

*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, 2014*



BOROUGH OF SOMERVILLE

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BOROUGH OF SOMERVILLE

PART I

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

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2014 AND 2013



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Somerville, as of December 31, 2014 and 2013, 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, 2014, 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 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, 2014 and 2013, 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, 2014.

### ***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, 2014 and 2013, 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, 2014 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 May 13, 2015 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

May 13, 2015

CURRENT FUND

BOROUGH OF SOMERVILLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</u>
<u>ASSETS</u>			
Cash	A-4	\$ 3,868,534.52	\$ 3,153,293.57
Cash - Change Fund	A-6	300.00	300.00
		<u>\$ 3,868,834.52</u>	<u>\$ 3,153,593.57</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	\$ 670,569.05	\$ 778,864.36
Tax Title Liens Receivable	A-29	75,573.61	634,087.16
Maintenance Liens Receivable	A-28	1,512.00	1,104.34
Revenue Accounts Receivable	A-9	38,465.00	29,722.89
Property Acquired for Taxes - Assessed Value	A-27	28,500.00	28,500.00
Interfunds Receivable	A-10	225,102.74	28,420.96
	A	<u>\$ 1,039,722.40</u>	<u>\$ 1,500,699.71</u>
Deferred Charges:			
Special Emergency 40A:4-55 Revaluation	A-31	\$	\$ 44,000.00
Emergency 40A:4-46	A-31	1,362.75	
Overexpenditure of Appropriation Reserves	A-31		11,032.60
		<u>\$ 1,362.75</u>	<u>\$ 55,032.60</u>
		<u>\$ 4,909,919.67</u>	<u>\$ 4,709,325.88</u>
Grant Fund:			
Grants Receivable	A-19	\$ 390,633.27	\$ 219,489.77
Interfunds Receivable	A-24	168,976.72	351,291.26
		<u>\$ 559,609.99</u>	<u>\$ 570,781.03</u>
		<u>\$ 5,469,529.66</u>	<u>\$ 5,280,106.91</u>

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

BOROUGH OF SOMERVILLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 925,828.06	\$ 630,874.71
Interfunds Payable	A-10	343,997.01	720,248.12
Prepaid Taxes	A-17	174,460.45	174,190.64
Due State of New Jersey - Chapter 20, P.L.1971	A-16	7,567.47	7,542.13
Tax Overpayments	A-18	13,878.40	2,966.69
Encumbrances Payable	A-20	147,039.99	114,006.50
Emergency Note Payable	A-26		44,000.00
Reserve for:			
Sale of Municipal Assets	A-11	0.24	34,520.73
Master Plan	A-21	10,000.00	10,000.00
Revaluation	A-30	2,200.00	2,200.00
Library Surplus	A-32	14,220.00	2,501.00
		<u>\$ 1,639,191.62</u>	<u>\$ 1,743,050.52</u>
Reserve for Receivables and Other Assets	A	1,039,722.40	1,500,699.71
Fund Balance	A-1	<u>2,231,005.65</u>	<u>1,465,575.65</u>
		<u>\$ 4,909,919.67</u>	<u>\$ 4,709,325.88</u>
Grant Fund:			
Encumbrances Payable	A-8	\$	\$ 158,617.69
Reserve for Grants Appropriated	A-23	536,467.04	392,206.73
Reserve for Grants Unappropriated	A-22	23,142.95	19,956.61
		<u>\$ 559,609.99</u>	<u>\$ 570,781.03</u>
		<u>\$ 5,469,529.66</u>	<u>\$ 5,280,106.91</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 31, 2014	YEAR ENDED DECEMBER 31, 2013
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 1,350,000.00	\$ 1,250,000.00
Miscellaneous Revenue Anticipated	A-2	4,471,881.12	5,147,516.63
Receipts from Delinquent Taxes	A-2	1,390,514.66	789,280.23
Receipts from Current Taxes	A-2	38,128,729.93	37,527,665.30
Non-Budget Revenue	A-2	94,832.90	67,693.11
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	105,355.38	54,700.19
Tax Overpayments Canceled			32.60
Accounts Payable Canceled			1,430.00
Maintenance Lien	A-28	<u>1,668.34</u>	<u>821.66</u>
<u>Total Income</u>		<u>\$ 45,542,982.33</u>	<u>\$ 44,839,139.72</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations within "CAPS":			
Operating	A-3	\$ 11,121,550.00	\$ 10,624,427.75
Deferred Charges and Statutory Expenditures	A-3	1,280,408.60	1,352,965.00
Operations Excluded From "CAPS":			
Operating	A-3	623,656.91	1,522,095.03
Capital Improvements	A-3	50,000.00	50,000.00
Municipal Debt Service	A-3	2,726,773.62	2,881,935.95
Deferred Charges	A-3	49,000.00	49,000.00
County Taxes	A-14	4,724,334.27	4,586,545.31
County Share of Added Taxes	A-14	1,169.81	2,682.99
Local District School Tax	A-15	22,174,779.00	21,911,695.00
Refund of Prior Years Revenue	A-4	5,962.69	423.00
Downtown Somerville Alliance Tax	A-25	474,598.40	466,401.49
Senior Citizens Disallowed by Collector - Prior Year			6,250.00
Interfunds Advanced		<u>196,681.78</u>	<u>27,621.01</u>
<u>Total Expenditures</u>		<u>\$ 43,428,915.08</u>	<u>\$ 43,482,042.53</u>
Excess in Revenue		\$ 2,114,067.25	\$ 1,357,097.19
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are Deferred			
Charges to Budget of Succeeding Year		<u>1,362.75</u>	
Statutory Excess to Fund Balance		\$ 2,115,430.00	\$ 1,357,097.19
Fund Balance			
Balance, January 1	A	<u>1,465,575.65</u>	<u>1,358,478.46</u>
		\$ 3,581,005.65	\$ 2,715,575.65
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>1,350,000.00</u>	<u>1,250,000.00</u>
Fund Balance, December 31	A	<u>\$ 2,231,005.65</u>	<u>\$ 1,465,575.65</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, 2014

		ANTICIPATED			EXCESS
	REF.	BUDGET	SPECIAL NJS 40A:4-87	REALIZED	OR (DEFICIT)
Fund Balance Anticipated	A-1	\$ 1,350,000.00		\$ 1,350,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-9	\$ 23,260.00	\$	\$ 30,347.00	\$ 7,087.00
Other	A-2	34,000.00		38,163.00	4,163.00
Fees and Permits:					
Construction Code Official	A-9	230,000.00		235,027.00	5,027.00
Other	A-2	134,600.00		141,183.15	6,583.15
Fines:					
Municipal Court	A-9	280,000.00		333,386.87	53,386.87
Interest and Cost on Taxes	A-9	341,775.00		516,672.20	174,897.20
Parking Meters	A-9	250,000.00		249,639.76	(360.24)
Interest on Investments and Deposits	A-9	9,500.00		15,060.60	5,560.60
Sale of Garbage Decals	A-9	19,000.00		18,204.00	(796.00)
Rent of Office Facilities	A-9	5,800.00		4,550.00	(1,250.00)
Consolidated Municipal Property Tax Relief Aid	A-9	54,444.00		54,444.00	
Energy Receipts Tax	A-9	1,349,846.00		1,349,846.00	
Body Armor Replacement Fund	A-19	3,924.95		3,924.95	
Recycling Tonnage Grant	A-19	14,306.61		14,306.61	
Drunk Driving Enforcement Fund	A-19	3,042.33		3,042.33	
Hazardous Discharge Grant	A-19	127,351.00		127,351.00	
Clean Communities Program	A-19		19,378.22	19,378.22	
Municipal Alliance on Alcoholism and Drug Abuse	A-19	9,815.00	4,088.25	13,903.25	
Library ADA Compliant Grant	A-19	88,809.00		88,809.00	
Bulletproof Vest Grant	A-19	1,725.05		1,725.05	
Somerville Landfill Green Seam	A-19		306,400.00	306,400.00	
DeSapio Contribution	A-9	76,000.00		76,000.00	
Saker - P.I.L.O.T.	A-9	84,000.00		85,455.70	1,455.70
Library Surplus	A-9	2,000.00		2,000.00	
Uniform Fire Safety Act	A-9	27,034.17		27,090.06	55.89
Cable T.V. Franchise Tax	A-9	142,357.47		142,357.47	
Somerville Senior Citizens Housing, Inc.	A-9	95,000.00		103,886.66	8,886.66
Sale of Assets	A-11	34,520.49		34,520.49	
ERG - Contribution to Debt Service	A-9	390,000.00		390,000.00	
FEMA Reimbursement	A-9	29,000.00		29,105.00	105.00
Assessment Trust Surplus	A-9	16,101.75		16,101.75	
	A-1	\$ 3,877,212.82	\$ 329,866.47	\$ 4,471,881.12	\$ 264,801.83
Receipts From Delinquent Taxes	A-1:A-2	\$ 865,000.00	\$	\$ 1,390,514.66	\$ 525,514.66
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-7	\$ 11,496,800.47	\$	\$ 12,803,848.45	\$ 1,307,047.98
<u>Budget Totals</u>		\$ 17,589,013.29	\$ 329,866.47	\$ 20,016,244.23	\$ 2,097,364.47
Non-Budget Revenue	A-1:A-2			94,832.90	94,832.90
		\$ 17,589,013.29	\$ 329,866.47	\$ 20,111,077.13	\$ 2,192,197.37
	REF.	A-3	A-3		

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

BOROUGH OF SOMERVILLE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	<u>REF.</u>	
Allocation of Current Tax Collections:		
Collections on a Cash Basis	A-1:A-7	\$ <u>38,128,729.93</u>
Reserve from Operations		\$ 38,128,729.93
Allocated to:		
School and County Taxes		26,900,283.08
Special District Taxes		474,598.40
		\$ <u>10,753,848.45</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>12,803,848.45</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-2:A-7	\$ 748,041.21
Tax Title Lien Collections	A-29	<u>642,473.45</u>
	A-2	<u><u>1,390,514.66</u></u>
Licenses - Other:		
Clerk	A-9	12,560.00
Board of Health/Registrar	A-9	<u>25,603.00</u>
	A-2	\$ <u><u>38,163.00</u></u>
Fees and Permits - Other:		
Clerk	A-9	\$ 21,968.65
Board of Health/Registrar	A-9	105,367.00
Planning / Zoning	A-9	9,725.00
Engineering	A-9	<u>4,122.50</u>
	A-2	\$ <u><u>141,183.15</u></u>
<u>Analysis of Non-Budget Revenues</u>		
Tax Collector		\$ 39,889.94
Miscellaneous		<u>54,942.96</u>
	A-2:A-4	\$ <u><u>94,832.90</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, 2014

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
\$	179,200.00	\$ 209,200.00	\$ 208,116.33	\$ 1,083.67	\$
	270,950.00	258,650.00	132,463.66	126,186.34	
	61,000.00	61,000.00	61,000.00		
	1,000.00	1,000.00	541.85	458.15	
	3,600.00	3,600.00	3,132.62	467.38	
	141,000.00	140,000.00	128,619.13	11,380.87	
	30,700.00	30,700.00	18,551.90	12,148.10	
	50,000.00	50,000.00	33,500.00	16,500.00	
	41,300.00	41,300.00	41,215.62	84.38	
	4,025.00	3,725.00	3,557.28	167.72	
	66,000.00	64,708.00	62,008.03	2,699.97	
	11,325.00	11,325.00	8,665.28	2,659.72	
	44,000.00	43,000.00	42,926.48	73.52	
	33,800.00	33,800.00	26,541.27	7,258.73	
	13,000.00	13,000.00	12,000.00	1,000.00	
	71,150.00	45,150.00	38,942.36	6,207.64	
	37,200.00	37,200.00	26,429.84	10,770.16	

OPERATIONS WITHIN "CAPS"

GENERAL GOVERNMENT

- Administrative and Executive:
- Salaries and Wages
- Other Expenses
- Borough Clerk:
- Salaries and Wages
- Elections:
- Salaries and Wages
- Other Expenses
- Financial Administration:
- Salaries and Wages
- Other Expenses
- Audit
- Assessment of Taxes:
- Salaries and Wages
- Other Expenses
- Collection of Taxes:
- Salaries and Wages
- Other Expenses
- Legal Services and Costs:
- Salaries and Wages
- Other Expenses
- Prosecutor:
- Other Expenses
- Engineering Services and Costs:
- Salaries and Wages
- Other Expenses

BOROUGH OF SOMERVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	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	\$ 182,150.00	\$ 174,150.00	\$ 156,202.62	\$ 17,947.38	\$
Other Expenses	77,800.00	77,800.00	77,688.04	111.96	
Municipal Land Use Law (N.J.S.A. 40:55d-1):					
Planning Board:					
Other Expenses	29,250.00	29,250.00	27,596.17	1,653.83	
Department of Technology:					
Other Expenses	83,500.00	83,500.00	81,287.73	2,212.27	
Zoning Board of Adjustment:					
Other Expenses	5,250.00	5,250.00	5,085.24	164.76	
Insurance:					
Group Insurance for Employees	1,168,200.00	1,168,200.00	1,018,508.19	149,691.81	
Other Insurance Premiums	676,000.00	676,000.00	675,224.24	775.76	
Prescription Drug/Dental Program	67,500.00	63,000.00	55,110.60	7,889.40	
<u>PUBLIC SAFETY</u>					
Fire:					
Salaries and Wages	58,500.00	57,480.00	57,458.64	21.36	
Other Expenses	156,850.00	173,080.00	157,016.47	16,063.53	
Uniform Fire Safety Act:					
Salaries and Wages	57,500.00	57,320.00	57,320.00		
Other Expenses	4,200.00	4,200.00	3,018.49	1,181.51	
Police:					
Salaries and Wages	3,517,353.00	3,511,853.00	3,409,229.91	102,623.09	
Other Expenses	205,665.00	206,287.00	206,270.83	16.17	
School Crossing Guard - Contractual	148,570.00	148,570.00	114,978.33	33,591.67	
Municipal Court:					
Salaries and Wages	32,288.00	32,288.00	32,005.04	282.96	
Other Expenses	177,925.00	177,925.00	154,469.08	23,455.92	

