

**CITY OF SALEM
COUNTY OF SALEM
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2013**



75 YEARS OF SERVICE

— 1939-2014 —

CITY OF SALEM
TABLE OF CONTENTS

<u>Exhibit No.</u>		<u>Page No.</u>
<u>PART I</u>		
	Independent Auditor's Report	2
	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	5
<u>CURRENT FUND</u>		
A	Statements of Assets, Liabilities, Reserves and Fund Balance-- Regulatory Basis	7
A-1	Statements of Operations and Changes in Fund Balance-- Regulatory Basis	9
A-2	Statement of Revenues--Regulatory Basis	10
A-3	Statement of Expenditures--Regulatory Basis	12
<u>TRUST FUND</u>		
B	Statements of Assets, Liabilities, Reserves and Fund Balance-- Regulatory Basis	17
<u>GENERAL CAPITAL FUND</u>		
C	Statements of Assets, Liabilities, Reserves and Fund Balance-- Regulatory Basis	18
<u>WATER AND SEWER UTILITY FUND</u>		
D	Statements of Assets, Liabilities, Reserves and Fund Balance-- Regulatory Basis	19
D-1	Statements of Operations and Changes in Operating Fund Balance-- Regulatory Basis	21
D-2	Statement of Revenues--Regulatory Basis	22
D-3	Statement of Expenditures--Regulatory Basis	23
<u>PUBLIC ASSISTANCE FUND</u>		
E	Statements of Assets, Liabilities and Reserves--Regulatory Basis	N/A
<u>GENERAL FIXED ASSETS ACCOUNG GROUP</u>		
F	Statement of General Fixed Assets Group of Account	N/A
	Notes to Financial Statements	24

CITY OF SALEMTABLE OF CONTENTS (CONT'D)

<u>Exhibit No.</u>		<u>Page No.</u>
	<u>SUPPLEMENTAL EXHIBITS</u>	
	<u>CURRENT FUND</u>	
SA-1	Statement of Current Cash--Treasurer	43
SA-2	Statement of Taxes Receivable and Analysis of Property Tax Levy	44
SA-3	Statement of Tax Title Liens	45
SA-4	Statement of Prepaid Taxes	46
SA-5	Statement of Prepaid Debt Service	46
SA-6	Statement of Due to State of New Jersey Senior Citizens' and Veterans' Deductions	47
SA-7	Statement of Revenue Accounts Receivable	48
SA-8	Statement Appropriation Reserves	49
SA-9	Statement of Due County for Added and Omitted Taxes	51
SA-10	Statement of Due County Taxes	51
SA-11	Statement of Local District School Tax	52
SA-12	Statement of Due to Federal & State Grant Fund	53
SA-13	Federal and State Grant Fund--Statement of Federal and State Grants Receivable	54
SA-14	Federal and State Grant Fund--Statement of Reserve for Federal and State Grants--Appropriated	55
SA-15	Federal and State Grant Fund--Statement of Reserve for Federal and State Grants--Unappropriated	56
	<u>TRUST FUND</u>	
SB-1	Statement of Trust Cash--Treasurer	58
SB-2	Animal Control Fund--Statement of Reserve for Animal Control Expenditures	59
SB-3	Animal Control Fund--Statement of Due to Current Fund	59
SB-4	Animal Control Fund --Statement of Due to State of New Jersey	60
SB-5	Trust Other Funds—Statement of Due to Current Fund	61
SB-6	Trust Other Funds--Statement of Changes in Reserves	62
	<u>GENERAL CAPITAL FUND</u>	
SC-1	Statement of General Capital Cash	64
SC-2	Analysis of General Capital Cash	65
SC-3	Statement of Capital Improvement Fund	66
SC-4	Statement of Deferred Charges to Future Taxation--Funded	66

CITY OF SALEMTABLE OF CONTENTS (CONT'D)

<u>Exhibit No.</u>		<u>Page No.</u>
<u>GENERAL CAPITAL FUND (CONT'D)</u>		
SC-5	Statement of Deferred Charges to Future Taxation -- Unfunded	67
SC-6	Statement of Due Current Fund	68
SC-7	Statement of Improvement Authorizations	69
SC-8	Statement of General Serial Bonds	70
SC-9	Statement of Federal & State Grants Receivable	71
SC-10	Statement of Reserve for the Payment of Bonds & Notes	71
SC-11	Statement of Bonds and Notes Authorized But Not Issued	72
<u>WATER AND SEWER UTILITY FUND</u>		
SD-1	Statement of Water and Sewer Utility Fund Cash--Treasurer	74
SD-2	Water and Sewer Utility Capital Fund--Analysis of Water and Sewer Capital Cash and Investments	75
SD-3	Water and Sewer Utility Operating Fund--Statement of Consumer Accounts Receivable	76
SD-4	Water and Sewer Utility Operating Fund--Statement of Utility Liens Receivable	76
SD-5	Water and Sewer Utility Operating Fund--Statement of Appropriation Reserves	77
SD-6	Water and Sewer Utility Operating Fund—Statement of Accrued Interest on Bonds and Notes	78
SD-7	Water and Sewer Utility Operating Fund--Statement of Due to Current Fund	79
SD-8	Water and Sewer Utility Capital Fund--Statement of Fixed Capital	80
SD-9	Water and Sewer Utility Capital Fund--Statement of Fixed Capital Authorized And Uncompleted	81
SD-10	Water and Sewer Utility Capital Fund--Statement of Improvement Authorizations	82
SD-11	Water and Sewer Utility Capital Fund--Statement of Bonds Payable	83
SD-12	Water and Sewer Utility Capital Fund--Statement of Water and Sewer Wastewater Improvement Bonds	84
SD-13	Water and Sewer Utility Capital Fund – Statement of USDA Loan Payable	85
SD-14	Water and Sewer Utility Capital Fund— Statement of Water and Sewer New Jersey Environmental Infrastructure Trust Loans Payable	86
SD-15	Water and Sewer Utility Capital Fund—Statement of State of New Jersey Loan – Dam Restoration Program	88
SD-16	Water and Sewer Utility Capital Fund—Statement of Due from Utility Operating Fund	89
SD-17	Water and Sewer Utility Capital Fund—Statement of Capital Improvement Fund	90
SD-18	Water and Sewer Utility Capital Fund—Statement of Deferred Reserve for Amortization	90
SD-19	Water and Sewer Utility Operating Fund—Statement of Due from Trust— Other Funds	91
SD-20	Water and Sewer Utility Capital Fund—Statement of Due to Current Fund	91
SD-21	Water and Sewer Utility Capital Fund—Statement of Reserve for Amortization	91
SD-22	Water and Sewer Utility Capital Fund--Statement of Bonds and Notes Authorized But Not Issued	92

CITY OF SALEM

TABLE OF CONTENTS (CONT'D)

Exhibit No.

Page No.

PART 2

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule of Financial Statement Findings 94

Summary Schedule of Prior Year Audit Findings as Prepared
by Management 99

OFFICIALS IN OFFICE AND SURETY BONDS 102

APPRECIATION 103

CITY OF SALEM
PART 1
REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Salem
Salem, New Jersey 08079

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Salem, in the County of Salem, State of New Jersey, as of December 31, 2013 and 2012, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 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 financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In 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 City of Salem, in the County of Salem, State of New Jersey, as of December 31, 2013 and 2012, or the results of its operations and changes in fund balance for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial statements referred to above do not include the general fixed assets account group, as required by N.J.A.C. 5:30-5.6, because a record of general fixed assets was not maintained by the City. The amount that should be recorded in the general fixed assets account group is not known.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effect of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Salem, in the County of Salem, State of New Jersey, as of December 31, 2013 and 2012, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis, expenditures - regulatory basis of the various funds, for the year ended December 31, 2013 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The supplementary financial statements presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 28, 2014 on our consideration of the City of Salem's, in the County of Salem, State of New Jersey, 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 City of Salem's internal control over financial reporting.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Henry J. Ludwigsen
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
July 28, 2014

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Salem
Salem, New Jersey 08079

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the City of Salem, in the County of Salem, State of New Jersey, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 28, 2014. That report indicated that the City of Salem's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our report, our opinion was modified because the financial statements did not include the general fixed assets account group as required by the New Jersey Administrative Code.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Salem's internal 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Salem's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Recommendations to be material weaknesses: 2013-1, 2013-2 and 2013-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Salem'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying Schedule of Findings and Recommendations as items 2013-4, 2013-5 and 2013-6.

The City of Salem's Response to Findings

The City of Salem's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Henry J. Ludwigsen
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
July 28, 2014

CITY OF SALEM
CURRENT FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2013 and 2012

ASSETS:	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Regular Fund:			
Cash	SA-1	\$ 1,713,725.65	\$ 1,084,986.99
Cash -- Change Fund	A	200.00	200.00
Prepaid Debt Service	SA-5	209,250.00	206,500.00
		<u>1,923,175.65</u>	<u>1,291,686.99</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-2	985,282.69	1,120,262.41
Tax Title Liens	SA-3	1,241,282.54	919,629.54
Property Acquired for Taxes -- Assessed Valuation	A	280,700.00	280,700.00
Revenue Accounts Receivable	SA-7	5,213.83	8,462.98
Due from Trust -- Animal Control Fund	SB-3	14,766.89	12,749.31
Due from Trust -- Other Funds	SB-5	46,402.02	54,794.56
Due from General Capital Fund	SC-6		440,709.80
Due from Utility Operating Fund	SD-7	59,535.59	11,777.69
Due from Utility Capital Fund	SD-20	173,936.96	103,936.96
		<u>2,807,120.52</u>	<u>2,953,023.25</u>
Total Regular Fund		<u>4,730,296.17</u>	<u>4,244,710.24</u>
Federal and State Grant Fund:			
Cash	SA-1		9,345.72
Federal and State Grants Receivable	SA-13	51,941.10	158,500.51
Due from Current Fund	SA-12	65,528.04	128,665.44
Due from Trust -- Other Funds	SA-1		14,675.00
Over-expenditure Appropriated Grants	A-3,SA-14	25,795.06	3,998.26
Total Federal and State Grant Fund		<u>143,264.20</u>	<u>315,184.93</u>
		<u>\$ 4,873,560.37</u>	<u>\$ 4,559,895.17</u>

(Continued)

CITY OF SALEM
CURRENT FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 1,134,002.66	\$ 662,360.96
Reserve for Encumbrances	A-3	40,898.91	16,584.11
Prepaid Taxes	SA-4	75,789.17	71,034.86
Due to State of NJ Senior Citizens/Veterans Deductions	SA-6	2,078.23	953.23
Local District School Taxes Payable	SA-11	23,885.94	23,886.98
Reserve for Payment of Guaranteed Debt	A-3,SC-6		54,513.00
Due to Federal and State Grant Fund	SA-12	65,528.04	128,665.44
Due to General Capital Fund	SC-6	823.80	
		<u>1,343,006.75</u>	<u>957,998.58</u>
Reserves for Receivables and Other Assets	A	2,807,120.52	2,953,023.25
Fund Balance	A-1	<u>580,168.90</u>	<u>333,688.41</u>
Total Regular Fund		<u>4,730,296.17</u>	<u>4,244,710.24</u>
Federal and State Grant Fund:			
Due to General Capital Fund	SA-14	39,690.00	
Appropriated Reserves	SA-14	85,119.27	276,328.79
Unappropriated Reserves	SA-15	<u>18,454.93</u>	<u>38,856.14</u>
Total Federal and State Grant Fund		<u>143,264.20</u>	<u>315,184.93</u>
		<u>\$ 4,873,560.37</u>	<u>\$ 4,559,895.17</u>

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

CITY OF SALEM
CURRENT FUND
 Statements of Operations and Changes in Fund Balance -- Regulatory Basis
 For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
REVENUE AND OTHER INCOME REALIZED:		
Fund Balance Anticipated	\$ 200,000.00	\$ 1,291,000.00
Miscellaneous Revenues Anticipated	2,972,834.76	2,719,394.64
Receipts from Delinquent Taxes and Tax Title Liens	912,073.49	955,529.44
Receipts from Current Taxes	7,739,778.82	7,514,495.54
Non-Budget Revenue	296,322.29	269,945.25
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	115,616.19	53,237.83
Liquidation of Interfund:		
Trust -- Other Funds	8,265.55	
General Capital Fund	40,700.76	
Utility Capital Fund		341,028.95
	<u>12,285,591.86</u>	<u>13,144,631.65</u>
Total Income		
EXPENDITURES:		
Budget Appropriations:		
Within "CAPS":		
Operations:		
Salaries and Wages	2,856,727.00	2,894,067.00
Other Expenses	2,511,361.00	2,492,627.00
Deferred Charges and Statutory Expenditures	712,216.43	701,786.09
Excluded from "CAPS":		
Operations:		
Other Expenses	429,626.50	637,551.91
Capital Improvements		50,000.00
Municipal Debt Service	517,738.68	1,124,596.23
Deferred Charges	21,000.00	21,000.00
Transferred to Board of Education for Use of Local School	16,232.00	
Local District School Tax	2,496,014.00	2,312,230.00
County Taxes	2,153,876.17	2,108,163.86
Due County for Added and Omitted Taxes	4,061.01	1,991.86
Refund of Prior Year Revenue	1,750.68	1,899.53
Creation of Interfund and Other Assets:		
Trust -- Animal Control Fund		145.87
Trust -- Other Funds		45,670.94
General Capital Fund		440,709.80
Utility Operating Fund	47,757.90	2,999.40
Utility Capital Fund	70,000.00	
Prior Year Senior Citizens & Veterans' Deductions Disallowed	750.00	2,299.31
	<u>11,839,111.37</u>	<u>12,837,738.80</u>
Total Expenditures		
Excess in Revenue	446,480.49	306,892.85
FUND BALANCE:		
Balance January 1,	<u>333,688.41</u>	<u>1,317,795.56</u>
	780,168.90	1,624,688.41
Utilized as Anticipated Revenue	<u>200,000.00</u>	<u>1,291,000.00</u>
Balance December 31,	<u>\$ 580,168.90</u>	<u>\$ 333,688.41</u>

