvements:</u>								
2184	Sewer Rehabilitation	02/07/05	\$ 150,000.00	\$ 82.50	\$	\$	\$ 82.50	\$
2307	Various Sewer Improvements	06/15/09	50,000.00		9,761.53			9,761.53
2378	Various Sewer Improvements	02/21/12	150,000.00	<u>9,025.88</u>	<u>140,000.00</u>	<u>80,704.27</u>		<u>68,321.61</u>
				<u>\$ 9,108.38</u>	<u>\$ 149,761.53</u>	<u>\$ 80,704.27</u>	<u>\$ 82.50</u>	<u>\$ 78,083.14</u>
			<u>REF.</u>	D	D	D-5	D	D

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, 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>
Receipts	D-5	<u>490,000.00</u>	<u>490,000.00</u>	<u></u>	<u></u>	<u></u>
Disbursements	D-5	<u>530,704.27</u>	<u>450,000.00</u>	<u></u>	<u></u>	<u>80,704.27</u>
Balance, December 31, 2013:						
Due From	D	647,409.75				\$ 647,409.75
Due To	D	<u>\$ 516,610.59</u>	<u>\$ 28,420.96</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, 2013</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>260,000.00</u>	<u>260,000.00</u>
			\$	\$
		<u>REF.</u>	D	D

"D-21"

BOROUGH OF SOMERVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2012 and December 31, 2013	D	\$ <u>152,000.00</u>

"D-22"

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2012	D	\$ 2,047,810.28
Increased by: Serial Bonds Paid by Operating Budget	D-23	<u>75,000.00</u>
Balance, December 31, 2013	D	\$ <u>2,122,810.28</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, 2013</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Sewer Utility Bonds	02/01/99	\$ 1,200,000.00	02/01/14-15	\$ 75,000.00	4.20%	\$ <u>293,000.00</u>	\$ <u>75,000.00</u>	\$ <u>218,000.00</u>
			02/01/16	68,000.00	4.20%			
					<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, 2012	D	\$ 1,057.89
Increased by:		
Receipts	D-6	1,762.81
		\$ <u>2,820.70</u>
Decreased by:		
Applied to Receivable	D-7	<u>1,057.89</u>
Balance, December 31, 2013	D	\$ <u><u>1,762.81</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, 2013</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><u>341,527.55</u></u>

"E-1"

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

	<u>REF.</u>	
Balance, December 31, 2012 and December 31, 2013	E	\$ <u>25,533.60</u>

"E-2"

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

Balance, December 31, 2012 and December 31, 2013	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

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@senco.com](mailto:info@senco.com)

**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, 2013, 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, 2014. 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, 2014



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@senco.com](mailto:info@senco.com)

**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, 2013. 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, 2013.

## ***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, 2014

**BOROUGH OF SOMERVILLE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL C.F.D.A. NUMBER	GRANTOR'S NUMBER	GRANT AWARD AMOUNT	GRANT PERIOD FROM TO	2013 RECEIPTS	2013 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2013
<u>U. S. Department of Housing and Urban Development</u>							
<u>Direct Programs</u>							
Section 8 Program:							
Low Income Housing Assistance Program - Vouchers	14.871	NJ39VO97013/026	\$ 2,065,493.00	1/1/13 12/31/13	\$ 2,065,493.00	\$ 2,065,493.00	\$ 2,065,493.00
<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	428.21	\$	\$ 29,304.90
Sewer Rehabilitation	14.218	CD01-U1811-18	45,000.00	9/1/11 8/31/12	45,000.00	45,000.00	45,000.00
					45,428.21	45,000.00	74,304.90
<u>U.S. Department of Justice</u>							
Federal Bulletproof Partnership Program - FY 2012	16.607		1,351.01	Continuous	1,351.01	0.00	0.00
<u>Department of Transportation</u>							
Centers of Place Program	20.205	07-480-078-6320-DG5-7310	270,000.00	Continuous		\$	249,240.31
Sidewalk Improvements	20.205	6320-480-078-6320-AFM-TCAP-6010	430,000.00	Continuous		\$	342,500.00
West Spring Street Improvements	20.205	6320-480-078-6320-AIH-TCAP-6010	150,000.00	Continuous			112,500.00
PetersBrook Pathway Southern Ext.	20.205	6320-480-078-6300-DLJ-TCAP-7310	450,000.00	Continuous			439,056.97
East/West High Street	20.205	6320-480-078-6320-AKE-TCAP-6010	323,000.00	Continuous			323,000.00
Peters Brook - Clark Woods Ext.	20.205	6320-480-078-6300-DLJ-TCAP-7310	400,000.00	Continuous	400,000.00	236,421.83	400,000.00
Grove Street Improvements	20.205	6320-480-078-6320-AKN-TCAP-6010	235,000.00	Continuous			235,000.00
Post Street Reconstruction	20.205	6320-480-078-6320-AK3-TCAP-6010	200,000.00	Continuous			
Division Street Pedestrian Improvements	20.205	6320-480-078-6320-AKV-TCAP-6010	100,000.00	Continuous			100,000.00
Various Streets	20.205		230,000.00	Continuous			230,000.00
Various Improvements	20.205		200,000.00	Continuous			
Highway Safety Safe Corridors	20.205		4,246.71	Continuous		4,246.71	4,246.71
					400,000.00	240,668.54	2,431,297.28
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>					<b>\$ 2,512,272.22</b>	<b>\$ 2,351,161.54</b>	<b>\$ 4,571,095.18</b>