BOROUGH OF SOMERVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<b>PUBLIC SAFETY (CONTINUED)</b>						
First Aid Organization Contribution	\$ 70,000.00	\$ 70,000.00	\$ 70,000.00		\$	
Emergency Management Services:						
Other Expenses	5,000.00	5,000.00	3,071.75	1,928.25		
<b>STREETS AND ROADS</b>						
Road Repairs and Maintenance:						
Salaries and Wages	637,419.00	652,519.00	633,070.71	19,448.29		
Other Expenses	148,600.00	148,600.00	139,431.12	9,168.88		
Snow Removal:						
Other Expenses	44,500.00	44,500.00	17,818.02	26,681.98		
<b>SANITATION</b>						
Sewer System:						
Other Expenses	13,000.00	13,000.00	11,616.23	1,383.77		
Garbage and Trash Removal:						
Other Expenses - (Contractual)	697,000.00	683,620.00	568,486.06	115,133.94		
Recycling:						
Other Expenses	100,000.00	100,000.00	100,000.00			
<b>HEALTH AND WELFARE (BOARD OF HEALTH - LOCAL HEALTH AGENCY)</b>						
Board of Health:						
Salaries and Wages	97,500.00	98,500.00	97,920.80	579.20		
Other Expenses	105,500.00	105,800.00	105,604.64	195.36		
Dog Regulation (Contractual)	84,700.00	84,700.00	61,570.25	23,129.75		

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, 2014

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>RECREATION AND EDUCATION</u>					
Parks and Playgrounds:					
Salaries and Wages	\$ 5,000.00	\$ 5,000.00	\$	\$ 5,000.00	\$
Other Expenses	45,200.00	45,200.00	43,841.93	1,358.07	
Recreation:					
Salaries and Wages	125,000.00	125,000.00	122,163.23	2,836.77	
Other Expenses	2,500.00	2,500.00	2,455.00	45.00	
Celebration of Public Event, Anniversary or Holiday:					
Other Expenses	2,000.00	2,000.00		2,000.00	
<u>STATE UNIFORM CONSTRUCTION CODE</u> (N.J.S.A. 52:270-120 ET. SEQ.)					
Community Development:					
Salaries and Wages	140,400.00	138,840.00	138,145.01	694.99	
Other Expenses	41,200.00	41,200.00	37,240.47	3,959.53	
Plumbing Inspector:					
Salaries and Wages	17,500.00	16,600.00	16,580.20	19.80	
Electrical Inspector:					
Salaries and Wages	98,000.00	97,300.00	97,245.55	54.45	
Building Inspector:					
Salaries and Wages	10,000.00	9,880.00	9,871.17	8.83	
<u>UTILITIES:</u>					
Street Lighting	200,000.00	213,672.00	200,000.00	13,672.00	
Fire Hydrant Service	163,000.00	163,000.00	153,740.23	9,259.77	
Telephone	79,780.00	94,280.00	81,023.29	13,256.71	
Water	15,000.00	15,000.00	13,135.50	1,864.50	
Electricity	210,000.00	196,328.00	171,540.45	24,787.55	
Gas/Diesel Fuel	155,000.00	155,000.00	121,313.32	33,686.68	
Accumulated Leave Compensation: Salaries and Wages	100,000.00	100,000.00	100,000.00		
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	\$ 11,120,550.00	\$ 11,120,550.00	\$ 10,253,566.20	\$ 866,983.80	\$

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, 2014

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>CONTINGENT</u>	\$ 1,000.00	\$ 1,000.00	\$	1,000.00	\$
TOTAL OPERATIONS INCLUDING <u>CONTINGENT WITHIN "CAPS"</u>	\$ 11,121,550.00	\$ 11,121,550.00	\$ 10,253,566.20	\$ 867,983.80	\$
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Deferred Charges:					
Overexpenditure of Appropriation Reserves	\$ 11,032.60	\$ 11,032.60	\$ 11,032.60		\$
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	268,000.00	268,000.00	261,854.91	6,145.09	
Social Security System	225,000.00	225,000.00	194,148.09	30,851.91	
Police and Firemen's Retire System of N.J.	768,000.00	768,000.00	766,376.00		1,624.00
Unemployment Compensation	10,000.00	10,000.00	10,000.00		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"	\$ 1,282,032.60	\$ 1,282,032.60	\$ 1,243,411.60	\$ 36,997.00	\$ 1,624.00
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 12,403,582.60	\$ 12,403,582.60	\$ 11,496,977.80	\$ 904,980.80	\$ 1,624.00
OPERATIONS EXCLUDED FROM "CAPS"					
Length of Service Award Program - (LOSAP)	\$ 36,000.00	\$ 36,000.00	\$ 19,500.00	\$ 16,500.00	\$
Tax Appeals	5,000.00	5,000.00	652.74	4,347.26	
PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES					
Clean Communities Grant (N.J.S.A. 40A:4-87 \$19,378.22)		19,378.22	19,378.22		
Body Armor Replacement Fund	3,924.95	3,924.95	3,924.95		
Municipal Alliance Agreement:					
County of Somerset and Local Match	12,268.75	12,268.75	12,268.75		
Municipal Alliance Agreement (N.J.S.A. 40A:4-87 \$4,088.25)		4,088.25	4,088.25		

BOROUGH OF SOMERVILLE

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b>PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES</b>					
Municipal Alliance Agreement CHAPTER 159 match to be raised 2015	\$ 3,042.33	\$ 1,362.75	\$ 1,362.75	\$	\$
Drunk Driving Enforcement Fund	127,351.00	3,042.33	3,042.33		
Hazardous Discharge Grant	88,809.00	127,351.00	127,351.00		
Library ADA Compliant Grant	1,725.05	88,809.00	88,809.00		
Bullet Proof Vest Grant		1,725.05	1,725.05		
Somerville Landfill Green Seam (N.J.S.A. 40A:4-87 - \$ 306,400.00)		306,400.00	306,400.00		
Recycling Tonnage Grant	14,306.61	14,306.61	14,306.61		
<b>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</b>	<b>\$ 292,427.69</b>	<b>\$ 623,656.91</b>	<b>\$ 602,809.65</b>	<b>\$ 20,847.26</b>	<b>\$</b>
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00		\$
<b>TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</b>	<b>\$ 50,000.00</b>	<b>\$ 50,000.00</b>	<b>\$ 50,000.00</b>		<b>\$</b>
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>					
Payment of Bond Principal	\$ 1,665,000.00	\$ 1,665,000.00	\$ 1,665,000.00		\$
Payment of Bond Anticipation and Capital Notes	100,000.00	100,000.00	100,000.00		
Interest on Bonds	557,003.00	557,003.00	542,468.91		14,534.09
Interest on Notes	32,000.00	32,000.00	31,301.21		698.79
Somerset Co. Improvement Authority-Lease Program					
Principal	360,000.00	360,000.00	358,917.20		1,082.80
Interest	30,000.00	30,000.00	29,086.30		913.70
<b>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>	<b>\$ 2,744,003.00</b>	<b>\$ 2,744,003.00</b>	<b>\$ 2,726,773.62</b>	<b>\$</b>	<b>\$ 17,229.38</b>
<b>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</b>					
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		
<b>TOTAL DEFERRED CHARGES - MUNICIPAL; EXCLUDED FROM "CAPS"</b>	<b>\$ 49,000.00</b>	<b>\$ 49,000.00</b>	<b>\$ 49,000.00</b>	<b>\$</b>	<b>\$</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, 2014

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 3,135,430.69	\$ 3,466,659.91	\$ 3,428,583.27	\$ 20,847.26	\$ 17,229.38
SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES	\$ 15,539,013.29	\$ 15,870,242.51	\$ 14,925,561.07	\$ 925,828.06	\$ 18,853.38
	2,050,000.00	2,050,000.00	2,050,000.00		
TOTAL GENERAL APPROPRIATIONS	\$ 17,589,013.29	\$ 17,920,242.51	\$ 16,975,561.07	\$ 925,828.06	\$ 18,853.38
REF.	A-2		A-1	A:A-1	
Budget Appropriations		\$ 17,589,013.29			
Emergency		1,362.75			
Appropriation by 40A:4-87		329,866.47			
		\$ 17,920,242.51			
Accounts Payable	A-20		\$ 147,039.99		
Reserve for Uncollected Taxes	A-2		2,050,000.00		
Reserve for Grants Appropriated	A-23		582,656.91		
Overexpenditure of Appropriation Reserves	A-31		11,032.60		
Special Emergency Authorizations- 5 years (N.J.S.A. 40A:4-55)	A-31		44,000.00		
Disbursements	A-4		14,599,404.69		
			\$ 17,434,134.19		
Less: Refunds	A-4		458,573.12		
			\$ 16,975,561.07		

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TRUST FUND

## BOROUGH OF SOMERVILLE

## TRUST FUND

## BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2013
<u>ASSETS</u>			
Assessment Trust Fund:			
Assessments Receivable	B-11	\$ 7,344.96	\$ 15,000.00
Prospective Assessments Funded	B-22	10,000.00	15,000.00
Interfunds Receivable	B-20	161,899.20	169,970.55
		<u>\$ 179,244.16</u>	<u>\$ 184,970.55</u>
Animal Control Fund:			
Cash	B-2	\$ 15,667.06	\$ 700.06
Due Current Fund	B-4	1,542.00	1,542.00
		<u>\$ 17,209.06</u>	<u>\$ 2,242.06</u>
Other Funds:			
Cash	B-2	\$ 2,081,537.59	\$ 1,073,403.50
Interfunds Receivable	B-19	229,489.63	725,933.89
Accounts Receivable	B-25	10,673.00	17,352.00
Community Development Block Grants Receivable	B-6	44,385.89	44,385.89
		<u>\$ 2,366,086.11</u>	<u>\$ 1,861,075.28</u>
		<u>\$ 2,562,539.33</u>	<u>\$ 2,048,287.89</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	7,344.96	
Assessment Serial Bonds	B-17	10,000.00	15,000.00
Fund Balance	B-1	8,030.40	16,101.75
		<u>\$ 179,244.16</u>	<u>\$ 184,970.55</u>
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-3	\$ 17,209.06	\$ 2,242.06
		<u>\$ 17,209.06</u>	<u>\$ 2,242.06</u>
Other Funds:			
Interfunds Payable	B-19	\$ 250,636.34	\$ 25,533.60
Accounts Payable - Housing Assistance Program	B-16		10,795.37
Accounts Payable - Trust Fund	B-24		10,200.84
Reserve for:			
Miscellaneous Deposits	B-5	612,966.50	447,131.77
Community Development Block Grant Expenditures	B-7	44,385.89	44,385.89
District Management Corporation	B-8	288,048.49	236,096.96
Unemployment Insurance Fund	B-9	585.69	10,200.63
Sanitary Landfill Closure	B-10	11,390.67	11,375.17
Recycling	B-12	27,900.90	900.90
Tax Redemption Trust	B-13	811,942.61	753,889.63
Recreation Commission	B-14	179,794.87	163,045.10
Housing Assistance Program	B-15	45,531.79	88,303.34
Housing Assistance Program Portables	B-18	11,346.75	5,524.22
Law Enforcement Trust Fund	B-21	25,763.40	25,651.43
Builders Escrow	B-23	55,488.86	27,907.07
Credit Card Fee Accounts	B-26	303.35	133.36
		<u>\$ 2,366,086.11</u>	<u>\$ 1,861,075.28</u>
		<u>\$ 2,562,539.33</u>	<u>\$ 2,048,287.89</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, 2013	B	\$ 16,101.75
Increased by:		
Collections of Unpledged Assessments and Liens	B-27	8,030.40
		<u>\$ 24,132.15</u>
Decreased by:		
Fund Balance Pledged to Current Fund	B-2	<u>16,101.75</u>
Balance, December 31, 2014	B	<u><u>\$ 8,030.40</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 SOMERVILLE

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>
<u>ASSETS</u>			
Cash	C-2	\$ 1,169,987.82	\$ 55,176.17
Investment			44,000.00
Deferred Charges to Future Taxation:			
Funded	C-5	14,735,000.00	16,390,000.00
Unfunded	C-6	7,110,112.83	5,992,007.83
State Aid Receivable	C-7	1,192,137.57	1,014,394.33
Due From Somerset County Improvement Authority	C-13	2,623.34	36,044.64
Interfunds Receivable	C-11	208,868.85	347,568.85
		<u>\$ 24,418,730.41</u>	<u>\$ 23,879,191.82</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-10	\$ 14,735,000.00	\$ 16,390,000.00
Bond Anticipation Notes	C-9	6,707,800.00	4,300,000.00
Interfunds Payable	C-11	6,300.00	772,762.17
Improvement Authorizations:			
Funded	C-8	75,941.71	591,177.46
Unfunded	C-8	2,327,724.70	1,458,402.51
Reserve for Debt Service	C-14	399,017.17	220,591.29
Contracts Payable	C-12	154,215.47	137,250.73
Capital Improvement Fund	C-4	4,492.83	3,492.83
Fund Balance	C-1	8,238.53	5,514.53
		<u>\$ 24,418,730.41</u>	<u>\$ 23,879,191.52</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, 2013	C	\$ 5,514.53
Increased by:		
Premium on Sale of Notes	C-2	<u>2,724.00</u>
Balance, December 31, 2014	C	<u>\$ 8,238.53</u>