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

CITY OF SALEM
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2013

	Anticipated		Realized	Excess or (Deficit)
	Budget	Special N.J.S. 40A: 4-87		
Surplus Anticipated	\$ 200,000.00		\$ 200,000.00	
Miscellaneous Revenues				
Local Revenues				
Licenses: Other	2,000.00		215.00	\$ (1,785.00)
Fines and Costs: Municipal Court	123,000.00		90,866.23	(32,133.77)
Interest and Costs on Taxes	110,743.00		174,463.39	63,720.39
Street Opening Permits	3,000.00		4,500.00	1,500.00
Cable Television Franchise Fee	53,151.00		53,151.57	0.57
State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief Aid	367,045.00		367,045.00	
Energy Receipts Tax	1,028,894.00		1,028,894.24	0.24
Special Items of General Revenue Anticipated with Prior Written Consent of the Director of the Division of Local Government Services				
Additional Revenues Offset with Appropriations				
Garbage and Trash - Pick up Stickers	87,875.00		82,063.00	(5,812.00)
Public and Private Revenues Offset with Appropriations				
Recycling Tonnage Grant	8,912.27		8,912.27	
Body Armor Fund	376.64		376.64	
New Jersey Motor Vehicle Commission	5,891.97	\$ 86,244.62	92,136.59	
Drive Sober or Get Pulled Over	2,600.00		2,600.00	
Salem County JAG	2,000.00		2,000.00	
JAG Grant	12,452.00		12,452.00	
DOJ Police Grant	2,625.00		2,625.00	
Other Special Items				
Whispering Waters Pilot Agreement	312,000.00		300,000.00	(12,000.00)
Senior Village Pilot Agreement	13,500.00		22,500.00	9,000.00
County of Salem Pilot Agreement	25,000.00		26,192.80	1,192.80
South Jersey Gas Agreement	31,224.00		31,224.37	0.37
Resource Officer	100,756.00		87,718.40	(13,037.60)
Liquidation of Interfund - General Capital Fund	400,000.00		400,000.00	
Body Armor Fund	2,049.81		2,049.81	
Motor Vehicle Commission Police	1,948.45		1,948.45	
Reserve for Payment of Bonds and Notes	100,000.00		100,000.00	
Sale of Fire Truck	18,900.00		18,900.00	
Nelson House Settlement - Refund of Prior Year Expenses	60,000.00		60,000.00	
	<u>2,875,944.14</u>	<u>86,244.62</u>	<u>2,972,834.76</u>	<u>10,646.00</u>
Receipts from Delinquent Taxes	<u>962,000.00</u>		<u>912,073.49</u>	<u>(49,926.51)</u>
Amount to be Raised by Taxes for				
Support of Municipal Budget				
Local Tax for Municipal Purposes including Reserve for Uncollected Taxes	<u>4,192,699.81</u>		<u>4,337,813.28</u>	<u>145,113.47</u>
Budget Totals	<u>8,230,643.95</u>	<u>86,244.62</u>	<u>8,422,721.53</u>	<u>105,832.96</u>
Non-Budget Revenue			<u>296,322.29</u>	<u>296,322.29</u>
	<u>\$ 8,230,643.95</u>	<u>\$ 86,244.62</u>	<u>\$ 8,719,043.82</u>	<u>\$ 402,155.25</u>

(Continued)

CITY OF SALEM
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2013

Analysis of Realized Revenue

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 7,739,778.82
Allocated to:	
County and School Taxes	<u>4,653,951.18</u>
Amount for Support of Municipal Budget Appropriations	3,085,827.64
Add: Appropriation "Reserve for Uncollected Taxes"	<u>1,251,985.64</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 4,337,813.28</u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	<u>\$ 912,073.49</u>

Analysis of Non-Budget Revenues

Miscellaneous Revenue not Anticipated:	
Receipts:	
Interest Earnings on Deposits	\$ 443.02
Parking Meters	20,914.61
Certificate of Occupancy	56,274.98
Accident Report and Gun License	306.00
Sale of Recyclables	1,511.30
Registrar of Vital Statistics	24.00
Planning and Zoning Fees	4,688.00
Tax Search Fees	190.00
Senior Citizens' and Veterans' Deduction Administration Fee	895.00
Miscellaneous	78,504.42
Salem Co Mutual Fire Dividend	37,500.00
Statewide Insurance Fire Equipment	6,834.84
Hurricane Sandy Reimbursement	44,693.59
TD Bank NA Community Grant	2,500.00
Salem Historic Penrose PILOT 2012	9,593.00
County of Salem PILOT Agreement 2012	<u>26,192.80</u>
Total Cash Receipts	291,065.56
Interest Earnings - General Capital Fund	7.36
Interest Earnings - Trust -- Other Funds	114.69
Misc - Trust -- Other Funds	<u>5,134.68</u>
Total Miscellaneous Revenue not Anticipated	<u>\$ 296,322.29</u>

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

CITY OF SALEM
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2013

	Appropriations			Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget Modifications	Budget After Modification		Encumbered	Reserved	
OPERATIONS -- WITHIN "CAPS"							
General Government Functions							
Human Resources:							
Other Expenses	\$ 5,000.00	\$ (4,000.00)	\$ 1,000.00	\$ 420.00		\$ 580.00	
Mayor and Council:							
Salaries and Wages	56,700.00		56,700.00	54,419.43		2,280.57	
Other Expenses	28,000.00	(1,000.00)	27,000.00	20,295.61	\$ 1,155.00	5,549.39	
Municipal Clerk:							
Salaries and Wages	77,700.00	5,000.00	82,700.00	82,368.34		331.66	
Other Expenses	31,700.00	(4,000.00)	27,700.00	19,534.51	3,002.99	5,162.50	
Financial Administration:							
Salaries and Wages	121,500.00	600.00	122,100.00	122,062.76		37.24	
Other Expenses	17,800.00		17,800.00	12,916.42	395.00	4,488.58	
Audit:							
Other Expenses	50,000.00	(10,000.00)	40,000.00	7,983.00		32,017.00	
Revenue Administration							
Salaries and Wages	52,200.00	700.00	52,900.00	52,817.04		82.96	
Other Expenses	7,850.00	6,000.00	13,850.00	13,676.58	143.34	30.08	
Assessment of Taxes:							
Salaries and Wages	23,103.00	900.00	24,003.00	23,981.53		21.47	
Other Expenses	6,500.00	11,100.00	17,600.00	17,269.80	283.50	46.70	
Legal Services and Costs:							
Salaries and Wages	77,270.00	100.00	77,370.00	77,356.88		13.12	
Other Expenses	1,700.00	600.00	2,300.00	2,039.76		260.24	
Engineering Services and Costs:							
Other Expenses	12,000.00		12,000.00	5,000.00		7,000.00	
Public Buildings and Grounds:							
Other Expenses	30,000.00	7,000.00	37,000.00	36,239.00	558.57	202.43	
Housing Regulation:							
Salaries and Wages	125,900.00	(20,000.00)	105,900.00	99,517.66		6,382.34	
Other Expenses	9,740.00	2,800.00	12,540.00	11,584.01	941.15	14.84	
Community Action Program							
Salaries and Wages	6,000.00		6,000.00	224.60		5,775.40	
Other Expenses	2,500.00	(1,500.00)	1,000.00			1,000.00	
Insurance							
General Liability	244,000.00	4,200.00	248,200.00	248,117.32		82.68	
Workers Compensation	104,000.00	14,500.00	118,500.00	118,328.99		171.01	
Employee Group Health	1,141,156.00		1,141,156.00	156,282.77		984,873.23	

(Continued)

CITY OF SALEM
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2013

	Appropriations			Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget Modifications	Budget After Modification		Encumbered	Reserved	
<u>Land Use Administration</u>							
Planning Board							
Other Expenses	\$ 14,200.00	\$ 7,400.00	\$ 21,600.00	\$ 21,551.73		\$ 48.27	
<u>Public Safety</u>							
Fire:							
Other Expenses	50,000.00	1,500.00	51,500.00	30,979.30	\$ 20,376.00	144.70	
Police:							
Salaries and Wages	1,840,000.00	(20,000.00)	1,820,000.00	1,805,482.08		14,517.92	
Other Expenses	85,000.00	(10,000.00)	75,000.00	50,464.75	2,812.23	21,723.02	
First Aid Organization Contribution							
Other Expenses	10,000.00	(1,500.00)	8,500.00	4,771.35	1,345.00	2,383.65	
Office of Emergency Management:							
Salaries and Wages	8,200.00	270.00	8,470.00	8,466.03		3.97	
<u>Streets and Roads</u>							
Road Repairs and Maintenance:							
Salaries and Wages	357,204.00		357,204.00	354,390.91		2,813.09	
Other Expenses	29,000.00	100.00	29,100.00	28,308.12	741.20	50.68	
<u>Sanitation</u>							
Street Cleaning:							
Salaries and Wages	49,750.00	160.00	49,910.00	49,905.52		4.48	
Other Expenses	700.00	400.00	1,100.00	1,062.56		37.44	
Sanitary Landfill:							
Salaries and Wages	2,400.00		2,400.00	2,400.00			
Other Expenses	83,600.00	15,000.00	98,600.00	92,564.61	5,877.97	157.42	
Vehicle Maintenance:							
Other Expenses	34,080.00	4,900.00	38,980.00	35,384.94	2,441.89	1,153.17	
<u>Health and Welfare</u>							
Public Health Services:							
Other Expenses	350.00		350.00			350.00	
Dog Regulation:							
Other Expenses	25,000.00		25,000.00	25,000.00			
<u>Recreation and Education</u>							
Parks and Playgrounds:							
Other Expenses	28,000.00	(3,000.00)	25,000.00	17,377.00		7,623.00	

(Continued)

CITY OF SALEM
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2013

	Appropriations			Expended			Unexpended Balance Canceled
	Budget	Budget Modifications	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<u>Municipal Court:</u>							
Salaries and Wages	\$ 98,000.00	\$ (6,930.00)	\$ 91,070.00	\$ 82,494.92		\$ 8,575.08	
Other Expenses	19,000.00	(5,000.00)	14,000.00	10,514.56	\$ 500.00	2,985.44	
<u>Public Defender:</u>							
Other Expenses	9,730.00		9,730.00	9,637.20		92.80	
<u>Utility Expenses and Bulk Purchases</u>							
Street Lighting	122,000.00	(5,000.00)	117,000.00	116,138.48		861.52	
Telephone	75,000.00	3,800.00	78,800.00	78,457.39	325.07	17.54	
Heating Oil	25,000.00	(5,000.00)	20,000.00	17,688.83		2,311.17	
Gasoline	99,000.00	(15,000.00)	84,000.00	73,518.98		10,481.02	
Natural Gas	13,755.00	300.00	14,055.00	14,037.61		17.39	
Electricity	65,000.00	16,400.00	81,400.00	81,344.15		55.85	
Total Operations -- Within "CAPS"	5,376,288.00	(8,200.00)	5,368,088.00	4,194,377.03	40,898.91	1,132,812.06	-
Detail:							
Salaries and Wages	2,895,927.00	(39,200.00)	2,856,727.00	2,815,887.70	-	40,839.30	-
Other Expenses (Including Contingent)	2,480,361.00	31,000.00	2,511,361.00	1,378,489.33	40,898.91	1,091,972.76	-
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES -- WITHIN "CAPS"</u>							
<u>Deferred Charges</u>							
Overexpenditure of Appropriated Grants	3,998.26		3,998.26	3,998.26			
Deficit in Trust - Other Funds - Uniform Construction Code	3,179.17		3,179.17	3,179.17			
<u>Statutory Expenditures</u>							
Contribution to:							
Public Employees' Retirement System of N.J.	143,741.00		143,741.00	143,741.00			
Social Security System (O.A.S.I.)	152,300.00	2,000.00	154,300.00	154,243.33		56.67	
Police and Firemen's Retirement System of N.J.	398,548.00		398,548.00	398,548.00			
Unemployment Compensation	2,250.00	6,200.00	8,450.00	8,316.89		133.11	
Total Deferred Charges and Statutory Expenditures -- Municipal -- Within "CAPS"	704,016.43	8,200.00	712,216.43	712,026.65	-	189.78	-
Total General Appropriations for Municipal Purposes Within -- "CAPS"	6,080,304.43	-	6,080,304.43	4,906,403.68	40,898.91	1,133,001.84	-

(Continued)