**BOROUGH OF SOMERVILLE  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2013**

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT AWARD AMOUNT	2013 RECEIPTS	2013 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2013
Department of Environmental Protection Clean Communities Program					
2012	4900-765-042-4900-004-VCMC-6020	\$ 17,923.66	\$	\$	\$ 14,817.66
2013	4900-765-042-4900-004-VCMC-6020	20,638.75	20,638.75	18,937.76	18,937.76
Recycling Tonnage Program					
2013	4900-752-042-4900-001-V42Y-6020	30,972.47		30,972.47	30,972.47
Hazardous Discharge Site Remediation - EDA	P34449	1,193,833.00		85,775.39	932,143.60
			\$ 20,638.75	\$ 135,685.62	\$ 3,135,163.49
Department of Law and Public Safety Drunk Driving Enforcement Fund					
Prior Years	6400-100-078-6400-YYYY	4,138.79	\$	481.61	2,104.99
2013	6400-100-078-6400-YYYY	2,557.76	2,557.76	2,557.76	2,557.76
Body Armor Replacement Fund					
Prior Years	1020-718-066-1020-001-YCJS-0120	10,587.33			7,655.78
2013	1020-718-066-1020-001-YCJS-0120	2,951.84			
			\$ 2,557.76	\$ 3,039.37	\$ 12,318.53
Pass-Through from County of Somerset Municipal Alliance on Alcoholism and Drug Abuse					
2010	SC-ALL-10-07	11,114.00	\$	\$	6,041.98
2011	SC-ALL-11-07	11,114.00			8,529.26
2012	SC-ALL-12-07	11,000.00	383.01		9,286.70
2013	SC-ALL-12-07	10,902.00	10,902.00	10,195.72	10,195.72
			\$ 11,285.01	\$ 10,195.72	\$ 23,857.94
<b>TOTAL STATE AID AND STATE GRANT FINANCIAL ASSISTANCE</b>		\$ 34,481.52	\$ 148,920.71	\$	\$ 3,171,339.96

BOROUGH OF SOMERVILLE

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

YEAR ENDED DECEMBER 31, 2013

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	\$ 1,351.01	\$ 34,481.52	\$ 1,237,100.00	\$ 1,272,932.53
Trust Other Fund	2,110,921.21			2,110,921.21
General Capital Fund	<u>400,000.00</u>	<u>                    </u>	<u>                    </u>	<u>400,000.00</u>
	<u>\$ 2,512,272.22</u>	<u>\$ 34,481.52</u>	<u>\$ 1,237,100.00</u>	<u>\$ 3,783,853.74</u>

Expenditures

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 4,246.70	\$ 148,920.71	\$ 925,842.55	\$ 1,079,009.96
Trust Other Fund	2,110,493.00			2,110,493.00
General Capital Fund	<u>236,421.83</u>	<u>                    </u>	<u>                    </u>	<u>236,421.83</u>
	<u>\$ 2,351,161.53</u>	<u>\$ 148,920.71</u>	<u>\$ 925,842.55</u>	<u>\$ 3,425,924.79</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, 2013

**Section I - Summary of Auditor's Results**

**Financial Statements**

- |  |            |
|--|------------|
| (1) Type of Auditor Report Issued:   | Unmodified |
| (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)?   | Unmodified |
| (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:<br>Type A Federal Program Threshold > \$300,000.00<br>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, 2013