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

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SEWER UTILITY FUND

## BOROUGH OF SOMERVILLE

## SEWER UTILITY FUND

## BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>
Operating Fund:			
Cash - Treasurer	D-5	\$ 259,176.04	\$ 32,106.33
Cash - Change Fund	D-10	50.00	50.00
Interfund Receivable	D-19	171,553.02	647,409.75
		<u>\$ 430,779.06</u>	<u>\$ 679,566.08</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	\$ 231,606.07	\$ 171,392.72
Sewer Utility Liens	D-9	240.00	240.00
	D	<u>\$ 231,846.07</u>	<u>\$ 171,632.72</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserves	D-14	<u>\$ 6,446.45</u>	<u>\$</u>
<u>Total Operating Fund</u>		<u>\$ 669,071.58</u>	<u>\$ 851,198.80</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	<u>538,762.17</u>	<u>538,762.17</u>
<u>Total Capital Fund</u>		<u>\$ 2,941,337.83</u>	<u>\$ 3,480,100.00</u>
		<u>\$ 3,610,409.41</u>	<u>\$ 4,331,298.80</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-14	\$ 50,302.63	\$ 47,856.92
Encumbrances Payable	D-15	11,398.23	1,140.32
Interfunds Payable	D-19	278,189.63	516,610.59
Accrued Interest on Bonds	D-17	11,354.61	11,354.61
Prepaid Sewer Charges	D-24	6,820.67	1,762.81
Overpayments	D-16	282.28	3,158.83
		<u>\$ 358,348.05</u>	<u>\$ 581,884.08</u>
Reserve for Receivables	D	231,846.07	171,632.72
Fund Balance	D-1	<u>78,877.46</u>	<u>97,682.00</u>
<u>Total Operating Fund</u>		<u>\$ 669,071.58</u>	<u>\$ 851,198.80</u>
Capital Fund:			
Serial Bonds	D-23	\$ 143,000.00	\$ 218,000.00
Improvement Authorizations:			
Funded	D-18	82.50	82.50
Unfunded	D-18	26,756.74	78,083.14
Interfunds Payable	D-13	159,973.98	647,409.75
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	2,197,810.28	2,122,810.28
Down Payment on Improvements	D-8	732.00	732.00
Fund Balance	D-2	<u>982.33</u>	<u>982.33</u>
<u>Total Capital Fund</u>		<u>\$ 2,941,337.83</u>	<u>\$ 3,480,100.00</u>
		<u>\$ 3,610,409.41</u>	<u>\$ 4,331,298.80</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, 2014</u>	YEAR ENDED DECEMBER <u>31, 2013</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-3	\$ 97,000.00	\$ 96,000.00
Rents	D-3	2,441,970.52	2,393,257.77
Penalties	D-3	24,846.58	29,881.77
Miscellaneous	D-3	63,288.27	2,737.70
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-14	671.09	386.74
Unexpended Balance Cancelled	D-4	<u>70,419.00</u>	<u>1,269.00</u>
<u>TOTAL INCOME</u>		<u>\$ 2,698,195.46</u>	<u>\$ 2,523,532.98</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operating	D-4	\$ 2,506,500.00	\$ 2,232,000.00
Deferred Charges and Statutory Expenditures	D-4	30,500.00	107,242.00
Municipal Debt Service	D-4	<u>83,000.00</u>	<u>87,000.00</u>
<u>TOTAL EXPENDITURES</u>		<u>\$ 2,620,000.00</u>	<u>\$ 2,426,242.00</u>
Excess in Revenue		\$ 78,195.46	\$ 97,290.98
<u>Fund Balance</u>			
Balance, January 1	D	<u>97,682.00</u>	<u>96,391.02</u>
		\$ 175,877.46	\$ 96,391.02
Decreased by:			
Utilization by Sewer Operating Budget	D-1:D-3	<u>97,000.00</u>	<u>96,000.00</u>
Balance, December 31	D	<u><u>\$ 78,877.46</u></u>	<u><u>\$ 97,682.00</u></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 FUND BALANCE - REGULATORY BASIS

REF.

Balance, December 31, 2013 and  
December 31, 2014

D

\$ 982.33

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, 2014

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	D-1	\$ 97,000.00	\$ 97,000.00	\$
Sewer Use Charges	D-1:D-7	2,393,000.00	2,393,000.00	
Additional Sewer Use Charges	D-1:D-7	100,000.00	48,970.52	(51,029.48)
Penalties	D-1:D-6	29,000.00	24,846.58	(4,153.42)
Miscellaneous	D-1:D-3	<u>1,000.00</u>	<u>63,288.27</u>	<u>62,288.27</u>
	D-4	<u>\$ 2,620,000.00</u>	<u>\$ 2,627,105.37</u>	<u>\$ 7,105.37</u>

ANALYSIS OF REALIZED REVENUE

Miscellaneous:		
Interest Earned	\$	299.71
Connection Fee		62,940.00
Miscellaneous		<u>48.56</u>
	D-3:D-5	<u>\$ 63,288.27</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, 2014

	APPROPRIATIONS		PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION		RESERVED	RESERVED	
Operating:						
Salaries and Wages	\$ 322,100.00	\$ 322,100.00	\$ 240,514.66	\$ 11,585.34	\$ 70,000.00	
Other Expenses	216,400.00	216,400.00	184,832.79	31,567.21		
Sewerage Authority (R.S. 40:14A-9):						
Share of Costs	1,938,000.00	1,938,000.00	1,930,849.92	7,150.08		
Reserve for Retirement	30,000.00	30,000.00	30,000.00			
<u>Total Operating</u>	<u>2,506,500.00</u>	<u>2,506,500.00</u>	<u>2,386,197.37</u>	<u>50,302.63</u>	<u>70,000.00</u>	
Debt Service:						
Payment of Bond Principal	75,000.00	75,000.00	75,000.00			
Interest on Bonds	8,000.00	8,000.00	7,581.00		419.00	
<u>Total Debt Service</u>	<u>83,000.00</u>	<u>83,000.00</u>	<u>82,581.00</u>		<u>419.00</u>	
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contributions to:						
Social Security System (O.A.S.I)	25,000.00	25,000.00	25,000.00			
Public Employees' Retirement System	5,500.00	5,500.00	5,500.00			
<u>Total Deferred Charges and Statutory Expenditures</u>	<u>30,500.00</u>	<u>30,500.00</u>	<u>30,500.00</u>			
	<u>\$ 2,620,000.00</u>	<u>\$ 2,620,000.00</u>	<u>\$ 2,499,278.37</u>	<u>\$ 50,302.63</u>	<u>\$ 70,419.00</u>	
REF.	D-3			D:D-1	D-1	
Cash Disbursements			\$ 2,500,299.14			
Accrued Interest on Bonds			7,581.00			
Encumbrances Payable			11,398.23			
			\$ 2,519,278.37			
Refunds			20,000.00			
			\$ 2,499,278.37			

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, 2014</u>	BALANCE DECEMBER <u>31, 2013</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

	DECEMBER 31, 2014	DECEMBER 31, 2013
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>7,213,229.00</u>	<u>7,309,384.00</u>
<u>TOTAL GENERAL FIXED ASSETS</u>	<u>\$ 28,283,329.00</u>	<u>\$ 28,379,484.00</u>
Investment in General Fixed Assets	<u>\$ 28,283,329.00</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, 2014 AND 2013

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, 2014:

<u>FUND</u>	<u>Cash on Deposit</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>TOTAL</u>
Current Fund	\$ 4,190,710.10	\$ 149,479.54	\$ 21,655.12	\$ 4,318,534.52
Animal Control Trust Fund	15,628.54	16.92		15,645.46
Trust Other Fund	1,742,124.08	2,428.59	158,015.08	1,586,537.59
General Capital Fund	1,227,887.82		12,900.00	1,214,987.82
Sewer Utility Operating Fund	<u>259,176.04</u>	<u>                    </u>	<u>                    </u>	<u>259,176.04</u>
<u>Total December 31, 2014</u>	<u>\$ 7,466,783.66</u>	<u>\$ 151,925.05</u>	<u>\$ 192,570.20</u>	<u>\$ 7,426,138.51</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, 2014, 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, \$387,122.94 was covered by Federal Depository Insurance and \$7,079,660.72 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, 2014 are detailed on Exhibits "B-17", "C-9", "C-10" and "D-23".

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2014</u>	<u>YEAR 2013</u>	<u>YEAR 2012</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 21,442,800.00	\$ 20,690,000.00	\$ 21,285,000.00
Sewer Utility:			
Bonds and Notes	143,000.00	218,000.00	293,000.00
Assessment Utility:			
Bonds	<u>10,000.00</u>	<u>15,000.00</u>	<u>20,000.00</u>
Net Debt Issued	21,595,800.00	20,923,000.00	21,598,000.00
Less:			
Reserve for Debt Service	399,017.17	220,591.29	24,853.12
Cash on Hand to Pay Notes	<u>163,482.00</u>	<u>8,600.00</u>	<u>                    </u>
	\$ <u>21,033,300.83</u>	\$ <u>20,693,808.71</u>	\$ <u>21,573,146.88</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	565,794.83	1,638,644.83	1,939,294.83
Sewer Utility:			
Bonds and Notes	<u>340,527.55</u>	<u>341,527.55</u>	<u>201,527.55</u>
Total Authorized But Not Issued	<u>906,322.38</u>	<u>1,980,172.38</u>	<u>2,140,822.38</u>
Net Bonds and Notes Issued and Authorized But Not Issued	\$ <u>21,939,623.21</u>	\$ <u>22,673,981.09</u>	\$ <u>23,713,969.26</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF REGULATORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

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

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$21,630,000.00	\$21,630,000.00	-0-
Sewer Utility Debt	483,527.55	2,007.95	\$481,519.60
General Debt	<u>22,018,594.83</u>	<u>562,499.17</u>	<u>\$21,456,095.66</u>
	<u>\$44,132,122.38</u>	<u>\$22,194,507.12</u>	<u>\$21,937,615.26</u>

NET DEBT \$21,937,615.26 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$1,203,700,816.00 EQUALS 1.82%.

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

Equalized Valuation Basis* - December 31, 2014	\$1,203,700,816.00
3-1/2 of Equalized Valuation Basis	42,129,528.56
Net Debt	<u>21,985,399.38</u>
Remaining Borrowing Power	<u>\$20,144,129.18</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	\$	2,525,505.02
Deductions:		
Operating and Maintenance Cost	\$	2,467,000.00
Debt Service		<u>82,581.00</u>
Total Deductions		<u>2,549,581.00</u>
Deficit in Revenue - Not Self-Liquidating	\$	<u>(24,075.98)</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

	OUTSTANDING BALANCE DECEMBER <u>31, 2014</u>
General Serial Bonds:	
\$3,780,000.00 2006 General Improvement Bonds due in an annual installment of \$295,000.00 through August 2021 at 4%.	\$590,000.00
\$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.	2,525,000.00
\$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.	2,725,000.00
\$5,340,000.00 2012 General Improvement Bonds due in annual installments of \$320,000.00 to \$475,000.00 through September 2026 at varying interest rates.	4,805,000.00
\$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.	2,625,000.00
\$1,465,000.00 2006 Refunding Bonds due in annual installments of \$20,000.00 to \$305,000.00 through August 2021 at varying interest rates.	<u>1,465,000.00</u>
	<u><u>\$14,735,000.00</u></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><u>\$143,000.00</u></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><u>\$10,000.00</u></u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BOND ANTICIPATION NOTES

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Interest Rate</u>	<u>Issue and Maturity Dates</u>	<u>Amount</u>
General Capital Fund	1.000%	8/4/2014 to 3/4/2015	\$1,714,800.00
General Capital Fund	0.76%	3/5/2014 to 3/4/2015	<u>4,993,000.00</u>
			<u><u>\$6,707,800.00</u></u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2014

CALENDAR	<u>GENERAL CAPITAL</u>		
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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>\$14,725,000.00</u>	<u>\$2,220,300.12</u>	<u>\$16,945,300.12</u>

CALENDAR	<u>SEWER CAPITAL</u>		
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	\$75,000.00	\$4,431.00	\$79,431.00
2016	68,000.00	1,428.00	69,428.00
	<u>\$143,000.00</u>	<u>\$5,859.00</u>	<u>\$148,859.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

CALENDAR YEAR	ASSESSMENT CAPITAL		TOTAL
	PRINCIPAL	INTEREST	
2015	\$5,000.00	\$400.00	\$5,400.00
2016	5,000.00	200.00	5,200.00
	<u>\$10,000.00</u>	<u>\$600.00</u>	<u>\$10,600.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2014, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2015, were as follows:

Current Fund	\$1,500,000.00
Sewer Utility Fund	\$ 70,947.00

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>2014</u>	BALANCE DECEMBER 31, <u>2013</u>
Prepaid Taxes	<u>\$174,460.45</u>	<u>\$174,190.64</u>

NOTE 6: PENSION PLANS

Plan Descriptions

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/annrprts.shtml](http://www.nj.gov/treasury/pensions/annrprts.shtml).

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2013 PERS provides for employee contributions of 6.78% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2013, members contributed at a uniform rate of 10.00% of base salary.

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy

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 \$1,028,230.91 for 2014, \$1,116,530.00 for 2013, and \$1,171,113.24 for 2012.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Borough employees are also covered by Federal Insurance Contribution Act.

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 2014. 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 2014 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, 2014, 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>
2014	\$27.40	\$25,503.05	\$35,145.39	\$585.69
2013	3.24	14,329.10	5,386.36	10,200.63
2012	16,012.26	7,932.15	43,396.23	1,254.65

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 \$36,000.00.

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, 2014:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$225,102.74	\$343,997.01
Grant Fund	168,976.72	
Assessment Trust Fund	161,899.20	153,868.80
Animal Control Fund	1,542.00	
Trust Other Fund	229,489.63	250,636.34
General Capital Fund	208,868.85	6,300.00
Sewer Utility Operating Fund	201,784.35	308,420.96
Sewer Utility Capital Fund		159,973.98
Public Assistance Fund	25,533.60	
	<u>\$1,223,197.09</u>	<u>\$1,223,197.09</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, 2014, the following deferred charges are shown on the balance sheets of the various funds:

	<u>BALANCE DECEMBER 31, 2014</u>	<u>2015 BUDGET APPROPRIATION</u>
Current Fund:		
Emergency	\$1,362.75	\$1,362.75
Utility Operating Fund:		
Overexpenditure of Appropriation Reserves	6,446.45	6,446.45
	<u>\$7,809.20</u>	<u>\$7,809.20</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, 2014, 2013 and 2012 were \$3,272.40, \$3,693.60 and \$5,091.24 respectively, which equaled the required contributions for each year.

## NOTE 17: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through May 13, 2015 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that there are no material subsequent events needed to be disclosed.