CITY OF SALEM
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2013

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>OPERATIONS -- EXCLUDED FROM "CAPS"</u>						
Employee Group Health	\$ 20,784.00	\$ 20,784.00	\$ 20,784.00			
Aid to Library (N.J.S.A. 40:54-35)	73,385.00	73,385.00	72,532.68		\$ 852.32	
Total Operations -- Excluded from "CAPS"	94,169.00	-	94,169.00	93,316.68	-	852.32
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>						
Police Dispatch Service with County of Salem	126,480.00	126,480.00	126,480.00			
Total Interlocal Municipal Service Agreements	126,480.00	-	126,480.00	126,480.00	-	-
<u>ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES</u> <u>(N.J.S. 40A:4-43.3h) -- EXCLUDED FROM "CAPS"</u>						
Garbage and Trash Collection						
Other Expenses	87,875.00	87,875.00	87,726.50		148.50	
Total Additional Appropriations Offset by Revenues (N.J.S. 40A:4-43.3h) -- Excluded from "CAPS"	87,875.00	-	87,726.50	87,726.50	-	148.50
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u> <u>EXCLUDED FROM "CAPS"</u>						
Recycling Tonnage Grant	8,912.27	8,912.27	8,912.27			
Body Armor Fund	376.64	376.64	376.64			
New Jersey Motor Vehicle Commission (40A: 4-87, \$86,244.62)	5,891.97	\$ 86,244.62	92,136.59	92,136.59		
Drive Sober or Get Pulled Over	2,600.00	2,600.00	2,600.00			
Salem County JAG	2,000.00	2,000.00	2,000.00			
JAG Grant	12,452.00	12,452.00	12,452.00			
DOJ Police Grant	2,625.00	2,625.00	2,625.00			
Total Public and Private Programs Offset by Revenues -- Excluded from "CAPS"	34,857.88	86,244.62	121,102.50	121,102.50	-	-
Total Operations -- Excluded from "CAPS"	343,381.88	86,244.62	429,626.50	428,625.68	-	1,000.82
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	343,381.88	86,244.62	429,626.50	428,625.68	-	1,000.82

(Continued)

CITY OF SALEM
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2013

	Appropriations			Expended		Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget Modifications</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	
<u>MUNICIPAL DEBT SERVICE -- EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	\$ 275,000.00		\$ 275,000.00	\$ 275,000.00		
Interest on Bonds	117,740.00		117,740.00	117,738.68		\$ 1.32
Debt Service Guarantee	125,000.00		125,000.00	125,000.00		
Total Municipal Debt Service -- Excluded from "CAPS"	517,740.00	-	517,740.00	517,738.68	-	1.32
<u>DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"</u>						
Deferred to Future Taxation Unfunded - Craven Ave	21,000.00		21,000.00	21,000.00		-
Total Deferred Charges - Municipal - Excluded from "CAPS"	21,000.00	-	21,000.00	21,000.00	-	-
Transferred to Board of Education for Use of Local School (N.J.S.A. 40:48-17.1 & 17.3)	16,232.00		16,232.00	16,232.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	898,353.88	\$ 86,244.62	984,598.50	983,596.36		\$ 1,000.82
Subtotal General Appropriations	6,978,658.31	86,244.62	7,064,902.93	5,890,000.04	\$ 40,898.91	1,134,002.66
Reserve for Uncollected Taxes	1,251,985.64		1,251,985.64	1,251,985.64		
Total	<u>\$ 8,230,643.95</u>	<u>\$ 86,244.62</u>	<u>\$ 8,316,888.57</u>	<u>\$ 7,141,985.68</u>	<u>\$ 40,898.91</u>	<u>\$ 1,134,002.66</u>
Adopted Budget			\$ 8,230,643.95			
Appropriation by 40A:4-87			86,244.62			
Reserve for Federal and State Grant Fund--Appropriated				\$ 121,102.50		
Reserve for the Payment of Guaranteed Debt				75,000.00		
School Taxes Payable				16,232.00		
Deferred Charges Due Federal and State Grant Fund				3,998.26		
Deferred Charges Due Trust -- Other Funds				3,179.17		
Deferred Charges Due General Capital Fund				21,000.00		
Reserve for Uncollected Taxes				1,251,985.64		
Disbursed				5,649,488.11		
			<u>\$ 8,316,888.57</u>	<u>\$ 7,141,985.68</u>		

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

CITY OF SALEM
TRUST FUNDS
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
ASSETS:			
Animal Control Fund:			
Cash	SB-1	\$ 18,457.59	\$ 16,659.01
Other Funds:			
Cash	SB-1	1,104,371.28	901,768.82
		<u>\$ 1,122,828.87</u>	<u>\$ 918,427.83</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Animal Control Fund:			
Due to Current Fund	SB-3	\$ 14,766.89	\$ 12,749.31
Due to State of New Jersey	SB-4	21.00	4.20
Reserve for Animal Control Expenditures	SB-2	3,669.70	3,905.50
Total Animal Control Fund		<u>18,457.59</u>	<u>16,659.01</u>
Other Funds:			
Due to Current Fund	SB-5	46,402.02	54,794.56
Due to Federal and State Grant Fund	SB-1		14,675.00
Due to Utility Operating Fund	SB-1	47,868.00	25,629.87
Due to Utility Capital Fund	B	100,340.39	100,340.39
Due to State of New Jersey - Criminal Disposition and Revenue Collection Fund	B	35,993.14	35,993.14
Reserve for:			
Community Development Housing Equity	SB-6	15,773.79	15,773.79
Small Cities Rehab	SB-6	4,196.63	25,385.63
Construction Code	SB-6		(3,179.17)
Developer's Escrow	SB-6	19,740.01	20,152.51
POAA	SB-6	14,704.95	13,898.95
Payroll Withholdings Payable	SB-6	141,787.58	122,790.80
Public Defender	SB-6	2,281.16	2,279.08
Landfill	SB-6	92,873.85	92,872.05
Tax Title Liens	SB-6	478,665.45	318,328.88
Unemployment Compensation	SB-6	10,955.24	10,955.24
Accumulated Sick Leave	SB-6	33,350.27	33,350.27
Shade Tree Commission	SB-6	2,786.71	1,286.71
Proceeds from Mortgage Notes	SB-6	8,361.92	8,361.92
Off-Duty Police	SB-6	11,618.27	8,079.20
County Prosecutor Law Enforcement Trust	SB-6	27,485.00	
Municipal Pool Donations Account	SB-6	9,186.90	
Total Other Funds		<u>1,104,371.28</u>	<u>901,768.82</u>
		<u>\$ 1,122,828.87</u>	<u>\$ 918,427.83</u>

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

CITY OF SALEM
GENERAL CAPITAL FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2013 and 2012

ASSETS:	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Cash	SC-1	\$ 1,702.44	\$ 29,447.88
State and Federal Grants Receivable	SC-9	513,712.19	602,063.12
Due from Current Fund	SC-6	823.80	
Due from Federal and State Grant Fund	SA-14	39,690.00	
Due from Utility Capital Fund	C	547,494.61	547,494.61
Deferred Charge - Overexpenditure of Improvement Authorizations	SC-1	3,692.15	
Deferred Charges to Future Taxation:			
Funded	SC-4	3,251,000.00	3,526,000.00
Unfunded	SC-5	529,974.69	984,922.36
		<u>\$ 4,888,089.88</u>	<u>\$ 5,689,927.97</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
General Serial Bonds	SC-8	\$ 3,251,000.00	\$ 3,526,000.00
Improvement Authorizations:			
Funded	SC-7	1,107,078.60	1,487,750.91
Unfunded	SC-7	166,568.57	205,457.24
Reserve for the Payment of Bonds & Notes	SC-10	218,031.49	18,686.30
Reserve for Payment of Guaranteed Debt	SC-6	129,513.00	
Due to Current Fund	SC-6		440,709.80
Capital Improvement Fund	SC-3	15,898.22	11,323.72
		<u>\$ 4,888,089.88</u>	<u>\$ 5,689,927.97</u>

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

CITY OF SALEM
WATER AND SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2013 and 2012

ASSETS:	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Operating Fund:			
Cash	SD-1	\$ 668,083.08	\$ 395,890.56
Due from Trust -- Other Funds	SD-19	47,868.00	25,629.87
Prepaid Debt Service	D	22,298.00	22,298.00
		<u>738,249.08</u>	<u>443,818.43</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	SD-3	854,357.76	679,665.40
Utility Liens Receivable	SD-4	208,161.24	149,835.83
		<u>1,062,519.00</u>	<u>829,501.23</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserves	SD-5	18,733.01	
Overexpenditure of Appropriations	D-3	97,165.20	132,802.73
		<u>115,898.21</u>	<u>132,802.73</u>
Total Operating Fund		<u>1,916,666.29</u>	<u>1,406,122.39</u>
Capital Fund:			
Cash	SD-1	11.42	392,128.89
Due from Trust -- Other Funds	D	100,340.39	100,340.39
Due from Utility Operating Fund	SD-16	199,211.17	250,661.39
New Jersey Environmental Infrastructure Trust Receivable	D	928,650.00	928,650.00
Fixed Capital	SD-8	19,581,236.06	19,581,236.06
Fixed Capital Authorized and Uncompleted	SD-9	24,450,585.00	24,434,285.00
Total Capital Fund		<u>45,260,034.04</u>	<u>45,687,301.73</u>
		<u>\$ 47,176,700.33</u>	<u>\$ 47,093,424.12</u>

(Continued)

CITY OF SALEM
WATER AND SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3	\$ 26,579.32	\$ 4,086.23
Encumbrances	D-3	20,933.58	18,278.66
Accounts Payable	D-3	217,253.56	120,088.36
Accrued Interest on Bonds and Notes	SD-6	157,165.70	160,549.13
Due to Current Fund	SD-7	59,535.59	11,777.69
Due to Utility Capital Fund	SD-16	199,211.17	250,661.39
		<u>680,678.92</u>	<u>565,441.46</u>
Reserve for Receivables	D	1,062,519.00	829,501.23
Fund Balance	D-1	173,468.37	11,179.70
		<u>1,916,666.29</u>	<u>1,406,122.39</u>
Total Operating Fund			
		<u>1,916,666.29</u>	<u>1,406,122.39</u>
Capital Fund:			
Bonds Payable	SD-11	275,000.00	290,000.00
Wastewater Improvement Bonds	SD-12	3,377,710.13	3,491,311.96
USDA Loan Payable	SD-13	775,882.33	787,143.14
New Jersey Environmental Infrastructure Trust	SD-14	6,290,368.44	6,628,203.96
State of New Jersey Loan - Dam Restoration Program	SD-15	552,968.26	581,000.00
Due to Current Fund	SD-20	173,936.96	103,936.96
Due to General Capital Fund	D	547,494.61	547,494.61
Reserve for Salem - Pennsville Interconnect	D-2		56,110.00
Improvement Authorizations:			
Funded	SD-10	182,459.39	195,237.07
Unfunded	SD-10	8,381,381.82	8,798,163.31
Reserve for Encumbrances	SD-10	15,566.80	27,165.32
Reserve for Amortization	SD-21	15,067,475.93	14,953,874.10
Deferred Reserve for Amortization	SD-18	9,584,076.97	9,175,648.90
Capital Improvement Fund	SD-17	35,712.40	52,012.40
		<u>45,260,034.04</u>	<u>45,687,301.73</u>
Total Capital Fund			
		<u>45,260,034.04</u>	<u>45,687,301.73</u>
		<u>\$ 47,176,700.33</u>	<u>\$ 47,093,424.12</u>

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

CITY OF SALEM
WATER AND SEWER UTILITY OPERATING FUND
 Statements of Operations and Changes in Operating Fund Balance -- Regulatory Basis
 For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
REVENUE AND OTHER INCOME REALIZED:		
Operating Surplus Anticipated	\$ -	\$ 336,000.00
Water and Sewer Rents	2,762,507.83	2,493,743.65
Miscellaneous	629,698.79	364,813.18
Impact Fee	56,110.00	112,875.00
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>4,086.23</u>	<u>51,179.22</u>
 Total Income	 <u>3,452,402.85</u>	 <u>3,358,611.05</u>
 EXPENDITURES:		
Operating	2,239,765.20	2,320,249.20
Debt Service	870,640.45	823,089.19
Deferred Charges and Statutory Expenditures	<u>276,873.73</u>	<u>345,997.53</u>
 Total Expenditures	 <u>3,387,279.38</u>	 <u>3,489,335.92</u>
 Excess (Deficit) in Revenue	 65,123.47	 (130,724.87)
 Adjustment before Fund Balance:		
Expenditures included above which are by statute deferred to budgets of succeeding years		
Overexpenditure of Appropriations	<u>97,165.20</u>	<u>132,802.73</u>
 Statutory Excess to Fund Balance	 162,288.67	 2,077.86
 FUND BALANCE:		
 Balance January 1	 <u>11,179.70</u>	 <u>345,101.84</u>
	173,468.37	347,179.70
Decreased by:		
Utilized as Revenue	<u>-</u>	<u>336,000.00</u>
 Balance December 31	 <u>\$ 173,468.37</u>	 <u>\$ 11,179.70</u>

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

CITY OF SALEM
WATER AND SEWER UTILITY OPERATING FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2013

	Anticipated <u>Budget</u>	<u>Realized</u>	Excess/ <u>(Deficit)</u>
Water and Sewer Rents	\$ 2,747,577.00	\$ 2,762,507.83	\$ 14,930.83
Miscellaneous	364,813.00	479,308.79	114,495.79
Connection Fee	150,390.00	150,390.00	
Reserve for Interconnect	56,110.00	56,110.00	
	<u>\$ 3,318,890.00</u>	<u>\$ 3,448,316.62</u>	<u>\$ 129,426.62</u>

Analysis of Realized Revenues

Water and Sewer Rents

Receipts:

Water and Sewer Rents Receivable

\$ 2,762,507.83

Miscellaneous:

Receipts:

Fittings

\$ 2,133.22

Permits

1,000.00

Miscellaneous

217,573.84

Septage

8,004.36

Alloway Sewer Project

63,506.27

Quinton Sewer Project

148,014.95

Interest on Utility Bills

35,946.81

Interest on Investments

67.72

476,247.17

Due from Trust -- Other Funds

Interest on Liens

2,965.26

Due from Water and Sewer Utility Capital Fund:

Interest on Deposits

96.36

\$ 479,308.79

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

CITY OF SALEM
WATER AND SEWER UTILITY OPERATING FUND
 Statement of Expenditures -- Regulatory Basis
 For the Year Ended December 31, 2013

	Appropriations		Expended			Unexpended Balance Canceled	Over- Expended
	Original Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved		
Operating:							
Salaries and Wages	\$ 942,600.00	\$ 942,600.00	\$ 917,139.39		\$ 25,460.61		
Other Expenses	1,200,000.00	1,200,000.00	1,276,231.62	\$ 20,933.58	0.00		\$ 97,165.20
Total Operating	<u>2,142,600.00</u>	<u>2,142,600.00</u>	<u>2,193,371.01</u>	<u>20,933.58</u>	<u>25,460.61</u>	<u>-</u>	<u>97,165.20</u>
Debt Service:							
Payment of Bond Principal	505,730.00	505,730.00	505,729.90			\$ 0.10	
Interest on Bonds	393,686.00	393,686.00	364,910.55			28,775.45	
Total Debt Service	<u>899,416.00</u>	<u>899,416.00</u>	<u>870,640.45</u>	<u>-</u>	<u>-</u>	<u>28,775.55</u>	<u>-</u>
Deferred Charges and Statutory Expenditures:							
Deferred Charges:							
Overexpenditure of Appropriations	132,803.00	132,803.00	132,802.73			0.27	
Statutory Expenditures:							
Public Employees' Retirement System	71,871.00	71,871.00	71,871.00				
Contributions to Social Security System (O.A.S.I.)	72,200.00	72,200.00	71,081.29		1,118.71		
Total Deferred Charges and Statutory Expenditures	<u>276,874.00</u>	<u>276,874.00</u>	<u>275,755.02</u>	<u>-</u>	<u>1,118.71</u>	<u>0.27</u>	<u>-</u>
	<u>\$ 3,318,890.00</u>	<u>\$ 3,318,890.00</u>	<u>\$ 3,339,766.48</u>	<u>\$ 20,933.58</u>	<u>\$ 26,579.32</u>	<u>\$ 28,775.82</u>	<u>\$ 97,165.20</u>
Accrued Interest on Bonds			\$ 364,910.55				
Deferred Charges			132,802.73				
Due Current Fund			32,641.04				
Due Water/Sewer Capital Fund			13,946.14				
Accounts Payable			97,165.20				
Cash Disbursements			2,698,300.82				
			<u>\$ 3,339,766.48</u>				

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

CITY OF SALEM
Notes to Financial Statements
For the Year Ended December 31, 2013

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Financial Reporting Entity - The City of Salem was incorporated in 1858 and is located in southwest New Jersey approximately thirty-five miles southeast of the City of Philadelphia and ten miles from the Delaware Memorial Bridge. The present population according to the 2012 census is 5,146.

The Municipality operates under the City form of government headed by a Mayor who is elected at large to a three-year term. The (8) Council members are elected to four year terms and election are held yearly. Executive and legislative responsibility of the City rests with the Mayor and Council. The Municipal Clerk and CFO oversee the daily operations of the City.

Component Units - The financial statements of the component units of the City of Salem are not presented in accordance with Governmental Accounting Standards Board Statement No. 14 as amended by GASB No 39. If the provisions of GASB No. 14, as amended by GASB No 39 had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the City, the primary government:

City of Salem Free Public Library
 112 West Broadway
 Salem, New Jersey 08079

Stand Up for Salem, Inc.
 P.O. Box 453
 Salem, New Jersey 08079

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the City of Salem contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the City of Salem accounts for its financial transactions through the use of separate funds which are described as follows:

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Trust Funds - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

Water/Sewer Utility Operating and Capital Funds - The Water/Sewer Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Water/Sewer Utility.

Budgets and Budgetary Accounting - The City of Salem must adopt an annual budget for its current and water/sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Cash, Cash Equivalents and Investments (Cont'd)

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan previously adopted by the City of Salem requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The City has adopted a capitalization threshold of \$5,000, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The City is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the City's basic financial statements. The City did not maintain the required fixed asset records in 2013.

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

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment and improvements and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally over-expenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund Balances included in the current fund and utility operating fund represent amounts available for anticipation as revenue in future years budgets, with certain restrictions.

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

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

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the City of Salem School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2012 and decreased by the amount deferred at December 31, 2013.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

County Taxes - The municipality is responsible for levying, collecting and remitting county taxes for the County of Salem. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the City's annual budget protects the City from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments 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.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-Term Debt, relative to the acquisition of capital assets, is recorded as a liability in the General Capital and Utility Capital Funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

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

Note 2: **CASH AND CASH EQUIVALENTS**

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. Although the City does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the City in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the City relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2013, the City's bank balances of \$ 3,553,036.97 were exposed to custodial credit risk as follows:

Insured	\$ 668,523.69
Uninsured	499,686.63
Collateralized Under GUDPA	<u>2,384,826.65</u>
Total	<u>\$ 3,553,036.97</u>

Note 3: **PROPERTY TAXES**

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

Comparative Schedule of Tax Rates

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	\$ 3.823	\$ 3.728	\$ 3.687	\$ 3.592	\$ 3.506
Apportionment of Tax Rate:					
Municipal	1.780	1.722	1.673	1.609	1.509
Municipal Library	0.032	0.031	0.033		
County	0.912	0.882	0.888	0.908	0.937
County Open Space	0.020	0.020	0.020	0.022	0.022
Local School	1.079	1.073	1.072	1.053	1.038

Assessed Valuation

2013	\$ 231,331,758.00
2012	234,023,857.00
2011	234,662,914.00
2010	237,308,414.00
2009	238,628,279.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2013	\$ 8,860,500.47	\$ 7,739,778.82	87.35%
2012	8,732,631.67	7,514,495.54	86.05%
2011	8,673,379.86	7,506,676.66	86.55%
2010	8,524,117.91	7,608,816.53	89.26%
2009	8,394,314.77	7,487,709.71	89.20%

Note 3: **PROPERTY TAXES (CONT'D)****Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ 1,241,282.54	\$ 985,282.69	\$ 2,226,565.23	25.13%
2012	919,629.54	1,120,262.41	2,039,891.95	23.36%
2011	640,322.51	1,098,268.70	1,738,591.21	20.05%
2010	470,376.66	879,298.43	1,349,675.09	15.83%
2009	366,915.88	872,609.79	1,239,525.67	14.77%

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

<u>Year</u>	<u>Number</u>
2013	199
2012	183
2011	164
2010	106
2009	86

Note 4: **PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 280,700.00
2012	280,700.00
2011	280,700.00
2010	280,700.00
2009	280,700.00

Note 5: **WATER/SEWER UTILITY SERVICE CHARGES**

The following is a five year comparison of water/sewer utility service charges (rents) for the current and previous four years.

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2013	\$ 679,665.40	\$ 149,835.83	\$ 2,995,525.60	\$ 3,825,026.83	\$ 2,762,507.83
2012	496,677.70	86,626.43	2,739,940.75	3,323,244.88	2,493,743.65
2011	533,263.80	57,704.84	2,497,727.37	3,088,696.01	2,505,391.88
2010	398,009.90	55,833.95	2,537,785.86	2,991,629.71	2,400,661.07
2009	267,331.34	51,043.96	2,668,536.42	2,986,911.72	2,533,067.87

Note 6: **FUND BALANCES APPROPRIATED**

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

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
2013	\$ 580,168.90	\$ 475,000.00	81.87%
2012	333,688.41	200,000.00	59.94%
2011	1,317,795.56	1,291,000.00	97.97%
2010	821,917.27	765,000.00	93.08%
2009	819,028.98	760,000.00	92.79%
<u>Water/Sewer Utility Operating Fund</u>			
2013	\$ 173,468.37	\$ 75,000.00	43.24%
2012	11,179.70	None	None
2011	345,101.84	336,000.00	97.36%
2010	561,909.96	491,407.00	87.45%
2009	497,000.57	140,135.15	28.20%

Note 7: **INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2013:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 294,641.46	\$ 66,351.84
Federal & State Grant Fund	65,528.04	39,690.00
Trust -- Animal Control Fund		14,766.89
Trust -- Other Funds		194,610.41
General Capital Fund	588,008.41	
Water/Sewer Utility Operating Fund	47,868.00	258,746.76
Water/Sewer Utility Capital Fund	299,551.56	721,431.57
	<u>\$ 1,295,597.47</u>	<u>\$ 1,295,597.47</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During 2014, the City expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: **PENSION PLANS**

The City of Salem contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), which are administered by the New Jersey Division of Pensions and Benefits. In addition, City employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan and is also administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Public Employees' Retirement System - The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Pension Deferral</u>	<u>Paid by City</u>
2013	\$ 68,571.00	\$136,423.00	\$ 204,994.00	\$ 10,618.00	\$ 215,612.00
2012	79,280.00	133,116.00	212,396.00	---	212,396.00
2011	94,764.00	126,153.00	220,917.00	---	220,917.00

Police and Firemen's Retirement System - The PFRS was established in 1944. The PFRS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the Police and Firemen's Retirement System are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate will be increased to 10% in October, 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Note 8: **PENSION PLANS (CONT'D)**

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

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Pension Deferral</u>	<u>Paid by City</u>
2013	\$ 170,302.00	\$ 205,640.00	\$ 375,942.00	\$ 22,606.00	\$ 398,548.00
2012	167,140.00	174,517.00	341,657.00	22,443.00	364,100.00
2011	232,752.00	173,065.00	405,817.00	---	405,817.00

Pension Deferral – Public Law 2009, c.19 (S-21) was enacted on March 17, 2009 and allowed the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying the full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the PERS and PFRS obligations for payments due in the State fiscal year ending June 30, 2009. The payments were due on April 1, 2009 (with a grace period until April 30).

The amount will be repaid starting in April of 2012 over a 15 year period. The amount will fluctuate based on pension system investment earnings on the deferred amount.

The City applied for and received approval from the Local Finance Board to defer a portion of the 2009 liability due for both PERS and PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the City's contribution amounts for each pay period would be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The City's contributions were as follows:

<u>Year</u>	<u>Total Employee</u>	<u>Funded by City</u>	<u>Total</u>
2013	\$ 1,200.36	\$ 654.96	\$ 1,855.32
2012	1,105.29	527.94	1,633.23

Note 9: **COMPENSATED ABSENCES**

Unused sick leave may be accumulated and carried forward to subsequent years. Employees earn vacation days in accordance with the number of years of service. Unused vacation days earned during the year may only be carried over to the subsequent year. Unused vacation days carried over from the previous year are forfeited.

Under existing policies of the City, upon retirement employees will receive one-half of the accumulated unused sick leave to a maximum of \$14,000.00. Unused accumulated vacation is paid for at straight time.

The City has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2013 the balance of the fund was \$33,350.27. It is estimated that, at December 31, 2013, accrued benefits for compensated absences are valued at \$589,598.18.

Note 10: **SANITARY LANDFILL ESCROW CLOSURE FUND**

The City of Salem operated a municipal landfill located in the City. The Sanitary Landfill Facility Closure and Contingency Fund Act of 1981 was enacted to provide funding, during the life of the landfill, of costs associated with the closure of sanitary landfills. The Act requires the owner or operator of every sanitary landfill to establish an escrow account for closure and deposit, on a monthly basis, an amount equal to \$1.00 per ton of solid waste accepted for disposal. No withdrawals may be made from the fund without written approval from the State Department of Environmental Protection and Energy.

In December 2003, the landfill reached 100% of its holding capacity and is no longer accepting waste; the landfill is in the post closure process. However, the escrow closure fund balance at year-end does not necessarily represent the estimated cost of post closure as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with post closure are not known.

Note 11: **CAPITAL DEBT****Summary of Debt**

	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 3,251,000.00	\$ 3,526,000.00	\$ 4,394,874.22
Water/Sewer Utility:			
Bonds and Notes	11,271,929.16	11,777,659.06	12,206,700.35
Total Issued	<u>14,522,929.16</u>	<u>15,303,659.06</u>	<u>16,601,574.57</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	529,974.69	984,922.36	1,002,058.36
Water/Sewer Utility:			
Bonds and Notes	8,108,339.00	8,108,339.00	8,126,819.00
Total Authorized but Not Issued	<u>8,638,313.69</u>	<u>9,093,261.36</u>	<u>9,128,877.36</u>
Total Issued and Authorized but Not Issued	<u>23,161,242.85</u>	<u>24,396,920.42</u>	<u>25,730,451.93</u>
Deductions:			
Funds Temporarily Held To Pay Notes	218,031.49	18,686.30	18,686.30
Self-liquidating Debt	19,380,268.16	19,885,998.06	20,333,519.35
Total Deductions	<u>19,598,299.65</u>	<u>19,904,684.36</u>	<u>20,352,205.65</u>
Net Debt	<u>\$ 3,562,943.20</u>	<u>\$ 4,492,236.06</u>	<u>\$ 5,378,246.28</u>

Summary of Statutory 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 indicated a statutory net debt of 1.656%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 2,655,000.00	\$ 2,655,000.00	
Water/Sewer Utility	19,380,268.16	19,380,268.16	
General	3,780,974.69	218,031.49	\$ 3,562,943.20
Bonds Guaranteed by City	19,220,000.00	19,220,000.00	
	<u>\$ 45,036,242.85</u>	<u>\$ 41,473,299.65</u>	<u>\$ 3,562,943.20</u>

Net Debt \$3,562,943.20 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$215,166,377.00 equals 1.656%.