**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, 2013

Line Item No.	Description	Total Programs	Housing Choice Vouchers
	<b>Balance Sheet</b>		<b>14,871</b>
111	Cash-Unrestricted	\$ 30,810	\$ 30,810
113	Cash-Other Restricted	\$ 56,461	\$ 56,461
100	<b>Total Cash</b>	<b>\$ 87,271</b>	<b>\$ 87,271</b>
128	Fraud Recovery	\$ 17,352	\$ 17,352
120	<b>Total Receivables, Net of Allowance for Doubtful Accounts</b>	<b>\$ 17,352</b>	<b>\$ 17,352</b>
150	<b>Total Current Assets</b>	<b>\$ 104,623</b>	<b>\$ 104,623</b>
190	<b>Total Assets</b>	<b>\$ 104,623</b>	<b>\$ 104,623</b>
312	Accounts Payable <= 90 Days	\$10,662	\$10,662
332	Accounts Payable-PHA Programs	5,524	5,524
345	Other Current Liabilities	133	133
310	<b>Total Current Liabilities</b>	<b>\$16,319</b>	<b>\$16,319</b>
300	<b>Total Liabilities</b>	<b>\$16,319</b>	<b>\$16,319</b>
509.2	Fund Balance Reserved	\$ 56,461	\$ 56,461
512.2	Unreserved, Undesignated Fund Balance	\$ 31,843	\$ 31,843
513	<b>Total Equity/Net Assets</b>	<b>\$ 88,304</b>	<b>\$ 88,304</b>
600	<b>Total Liabilities and Equity/Net assets</b>	<b>\$ 104,623</b>	<b>\$ 104,623</b>
	<b>Income Statement</b>		
70600	HUD PHA Operating Grants	\$ 2,065,493	\$ 2,065,493
71100	Investment Income - Unrestricted	\$ 129	\$ 129
71400	Fraud Recovery	\$ 15,608	\$ 15,608
71500	Other Revenue	\$ 54,431	\$ 54,431
72000	Investment Income - Restricted	\$ 347	\$ 347
70000	<b>Total Revenue</b>	<b>\$ 2,136,008</b>	<b>\$ 2,136,008</b>
91100	Administrative Salaries		
91200	Auditing Fees	\$ 2,200	\$ 2,200
91300	Management Fee	\$ 140,079	\$ 140,079
91900	Other	\$ 8,258	\$ 8,258
91000	<b>Total Operating - Administrative</b>	<b>\$ 150,537</b>	<b>\$ 150,537</b>
96200	Other General Expenses	\$ 2,793	\$ 2,793
96000	<b>Total Other General Expenses</b>	<b>\$ 2,793</b>	<b>\$ 2,793</b>
96900	<b>Total Operating Expenses</b>	<b>\$ 153,330</b>	<b>\$ 153,330</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>\$ 1,982,678</b>	<b>\$ 1,982,678</b>

BOROUGH OF SOMERVILLE  
SUPPLEMENTARY INFORMATION  
FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING CHOICE VOUCHER PROGRAM  
FOR THE YEAR ENDED DECEMBER 31, 2013

Line Item No.	Description	Total Programs	14,871 Housing Choice Vouchers
97300	Housing Assistance Payments	\$ 2,039,171	\$ 2,039,171
97350	HAP Portability-In	\$ 50,559	\$ 50,559
90000	<b>Total Expenses</b>	<b>\$ 2,243,060</b>	<b>\$ 2,243,060</b>
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>\$ (107,052)</b>	<b>\$ (107,052)</b>
11030	Beginning Equity	\$ 195,356	\$ 195,356
11040	<b>Prior Period Adjustments, Equity Transfers, and Correction of</b>		
11170	<b>Administrative Fee Equity</b>	<b>\$ 31,843</b>	<b>\$ 31,843</b>
11180	<b>Housing Assistance Payments Equity</b>	<b>\$ 56,461</b>	<b>\$ 56,461</b>
11190	<b>Unit Months Available</b>	<b>2040</b>	<b>2040</b>
11210	<b>Unit Months Leased</b>	<b>1999</b>	<b>1999</b>

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PART III

BOROUGH OF SOMERVILLE

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

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

	YEAR 2013		YEAR 2012	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,250,000.00	2.79%	\$ 1,040,000.00	2.45%
Miscellaneous - From Other Than Local				
Property Tax Levies	5,272,194.19	11.76%	3,510,803.24	8.26%
Collection of Delinquent Taxes and Tax Title Liens	789,280.23	1.76%	862,098.13	2.03%
Collection of Current Tax Levy	<u>37,527,665.30</u>	<u>83.69%</u>	<u>37,089,672.26</u>	<u>87.26%</u>
<u>TOTAL INCOME</u>	<u>\$ 44,839,139.72</u>	<u>100.00%</u>	<u>\$ 42,502,573.63</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 16,480,423.73	37.90%	\$ 14,685,505.02	35.48%
County Taxes	4,589,228.30	10.55%	4,637,520.14	11.20%
Local School Taxes	21,911,695.00	50.39%	21,538,682.00	52.03%
Other Expenditures	<u>500,695.50</u>	<u>1.15%</u>	<u>531,954.14</u>	<u>1.29%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 43,482,042.53</u>	<u>100.00%</u>	<u>\$ 41,393,661.30</u>	<u>100.00%</u>
Excess in Revenue	\$ 1,357,097.19		\$ 1,108,912.33	
Adjustments to Income Before Fund Balance: Expenditures Included Above Which are Deferred Charges to Budget of Succeeding Year			<u>7,000.00</u>	
Statutory Excess to Fund Balance	\$ 1,357,097.19		\$ 1,115,912.33	
Fund Balance, January 1	<u>1,358,478.46</u>		<u>1,282,566.13</u>	
	\$ 2,715,575.65		\$ 2,398,478.46	
Less: Utilization as Anticipated Revenue	<u>1,250,000.00</u>		<u>1,040,000.00</u>	
Fund Balance, December 31	<u>\$ 1,465,575.65</u>		<u>\$ 1,358,478.46</u>	