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BOROUGH OF SOMERVILLE  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2014

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF CASH-COLLECTOR-TREASURER

<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
A	\$ 3,153,293.57	\$
A-7	\$ 38,633,798.68	
A-29	642,473.45	\$
A-2	94,832.90	
A-3	458,573.12	
A-5	300.00	
A-9	3,858,520.22	
A-10:A-24	608,913.65	597,014.29
A-16	500.00	
A-28	1,668.34	
A-16	67,525.34	
A-17	174,460.45	
A-18	22,612.05	
A-32	11,719.00	
A-19		387,740.30
A-22		23,142.95
	\$ 44,575,897.20	\$ 1,007,897.54
	\$ 47,729,190.77	\$ 1,007,897.54
A-3	\$ 14,599,404.69	\$
A-13	639,525.83	
A-5	300.00	
A-10:A-24	1,185,663.04	410,883.25
A-14	4,725,504.08	
A-26	44,000.00	
A-15	22,174,779.00	
A-25	474,598.40	
A-18	10,918.52	
A-1	5,962.69	
A-23		597,014.29
	\$ 43,860,656.25	\$ 1,007,897.54
A	\$ 3,868,534.52	\$
	\$ 3,868,534.52	\$

Balance, December 31, 2013

Increased by Receipts:

- Taxes Receivable
- Tax Title Liens
- Miscellaneous Revenue Not Anticipated
- Refunds - 2014 Appropriations
- Petty Cash
- Revenue Accounts Receivable
- Interfunds Received
- Senior Citizens Disallowed by Collector - Prior Year
- Maintenance Lien
- State of New Jersey-Chapter 20,P.L.1971
- Prepaid Taxes
- Tax Overpayments
- Library Surplus
- Grants Receivables
- Reserve for Grants Unappropriated

Decreased by Disbursements:

- 2014 Appropriations
- 2013 Appropriation Reserves
- Petty Cash
- Interfunds Payable
- County Taxes
- Emergency Note Payable
- Local District School Tax
- District Management Corporation Taxes
- Refund of Tax Overpayments
- Refund of Prior Year Revenue
- Reserve for Grants Appropriated

Balance, December 31, 2014

"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><u>300.00</u></u>	\$ <u><u>300.00</u></u>
<u>REF.</u>	A-4	A-4

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

	<u>REF.</u>	
Balance, December 31, 2013 and December 31, 2014	A	\$ <u>300.00</u>

OFFICE

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

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2013	COLLECTED		TRANSFERRED TO TAX TITLE LIENS	CANCELED	BALANCE DECEMBER 31, 2014
		2014 LEVY	IN 2013			
2013 and Prior	\$ 778,864.36	\$	\$ 748,041.21	\$ 18,809.09	\$ 12,014.06	\$
2014	38,880,620.65	174,190.64	37,954,539.29	65,150.81	16,170.86	670,569.05
	<u>\$ 778,864.36</u>	<u>\$ 38,880,620.65</u>	<u>\$ 174,190.64</u>	<u>\$ 38,702,580.50</u>	<u>\$ 28,184.92</u>	<u>\$ 670,569.05</u>

REF. A A-2-A-17 A-2 A-29 A

Collector	\$ 38,633,798.68
Tax Overpayments Applied	781.82
State of New Jersey	<u>68,000.00</u>
	<u>\$ 38,702,580.50</u>

ANALYSIS OF 2014 PROPERTY TAX LEVY

General Purpose Tax	\$ 38,396,527.43
Added Taxes (54:4-63.1 et. seq.)	9,494.82
Downtown Somerville Alliance	<u>474,598.40</u>
	<u>\$ 38,880,620.65</u>

Local District School Tax (Abstract)	\$ 22,174,779.00
County Taxes:	
County Tax (Abstract)	\$ 4,724,334.27
Due County for Added Taxes (54:4-63.1 et. seq.)	<u>1,169.81</u>
	<u>4,725,504.08</u>

Downtown Somerville Alliance	474,598.40
Local Tax for Municipal Purposes (Abstract)	\$ 11,496,800.47
Add: Additional Tax Levied	<u>8,938.70</u>
	<u>11,505,739.17</u>
	<u>\$ 38,880,620.65</u>

TAX LEVY

Local District School Tax (Abstract)	\$ 22,174,779.00
County Taxes:	
County Tax (Abstract)	\$ 4,724,334.27
Due County for Added Taxes (54:4-63.1 et. seq.)	<u>1,169.81</u>
	<u>4,725,504.08</u>

Downtown Somerville Alliance	474,598.40
Local Tax for Municipal Purposes (Abstract)	\$ 11,496,800.47
Add: Additional Tax Levied	<u>8,938.70</u>
	<u>11,505,739.17</u>
	<u>\$ 38,880,620.65</u>

BOROUGH OF SOMERVILLE

GRANT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2013	A	\$ <u>158,617.69</u>
Decreased by:		
Transferred to Grant Reserves	A-23	\$ <u><u>158,617.69</u></u>

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

<u>REF.</u>	BALANCE DECEMBER 31, 2013	ACCRUED IN 2014	COLLECTED BY COLLECTOR- TREASURER	BALANCE DECEMBER 31, 2014
A-2	\$ 30,347.00	\$ 30,347.00	\$ 30,347.00	\$
A-2	12,560.00	12,560.00	12,560.00	
A-2	21,968.65	21,968.65	21,968.65	
A-2	25,603.00	25,603.00	25,603.00	
A-2	105,367.00	105,367.00	105,367.00	
A-2	9,725.00	9,725.00	9,725.00	
A-2	4,122.50	4,122.50	4,122.50	
A-2	11,810.91	237,974.91	235,027.00	14,758.82
A-2	17,911.98	339,181.07	333,386.87	23,706.18
A-2		516,672.20	516,672.20	
A-2		249,639.76	249,639.76	
A-2		15,060.60	15,060.60	
A-2		18,204.00	18,204.00	
A-2		4,550.00	4,550.00	
A-2		390,000.00	390,000.00	
A-2		54,444.00	54,444.00	
A-2		1,349,846.00	1,349,846.00	
A-2		29,105.00	29,105.00	
A-2		2,000.00	2,000.00	
A-2		27,090.06	27,090.06	
A-2		142,357.47	142,357.47	
A-2		103,886.66	103,886.66	
A-2		76,000.00	76,000.00	
A-2		85,455.70	85,455.70	
A-2		16,101.75	16,101.75	
	\$ 29,722.89	\$ 3,867,262.33	\$ 3,858,520.22	\$ 38,465.00

REF.

A

A-4

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BOROUGH OF SOMERVILLE  
CURRENT FUND  
SCHEDULE OF INTERFUNDS

REF.	TOTAL	GRANT FUND	ASSESSMENT TRUST FUND	ANIMAL CONTROL FUND	TRUST OTHER FUND	GENERAL CAPITAL FUND	SEWER OPERATING FUND
Balance, December 31, 2013:							
Due From	\$ 28,420.96	\$	\$	\$	\$	\$	\$ 28,420.96
Due To	720,248.12	351,291.26	169,970.55	1,542.00	58,744.26	138,700.05	
Receipts	\$ 608,913.65	\$ 410,883.25	\$ 8,030.40	\$	\$ 1,000.00	\$ 149,000.00	\$ 40,000.00
Transfer to Grant Fund	3,816.50	3,816.50					
Disbursements	1,185,663.04	597,014.29	16,101.75		284,847.00	287,700.00	
Balance, December 31, 2014:							
Due From	225,102.74						
Due To	343,997.01	168,976.72	161,899.20	1,542.00	225,102.74	0.05	11,579.04

"A-11"

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>	
Balance, December 31, 2013	A	\$ 34,520.73
Decreased by:		
Anticipated as Revenue in the 2014 Budget	A-2	<u>34,520.49</u>
Balance, December 31, 2014	A	<u>\$ 0.24</u>

"A-12"

SCHEDULE OF RESERVE FOR TAX APPEALS

Balance, December 31, 2013 and December 31, 2014	A	<u>\$ -0-</u>
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BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2013	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES</u>				
Administrative and Executive	\$ 3,085.25	\$ 3,085.25	\$ 3,085.25	\$
Elections	1,000.00	1,000.00		1,000.00
Financial Administration	3,361.94	3,361.94	3,361.94	
Assessment of Taxes	72.51	72.51	72.51	
Collection of Taxes	73.82	73.82	73.82	
Legal Services and Costs	892.69	892.69	892.69	
Public Buildings and Grounds	6,827.83	6,827.83	6,279.86	547.97
Engineering Services and Costs	154.97	154.97	154.97	
Fire	192.30	192.30	192.30	
Uniform Fire Safety Act	33.97	33.97	33.97	
Police	29,808.60	29,808.60	29,808.60	
Road Repairs and Maintenance	603.64	603.64	603.64	
Board of Health	785.44	785.44	785.44	
Recreation	4,649.09	1,349.09	632.30	716.79
Department of Community Development	1,706.28	1,706.28	1,706.28	
Plumbing Inspector	661.87	661.87	637.70	24.17
Electrical Inspector	303.29	303.29	303.29	
Building Inspector	48.90	48.90	48.90	
Municipal Court	6,187.36	3,687.36	3,514.29	173.07
Accumulated Leave Compensation		107,300.00	107,300.00	
<u>OTHER EXPENSES</u>				
Administration and Executive	50,183.59	52,525.82	18,803.07	33,722.75
Financial Administration	2,325.91	425.91	407.02	18.89
Assessment of Taxes	0.89	1,356.04	1,270.95	85.09
Collection of Taxes	2,197.82	127.82	125.40	2.42
Legal Services and Costs	15,350.42	15,350.42	344.50	15,005.92
Engineering Services and Costs	2,343.10	8,737.79	8,490.74	247.05
Public Buildings and Grounds	5,215.13	11,291.37	11,231.09	60.28
Municipal Land Use Law (N.J.S. 40:55d-1)				
Planning Board	1,031.57	401.57	392.00	9.57
Department of Technology	8,385.97	8,385.97	7,865.74	520.23
Zoning Board of Adjustment	706.40	26.40		26.40
Insurance:				
Group Insurance Plan for Employees	114,387.37	114,387.37	106,098.36	8,289.01
Other Insurance Premiums	11,463.00	9,663.00	9,631.00	32.00
Fire	11,168.94	27,005.15	25,841.58	1,163.57
Uniform Fire Safety Act	462.35	912.35	544.66	367.69
Police	10,190.11	19,427.50	14,902.21	4,525.29
School Crossing Guards - Contractual	17,111.88	7,694.88	7,694.72	0.16
Municipal Court	4,904.22	4,904.22	4,596.50	307.72
Emergency Management Services	7,252.84	5,062.84	5,062.41	0.43
Road Repairs and Maintenance	11,291.88	23,953.61	21,169.71	2,783.90
Snow Removal		27,217.00		
Garbage and Trash Removal	112,792.05	55,792.05	55,335.12	456.93
Recycling		44,495.48	44,495.48	(0.00)
Board of Health	87.40	8,538.45	8,451.05	87.40
Dog Regulation	9,000.00	9,000.00	9,000.00	
Parks and Playgrounds	3,243.31	313.43		313.43
Department of Community Development	4,655.59	541.62	448.38	93.24
Street Lighting	44,520.36	33,520.36	33,372.89	147.47
Fire Hydrant Service	4,500.00	4,500.00	4,500.00	
Telephone	10,101.57	4,438.65	4,383.20	55.45
Water	2,184.36	2,184.36	1,705.46	478.90
Electricity	15,407.16	7,790.26	7,717.16	73.10
Gas/Diesel Fuel	32,524.31	14,024.31	13,133.11	891.20
Social Security System	17,059.43	17,059.43	17,057.57	1.86
Length of Service Award Program (LOSAP)	7,126.03	7,126.03	5,250.00	1,876.03
Tax Appeals	31,250.00	34,750.00	3,500.00	31,250.00
	<u>\$ 630,874.71</u>	<u>\$ 744,881.21</u>	<u>\$ 639,525.83</u>	<u>\$ 105,355.38</u>

REF. A A-4 A-1

Balance, December 31, 2013	A:A-13	\$ 630,874.71
Accounts Payable	A-20	114,006.50
		<u>\$ 744,881.21</u>

"A-14"

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

REF.

Increased by:

2014 Tax Levy:

County Taxes	A-1:A-7	\$ 4,724,334.27	
County Share of Added Taxes	A-1:A-7	<u>1,169.81</u>	
			\$ <u>4,725,504.08</u>

Decreased by:

Disbursements	A-4		\$ <u><u>4,725,504.08</u></u>
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"A-15"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Increased by:

2014 Levy	A-1:A-7		\$ <u>22,174,779.00</u>
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Decreased by:

Disbursements	A-4		\$ <u><u>22,174,779.00</u></u>
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BOROUGH OF SOMERVILLE

CURRENT FUND

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

	<u>REF.</u>		
Balance, December 31, 2013 (Due To)	A		\$ 7,542.13
Increased by:			
Received From State of New Jersey	A-4	\$ 67,525.34	
Senior Citizens Disallowed by Collector:			
Prior Year	A-4	<u>500.00</u>	
			\$ <u>68,025.34</u>
			\$ <u>75,567.47</u>
Decreased by:			
Deductions per Tax Duplicate:			
Senior Citizens		\$ 10,500.00	
Veterans		57,250.00	
Senior Citizens and Veterans Allowed by Collector		<u>250.00</u>	
			<u>68,000.00</u>
Balance, December 31, 2014 (Due To)	A		\$ <u><u>7,567.47</u></u>

SUMMARY OF 2014 EXEMPTIONS

Senior Citizens and Veterans Exemptions			
Per Tax Billings		\$ 67,750.00	
Senior Citizens and Veterans Exemptions			
Allowed by Tax Collector		<u>250.00</u>	
			\$ <u>68,000.00</u>
	A-7		\$ <u><u>68,000.00</u></u>

"A-17"

BOROUGH OF SOMERVILLE  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2013	A	\$	174,190.64
Increased by:			
Collection of 2015 Taxes	A-4		174,460.45
		\$	<u>348,651.09</u>
Decreased by:			
Application to 2014 Taxes Receivable	A-7		<u>174,190.64</u>
Balance, December 31, 2014	A	\$	<u><u>174,460.45</u></u>

"A-18"

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2013	A	\$	2,966.69
Increased by:			
Overpayments in 2014	A-4		22,612.05
		\$	<u>25,578.74</u>
Decreased by:			
Applied to Taxes Receivable	A-7	\$	781.82
Refunded	A-4		<u>10,918.52</u>
			<u>11,700.34</u>
Balance, December 31, 2014	A	\$	<u><u>13,878.40</u></u>



"A-20"

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2013	A	\$ 114,006.50
Increased by: 2014 Appropriations	A-3	<u>147,039.99</u>
Decreased by: Transfer to 2013 Appropriation Reserves	A-13	<u>114,006.50</u>
Balance, December 31, 2014	A	<u>\$ 147,039.99</u>

"A-21"

SCHEDULE OF RESERVE FOR MASTER PLAN

Balance, December 31, 2013 and December 31, 2014	A	<u>\$ 10,000.00</u>
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BOROUGH OF SOMERVILLE

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS UNAPPROPRIATED

	BALANCE DECEMBER 31, 2013	RECEIPTS	APPLIED TO RECEIVABLES	BALANCE DECEMBER 31, 2014
Body Armor Replacement Fund	\$ 3,924.95	\$ 3,030.54	\$ 3,924.95	\$ 3,030.54
Somerville Landfill Green Seam		2,235.00		2,235.00
Recycling Tonnage Grant	14,306.61	17,877.41	14,306.61	17,877.41
Federal Bulletproof Vest Program	1,725.05		1,725.05	
	<u>\$ 19,956.61</u>	<u>\$ 23,142.95</u>	<u>\$ 19,956.61</u>	<u>\$ 23,142.95</u>

REF.