Note 11: **CAPITAL DEBT (CONT'D)**

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 7,530,823.20
Net Debt	<u>3,562,943.20</u>
Remaining Borrowing Power	<u><u>\$ 3,967,880.00</u></u>

**Calculation of "Self Liquidating Purpose,"
Water/Sewer Utility Per N.J.S.A. 40A:2-45**

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for Year	\$ 3,448,316.62
Deductions:	
Operating and Maintenance Cost	\$ 2,402,569.21
Debt Service per Water/Sewer Fund	<u>870,640.45</u>
Total Deductions	<u>3,273,209.66</u>
Excess (Deficit) in Revenue	<u><u>\$ 175,106.96</u></u>

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

<u>Year</u>	<u>General</u>		<u>Water/Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 285,000.00	\$ 106,785.15	\$ 517,529.33	\$ 367,415.95	\$ 1,276,730.43
2015	296,000.00	95,633.75	529,652.16	337,151.14	1,258,437.05
2016	215,000.00	86,828.46	547,114.23	322,408.11	1,171,350.80
2017	225,000.00	80,242.57	559,932.19	306,976.04	1,172,150.80
2018	235,000.00	73,382.28	573,123.55	290,894.97	1,172,400.80
2019-2023	1,245,000.00	255,888.97	3,142,894.36	1,200,245.64	5,844,028.97
2024-2028	750,000.00	45,277.94	3,565,397.70	722,053.35	5,082,728.99
2029-2033			1,421,038.23	193,756.82	1,614,795.05
2034-2038			148,382.40	74,597.60	222,980.00
2039-2043			183,106.22	39,873.78	222,980.00
2044-2048			83,758.78	4,466.22	88,225.00
	<u>\$ 3,251,000.00</u>	<u>\$ 744,039.12</u>	<u>\$ 11,271,929.15</u>	<u>\$ 3,859,839.62</u>	<u>\$ 19,126,807.89</u>

A revised Annual Debt Statement should be filed by the Chief Financial Officer.

Note 12: **DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

	<u>Balance Dec. 31, 2013</u>	<u>2014 Budget Appropriation</u>
General Capital Fund:		
Over-expenditure of Improvement Authorizations	\$ 3,692.15	\$ 3,692.15
Federal and State Grant Fund:		
Over-expenditure of Appropriated Grants	25,795.06	25,795.06
Utility Operating Fund:		
Over-expenditure of Appropriation Reserve	18,733.01	18,733.01
Over-expenditure of Appropriations	97,165.20	---

Note 13: **SCHOOL TAXES**

City of Salem School Tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	<u>Balance Dec. 31,</u>	
	<u>2013</u>	<u>2012</u>
Balance of Tax	\$ 1,256,114.94	\$ 1,256,115.98
Deferred	1,232,229.00	1,232,229.00
School Tax Payable	<u>\$ 23,885.94</u>	<u>\$ 23,886.98</u>

Note 14: **NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE**

The City has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the City 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 City is billed quarterly for amounts due to the State. The following is a summary of City contributions, reimbursements to the State for benefits paid and the ending balance of the City's trust fund for the current and previous two years:

<u>Year</u>	<u>City Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 45,794.05	\$ 45,794.05	\$ 10,955.24
2012	10,927.38	10,927.38	10,955.24
2011	2,827.05	2,827.05	10,955.24

Note 15: **POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN**

Plan Description - The City contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of 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. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers had to adopt a resolution to participate in the SHBP.

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 www.state.nj.us/treasury/pensions/.

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the City on a monthly basis. The City contributions to SHBP for the year ended December 31, 2013, 2012, and 2011 were \$430,925.29, \$379,488.59, and \$327,641.85, respectively, which equaled the required contributions for the year. There were approximately 29, 28, and 28 retired participants eligible at December 31, 2013, 2012, and 2011, respectively.

Note 16: **DEBT SERVICE AGREEMENT**

On June 19, 2006, the City unconditionally guaranteed the payment, when due, of the principal of and interest on the Bonds to be issued by the Salem County Improvement Authority for Stand Up For Salem, Inc. to finance the Finlaw Building Project. At December 31, 2013, \$19,220,000.00 in bonds covered by this agreement were outstanding.

Cash flows from the Finlaw Building Project have not been sufficient to satisfy the debt service requirements. Stand Up For Salem, Inc. has made withdraws from a Debt Service Reserve fund, which in accordance with the bond covenants, was reserved and set aside from the \$19,500,000.00 bond proceeds.

Date	Withdraw Amount
02-15-09	\$ 488,348.04
08-15-09	127,211.89
02-15-10	54,595.35
08-15-10	158,893.04
02-15-11	102,437.23
08-15-11	142,003.53
02-15-12	None
08-15-12	None
02-15-13	None
08-15-13	None
02-15-14	None
	\$ 1,073,489.08

Balance in the Debt Service Reserve fund after the August 15, 2011 withdrawal is approximately \$772,061.16.

The City of Salem's 2012 Budget included a budget appropriation of \$135,000.00 to cover any deficit instead of requiring Stand Up For Salem, Inc. to make a withdraw from the Debt Service Reserve Fund. \$80,487.00 was paid 08/15/12 by the City; the remaining \$54,513.00 has been reserved for possible future years deficits.

The City of Salem's 2013 Budget included a budget appropriation of \$125,000.00 to cover any deficit instead of requiring Stand Up For Salem, Inc. to make a withdraw from the Debt Service Reserve Fund. \$50,000.00 was paid 08/15/13 by the City; the remaining \$75,000.00 has been reserved for possible future year deficits.

The City of Salem's 2014 Budget includes a budget appropriation of \$105,000.00 to cover any future deficit instead of requiring Stand Up For Salem, Inc. to make a withdraw from the Debt Service Reserve Fund.

Note 17: **TAX APPEALS**

The City has outstanding tax appeals on properties. The outcomes of these appeals are unknown at this time. However, a reduction in the City's assessable tax base and possible refund of taxes collected, could happen and could be significant.

Note 18: **LITIGATION**

The City is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the City, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 19: **SUBSEQUENT EVENTS**

On June 1, 2014 at about 3:30am fire damaged the city municipal annex building. The building is currently undergoing restoration and employees are expected to return to the building by the end of September. The restoration is expected to be covered by insurance. It does not appear any municipal records were lost because of the fire.

On July 16, 2014, the City's 2nd largest taxpayer and employer of approximately 290 workers announced they would cease operations in Salem on October 15, 2014.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS
CURRENT FUND

CITY OF SALEM
CURRENT FUND
Statement of Current Cash -- Treasurer
For the Year Ended December 31, 2013

	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2012	\$ 1,084,986.99	\$ 9,345.72
Increased by Receipts:		
Taxes Receivable	\$ 8,509,664.50	
Prepaid Taxes	75,789.17	
Due State of New Jersey Senior Citizens' & Veterans' Deductions	43,500.00	
Miscellaneous Revenue Anticipated	2,347,734.00	
Miscellaneous Revenue Not Anticipated	291,065.56	
Due Federal and State Grant Fund - Received for	211,258.96	
Due Federal and State Grant Fund - Received from	24,020.72	
Due Trust -- Other Funds - Received for	27,485.00	
Due Trust -- Other Funds - Received from	45,553.70	\$ 14,675.00
Due General Capital Fund - Received for	415,000.00	
Due General Capital Fund - Received from	6,768.92	
Tax Overpayments	1,484.78	
	11,999,325.31	14,675.00
	13,084,312.30	24,020.72
Decreased by Disbursements:		
Appropriations	5,649,488.11	
Appropriation Reserves	563,328.88	
County Taxes Payable	2,157,937.18	
Local School Taxes Payable	2,512,247.04	
Due Current Fund - Disbursed to		24,020.72
Due Federal and State Grant Fund - Disbursed for	298,417.08	
Due Trust -- Other Funds - Disbursed to	34,675.00	
Due General Capital Fund - Disbursed to	30,750.00	
Due Utility Operating Fund - Disbursed for	47,757.90	
Due Utility Capital Fund - Disbursed to	70,000.00	
Refund of Prior Year Revenue	1,750.68	
Tax Overpayments	1,484.78	
Prepaid Debt Service	2,750.00	
	11,370,586.65	24,020.72
Balance December 31, 2013	\$ 1,713,725.65	\$ -

CITY OF SALEM
CURRENT FUND
Statement of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2013

	Balance Dec. 31, 2012	Levy	Added / Omitted Taxes	C o l l e c t e d		Due from State of New Jersey	Adjustments and Canceled	Transferred to Liens	Balance Dec. 31, 2013
				2012	2013				
Prior	\$ 124,864.67				\$ 17,468.17		\$ 731.96		\$ 106,664.54
2012	995,397.74				866,577.37	\$ (750.00)	6,372.91	\$ 65,930.03	57,267.43
2013		\$ 8,843,814.34	\$ 16,686.13	\$ 71,034.86	7,625,618.96	43,125.00	34,784.06	264,586.87	821,350.72
	<u>\$ 1,120,262.41</u>	<u>\$ 8,843,814.34</u>	<u>\$ 16,686.13</u>	<u>\$ 71,034.86</u>	<u>\$ 8,509,664.50</u>	<u>\$ 42,375.00</u>	<u>\$ 41,888.93</u>	<u>\$ 330,516.90</u>	<u>\$ 985,282.69</u>

Analysis of Property Tax Levy

Tax Yield:

General Purpose

\$ 8,843,814.34

Added / Omitted Taxes

16,686.13

\$ 8,860,500.47

Tax Levy:

Local District School Tax

\$ 2,496,014.00

County Taxes:

County Tax

\$ 2,109,079.83

County Open Space Tax

44,796.34

Due County for Added and Omitted Taxes

4,061.01

2,157,937.18

Local Tax for Municipal Purposes

4,119,314.81

Library Tax

73,385.00

Add: Additional Tax Levied - Added and Omitted Taxes

12,625.12

Add: Additional Tax Levied - Rounding

1,224.36

4,206,549.29

\$ 8,860,500.47

CITY OF SALEM
CURRENT FUND
Statement of Tax Title Liens
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 919,629.54
Increased by:		
Transfers from Taxes Receivable	\$ 330,516.90	
Interest and Costs - Tax Sale / Adjustments	<u>19,164.05</u>	
		<u>349,680.95</u>
		1,269,310.49
Decreased by:		
Collected by Trust -- Other Funds		<u>28,027.95</u>
Balance December 31, 2013		<u><u>\$ 1,241,282.54</u></u>

CITY OF SALEM
CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2013

Balance December 31, 2012	\$ 71,034.86
Increased by:	
Collections -- 2014 Taxes	75,789.17
	146,824.03
Decreased by:	
Applied to 2013 Taxes Receivable	71,034.86
Balance December 31, 2013	\$ 75,789.17

Exhibit SA-5

CURRENT FUND
Statement of Prepaid Debt Service
For the Year Ended December 31, 2013

Balance December 31, 2012	\$ 206,500.00
Increased by:	
Cash Disbursements	2,750.00
Balance December 31, 2013	\$ 209,250.00

CITY OF SALEM
CURRENT FUND
Statement of Due to State of New Jersey
Senior Citizens' and Veterans' Deductions
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 953.23
Increased by:		
Cash Received	\$ 43,500.00	
Prior Year Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector	750.00	
		44,250.00
		45,203.23
Decreased by:		
2013 Levy -- Deductions per Tax Billing	\$ 45,250.00	
2013 Senior Citizens' and Veterans' Deductions Granted by Tax Collector	375.00	
		45,625.00
2013 Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector	(2,500.00)	
		43,125.00
Balance December 31, 2013		\$ 2,078.23

CITY OF SALEM
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2013

<u>Miscellaneous Revenues</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Accrued</u>	<u>Collected</u>	<u>Applied</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Licenses - Other		\$ 215.00	\$ 215.00		
Fines and Costs - Municipal Court	\$ 8,462.98	87,617.08	90,866.23		\$ 5,213.83
Interest and Costs on Taxes		174,463.39	174,463.39		
Street Opening Permits		4,500.00	4,500.00		
Cable Television Franchise Fee		53,151.57	53,151.57		
Consolidated Municipal Property Tax Relief Aid		367,045.00	367,045.00		
Energy Receipts Tax		1,028,894.24	1,028,894.24		
Garbage and Trash - Pick up Stickers		82,063.00	82,063.00		
Recycling Tonnage Grant		8,912.27		\$ 8,912.27	
Body Armor Fund		376.64		376.64	
New Jersey Motor Vehicle Commission		92,136.59		92,136.59	
Drive Sober or Get Pulled Over		2,600.00		2,600.00	
Salem County JAG		2,000.00		2,000.00	
JAG Grant		12,452.00		12,452.00	
DOJ Police Grant		2,625.00		2,625.00	
Whispering Waters Pilot Agreement		300,000.00	300,000.00		
Senior Village Pilot Agreement		22,500.00	22,500.00		
County of Salem Pilot Agreement		26,192.80	26,192.80		
South Jersey Gas Agreement		31,224.37	31,224.37		
Resource Officer		87,718.40	87,718.40		
Liquidation of Interfund - General Capital Fund		400,000.00		400,000.00	
Body Armor Fund		2,049.81		2,049.81	
Motor Vehicle Commission Police		1,948.45		1,948.45	
Reserve for Payment of Bonds and Notes		100,000.00		100,000.00	
Sale of Fire Truck		18,900.00	18,900.00		
Nelson House Settlement - Refund of Prior Year Expenses		60,000.00	60,000.00		
Total Miscellaneous Revenue	\$ 8,462.98	\$ 2,969,585.61	\$ 2,347,734.00	\$ 625,100.76	\$ 5,213.83