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

	<u>YEAR 2013</u>		<u>YEAR 2012</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
	\$ 96,000.00	3.80%	\$ 39,500.00	1.66%
Collection of Sewer Rents	2,393,257.77	94.84%	2,302,912.42	96.65%
Miscellaneous - From Other Than Sewer Rents	32,619.47	1.29%	38,269.87	1.61%
Unexpended Balance of Appropriation Reserves	<u>1,655.74</u>	<u>0.07%</u>	<u>2,133.81</u>	<u>0.09%</u>
<u>TOTAL INCOME</u>	<u>\$ 2,523,532.98</u>	<u>100.00%</u>	<u>\$ 2,382,816.10</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 2,232,000.00	91.99%	\$ 2,251,178.88	91.53%
Deferred Charges and Statutory Expenditures	107,242.00	4.42%	36,647.88	1.49%
Capital Improvements				
Municipal Debt Service	87,000.00	3.59%	170,500.00	6.93%
Refund of Prior Year Revenue			<u>1,230.68</u>	<u>0.05%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 2,426,242.00</u>	<u>100.00%</u>	<u>\$ 2,459,557.44</u>	<u>100.00%</u>
Excess in Revenue	\$ 97,290.98		\$	
Deficit in Revenue			76,741.34	
Operating Deficit to be Raised in Budget of Succeeding Year			<u>\$ 76,741.34</u>	
Fund Balance:				
January 1	96,391.02		135,891.02	
	<u>\$ 193,682.00</u>		<u>\$ 135,891.02</u>	
Less: Utilization as Anticipated Revenue	<u>96,000.00</u>		<u>39,500.00</u>	
Balance, December 31	<u>\$ 97,682.00</u>		<u>\$ 96,391.02</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	<u>3.241</u>	<u>3.135</u>	<u>2.977</u>
Apportionment of Tax Rate:			
Municipal	0.982	0.955	0.889
County	0.391	0.387	0.382
Local School	1.868	1.793	1.706

Assessed Valuation:

2013	<u>\$1,173,220,154</u>		
2012		<u>\$1,201,467,798</u>	
2011			<u>\$1,244,090,427</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>CURRENTLY</u>	
		<u>CASH COLLECTION</u>	<u>PERCENTAGE OF COLLECTIONS</u>
2013	\$38,512,469.87	\$37,527,665.30	97.44%
2012	38,152,505.02	37,089,672.26	97.21%
2011	37,530,531.59	36,463,395.01	97.15%

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>
2013	\$634,087.16	\$774,232.23	\$1,408,319.39	3.66%
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%

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>
2013	\$28,500.00
2012	28,500.00
2011	28,500.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2013	\$1,465,575.65	\$1,350,000.00
	2012	1,358,478.46	1,250,000.00
	2011	1,282,566.13	1,040,000.00
	2010	1,302,269.46	1,300,000.00
	2009	1,544,526.20	1,500,000.00

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Sewer Utility Operating Fund	2013	\$97,682.00	\$97,000.00
	2012	96,391.02	96,000.00
	2011	135,891.02	39,500.00
	2010	65,944.24	-0-
	2009	65,944.24	-0-

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	*
Thompson Mitchell	President of Council	*
Robert Wilson	Council Person	*
Dennis Sullivan	Council Person	*
Jane Kobuta	Council Person	*
Amanda O'Neill	Council Person	*
Ken Utter	Council Person	*
Kevin Sluka	Borough Clerk, Administrator, Election Officer	*
Janet E. Kelk	Tax Collector, Sewer Utility Collector	*
Dena Flynn	Chief Financial Officer, Treasurer	*
Joan M. Osienko	Deputy Treasurer, Payroll Officer up to 3/1/2013	*
Asisat Adewunmi	Deputy Treasurer, Payroll Officer from 3/18/2013	*
Carol Strehle	Deputy Tax Collector, Tax Search Officer	*
Richard Adams	Court Administrator	*
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:

- Chiller Replacement
- Library Ramp
- Police Vehicle
- Safety Improvements to Veterans Memorial Drive
- Roadway Improvements
- Library Alterations
- Borough Hall Restoration

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, 2013 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 2013.

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 16, 2013 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>
2013	7
2012	7
2011	4

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 2014 Taxes	25
Payments of 2013 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 2013. 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 2012 audit recommendations