A

A-4

A-19

A

BOROUGH OF SOMERVILLE

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

<u>GRANT</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>PRIOR YEAR</u> <u>ACCOUNTS</u> <u>PAYABLE</u>	<u>2014</u> <u>BUDGET</u> <u>APPROPRIATION</u>	<u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
	\$	\$	\$	\$	\$
Municipal Alliance Grant-County	7,656.76			7,656.76	287.97
Municipal Alliance Grant-County '12	1,713.30			1,425.33	
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	706.28				706.28
Municipal Alliance Grant-Local '13	2,725.50		13,903.25		2,725.50
Municipal Alliance Grant-County '14			3,816.50		13,903.25
Municipal Alliance Grant-Local '14			14,306.61		3,816.50
Recycling Tonnage Grant			19,378.22	2,235.00	12,071.61
Clean Communities Program '14	1,700.99	8,617.69		8,812.06	19,378.22
Clean Communities Program '13	3,106.00			3,106.00	1,506.62
Clean Communities Program '12			3,924.95		3,924.95
Body Armor Replacement Fund '14	2,951.84			2,913.73	38.11
Body Armor Replacement Fund '13	2,931.55			2,931.55	
Body Armor Replacement Fund Prior					
D.E.P. Hazardous Discharge Site Remediation Fund			127,351.00	13,982.17	127,351.00
Library ADA Compliant Grant			88,809.00	436.75	74,826.83
Drunk Driving Enforcement Fund '14	2,033.80		3,042.33	2,033.80	2,605.58
Drunk Driving Enforcement Fund '12	1,351.01			1,351.00	
Federal Bulletproof Vest Program	9,689.45		1,725.05	5,384.73	1,725.06
D.O.T. Centers of Place Program	2,650.00			877.50	4,304.72
Regional Center Partnership Grant-Res Zone	7,413.79				1,772.50
Regional Center Partnership Grant		150,000.00		150,000.00	7,413.79
Historic Somerset County Grant	1,169.81			61.27	1,108.54
Regional Center Challenge Grant '13	26,000.00				26,000.00
Regional Center Challenge Grant '13	141.23			141.23	
Regional Center Challenge Grant Fitness Trl '12	86,100.00		306,400.00	392,500.00	
Somerville Landfill Green Seam	230,000.00				230,000.00
NJ DOT Transit Village	0.01				0.01
Highway Safety Safe Corridors					
	<u>\$ 392,206.73</u>	<u>\$ 158,617.69</u>	<u>\$ 582,656.91</u>	<u>\$ 597,014.29</u>	<u>\$ 536,467.04</u>

REF.

A

A-8

A-3

A-4

A

"A-24"

BOROUGH OF SOMERVILLE

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>FUND</u>
Balance, December 31, 2013:			
Due From	A	\$ <u>351,291.26</u>	\$ <u>351,291.26</u>
Receipts	A-4	597,014.29	597,014.29
Disbursements	A-4	410,883.25	410,883.25
Other	A-10	<u>3,816.50</u>	<u>3,816.50</u>
Balance, December 31, 2014:			
Due From	A	\$ <u><u>168,976.72</u></u>	\$ <u><u>168,976.72</u></u>

"A-25"

CURRENT FUND

SCHEDULE OF DOWNTOWN SOMERVILLE ALLIANCE TAX

Increased by:			
2014 Levy	A-1:A-7		\$ <u>474,598.40</u>
Decreased by:			
Disbursements	A-4		\$ <u><u>474,598.40</u></u>

"A-26"

BOROUGH OF SOMERVILLE  
CURRENT FUND  
SCHEDULE OF EMERGENCY NOTE PAYABLE

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

"A-27"

SCHEDULE OF RESERVE FOR PROPERTY ACQUIRED FOR  
TAXES-ASSESSED VALUE

Balance, December 31, 2013 and December 31, 2014	A	\$ <u><u>28,500.00</u></u>
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"A-28"

SCHEDULE OF MAINTENANCE LIENS RECEIVABLE

Balance, December 31, 2013	A	\$ 1,104.34
Increased by:		
Maintenance Lien		2,076.00
		\$ <u>3,180.34</u>
Decreased by:		
Receipts	A-4	<u>1,668.34</u>
Balance, December 31, 2014	A	\$ <u><u>1,512.00</u></u>

BOROUGH OF SOMERVILLE  
GRANT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2013	A	\$	634,087.16
Increased by:			
Taxes Receivable	A-7	\$	65,150.81
Interest and Costs Accrued by Sale of October 15, 2014	A-7		<u>18,809.09</u>
			<u>83,959.90</u>
Decreased by:			
Collection	A-4	\$	<u>642,473.45</u>
Balance, December 31, 2014	A	\$	<u><u>75,573.61</u></u>

"A-30"

BOROUGH OF SOMERVILLE

CURRENT FUND

SCHEDULE OF RESERVE FOR REVALUATION

REF.

Balance, December 31, 2013 and 'December 31, 2014	A	\$	<u>2,200.00</u>
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"A-31"

SCHEDULE OF DEFERRED CHARGES

Balance, December 31, 2013	A	\$	55,032.60
Increased by:			
Emergency Appropriation 40A:4-87	A-3		<u>1,362.75</u>
		\$	<u>56,395.35</u>
Decreased by:			
Raised in 2014 Budget:			
Overexpenditure of Appropriation Reserves	A-3	\$	11,032.60
Special Emergency Authorizations 40A:4-55	A-3		<u>44,000.00</u>
			<u>55,032.60</u>
Balance, December 31, 2014	A	\$	<u>1,362.75</u>

BOROUGH OF SOMERVILLE

GRANT FUND

SCHEDULE OF RESERVE FOR LIBRARY SURPLUS

	<u>REF.</u>	
Balance, December 31, 2013	A	\$ 2,501.00
Increased by:		
Receipts	A-4	<u>11,719.00</u>
Balance, December 31, 2014	A	<u>\$ 14,220.00</u>

TRUST FUND  
SCHEDULE OF CASH-TREASURER

<u>REF.</u>	<u>ASSESSMENT</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2013	\$ -0-	\$ 700.06	\$ 1,073,403.50
Increased by Receipts:			
Dog License Fees	\$	\$ 6,542.00	\$
Budget Appropriation		9,000.00	
Prospective Assessments Funded	5,000.00		
B-11	8,030.40		
B-5			2,474,956.72
Miscellaneous Trust Deposits			508,128.97
Downtown Somerville Alliance			25,530.45
B-8			15.50
Unemployment Insurance			1,095,964.84
B-10			54,799.36
Sanitary Landfill Closure			2,093,374.56
B-12			67,882.53
Recycling			4,953.55
B-13			1,117,547.00
Tax Redemption Trust			126,984.14
B-14			111.97
Recreation Commission		15,542.00	7,570,249.59
B-15		16,242.06	8,643,653.09
Reserve for Housing Assistance Program			
B-18			
Reserve for Housing Assistance Program Portables			
B-26			
Credit Card Fee Accounts	16,101.75		
B-20:B-19			
Interfunds			
B-23			
Builders Escrow			
B-21		575.00	
Law Enforcement Trust Fund	29,132.15		
	\$ 29,132.15	\$ 15,542.00	\$ 7,570,249.59
		16,242.06	8,643,653.09
Decreased by Disbursements:			
Animal Control Expenditures Under R.S.4:19-15.11			
B-3			2,319,322.83
B-5			456,177.44
Miscellaneous Trust Deposits			35,145.39
B-8			99,402.35
Downtown Somerville Alliance			1,037,911.86
B-9			38,049.59
Unemployment Insurance			2,129,467.11
B-23			10,795.37
Builders Escrow			62,060.00
B-13			
Tax Redemption Trust			
B-14			
Recreation Commission			
B-15			
Reserve for Housing Assistance Program			
B-16			
Accounts Payable - Housing Assistance Program			
B-18			
Reserve for Housing Assistance Program Portables			
B-17			
Assessment Serial Bonds	5,000.00		
Interfunds	8,030.40		
B-20:B-19	16,101.75		
B-1			
Assessment Fund Balance Pledged to Current Fund		575.00	4,783.56
B-26			
Credit Card Fee Accounts			
	29,132.15	\$ 575.00	6,589,115.50
	\$ -0-	\$ 15,667.06	\$ 2,054,537.59
Balance, December 31, 2014			

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2013	B		\$ 2,242.06
Increased by:			
Dog License Fees Collected	B-2	\$ 6,542.00	
Budget Appropriation	B-2	<u>9,000.00</u>	
			\$ <u>15,542.00</u>
			\$ <u>17,784.06</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-2		<u>575.00</u>
Balance, December 31, 2014	B		\$ <u><u>17,209.06</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2013	\$ 6,182.60
2014	<u>6,542.00</u>
	\$ <u><u>12,724.60</u></u>

SCHEDULE OF DUE CURRENT FUND-  
ANIMAL CONTROL FUND

Balance, December 31, 2013 and December 31, 2014 (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, 2013	PRIOR YEAR ACCOUNTS PAYABLE	RECEIPTS	DISBURSEMENTS	BALANCE DECEMBER 31, 2014
Police Donations	\$ 14,136.95	\$	\$	\$	14,136.95
Community Policing	1,148.40		9,250.00	1,759.58	8,638.82
Youth Services Program	4,661.10			4,391.27	269.83
Maintenance Guarantee	3,649.00				3,649.00
Retirement Pay			237,300.00	96,000.00	141,300.00
Community Day	52.46				52.46
Environmental Commission	5,408.32			608.00	4,800.32
Payroll Agency	107,164.29		2,002,522.28	2,002,322.82	107,363.75
Public Defenders Fee	2,955.96		4,094.50		7,050.46
Fire Safety	12,682.28		11,965.00	7,577.69	17,069.59
Engineering Escrow	17,974.23		5,704.26	3,052.50	20,625.99
Planning Board	27,225.99		96,475.92	93,784.89	29,917.02
Performance Deposits	134,184.34		35,478.22	44,559.77	125,102.79
Street Openings	34,752.49	10,200.84	23,159.10	11,168.69	56,943.74
Demolition Project	12,190.94				12,190.94
POAA	9,872.65		4,058.16	6,254.00	7,676.81
Cable TV	32,225.06		16,245.00	9,364.89	39,105.17
Sewer Escrow	7,083.13				7,083.13
Hurricane Sandy Donations	500.00				500.00
Donations - Fire Museum			30.00		30.00
Snow Removal	19,264.18		28,674.28	38,478.73	9,459.73
	\$ 447,131.77	\$ 10,200.84	\$ 2,474,956.72	\$ 2,319,322.83	\$ 612,966.50

REF.

B

B-24

B-2

B-2

B

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK  
GRANTS RECEIVABLE

<u>PROJECT</u>	<u>GRANTOR'S NUMBER</u>	<u>BALANCE DECEMBER 31, 2014</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
		<u>\$ 44,385.89</u>	<u>\$ 44,385.89</u>

REF.