CITY OF SALEM
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2013

	<u>Balance December 31, 2012</u>		<u>Balance After Modification</u>	<u>Disbursed</u>	<u>Lapsed to Fund Balance</u>
	<u>Encumbered</u>	<u>Reserved</u>			
<u>OPERATIONS -- WITHIN "CAPS"</u>					
<u>General Government Functions</u>					
Mayor and Council:					
Salaries and Wages		\$ 1,079.20	\$ 1,079.20		\$ 1,079.20
Other Expenses		4,682.88	4,682.88	\$ 1,532.85	3,150.03
Municipal Clerk:					
Salaries and Wages		687.97	687.97		687.97
Other Expenses	\$ 2,156.20	3,580.73	5,736.93	1,488.23	4,248.70
Financial Administration:					
Salaries and Wages		1,755.42	1,755.42		1,755.42
Other Expenses	163.04	5,011.57	5,174.61	4,986.47	188.14
Audit Services:					
Other Expenses		10,000.33	10,000.33	10,000.33	
Revenue Administration:					
Salaries and Wages		281.01	281.01		281.01
Other Expenses		0.16	0.16		0.16
Assessment of Taxes:					
Salaries and Wages		552.90	552.90		552.90
Other Expenses	39.00	0.97	39.97	39.00	0.97
Legal Services and Costs:					
Salaries and Wages		1,493.96	1,493.96		1,493.96
Other Expenses		0.22	0.22		0.22
Other Expenses - Debt Insurance Costs	800.00	601.37	1,401.37		1,401.37
Engineering Services and Costs:					
Other Expenses		0.74	0.74		0.74
Public Buildings and Grounds:					
Other Expenses	2,152.92	0.84	2,153.76	1,352.92	800.84
Housing Enforcement:					
Salaries and Wages		2,314.49	2,314.49		2,314.49
Other Expenses	329.72	415.44	745.16	357.81	387.35
Community Action Program:					
Other Expenses		1,500.00	1,500.00		1,500.00
Insurance:					
General Liability		2.68	2.68		2.68
Employee Group Health		532,914.42	532,914.42	532,914.42	
<u>Land Use Administration</u>					
Planning Board:					
Other Expenses	400.00	0.03	400.03	400.00	0.03
<u>Public Safety</u>					
Fire:					
Other Expenses	1,346.00	0.78	1,346.78	724.94	621.84
Police:					
Salaries and Wages		10,845.55	10,845.55		10,845.55
Other Expenses	35.00	20,853.83	20,888.83	1,328.00	19,560.83
First Aid Organization Contribution:					
Other Expenses	375.00	4,293.35	4,668.35	2,237.00	2,431.35
Office of Emergency Management:					
Salaries and Wages		160.58	160.58		160.58
<u>Streets and Roads</u>					
Road Repairs and Maintenance:					
Salaries and Wages		7,436.19	7,436.19		7,436.19
Other Expenses	2,618.88	0.29	2,619.17	1,918.88	700.29
<u>Sanitation</u>					
Street Cleaning:					
Salaries and Wages		708.54	708.54		708.54
Other Expenses		0.56	0.56		0.56
Sanitary Landfill:					
Salaries and Wages		46.20	46.20		46.20
Other Expenses		2,196.90	2,196.90	29.96	2,166.94
Vehicle Maintenance:					
Other Expenses	2,987.07	4,423.31	7,410.38	1,782.42	5,627.96

(Continued)

CITY OF SALEM
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2013

	<u>Balance December 31, 2012</u>		<u>Balance After Modification</u>	<u>Disbursed</u>	<u>Lapsed to Fund Balance</u>
	<u>Encumbered</u>	<u>Reserved</u>			
<u>Health and Welfare</u>					
Public Health Services:					
Other Expenses		\$ 350.00	\$ 350.00		\$ 350.00
<u>Recreation and Education</u>					
Parks and Playgrounds:					
Other Expenses	\$ 607.37	527.05	1,134.42	\$ 300.90	833.52
<u>Municipal Court</u>					
Municipal Court Administration:					
Salaries and Wages		2,074.22	2,074.22		2,074.22
Other Expenses	2,573.91	0.71	2,574.62	1,624.83	949.79
Public Defender:					
Other Expenses		278.16	278.16		278.16
<u>Utility Expenses and Bulk Purchases</u>					
Street Lighting		7,434.84	7,434.84		7,434.84
Telephone		0.64	0.64		0.64
Heating Oil		0.95	0.95		0.95
Gasoline		8,253.07	8,253.07		8,253.07
Natural Gas		766.37	766.37		766.37
Electricity		3,487.16	3,487.16	309.92	3,177.24
<u>Statutory Expenditures</u>					
Contribution to:					
Public Employees' Retirement System of N.J.		0.93	0.93		0.93
Social Security System (O.A.S.I.)		0.05	0.05		0.05
Unemployment and Disability		0.40	0.40		0.40
<u>Operations -- Excluded from "CAPS"</u>					
Police Dispatch Service with County of Salem		6,000.00	6,000.00		6,000.00
<u>ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES</u>					
Garbage and Trash Collections:					
Other Expenses		15,343.00	15,343.00		15,343.00
	<u>\$ 16,584.11</u>	<u>\$ 662,360.96</u>	<u>\$ 678,945.07</u>	<u>\$ 563,328.88</u>	<u>\$ 115,616.19</u>

CITY OF SALEM
CURRENT FUND
Statement of Due County for Added and Omitted Taxes
For the Year Ended December 31, 2013

Increased by:		
County General Share of 2013 Added / Omitted Taxes	\$	4,061.01
Decreased by:		
Cash Disbursements	\$	<u>4,061.01</u>

Exhibit SA-10

CURRENT FUND
Statement of Due County Taxes
For the Year Ended December 31, 2013

Increased by:			
County General Share of 2013 Levy		\$ 2,109,079.83	
County Open Space Preservation Share of 2013 Levy		<u>44,796.34</u>	
			\$ 2,153,876.17
Decreased by:			
Cash Disbursements			<u>\$ 2,153,876.17</u>

CITY OF SALEM
CURRENT FUND
Statement of Local District School Tax
For the Year Ended December 31, 2013

Balance December 31, 2012		
School Tax Payable	\$ 23,886.98	
School Tax Deferred	<u>1,232,229.00</u>	\$ 1,256,115.98
Increased by:		
Levy -- School Year July 1, 2013 to June 30, 2014	2,496,014.00	
2013 Budget Appropriation Transferred to Board of Education for Use of Local School (N.J.S.A. 40:48-17.1 & 17.3)	<u>16,232.00</u>	<u>2,512,246.00</u>
		3,768,361.98
Decreased by:		
Payments		<u>2,512,247.04</u>
Balance December 31, 2013		
School Tax Payable	23,885.94	
School Tax Deferred	<u>1,232,229.00</u>	<u>\$ 1,256,114.94</u>

CITY OF SALEM
CURRENT FUND
Statement of Due to Federal & State Grant Fund
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 128,665.44
Increased by:		
Collected for Federal & State Grant Fund - Unappropriated Grants	\$ 18,454.93	
Collected for Federal & State Grant Fund - Grant Receivables	<u>192,804.03</u>	
		\$ 211,258.96
Cash Received from Federal and State Grant Fund		24,020.72
Budget Appropriation - Deferred Charge		<u>3,998.26</u>
		<u>239,277.94</u>
		367,943.38
Decreased by:		
Disbursed for Federal & State Grant Fund		298,417.08
Miscellaneous Revenue Anticipated		<u>3,998.26</u>
		<u>302,415.34</u>
Balance December 31, 2013		<u><u>\$ 65,528.04</u></u>

CITY OF SALEM
FEDERAL AND STATE GRANT FUND
Statement of Federal and State Grants Receivable
For the Year Ended December 31, 2013

<u>Program</u>	<u>Balance Dec. 31, 2012</u>	<u>Revenue Anticipated</u>	<u>Transferred from Unappropriated</u>	<u>Received by Current Fund</u>	<u>Balance Dec. 31, 2013</u>
Recycling Tonnage Grant		\$ 8,912.27	\$ 8,912.27		
Municipal Alliance on Alcoholism and Drug Abuse	\$ 800.51			\$ 800.51	
Body Armor Fund		376.64	376.64		
New Jersey Motor Vehicle Commission		92,136.59	5,891.97	86,244.62	
National Fish and Wildlife Foundation	5,800.00				\$ 5,800.00
New Jersey Transportation Trust - Grieves Parkway	151,900.00			105,758.90	46,141.10
Drive Sober or Get Pulled Over		2,600.00	2,600.00		
Salem County JAG		2,000.00	2,000.00		
JAG Grant		12,452.00	12,452.00		
DOJ Police Grant		2,625.00	2,625.00		
	<u>\$ 158,500.51</u>	<u>\$ 121,102.50</u>	<u>\$ 34,857.88</u>	<u>\$ 192,804.03</u>	<u>\$ 51,941.10</u>

CITY OF SALEM
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants -- Appropriated
For the Year Ended December 31, 2013

<u>Program</u>	<u>Balance Dec. 31, 2012</u>	<u>Transferred from Budget Appropriation</u>	<u>Disbursed by Current Fund</u>	<u>Due to General Capital Fund</u>	<u>Over- Expended</u>	<u>Balance Dec. 31, 2013</u>
Federal Grants:						
U.S. Department of Justice - Local Law Enforcement Block Grant	\$ 483.25					\$ 483.25
State Police SLA Heop Grant	2,405.72					2,405.72
National Fish and Wildlife Foundation	1,331.19					1,331.19
Drive Sober or Get Pulled Over		\$ 2,600.00	\$ 2,600.00			
JAG Grant		12,452.00				12,452.00
Salem County JAG		2,000.00	2,000.00			
DOJ Police Grant		2,625.00	2,625.00			
	<u>4,220.16</u>	<u>19,677.00</u>	<u>7,225.00</u>	<u>-</u>	<u>-</u>	<u>16,672.16</u>
State Grants:						
Clean Communities Grant	14,409.20		10,585.10			\$ 3,824.10
Municipal Alliance on Alcohol and Drug Abuse	9,779.64		11,546.47		\$ 1,766.83	
Drunk Driving Enforcement Fund	21,625.65		619.05			21,006.60
Neighborhood Preservation Program	5,403.26					5,403.26
Motor Vehicle Commission Police		92,136.59	95,756.99		3,620.40	
Domestic Violence Training	6,800.00					6,800.00
Recycling Tonnage	4,981.98	8,912.27				13,894.25
N.J. Department of Health - Hepatitis B Vaccine	4,418.40					4,418.40
State Highway Grant - TEA	39,690.00			\$ 39,690.00		
Body Armor Fund		376.64	1,590.00		1,213.36	
New Jersey Transportation Trust - Grieves Parkway	151,900.00		171,094.47		19,194.47	
	<u>259,008.13</u>	<u>101,425.50</u>	<u>291,192.08</u>	<u>39,690.00</u>	<u>25,795.06</u>	<u>55,346.61</u>
Other Grants:						
US Marshalls Equitable Sharing	13,100.50					13,100.50
	<u>13,100.50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,100.50</u>
	<u>\$ 276,328.79</u>	<u>\$ 121,102.50</u>	<u>\$ 298,417.08</u>	<u>\$ 39,690.00</u>	<u>\$ 25,795.06</u>	<u>\$ 85,119.27</u>

CITY OF SALEM
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants -- Unappropriated
For the Year Ended December 31, 2013

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Received by</u> <u>Current Fund</u>	<u>Realized as</u> <u>Miscellaneous</u> <u>Revenue in</u> <u>Budget</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Recycling Tonnage	\$ 8,912.27		\$ 8,912.27	
Municipal Alliance on Alcohol and Drug Abuse		\$ 7,456.77		\$ 7,456.77
Body Armor Fund	2,426.45		2,426.45	
Drive Sober or Get Pulled Over	2,600.00		2,600.00	
Salem County JAG	2,000.00		2,000.00	
JAG Grant	12,452.00		12,452.00	
DOJ Police Grant	2,625.00		2,625.00	
New Jersey Motor Vehicle Commission	7,840.42		7,840.42	
Clean Communities Grant		10,998.16		10,998.16
	<u>\$ 38,856.14</u>	<u>\$ 18,454.93</u>	<u>\$ 38,856.14</u>	<u>\$ 18,454.93</u>

SUPPLEMENTAL EXHIBITS
TRUST FUND

CITY OF SALEM
TRUST FUNDS
Statement of Trust Cash - Treasurer
For the Year Ended December 31, 2013

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2012	\$ 16,659.01	\$ 901,768.82
Increased by Receipts:		
Dog License Fees Collected	\$ 1,748.40	
Current Fund Budget Appropriation	25,000.00	
Due Current Fund - MRA Interest Earned on Deposits	3.83	\$ 114.69
Due Current Fund - Received from		34,675.00
Due Current Fund - Received for		33,162.63
Due Utility Operating Fund - Received for		22,238.13
Reserve for:		
Small Cities Rehab		24,611.00
Developer's Escrow		2,200.00
POAA		806.00
Payroll Withholdings Payable		4,890,147.58
Public Defender		2.08
Landfill		1.80
Tax Title Liens		753,637.79
Shade Tree Commission		1,500.00
Off-Duty Police		62,949.07
Municipal Pool Donations Account		31,465.63
	<u>26,752.23</u>	<u>5,857,511.40</u>
	43,411.24	6,759,280.22
Decreased by Disbursements:		
Due State Department of Health	387.60	
Expenditures Under R.S. 4:19-15.11	24,566.05	
Due Current Fund - Disbursed to		45,553.70
Due Current Fund - MRA Interest Earned on Deposits		126.99
Due Federal and State Grant Fund - Disbursed to		14,675.00
Reserve for:		
Small Cities Rehab		45,800.00
Developer's Escrow		2,612.50
Payroll Withholdings Payable		4,871,150.80
Tax Title Liens		593,301.22
Off-Duty Police		59,410.00
Municipal Pool Donations Account		22,278.73
	<u>24,953.65</u>	<u>5,654,908.94</u>
Balance December 31, 2013	<u>\$ 18,457.59</u>	<u>\$ 1,104,371.28</u>