B

B

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT  
BLOCK GRANT RESERVES

<u>PROJECT</u>	<u>GRANTOR'S</u> <u>NUMBER</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>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
		<u>\$ 44,385.89</u>	<u>\$ 44,385.89</u>
	<u>REF.</u>	B	B

"B-8"

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR DOWNTOWN SOMERVILLE ALLIANCE

	<u>REF.</u>		
Balance, December 31, 2013	B	\$	236,096.96
Increased by:			
Receipts	B-2		<u>508,128.97</u>
		\$	<u>744,225.93</u>
Decreased by:			
Disbursements	B-2		<u>456,177.44</u>
Balance, December 31, 2014	B	\$	<u><u>288,048.49</u></u>

"B-9"

SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT INSURANCE

Balance, December 31, 2013	B	\$	10,200.63
Increased by:			
Cash Receipts	B-2		<u>25,530.45</u>
		\$	<u>35,731.08</u>
Decreased by:			
Cash Disbursements	B-2		<u>35,145.39</u>
Balance, December 31, 2014	B	\$	<u><u>585.69</u></u>

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR SANITARY LANDFILL CLOSURE FUND

	<u>REF.</u>	
Balance, December 31, 2013	B	\$ 11,375.17
Increased by:		
Interest Earned	B-2	<u>15.50</u>
Balance, December 31, 2014	B	<u>\$ 11,390.67</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>ASSESSMENTS CONFIRMED</u>	<u>COLLECTED</u>	<u>BALANCE DECEMBER 31, 2014</u>
2125	Sidewalk Assessment	3	2/1/2015	\$ <u>15,375.36</u>	\$ <u>8,030.40</u>	\$ <u>7,344.96</u>
			<u>REF.</u>	B-27	B-2	B

BOROUGH OF SOMERVILLE  
TRUST FUND  
SCHEDULE OF RESERVE FOR RECYCLING

	<u>REF.</u>	
Balance, December 31, 2013	B	\$ 900.90
Increased by: Receipts	B-2	<hr/>
Balance, December 31, 2014	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, 2013	B	\$ 753,889.63
Increased by:		
Receipts	B-2	<u>1,095,964.84</u>
		\$ <u>1,849,854.47</u>
Decreased by:		
Disbursements	B-2	<u>1,037,911.86</u>
Balance, December 31, 2014	B	\$ <u><u>811,942.61</u></u>

"B-14"

SCHEDULE OF RECREATION DEPOSITS

Balance, December 31, 2013	B	\$ 163,045.10
Increased by:		
Receipts	B-2	<u>54,799.36</u>
		\$ <u>217,844.46</u>
Decreased by:		
Disbursements	B-2	<u>38,049.59</u>
Balance, December 31, 2014	B	\$ <u><u>179,794.87</u></u>

"B-15"

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR HOUSING ASSISTANCE PROGRAM

	<u>REF.</u>		
Balance, December 31, 2013	B		\$ 88,303.34
Increased by:			
Receipts	B-2		2,093,374.56
			<u>\$ 2,181,677.90</u>
Decreased by:			
Disbursements	B-2	\$ 2,129,467.11	
Fraud Recovery Fees Adjustment	B-25	6,679.00	
		<u>                    </u>	<u>2,136,146.11</u>
Balance, December 31, 2014	B		<u><u>\$ 45,531.79</u></u>

"B-16"

SCHEDULE OF ACCOUNTS PAYABLE - HOUSING ASSISTANCE PROGRAM

Balance, December 31, 2013	B		\$ <u>10,795.37</u>
Decreased by:			
Disbursements	B-2		\$ <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, 2014 DATE</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2014</u>
Assessment Bonds	8/1/06	\$ 50,000.00	02/01/15-16 \$ 5,000.00	4.00%	\$ 15,000.00	\$ 5,000.00	\$ 10,000.00
					\$ 15,000.00	\$ 5,000.00	\$ 10,000.00
				<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, 2013	B	\$ 5,524.22
Increased by:		
Receipts	B-2	<u>67,882.53</u>
		\$ <u>73,406.75</u>
Decreased by:		
Disbursements	B-2	<u>62,060.00</u>
Balance, December 31, 2014	B	\$ <u><u>11,346.75</u></u>



BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF INTERFUNDS - ASSESSMENT TRUST

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2013:				
Due From	B	\$ 169,970.55	\$ 169,970.55	\$
Due To	B	<u>153,868.80</u>	<u>                    </u>	<u>153,868.80</u>
Receipts	B-2	\$ 16,101.75	\$ 16,101.75	\$
Disbursements	B-2	<u>\$ 8,030.40</u>	<u>\$ 8,030.40</u>	<u>\$</u>
Balance, December 31, 2014:				
Due From	B	\$ 161,899.20	\$ 161,899.20	\$
Due To	B	<u>153,868.80</u>	<u>                    </u>	<u>153,868.80</u>

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2013	B	\$ 25,651.43
Increased by:		
Receipts	B-2	<u>111.97</u>
Balance, December 31, 2014	B	<u><u>\$ 25,763.40</u></u>

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2014</u>
2103	Sidewalk Construction	\$ 15,000.00	\$ 5,000.00	\$ 10,000.00
		<u>\$ 15,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 10,000.00</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, 2013	B	\$ 27,907.07
Increased by:		
Receipts	B-2	126,984.14
		<u>\$ 154,891.21</u>
Decreased by:		
Disbursements	B-2	<u>99,402.35</u>
Balance, December 31, 2014	B	<u><u>\$ 55,488.86</u></u>

"B-24"

SCHEDULE OF ACCOUNTS PAYABLE - TRUST FUND

Balance, December 31, 2013	B	\$ <u>10,200.84</u>
Decreased by:		
Canceled	B-5	<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, 2013	B	\$	17,352.00
Decreased by:			
Fraud Recovery Fees Adjustment	B-15		<u>6,679.00</u>
Balance, December 31, 2014	B	\$	<u><u>10,673.00</u></u>

"B-26"

SCHEDULE OF RESERVE FOR CREDIT CARD FEE ACCOUNTS

Balance, December 31, 2013	B	\$	133.36
Increased by:			
Receipts	B-2		<u>4,953.55</u>
		\$	<u>5,086.91</u>
Decreased by:			
Disbursements	B-2		<u>4,783.56</u>
Balance, December 31, 2014	B	\$	<u><u>303.35</u></u>

BOROUGH OF SOMERVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS

	<u>REF.</u>	
Increased by:		
Assessments Receivable	B-11	\$ <u>15,375.36</u>
		\$ <u>15,375.36</u>
Decreased by:		
Collections to Surplus	B-1	<u>8,030.40</u>
Balance, December 31, 2014	B	\$ <u><u>7,344.96</u></u>

BOROUGH OF SOMERVILLE  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2013	C		\$ 55,176.17
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-4	\$ 50,000.00	
Grants Receivable	C-7	211,076.76	
Interfunds	C-11	287,700.00	
Deferred Charges to Future Taxation - Unfunded		12,895.00	
Improvement Authorization Refunds	C-8	1,344.00	
Bond Anticipation Notes	C-9	6,707,800.00	
Reserve for Debt Service	C-14	568,425.88	
Investment		44,000.00	
Premium on Sale of Notes	C-1	<u>2,724.00</u>	
			<u>7,885,965.64</u>
			\$ 7,941,141.81
Decreased by Disbursements:			
Contracts Payable	C-12	\$ 1,265,691.82	
Bond Anticipation Notes	C-9	4,200,000.00	
Reserve for Debt Service	C-14	390,000.00	
Interfunds	C-11	<u>915,462.17</u>	
			<u>6,771,153.99</u>
Balance, December 31, 2014	C:C-3		\$ <u><u>1,169,987.82</u></u>

"C-3"

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

ANALYSIS OF CASH

BALANCE  
DECEMBER  
31, 2014

Fund Balance	\$	8,238.53
Capital Improvement Fund		4,492.83
Improvement Authorizations Funded Set Forth on "C-8"		75,941.71
Cash on Hand As Set Forth on Exhibit "C-6"		163,482.00
Improvement Authorizations Expended As Set Forth on Exhibit "C-6"		(39,027.28)
Unexpended Proceeds of Bond Anticipation Notes as Set Forth on "C-6"		1,800,957.15
State Aid Receivable		(1,192,137.57)
Accounts Receivable Other		(2,623.34)
Interfunds Receivable		(208,868.85)
Reserve for Debt Service		399,017.17
Contracts Payable		154,215.47
Interfunds Payable		<u>6,300.00</u>
	\$	<u><u>1,169,987.82</u></u>

REF.

C-2

"C-4"

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2013	C	\$ 3,492.83
Increased by:		
2014 Budget Appropriation	C-2	<u>50,000.00</u>
		\$ <u>53,492.83</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-8	<u>49,000.00</u>
Balance, December 31, 2014	C	\$ <u><u>4,492.83</u></u>

"C-5"

SCHEDULE OF DEFERRED CHARGES  
TO FUTURE TAXATION - FUNDED

Balance, December 31, 2013	C	\$ 16,390,000.00
Decreased by:		
Paid by Budget	C-10	<u>1,655,000.00</u>
Balance, December 31, 2014	C	\$ <u><u>14,735,000.00</u></u>

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2014	ANALYSIS OF BALANCE, DECEMBER 31, 2014		UNEXPENDED IMPROVEMENT AUTHORIZATIONS
			BOND ANTICIPATION NOTES	EXPENDITURES	
2018	Local Improvements - Sidewalks	\$ 5,125.00	\$	\$ 5,125.00	\$
2141	Various Improvements	7,550.00		7,550.00	
2189	Various Improvements	95,000.00	93,800.00	672.62	527.38
2211	Various Improvements-Vanderveer Field	3,749.83		3,749.83	
2217	Various Improvements	300,950.00	300,950.00		
2227	Various Improvements	398,500.00	394,150.00		4,350.00
2245	Various Redevelopment Projects	184,900.00	184,900.00		
2272	Various Improvements	138,800.00	138,800.00		
2286	Various Improvements	195,570.00	195,570.00		
2306	Various Improvements	518,900.00	518,900.00		
2319	Various Redevelopment Projects	455,250.00	455,250.00		
2332	Various Improvements	226,130.00	226,130.00		
2339	Capital Grant Saker Shoprite	660,000.00	280,000.00		380,000.00
2352	Parking Lot Improvements	189,068.00	189,068.00		
2355	Site Remediation at Landfill	122,370.00	120,000.00		2,370.00
2361	Various Improvements	731,500.00	705,000.00	9,319.55	17,180.45
2377	Various Improvements	874,000.00	870,000.00		4,000.00
2399	Various Redevelopment Projects	76,000.00	76,000.00		
2412	Various Improvements General Capital	517,750.00	513,000.00		4,750.00
2420	Various Improvements	83,000.00	83,000.00		
2421	Various Redevelopment Projects	95,000.00	95,000.00		
2427	Various Redevelopment Projects	114,000.00	114,000.00		
2440	Various Redevelopment Projects	60,800.00	60,800.00		
2441	Various Improvements	642,200.00	630,000.00		12,200.00
2446	Prelim Expenditures Parking Lot	300,000.00	300,000.00		
2454	Various Redevelopment Projects	114,000.00		12,610.28	101,389.72
		<u>\$ 7,110,112.83</u>	<u>\$ 6,544,318.00</u>	<u>\$ 39,027.28</u>	<u>\$ 526,767.55</u>

REF.

C

C-3

Bond Anticipation Notes	C-9	\$ 6,707,800.00
Less: Cash on Hand-Ordinance 2245, 2286, 2306, 2332, 2352, 2420	C-3	(163,482.00)
		<u>\$ 6,544,318.00</u>

Improvement Authorizations-Unfunded	C-8	\$ 2,327,724.70
Less: Bond Anticipation Note Proceeds Unexpended Ordinances - Various	C-3	<u>1,800,957.15</u>
		<u>\$ 526,767.55</u>

BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2013	C	\$ 1,014,394.33
Increased by:		
Grants Awarded	C-8	<u>388,820.00</u>
		\$ <u>1,403,214.33</u>
Decreased by:		
Cash Receipts	C-2	<u>211,076.76</u>
Balance, December 31, 2014	C	\$ <u><u>1,192,137.57</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		49,884.45
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		200,000.00
New Jersey DOT - Ordinance 2441		<u>260,000.00</u>
	\$	<u><u>1,192,137.57</u></u>

BOROUGH OF SOMERVILLE  
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2013		2014 AUTHORIZATIONS	CONTRACTS PAYABLE	REFUNDS	BALANCE DECEMBER 31, 2014				
				FUNDED	UNFUNDED				FUNDED	UNFUNDED			
General Improvements:													
2189	Various Improvements	7/6/05	\$ 1,595,000.00	\$	4,096.28	\$	3,568.90	\$	\$	527.38			
2217	Various Improvements	6/19/06	845,000.00		11,558.20					11,558.20			
2227	Various Improvements	4/2/07	1,098,000.00		36,967.63		613.06			36,354.57			
2272	Various Improvements	6/2/08	1,222,500.00		51,802.65		30,540.78			21,261.87			
2286	Various Improvements	2/15/09	1,185,000.00		4,326.22					4,326.22			
2306	Various Improvements	6/15/09	975,000.00		43,137.77		38,003.13			5,134.64			
2332	Various Improvements	6/21/10	485,000.00		73,850.40		16,091.77			57,758.63			
2339	Capital Grant Saker Shoprite	11/22/10	6,000,000.00	226,298.99	420,000.00		4,500.00			641,798.99			
2355	Site Remediation at Landfill	5/16/11	1,193,833.00	126,800.83	122,370.00	128,820.00	309,987.67			68,003.16			
2361	Various Improvements	6/8/11	1,125,000.00		48,847.73		31,667.28			17,180.45			
2377	Various Improvements	2/21/12	1,225,000.00		310,448.84		84,305.72			226,143.12			
2399	Various Redevelopment Projects	9/4/12	80,000.00		30.68		30.68			57,836.87			
2412	Various Improvements General Capital	3/18/13	545,000.00		67,462.07		9,625.20			129,793.81			
2420	Various Improvements	8/19/13	445,000.00	200,648.00	233,000.00		303,854.19			1,087.50			
2421	Various Redevelopment Projects	8/19/13	100,000.00		30,504.04		29,416.54			35,143.28			
2427	Various Redevelopment Projects	3/3/14	120,000.00			120,000.00	84,856.72			11,049.09			
2440	Various Redevelopment Projects	5/19/14	64,000.00			64,000.00	52,950.91			642,200.00			
2441	Various Improvements	5/19/14	936,000.00			936,000.00	256,631.93			259,177.20			
2446	Prelim Expenditures Parking Garage	6/16/14	300,000.00			300,000.00	40,822.80			101,389.72			
2454	Various Redevelopment Projects	10/20/14	120,000.00			120,000.00	18,610.28						
Local Improvements:													
2125	Various Local Improvements	5/6/02	60,000.00	37,429.64				1,344.00		38,773.64			
				\$	591,177.46	\$	1,458,402.51	\$	1,316,077.56	\$	75,941.71	\$	2,327,724.70
				REF.	C	C	C-12	C-2	C-C-3	C-C-6			
				C-4									
				C-7									
Capital Improvement Fund				\$		\$	49,000.00						
State Aid Grants Receivable							388,820.00						
Deferred Charges to Future Taxation - Unfunded							1,231,000.00						
				\$		\$	1,668,820.00						

BOROUGH OF SOMERVILLE  
GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE DECEMBER 31, 2014</u>
2189	Various Improvements	3/10/11	3/5/14	3/4/15	0.760%	\$ 96,000.00	\$ 96,550.00	\$ 96,000.00	\$ 96,550.00
2217	Various Improvements	3/10/11	3/5/14	3/4/15	0.760%	310,000.00	260,000.00	310,000.00	260,000.00
2227	Various Improvements	3/10/11	3/5/14	3/4/15	0.760%	300,000.00	425,000.00	300,000.00	425,000.00
2245	Various Redevelopment Improvements	3/10/11	3/5/14	3/4/15	0.760%	191,550.00	195,000.00	191,550.00	195,000.00
2286	Various Improvements	8/5/10	3/5/14	3/4/15	0.760%	143,000.00	143,000.00	143,000.00	143,000.00
2306	Various Improvements	8/5/10	3/5/14	3/4/15	0.760%	215,570.00	215,570.00	215,570.00	215,570.00
2319	Various Redevelopment Improvements	8/5/10	3/5/14	3/4/15	0.760%	486,800.00	502,800.00	486,800.00	502,800.00
2332	Various Improvements	8/5/10	3/5/14	3/4/15	0.760%	471,550.00	471,550.00	471,550.00	471,550.00
2339	Capital Grant to Sakar Shoprites, Inc.	10/28/11	3/5/14	3/4/15	0.760%	214,530.00	214,530.00	214,530.00	214,530.00
2352	Parking Lot Improvements	5/24/12	3/5/14	3/4/15	0.760%	280,000.00	230,000.00	280,000.00	230,000.00
2355	Site Remediation at Landfill	3/6/13	3/5/14	3/4/15	0.760%	140,000.00	140,000.00	140,000.00	140,000.00
2361	Various Improvements	5/24/12	3/5/14	3/4/15	0.760%	100,000.00	100,000.00	100,000.00	100,000.00
2377	Various Improvements	5/24/12	3/5/14	3/4/15	0.760%	625,000.00	685,000.00	625,000.00	685,000.00
2399	Various Redevelopment Projects	3/6/13	3/5/14	3/4/15	0.760%	650,000.00	650,000.00	650,000.00	650,000.00
2412	Various Improvements	3/5/14	3/5/14	3/4/15	0.760%	76,000.00	76,000.00	76,000.00	76,000.00
2421	Various Redevelopment Projects	3/5/14	3/5/14	3/4/15	0.760%	493,000.00	493,000.00	493,000.00	493,000.00
2306	Various Improvements	8/4/14	8/4/14	3/4/15	1.000%	95,000.00	95,000.00	95,000.00	95,000.00
2332	Various Improvements	8/4/14	8/4/14	3/4/15	1.000%	30,000.00	30,000.00	30,000.00	30,000.00
2361	Various Improvements	8/4/14	8/4/14	3/4/15	1.000%	20,000.00	20,000.00	20,000.00	20,000.00
2352	Parking Lot Improvements	8/4/14	8/4/14	3/4/15	1.000%	60,000.00	60,000.00	60,000.00	60,000.00
2355	Site Remediation at Landfill	8/4/14	8/4/14	3/4/15	1.000%	20,000.00	20,000.00	20,000.00	20,000.00
2377	Various Improvements	8/4/14	8/4/14	3/4/15	1.000%	220,000.00	220,000.00	220,000.00	220,000.00
2412	Various Improvements	8/4/14	8/4/14	3/4/15	1.000%	20,000.00	20,000.00	20,000.00	20,000.00
2420	Various Improvements	8/4/14	8/4/14	3/4/15	1.000%	220,000.00	220,000.00	220,000.00	220,000.00
2427	Various Redevelopment Projects	8/4/14	8/4/14	3/4/15	1.000%	114,000.00	114,000.00	114,000.00	114,000.00
2440	Various Redevelopment Projects	8/4/14	8/4/14	3/4/15	1.000%	60,800.00	60,800.00	60,800.00	60,800.00
2441	Various Improvements	8/4/14	8/4/14	3/4/15	1.000%	630,000.00	630,000.00	630,000.00	630,000.00
2446	Prelim. Expenditures Parking Lot	8/4/14	8/4/14	3/4/15	1.000%	300,000.00	300,000.00	300,000.00	300,000.00
						<u>\$ 4,300,000.00</u>	<u>\$ 6,707,800.00</u>	<u>\$ 4,300,000.00</u>	<u>\$ 6,707,800.00</u>

C-C-6

C-2

C

REF.

Issued for Cash  
Paid by Budget Appropriation

C-2

\$ 4,200,000.00  
100,000.00  
\$ 4,300,000.00

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</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>ISSUED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2014</u>
			<u>DECEMBER 31, 2014</u>	<u>AMOUNT</u>					
General Improvement	08/01/06	3,830,000.00	08/01/15	\$ 295,000.00	4.000%	\$ 2,340,000.00	\$	\$ 1,750,000.00	\$ 590,000.00
			08/01/16	295,000.00	4.000%				
County Guaranteed Governmental Loan Revenue Bonds Series 2010B	10/01/10	3,360,000.00	10/1/15-16	240,000.00	3.000%	2,740,000.00		215,000.00	2,525,000.00
			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%							
County Guaranteed Governmental Loan Revenue Bonds Series 2010C	10/01/10	3,640,000.00	10/1/15	260,000.00	4.250%	2,960,000.00		235,000.00	2,725,000.00
			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%				



BOROUGH OF SOMERVILLE

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	REF.	TOTAL	CURRENT FUND	ASSESSMENT TRUST FUND	TRUST OTHER FUND	SEWER OPERATING FUND	SEWER CAPITAL FUND
Balance, December 31, 2013:							
Due From	C	\$ 347,568.85	\$ 138,700.05	\$ 153,868.80	\$	\$ 55,000.00	\$
Due To	C	772,762.17			234,000.00		538,762.17
Receipts	C-2	\$ 287,700.00	\$ 287,700.00	\$	\$		
Disbursements	C-2	915,462.17	149,000.00		227,700.00		538,762.17
Balance, December 31, 2014:							
Due From	C	\$ 208,868.85	\$ 0.05	\$ 153,868.80	\$	\$ 55,000.00	\$
Due To	C	6,300.00			6,300.00		

"C-12"

BOROUGH OF SOMERVILLE  
GENERAL CAPITAL FUND  
SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2013	C	\$	137,250.73
Increased by:			
Improvement Authorizations	C-8		<u>1,316,077.56</u>
		\$	<u>1,453,328.29</u>
Decreased by:			
Cash Disbursements	C-2	\$	1,265,691.82
Contracts Payable Canceled	C-13		<u>33,421.00</u>
			<u>1,299,112.82</u>
Balance, December 31, 2014	C	\$	<u><u>154,215.47</u></u>

"C-13"

SCHEDULE OF DUE SOMERSET COUNTY IMPROVEMENT AUTHORITY

Balance, December 31, 2013 (Due from)	C	\$	36,044.34
Decreased by:			
Contracts Payable Canceled	C-12		<u>33,421.00</u>
Balance, December 31, 2014 (Due from)	C	\$	<u><u>2,623.34</u></u>

"C-14"

SCHEDULE OF RESERVE FOR DEBT SERVICE

Balance, December 31, 2013	C	\$	220,591.29
Increased by:			
Cash Receipts	C-2		<u>568,425.88</u>
		\$	<u>789,017.17</u>
Decreased by:			
Cash Disbursements	C-2		<u>390,000.00</u>
Balance, December 31, 2014	C	\$	<u><u>399,017.17</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, 2014</u>
2018	Local Improvements - Sidewalks	\$	5,125.00
2141	Various Improvements		7,550.00
2189	Various Improvements		1,200.00
2211	Various Improvements-Vanderveer Field		3,749.83
2227	Various Improvements		4,350.00
2339	Capital Grant Sakar Shoprite		380,000.00
2355	Site Remediation at Landfill		2,370.00
2361	Various Improvements		26,500.00
2377	Various Improvements		4,000.00
2412	Various Improvements General Capital		4,750.00
2441	Various Improvements		12,200.00
2454	Various Redevelopment Projects		114,000.00
			<hr/>
		\$	<u>565,794.83</u>

BOROUGH OF SOMERVILLE

SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2013	D	\$ 32,106.33	\$ -0-
Increased by Receipts:			
Collector	D-6	\$ 2,469,158.41	
Interfunds	D-19:D-13	933,762.17	590,088.57
Appropriation Refunds	D-4	20,000.00	
Miscellaneous	D-3	63,288.27	
		<u>3,486,208.85</u>	<u>590,088.57</u>
		\$ 3,518,315.18	\$ 590,088.57
Decreased by Disbursements:			
2014 Appropriations	D-4	\$ 2,500,299.14	
2013 Appropriation Reserves	D-14	54,772.60	
Accrued Interest on Bonds	D-17	7,581.00	
Interfunds	D-19:D-13	696,326.40	538,762.17
Sewer Overpayments	D-16	160.00	
Improvement Authorizations	D-18		51,326.40
		<u>3,259,139.14</u>	<u>590,088.57</u>
Balance, December 31, 2014	D	\$ 259,176.04	\$ -0-

"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	\$ 2,437,370.17
Overpayments	D-16	120.99
Prepaid Sewer Charges	D-24	6,820.67
Penalties on Delinquent Accounts	D-3	<u>24,846.58</u>
		\$ <u>2,469,158.41</u>
Decreased by Disbursements:		
Payment to Treasurer:		
Sewer Operating Fund	D-5	\$ <u><u>2,469,158.41</u></u>

"D-7"

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance, December 31, 2013	D	\$ 171,392.72
Increased by:		
Sewer Rents Levied - Net		<u>2,502,183.87</u>
		\$ <u>2,673,576.59</u>
Decreased by:		
Collection	D-3:D-6	\$ 2,437,370.17
Overpayment Applied	D-3:D-16	2,837.54
Prepaid Applied	D-3:D-24	<u>1,762.81</u>
		<u>2,441,970.52</u>
Balance, December 31, 2014	D	\$ <u><u>231,606.07</u></u>

"D-8"

BOROUGH OF SOMERVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF DOWN PAYMENT ON IMPROVEMENTS

REF.

Balance, December 31, 2013 and  
December 31, 2014

D

\$ 732.00

"D-9"

SEWER UTILITY OPERATING FUND

SCHEDULE OF SEWER LIENS RECEIVABLE

Balance, December 31, 2013 and  
December 31, 2014

D

\$ 240.00

"D-10"

SCHEDULE OF CHANGE FUND -  
SEWER OPERATING FUND

Balance, December 31, 2013 and  
December 31, 2014

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>DATE</u>	<u>ORDINANCE AMOUNT</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</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	150,000.00	150,000.00
			\$	\$	\$
				<u>660,000.00</u>	<u>660,000.00</u>

REF.

D

D



BOROUGH OF SOMERVILLE

SEWER UTILITY OPERATING FUND

SCHEDULE OF 2013 APPROPRIATION RESERVES

	<u>BALANCE DECEMBER 31, 2013</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>	<u>OVER- EXPENDED</u>
Operating:					
Salaries and Wages	\$ 19,746.54	\$ 10,647.54	\$ 10,646.57	\$ 0.97	\$
Other Expenses	23,440.26	(4,320.42)	2,126.03		6,446.45
Sewerage Authority (R.S. 40:14A-9): Share of Costs	<u>4,670.12</u>	<u>42,670.12</u>	<u>42,000.00</u>	<u>670.12</u>	<u></u>
	<u>\$ 47,856.92</u>	<u>\$ 48,997.24</u>	<u>\$ 54,772.60</u>	<u>\$ 671.09</u>	<u>\$ 6,446.45</u>
	<u>D</u>		<u>D-5</u>	<u>D-1</u>	<u>D</u>
Balance, December 31, 2013	D-14	\$ 47,856.92			
Encumbrances Payable	D-15	<u>1,140.32</u>			
		<u>\$ 48,997.24</u>			

BOROUGH OF SOMERVILLE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2013	D	\$ 1,140.32
Increased by:		
Charges to 2014 Appropriations	D-4	11,398.23
		\$ <u>12,538.55</u>
Decreased by:		
Transferred to 2013 Appropriation Reserves	D-14	<u>1,140.32</u>
Balance, December 31, 2014	D	\$ <u><u>11,398.23</u></u>

"D-16"

BOROUGH OF SOMERVILLE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF SEWER OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2013	D	\$	3,158.83
Increased by:			
Receipts	D-6		120.99
		\$	<u>3,279.82</u>
Decreased by:			
Cash Disbursements	D-5	\$	160.00
Applied to Receivable	D-7		<u>2,837.54</u>
			<u>2,997.54</u>
Balance, December 31, 2014	D	\$	<u><u>282.28</u></u>

"D-17"

SCHEDULE OF ACCRUED INTEREST ON BONDS

Balance, December 31, 2013	D	\$	11,354.61
Increased by:			
Budget Appropriation	D-4		7,581.00
		\$	<u>18,935.61</u>
Decreased by:			
Disbursements	D-5		<u>7,581.00</u>
Balance, December 31, 2014	D	\$	<u><u>11,354.61</u></u>

BOROUGH OF SOMERVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE DATE</u>	<u>AMOUNT</u>	<u>BALANCE DECEMBER 31, 2013</u>		<u>PAID OR CHARGED</u>	<u>BALANCE DECEMBER 31, 2014</u>	
				<u>FUNDED</u>	<u>UNFUNDED</u>		<u>FUNDED</u>	<u>UNFUNDED</u>
	<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		68,321.61	51,326.40		16,995.21
				<u>\$ 82.50</u>	<u>\$ 78,083.14</u>	<u>\$ 51,326.40</u>	<u>\$ 82.50</u>	<u>\$ 26,756.74</u>

REF.

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, 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>
Receipts	D-5	<u>933,762.17</u>	<u>                    </u>	<u>395,000.00</u>	<u>                    </u>	<u>538,762.17</u>
Disbursements	D-5	<u>696,326.40</u>	<u>40,000.00</u>	<u>605,000.00</u>	<u>                    </u>	<u>51,326.40</u>
Balance, December 31, 2014:						
Due From	D	171,553.02	11,579.04	223,189.63	55,000.00	159,973.98
Due To	D	<u>\$ 278,189.63</u>	<u>\$</u>	<u>\$</u>	<u>\$</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, 2014</u>	<u>BALANCE DECEMBER 31, 2013</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>10,000.00</u>	<u>10,000.00</u>
			<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, 2013 and December 31, 2014	D	\$ <u>152,000.00</u>

"D-22"

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2013	D	\$ 2,122,810.28
Increased by: Serial Bonds Paid by Operating Budget	D-23	<u>75,000.00</u>
Balance, December 31, 2014	D	\$ <u>2,197,810.28</u>



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

	<u>REF.</u>	
Balance, December 31, 2013	D	\$ 1,762.81
Increased by:		
Receipts	D-6	6,820.67
		\$ <u>8,583.48</u>
Decreased by:		
Applied to Receivable	D-7	<u>1,762.81</u>
Balance, December 31, 2014	D	\$ <u><u>6,820.67</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, 2014</u>
1143	Various Sewer Improvements	\$ 469.83
2142	Various Sewer Utility Improvements	44,999.72
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>\$ 340,527.55</u>

"E-1"

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

	<u>REF.</u>	
Balance, December 31, 2013 and December 31, 2014	E	\$ <u><u>25,533.60</u></u>

"E-2"

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

Balance, December 31, 2013 and December 31, 2014	E	\$ <u><u>25,533.60</u></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 FINANCIAL ASSISTANCE  
PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL DATA SCHEDULE – SECTION 8  
HOUSING CHOICE VOUCHER PROGRAM



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Somerville, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated May 13, 2015. 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*. However, we noted an instance of noncompliance which is 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

May 13, 2015



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

***Report on Compliance for Each Major Federal Program***

We have audited the Borough of Somerville's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Borough of Somerville's major federal programs for the year ended December 31, 2014. 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, 2014.