CITY OF SALEM
TRUST -- ANIMAL CONTROL FUND
Statement of Reserve for Animal Control Expenditures
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 3,905.50
Increased by:		
Current Fund Budget Appropriation Received	\$ 25,000.00	
Dog License Fees Collected	1,748.40	
		26,748.40
		30,653.90
Decreased by:		
Transferred to Due to State of New Jersey	404.40	
Transferred to Due to Current Fund - Excess Reserve	2,013.75	
Expenditures Under R.S.4:19- 15.11	24,566.05	
		26,984.20
Balance December 31, 2013		\$ 3,669.70

License Fees Collected

<u>Year</u>	<u>Amount</u>
2012	\$ 1,664.80
2011	2,004.90
	\$ 3,669.70

Exhibit SB-3

TRUST -- ANIMAL CONTROL FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 12,749.31
Increased by:		
Receipts - Interest on Deposits	\$ 3.83	
Excess reserve	2,013.75	
		2,017.58
Balance December 31, 2013		\$ 14,766.89

CITY OF SALEM
TRUST -- ANIMAL CONTROL FUND
Statement of Due to State of New Jersey
For the Year Ended December 31, 2013

Balance December 31, 2012	\$ 4.20
Increased by:	
Transferred from Reserve for Animal Control Expenditures	<u>404.40</u>
	408.60
Decreased by:	
Payments	<u>387.60</u>
Balance December 31, 2013	<u><u>\$ 21.00</u></u>

CITY OF SALEM
TRUST -- OTHER FUNDS
Statement of Due to Current Fund
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 54,794.56
Increased by:		
Receipts - Interest Earned on Deposits	\$ 114.69	
Received for Current Fund - MRNA	\$ 5,134.68	
Received for Current Fund - Tax Title Liens	<u>28,027.95</u>	
	33,162.63	
Received from Current Fund	<u>34,675.00</u>	
		<u>67,952.32</u>
		122,746.88
Decreased by:		
Receipts Collected by Current Fund	27,485.00	
Budget Appropriation - UCC Deficit	3,179.17	
Disbursed to Current Fund	45,553.70	
Disbursed to Current Fund - MRA Interest Earnings	<u>126.99</u>	
		<u>76,344.86</u>
Balance December 31, 2013		<u><u>\$ 46,402.02</u></u>
 <u>Analysis of Balance Dec. 31, 2013</u>		
Community Development Housing Equity		\$ (15,773.79)
Construction Code		2,758.04
Developer's Escrow		3,624.28
POAA		0.12
Payroll Agency		1.71
Net Payroll		0.30
Public Defender		(36,209.75)
Tax Title Liens		145,828.48
Unemployment		(29,241.76)
Small Cities		2,821.00
County Prosecutor Law Enforcement Trust		(27,485.00)
UDAG		<u>78.39</u>
		<u><u>\$ 46,402.02</u></u>

CITY OF SALEM
TRUST -- OTHER FUNDS
Statement of Changes in Reserves
For the Year Ended December 31, 2013

	Balance	Increased by		Decreased by	Balance
	<u>Dec. 31, 2012</u>	<u>Receipts</u>	<u>Other</u>	<u>Disbursements</u>	<u>Dec. 31, 2013</u>
Reserve for:					
Community Development Block Grant of 1974:					
Community Development Housing Equity	\$ 15,773.79				\$ 15,773.79
Small Cities Rehab	25,385.63	\$ 24,611.00		\$ 45,800.00	4,196.63
Construction Code	(3,179.17)		\$ 3,179.17		
Developer's Escrow	20,152.51	2,200.00		2,612.50	19,740.01
POAA	13,898.95	806.00			14,704.95
Payroll Withholdings Payable	122,790.80	4,890,147.58		4,871,150.80	141,787.58
Public Defender	2,279.08	2.08			2,281.16
Landfill	92,872.05	1.80			92,873.85
Tax Title Liens	318,328.88	753,637.79		593,301.22	478,665.45
Unemployment Compensation	10,955.24				10,955.24
Accumulated Sick Leave	33,350.27				33,350.27
Shade Tree Commission	1,286.71	1,500.00			2,786.71
Proceeds from Mortgage Notes	8,361.92				8,361.92
Off-Duty Police	8,079.20	62,949.07		59,410.00	11,618.27
County Prosecutor Law Enforcement Trust			27,485.00		27,485.00
Municipal Pool Donations Account		31,465.63		22,278.73	9,186.90
	<u>\$ 670,335.86</u>	<u>\$ 5,767,320.95</u>	<u>\$ 30,664.17</u>	<u>\$ 5,594,553.25</u>	<u>\$ 873,767.73</u>
Receipt Collected by Current Fund			\$ 27,485.00		
Current Fund Budget Appropriation			3,179.17		
			<u>\$ 30,664.17</u>		

SUPPLEMENTAL EXHIBITS
GENERAL CAPITAL FUND

CITY OF SALEM
GENERAL CAPITAL FUND
Statement of General Capital Cash
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 29,447.88
Increased by Receipts:		
Due to Current Fund - MRA Interest Earned on Deposits	\$ 7.36	
Due Current Fund - Received from	30,750.00	
		30,757.36
		60,205.24
Decreased by Disbursements:		
Improvement Authorizations	48,032.69	
Over-Expenditures	3,692.15	
Due Current Fund - Disbursed to	6,768.92	
Due Current Fund - MRA Interest Earned on Deposits	9.04	
		58,502.80
Balance December 31, 2013		\$ 1,702.44

CITY OF SALEM
GENERAL CAPITAL FUND
 Analysis of General Capital Cash
 For the Year Ended December 31, 2013

	Balance (Deficit) <u>Dec. 31, 2012</u>	Miscellaneous Receipts	Disbursements		Transfers		Balance (Deficit) <u>Dec. 31, 2013</u>
			Improvement Authorizations	Miscellaneous	To	From	
Capital Improvement Fund	\$ 11,323.72				\$ 4,574.50		\$ 15,898.22
Due Current Fund	440,709.80	\$ 30,757.36		\$ 6,777.96	100,000.00	\$ 565,513.00	(823.80)
Due Federal and State Grant Fund						39,690.00	(39,690.00)
Due Utility Capital Fund	(547,494.61)						(547,494.61)
Federal & State Grants Receivable	(602,063.12)				212,671.20	124,320.27	(513,712.19)
Reserve for Payment of Bonds & Notes	18,686.30				299,345.19	100,000.00	218,031.49
Reserve for Payment of Guaranteed Debt					129,513.00		129,513.00
Deferred Charge - Overexpenditure				3,692.15			(3,692.15)
Improvement Authorizations:							
Ordinance							
<u>Number</u>							
96-16	(21,000.00)				21,000.00		
00-04	31,348.70					31,348.70	
01-16	804.37					804.37	
03-04	161,462.05					161,462.05	
03-13	4,498.08					4,498.08	
03-14	306.75					306.75	
04-12	59,418.92					59,418.92	
04-13	30,803.92					30,803.92	
05-07	8,428.97					8,428.97	
05-08	5,000.00						5,000.00
05-15	48,128.70					48,128.70	
05-16	8,453.29					8,453.29	
05-19, 09-08, 09-09, 09-10	488,653.48				124,320.27		612,973.75
05-28	431,456.74		\$ 245.94				431,210.80
05-32	298.91					298.91	
06-13	(90,459.00)						(90,459.00)
06-19	3,886.65					3,886.65	
06-24	596.00					596.00	
06-29	768.99					768.99	
07-10	30.02					30.02	
07-11	7,136.88					7,136.88	
07-14	54,608.08					54,608.08	
08-09	(2,770.99)						(2,770.99)
08-10	(29,530.70)						(29,530.70)
08-14	2,284.76					2,284.76	
08-17	2,452.89					2,452.89	
08-23	(498.03)		5,147.40				(5,645.43)
09-21	1,058.06					1,058.06	
11-01	5,114.80						5,114.80
11-08	50,125.90					50,125.90	
11-16	(635,206.40)		14,793.60		415,000.00		(235,000.00)
11-20	43,000.00		16,340.75				26,659.25
12-06	6,135.00						6,135.00
12-14	31,490.00		11,505.00				19,985.00
	<u>\$ 29,447.88</u>	<u>\$ 30,757.36</u>	<u>\$ 48,032.69</u>	<u>\$ 10,470.11</u>	<u>\$ 1,306,424.16</u>	<u>\$ 1,306,424.16</u>	<u>\$ 1,702.44</u>

CITY OF SALEM
GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2013

Balance December 31, 2012	\$	11,323.72
Increased by:		
Canceled Improvement Authorizations		4,574.50
Balance December 31, 2013	\$	15,898.22

Exhibit SC-4

GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation -- Funded
For the Year Ended December 31, 2013

Balance December 31, 2012	\$	3,526,000.00
Decreased by:		
Budget Appropriation - Serial Bonds		275,000.00
Balance December 31, 2013	\$	3,251,000.00

CITY OF SALEM
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation -- Unfunded
For the Year Ended December 31, 2013

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	Decreased by	Balance Dec. 31, 2013	Expenditures	Analysis of Balance Dec. 31, 2013	
						Financed by Bond Anticipation Notes	Unexpended Improvement Authorization
96-16	Improvements to Craven Avenue	\$ 21,000.00	\$ 21,000.00				
05-08	Reconstruction of the Finlaw Building	100,000.00		\$ 100,000.00			\$ 100,000.00
05-28	Improvement of East & West Broadway	3,864.00		3,864.00			3,864.00
06-13	Hires Avenue	90,459.00		90,459.00	\$ 90,459.00		
07-14	Improvements to Johnson Street	35.00	35.00				
08-09	Improvements to Grieves Parkway	12,640.36	9,869.37	2,770.99	2,770.99		
08-10	Recreation Fields	38,574.00	9,043.30	29,530.70	29,530.70		
08-23	Assistance to Stand up for Salem, Inc.	68,350.00		68,350.00	5,645.43		62,704.57
11-16	Finlaw Building Resurface	650,000.00	415,000.00	235,000.00	235,000.00		
		<u>\$ 984,922.36</u>	<u>\$ 454,947.67</u>	<u>\$ 529,974.69</u>	<u>\$ 363,406.12</u>	<u>\$ -</u>	<u>\$ 166,568.57</u>
	Canceled Improvement Authorizations		\$ 18,947.67				
	Budget Appropriation - Deferred Charge		21,000.00				
	Due from Current Fund - Lawsuit Settlement Proceeds		415,000.00				
			<u>\$ 454,947.67</u>				

CITY OF SALEM
GENERAL CAPITAL FUND
 Statement of Due Current Fund
 For the Year Ended December 31, 2013

Balance December 31, 2012 (Due to)		\$ 440,709.80
Increased by:		
Reserve for the Payment of Bonds & Notes	\$ 100,000.00	
Received from Current Fund	30,750.00	
Interest Earnings	7.36	
		130,757.36
		571,467.16
Decreased by:		
Collected by Current Fund - Deferred Charge to Future Taxation - Unfunded	415,000.00	
Transferred from Current Fund:		
Reserve for Payment of Guaranteed Debt	\$ 54,513.00	
Budget Charge - Reserve for the Payment of Guaranteed Debt	75,000.00	
		129,513.00
Budget Appropriations - Deferred to Future Taxation - Unfunded	21,000.00	
Disbursed to Current Fund	6,768.92	
Interest Earnings disbursed to Current Fund MRA	9.04	
		572,290.96
Balance December 31, 2013 (Due from)		\$ 823.80

CITY OF SALEM
GENERAL CAPITAL FUND
Statement of Improvement Authorizations
For the Year Ended December 31, 2013