## ***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

May 13, 2015



BOROUGH OF SOMERVILLE

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2014

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT AWARD AMOUNT	2014 RECEIPTS	2014 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2014
Department of Environmental Protection					
Clean Communities Program					
2012	4900-765-042-4900-004-VCMC-6020	\$ 17,923.66	\$	\$ 3,106.00	\$ 17,923.66
2013	4900-765-042-4900-004-VCMC-6020	20,638.75		194.37	19,132.13
2014	4900-765-042-4900-004-VCMC-6020	19,378.22	19,378.22		
Recycling Tonnage Program					
2014 Unappropriated	4900-752-042-4900-001-V42Y-6020	14,306.61	14,306.61		
Hazardous Discharge Site Remediation - EDA	P34449	1,322,653.00	211,076.76	261,689.40	1,193,833.00
Hazardous Discharge Site Remediation - EDA	P34449	127,351.00	5,168.00		
		\$	\$ 249,929.59	\$ 264,989.77	\$ 1,230,888.79
Department of Law and Public Safety					
Drunk Driving Enforcement Fund					
Prior Years	6400-100-078-6400-YYYY	4,138.79	\$	\$ 2,033.80	\$ 4,138.79
2014	6400-100-078-6400-YYYY	3,042.33	3,042.33	436.75	436.75
Body Armor Replacement Fund					
Prior Years	1020-718-066-1020-001-YCJS-0120	10,587.33		2,931.55	10,587.33
2013	1020-718-066-1020-001-YCJS-0120	2,951.84		2,913.73	2,913.73
2014 Unappropriated	1020-718-066-1020-001-YCJS-0120	3,924.95	3,924.95		
		\$	\$ 6,967.28	\$ 8,315.83	\$ 18,076.60
Pass-Through from County of Somerset					
Municipal Alliance on Alcoholism and Drug Abuse					
2010	SC-ALL-10-07	11,114.00	\$	\$ 5,072.02	\$ 11,114.00
2011	SC-ALL-11-07	11,114.00		2,584.74	11,114.00
2012	SC-ALL-12-07	11,000.00		1,425.33	10,712.03
2013	SC-ALL-13-07	10,902.00			10,195.72
2014	SC-ALL-14-07	13,903.25	6,751.75		
		\$	\$ 6,751.75	\$ 9,082.09	\$ 43,135.75
<b>TOTAL STATE AID AND STATE GRANT FINANCIAL ASSISTANCE</b>		\$	\$ 263,648.62	\$ 282,387.69	\$ 1,292,101.14

BOROUGH OF SOMERVILLE

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

YEAR ENDED DECEMBER 31, 2014

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 Current Fund, Grant Fund, Trust Other Fund or General Capital Fund.

Revenues

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 29,105.00	\$	\$	\$ 29,105.00
Grant Fund	15,725.05	52,571.86	339,400.00	407,696.91
Trust Other Fund	2,091,874.00			2,091,874.00
General Capital Fund		211,076.76		211,076.76
	<u>\$ 2,136,704.05</u>	<u>\$ 263,648.62</u>	<u>\$ 339,400.00</u>	<u>2,739,752.67</u>

Expenditures

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 20,717.90	\$ 20,698.29	\$ 546,980.41	\$ 588,396.60
Trust Other Fund	2,091,874.00			2,091,874.00
General Capital Fund		261,689.40		261,689.40
	<u>\$ 2,112,591.90</u>	<u>\$ 282,387.69</u>	<u>\$ 546,980.41</u>	<u>\$ 2,941,960.00</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.

Expenditures reported against the Public Assistance Disaster Grant are reported at 90% of the approved project costs. Some costs reported on these grants occurred in 2013.

BOROUGH OF SOMERVILLE  
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**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? | No         |
| (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?  | No         |
| (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, 2014

**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, 2014

Line Item No.	Description	Total Programs	Housing Choice Vouchers
	<b>Balance Sheet</b>		<b>14,871</b>
111	Cash-Unrestricted	\$ 31,624	\$ 31,624
113	Cash-Other Restricted	\$ 14,582	\$ 14,582
100	<b>Total Cash</b>	<b>\$ 46,206</b>	<b>\$ 46,206</b>
128	Fraud Recovery	\$ 10,673	\$ 10,673
120	<b>Total Receivables, Net of Allowance for Doubtful Accounts</b>	<b>\$ 10,673</b>	<b>\$ 10,673</b>
150	<b>Total Current Assets</b>	<b>\$ 56,879</b>	<b>\$ 56,879</b>
190	<b>Total Assets</b>	<b>\$ 56,879</b>	<b>\$ 56,879</b>
312	Accounts Payable <= 90 Days	\$13,565	\$13,565
332	Accounts Payable-PHA Programs	7,446	7,446
345	Other Current Liabilities	133	133
310	<b>Total Current Liabilities</b>	<b>\$21,144</b>	<b>\$21,144</b>
300	<b>Total Liabilities</b>	<b>\$21,144</b>	<b>\$21,144</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>\$ 109,448</b>	<b>\$ 109,448</b>
	<b>Income Statement</b>		
70600	HUD PHA Operating Grants	\$ 2,091,874	\$ 2,091,874
71100	Investment Income - Unrestricted	\$ 106	\$ 106
71400	Fraud Recovery	\$ 1,056	\$ 1,056
71500	Other Revenue	\$ 67,531	\$ 67,531
72000	Investment Income - Restricted	\$ 269	\$ 269
70000	<b>Total Revenue</b>	<b>\$ 2,160,836</b>	<b>\$ 2,160,836</b>
91100	Administrative Salaries		
91200	Auditing Fees	\$ 2,200	\$ 2,200
91300	Management Fee	\$ 159,929	\$ 159,929
91900	Other	\$ 8,459	\$ 8,459
91000	<b>Total Operating - Administrative</b>	<b>\$ 170,588</b>	<b>\$ 170,588</b>
96200	Other General Expenses	\$ 2,567	\$ 2,567
96000	<b>Total Other General Expenses</b>	<b>\$ 2,567</b>	<b>\$ 2,567</b>
96900	<b>Total Operating Expenses</b>	<b>\$ 173,155</b>	<b>\$ 173,155</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>\$ 1,987,681</b>	<b>\$ 1,987,681</b>

**BOROUGH OF SOMERVILLE**  
**SUPPLEMENTARY INFORMATION**  
**FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING CHOICE VOUCHER PROGRAM**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Line Item No.</b>	<b>Description</b>	<b>Total Programs</b>	<b>14,871 Housing Choice Vouchers</b>
97300	Housing Assistance Payments	\$ 1,975,690	\$ 1,975,690
97350	HAP Portability-In	\$ 63,728	\$ 63,728
90000	<b>Total Expenses</b>	<b>\$ 2,212,573</b>	<b>\$ 2,212,573</b>
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>\$ (51,737)</b>	<b>\$ (51,737)</b>
11030	Beginning Equity	\$ 87,472	\$ 87,472
11040	<b>Prior Period Adjustments, Equity Transfers, and Correction of</b>		
11170	<b>Administrative Fee Equity</b>	<b>\$ 21,153</b>	<b>\$ 21,153</b>
11180	<b>Housing Assistance Payments Equity</b>	<b>\$ 14,582</b>	<b>\$ 14,582</b>
11190	<b>Unit Months Available</b>	<b>2040</b>	<b>2040</b>
11210	<b>Unit Months Leased</b>	<b>1953</b>	<b>1953</b>

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PART III

BOROUGH OF SOMERVILLE

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

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

	<u>YEAR 2014</u>		<u>YEAR 2013</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,350,000.00	2.96%	\$ 1,250,000.00	2.79%
Miscellaneous - From Other Than Local				
Property Tax Levies	4,673,737.74	10.26%	5,272,194.19	11.76%
Collection of Delinquent Taxes and				
Tax Title Liens	1,390,514.66	3.05%	789,280.23	1.76%
Collection of Current Tax Levy	<u>38,128,729.93</u>	<u>83.72%</u>	<u>37,527,665.30</u>	<u>83.69%</u>
<u>TOTAL INCOME</u>	<u>\$ 45,542,982.33</u>	<u>100.00%</u>	<u>\$ 44,839,139.72</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 15,851,389.13	36.50%	\$ 16,480,423.73	37.90%
County Taxes	4,725,504.08	10.88%	4,589,228.30	10.55%
Local School Taxes	22,174,779.00	51.06%	21,911,695.00	50.39%
Other Expenditures	<u>677,242.87</u>	<u>1.56%</u>	<u>500,695.50</u>	<u>1.15%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 43,428,915.08</u>	<u>100.00%</u>	<u>\$ 43,482,042.53</u>	<u>100.00%</u>
Excess in Revenue	\$ 2,114,067.25		\$ 1,357,097.19	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are Deferred				
Charges to Budget of Succeeding Year	<u>1,362.75</u>		<u>                    </u>	
Statutory Excess to Fund Balance	\$ 2,115,430.00		\$ 1,357,097.19	
Fund Balance, January 1	<u>1,465,575.65</u>		<u>1,358,478.46</u>	
	\$ 3,581,005.65		\$ 2,715,575.65	
Less: Utilization as Anticipated Revenue	<u>1,350,000.00</u>		<u>1,250,000.00</u>	
Fund Balance, December 31	<u>\$ 2,231,005.65</u>		<u>\$ 1,465,575.65</u>	

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

	YEAR 2014		YEAR 2013	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
	\$		\$	
Collection of Sewer Rents	97,000.00	3.59%	96,000.00	3.80%
Miscellaneous - From Other Than Sewer Rents	2,441,970.52	90.50%	2,393,257.77	94.84%
Unexpended Balance of Appropriation Reserves	88,134.85	3.27%	32,619.47	1.29%
	71,090.09	2.63%	1,655.74	0.07%
<u>TOTAL INCOME</u>	<u>\$ 2,698,195.46</u>	<u>100.00%</u>	<u>\$ 2,523,532.98</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 2,506,500.00	95.67%	\$ 2,232,000.00	91.99%
Deferred Charges and Statutory Expenditures	30,500.00	1.16%	107,242.00	4.42%
Capital Improvements				
Municipal Debt Service	83,000.00	3.17%	87,000.00	3.59%
Refund of Prior Year Revenue				
<u>TOTAL EXPENDITURES</u>	<u>\$ 2,620,000.00</u>	<u>100.00%</u>	<u>\$ 2,426,242.00</u>	<u>100.00%</u>
Excess in Revenue	\$ 78,195.46		\$ 97,290.98	
Fund Balance:				
January 1	97,682.00		96,391.02	
	<u>\$ 175,877.46</u>		<u>\$ 193,682.00</u>	
Less: Utilization as Anticipated Revenue	97,000.00		96,000.00	
Balance, December 31	<u>\$ 78,877.46</u>		<u>\$ 97,682.00</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	<u>3.281</u>	<u>3.241</u>	<u>3.135</u>
Apportionment of Tax Rate:			
Municipal	0.982	0.982	0.955
County	0.405	0.391	0.387
Local School	1.894	1.868	1.793

Assessed Valuation:

2014	<u>\$1,199,324,977</u>		
2013		<u>\$1,183,340,209</u>	
2012			<u>\$1,228,437,262</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>
2014	\$38,880,620.65	\$38,128,729.93	98.07%
2013	38,512,469.87	37,527,665.30	97.44%
2012	38,152,505.02	37,089,672.26	97.20%

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>
2014	\$75,573.61	\$670,569.05	\$746,142.66	1.92%
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%

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>
2014	\$28,500.00
2013	28,500.00
2012	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	2014	\$2,231,005.65	\$1,500,000.00
	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

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Sewer Utility Operating Fund	2014	\$78,877.46	\$70,947.00
	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-

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	*
Kenneth Utter	Council Person	*
Kevin Sluka	Borough Clerk, Administrator, Election Officer	*
Janet E. Kelk	Tax Collector, Sewer Utility Collector	*
Dena Flynn	Chief Financial Officer, Treasurer	*
Asisat Adewunmi	Deputy Treasurer, Payroll Officer up to 7/11/14	*
Erin Martin	Deputy Treasurer, Payroll Officer from 7/12/14	*
Carol Strehle	Deputy Tax Collector, Tax Search Officer	*
Richard Adams	Court Administrator up to 3/31/14	*
Audrey Lapinski	Court Administrator from 4/1/14	*
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 up to 6/2/2014	*
Rodney Hadley	Interim Public Works Manager From 6/3/2014	*
Joseph Pidany	Recreation Director up to 11/2/2014	*
Kathleen Gerndt	Recreation Director From 11/3/2014	*
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:

- Parking Deck
- Roadway Improvements
- Police Vehicle
- Improvements to Library Restroom

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, 2014 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS (CONTINUED)

“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 2014.

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 15, 2014 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>
2014	7
2013	7
2012	7

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 2015 Taxes	25
Payments of 2014 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 General Ledgers were not completely maintained. While cash receipts and disbursements were recorded in the ledgers, not all individual non-cash transactions and adjustments were posted, thus, many of the balances reflected were incomplete.

## RECOMMENDATIONS

\*That all non-cash transactions and adjustments be recorded in the general ledgers.

\*Unresolved 2013 audit recommendations