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>		<u>Paid or</u>	<u>Adjustment /</u>	<u>Balance</u>	
	<u>Number</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>			<u>Dec. 31, 2012</u>	<u>Dec. 31, 2013</u>
Renovations to the Salem Free Public Library	00-04	\$ 240,000.00	\$ 31,348.70			\$ 31,348.70		
Various Improvements	01-16	130,339.14	804.37			804.37		
Hazardous Discharge Site Remediation	03-04	257,136.00	161,462.05			161,462.05		
Reconstruction of Johnson Street	03-13	167,200.00	4,498.08			4,498.08		
Payment of Bond Issue Cost & Purchase of Equip	03-14	25,000.00	306.75			306.75		
Improvement of Thompson Street	04-12	575,000.00	59,418.92			59,418.92		
Improvement of Fenwick Avenue	04-13	190,000.00	30,803.92			30,803.92		
Substantial Reconditioning of a Fire Truck	05-07	180,000.00	8,428.97			8,428.97		
Reconstruction of the Finlaw Building	05-08	105,000.00	5,000.00	\$ 100,000.00			\$ 5,000.00	\$ 100,000.00
Improvements of Elm Street	05-15	190,000.00	48,128.70			48,128.70		
Improvements of Magnolia Street	05-16	120,000.00	8,453.29			8,453.29		
Hazardous Discharge Site Remediation	05-19, 09-08, 09-09, 09-10	various	488,653.48			(124,320.27)	612,973.75	
Improvement of East & West Broadway	05-28	525,000.00	431,456.74	3,864.00	\$ 245.94		431,210.80	3,864.00
Various Improvements	05-32	30,000.00	298.91			298.91		
Recycling Truck	06-19	100,000.00	3,886.65			3,886.65		
Various Improvements	06-24	34,000.00	596.00			596.00		
Police Equipment	06-29	100,000.00	768.99			768.99		
Various Improvements	07-10	92,500.00	30.02			30.02		
New Fire Fighting Equipment	07-11	410,000.00	7,136.88			7,136.88		
Improvements to Johnson Street	07-14	220,000.00	54,608.08	35.00		54,643.08		
Improvements to Grieves Parkway	08-09	112,750.00		9,869.37		9,869.37		
Recreation Fields	08-10	344,300.00		9,043.30		9,043.30		
Various Improvements	08-14	88,000.00	2,284.76			2,284.76		
Various Improvements	08-17	150,000.00	2,452.89			2,452.89		
Assistance to Stand up for Salem, Inc.	08-23	2,500,000.00		67,851.97	5,147.40			62,704.57
Various Improvements	09-21	50,000.00	1,058.06			1,058.06		
Various Improvements	11-01	50,000.00	5,114.80				5,114.80	
Union Street Improvements	11-08	149,972.00	50,125.90			50,125.90		
Finlaw Building Resurface	11-16	650,000.00		14,793.60	14,793.60			
Various Improvements	11-20	55,000.00	43,000.00		16,340.75		26,659.25	
Municipal Pool Improvements	12-06	10,000.00	6,135.00				6,135.00	
Various Improvements	12-14	50,000.00	31,490.00		11,505.00		19,985.00	
			<u>\$ 1,487,750.91</u>	<u>\$ 205,457.24</u>	<u>\$ 48,032.69</u>	<u>\$ 371,528.29</u>	<u>\$ 1,107,078.60</u>	<u>\$ 166,568.57</u>
Canceled:								
Capital Improvement Fund						\$ 4,574.50		
State and Federal Grants Receivable						212,671.20		
Reserve for the Payment of Bonds & Notes						259,655.19		
Deferred to Future Taxation - Unfunded / Bonds and Notes Authorized but Not Issued						18,947.67		
Adjustment - Federal and State Grants Receivable						(124,320.27)		
						<u>\$ 371,528.29</u>		

CITY OF SALEM
GENERAL CAPITAL FUND
 Statement of General Serial Bonds
 For the Year Ended December 31, 2013

<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 Dec. 31, 2012</u>	<u>Paid By Budget Appropriation</u>	<u>Balance Dec. 31, 2013</u>
			<u>Date</u>	<u>Amount</u>				
Various Capital Improvements	1/15/2003	\$ 1,361,000.00	01/15/14	\$ 145,000.00	4.75%	\$ 416,000.00	\$ 140,000.00	\$ 276,000.00
			01/15/15	131,000.00	4.75%			
Various Capital Improvements	6/15/2012	3,110,000.00	06/15/14	140,000.00	3.00%	3,110,000.00	135,000.00	2,975,000.00
			06/15/15	165,000.00	3.00%			
			06/15/16	215,000.00	3.00%			
			06/15/17	225,000.00	3.00%			
			06/15/18	235,000.00	3.00%			
			06/15/19	245,000.00	3.00%			
			06/15/20	250,000.00	3.00%			
			06/15/21	250,000.00	3.00%			
			06/15/22	250,000.00	3.00%			
			06/15/23	250,000.00	4.00%			
			06/15/24	250,000.00	4.00%			
			06/15/25	250,000.00	4.00%			
			06/15/26	250,000.00	4.00%			
						<u>\$ 3,526,000.00</u>	<u>\$ 275,000.00</u>	<u>\$ 3,251,000.00</u>

CITY OF SALEM
GENERAL CAPITAL FUND
Statement of Federal & State Grants Receivable
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 602,063.12
Increased by:		
Adjustment		124,320.27
		726,383.39
Decreased by:		
Canceled Improvement Authorizations		212,671.20
Balance December 31, 2013		\$ 513,712.19
<u>Analysis of Balance December 31</u>		
New Jersey Economic Development Authority		\$ 513,712.19

Exhibit SC-10

GENERAL CAPITAL FUND
Statement of Reserve for the Payment of Bonds & Notes
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 18,686.30
Increased by:		
Transferred from Federal and State Grant Fund	\$ 39,690.00	
Canceled Improvement Authorizations	259,655.19	
		299,345.19
		318,031.49
Decreased by:		
Due Current Fund - Miscellaneous Revenue Anticipated		100,000.00
Balance December 31, 2013		\$ 218,031.49

CITY OF SALEM
GENERAL CAPITAL FUND
Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2013

Ordinance Number	Balance Dec. 31, 2012	Budget Appropriation	Decreased by:		Balance Dec. 31, 2013
			Lawsuit Settlement Proceeds	Canceled	
96-16, 95-04	Improvements to Craven Avenue	\$ 21,000.00	\$ 21,000.00		
05-08	Reconstruction of the Finlaw Building	100,000.00			\$ 100,000.00
05-28	Improvement of East & West Broadway	3,864.00			3,864.00
06-13	Hires Avenue	90,459.00			90,459.00
07-14	Improvements to Johnson Street	35.00		\$ 35.00	
08-09	Improvements to Grieves Parkway	12,640.36		9,869.37	2,770.99
08-10	Recreation Fields	38,574.00		9,043.30	29,530.70
08-23	Assistance to Stand up for Salem, Inc.	68,350.00			68,350.00
11-16	Finlaw Building Resurface	650,000.00		\$ 415,000.00	235,000.00
		<u>\$ 984,922.36</u>	<u>\$ 21,000.00</u>	<u>\$ 415,000.00</u>	<u>\$ 18,947.67</u>
					<u>\$ 529,974.69</u>

SUPPLEMENTAL EXHIBITS
WATER AND SEWER UTILITY FUND

CITY OF SALEM
WATER AND SEWER UTILITY FUND
Statement of Water and Sewer Utility Fund Cash -- Treasurer
For the Year Ended December 31, 2013

	<u>Operating</u>		<u>Capital</u>
Balance December 31, 2012	\$ 395,890.56		\$ 392,128.89
Increased by Receipts:			
Consumer Accounts Receivable	\$ 2,743,234.96		
Miscellaneous Revenue	476,247.17		
Connection Fee	150,390.00		
Due Current Fund - Received from		\$ 70,000.00	
Due Utility Operating Fund - Received from		15,000.00	
Due Utility Operating Fund - Interest Earnings		96.36	
	<u>3,369,872.13</u>		<u>85,096.36</u>
	3,765,762.69		477,225.25
Decreased by Disbursements:			
Budget Appropriations	2,698,300.82		
Appropriation Reserves	37,011.67		
Accrued Interest on Bonds and Notes	347,367.12		
Due Utility Capital Fund - Disbursed to	15,000.00		
Due Utility Operating Fund - Disbursed for		19,756.14	
Improvement Authorizations		457,457.69	
	<u>3,097,679.61</u>		<u>477,213.83</u>
Balance December 31, 2013	<u>\$ 668,083.08</u>		<u>\$ 11.42</u>

CITY OF SALEM
WATER AND SEWER UTILITY CAPITAL FUND
Analysis of Water and Sewer Capital Cash and Investments
For the Year Ended December 31, 2013

	Balance (Deficit) <u>Dec. 31, 2012</u>	Miscellaneous <u>Receipts</u>	<u>Disbursements</u>		<u>Transfers</u>		Balance (Deficit) <u>Dec. 31, 2013</u>
			<u>Improvement Authorizations</u>	<u>Miscellaneous</u>	<u>From</u>	<u>To</u>	
Capital Improvement Fund	\$ 52,012.40				\$ 16,300.00		\$ 35,712.40
Due Current Fund	103,936.96	\$ 70,000.00					173,936.96
Due Trust -- Other Funds	(100,340.39)						(100,340.39)
Due General Capital Fund	547,494.61						547,494.61
Due Utility Operating Fund	(250,661.39)	15,096.36		\$ 19,756.14		\$ 56,110.00	(199,211.17)
Encumbrances	27,165.32				27,165.32	15,566.80	15,566.80
Reserve for Salem-Pennsville Interconnect	56,110.00				56,110.00		
Improvement Authorizations:							
02-10, 04-23	962.00						962.00
02-12	2,202.80						2,202.80
02-18	92,236.41						92,236.41
02-31	70,089.49						70,089.49
03-18, 04-06	2,669.55						2,669.55
04-20	402.04						402.04
05-27	(7.00)						(7.00)
06-08	(146,241.84)				3,000.00	3,000.00	(146,241.84)
07-15, 08-18, 09-15	70,956.63		\$ 428,380.01		12,566.80	24,165.32	(345,824.86)
07-20	231.70						231.70
08-13	9,313.00						9,313.00
09-14	(163,533.48)						(163,533.48)
11-83	188.83						188.83
11-148	257.80		14,894.53			16,300.00	1,663.27
11-169	16,683.45		14,183.15				2,500.30
	<u>\$ 392,128.89</u>	<u>\$ 85,096.36</u>	<u>\$ 457,457.69</u>	<u>\$ 19,756.14</u>	<u>\$ 115,142.12</u>	<u>\$ 115,142.12</u>	<u>\$ 11.42</u>

CITY OF SALEM
WATER AND SEWER UTILITY OPERATING FUND
Statement of Consumer Accounts Receivable
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 679,665.40
Increased by:		
Water and Sewer Rents Levied - Net of Adjustments		2,995,525.60
		3,675,191.00
Decreased by:		
Collected by Utility Operating Fund	\$ 2,743,234.96	
Transferred to Utility Liens Receivable	77,598.28	
		2,820,833.24
Balance December 31, 2013		\$ 854,357.76

Exhibit SD-4

WATER AND SEWER UTILITY OPERATING FUND
Statement of Utility Liens Receivable
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 149,835.83
Increased by:		
Transferred from Consumer Accounts Receivable		77,598.28
		227,434.11
Decreased by:		
Due from Trust -- Other Funds		19,272.87
Balance December 31, 2013		\$ 208,161.24

CITY OF SALEM
WATER AND SEWER UTILITY OPERATING FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2013

	Balance December 31, 2012		Balance After Transfers	Disbursed	Overexpended	Lapsed to Fund Balance
	<u>Reserved</u>	<u>Encumbered</u>				
Operating:						
Salaries and Wages	\$ 2,610.20		\$ 2,610.20			\$ 2,610.20
Other Expenses		\$ 18,278.66	18,278.66	\$ 37,011.67	\$ 18,733.01	
Statutory Expenditures:						
Contributions to Social Security System (O.A.S.I.)	<u>1,476.03</u>		<u>1,476.03</u>			<u>1,476.03</u>
	<u>\$ 4,086.23</u>	<u>\$ 18,278.66</u>	<u>\$ 22,364.89</u>	<u>\$ 37,011.67</u>	<u>\$ 18,733.01</u>	<u>\$ 4,086.23</u>

CITY OF SALEM
WATER AND SEWER UTILITY OPERATING FUND
Statement of Accrued Interest on Bonds and Notes
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 160,549.13
Increased by:		
Charged to Budget Appropriation - Interest on Bonds	\$ 393,685.54	
EIT Earnings Credits	<u>(28,774.99)</u>	
		<u>364,910.55</u>
		525,459.68
Decreased by:		
Due to Current Fund	15,116.86	
Due to Water/Sewer Capital Fund	5,810.00	
Cash Disbursements	<u>347,367.12</u>	
		<u>368,293.98</u>
Balance December 31, 2013		<u><u>\$ 157,165.70</u></u>

Analysis of Accrued Interest December 31, 2013

	Principal Outstanding <u>Dec. 31, 2013</u>	Interest Rate	From	To	Period	Amount
Wastewater Improvement Bonds		5.00%	08/01/13	12/31/13	150 days	\$ 70,384.02
USDA Loan		4.25%	07/01/13	12/31/13	180 days	16,487.50
EIT Loan		5.00%	08/01/13	12/31/13	150 days	68,065.32
State of New Jersey Loan		2.00%	11/01/13	12/31/13	60 days	1,843.23
Bonds Payable		3.00%	12/15/13	12/31/13	16 days	<u>385.63</u>
						<u><u>\$ 157,165.70</u></u>

CITY OF SALEM
WATER AND SEWER UTILITY OPERATING FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 11,777.69
Increased by:		
Budget Appropriations paid by Current Fund	\$ 3,555.44	
Payment of Bond Principal - Paid by Current Fund	<u>29,085.60</u>	
	\$ 32,641.04	
Interest on Bonds - Paid by Current Fund	<u>15,116.86</u>	
		<u>47,757.90</u>
Balance December 31, 2013		<u><u>\$ 59,535.59</u></u>

CITY OF SALEM
WATER AND SEWER UTILITY CAPITAL FUND
 Statement of Fixed Capital
 For the Year Ended December 31, 2013

<u>Account</u>	<u>Balance</u> <u>Dec. 31, 2012 and 2013</u>
Reservation Land	\$ 16,924.00
Impounding Reservoirs	22,986.00
Lake and River Crib	2,615.00
Spring and Wells	81,919.00
Infiltration Structures	32,025.00
Collecting Reservoirs	3,242.00
Intake and Supply Mains	1,306.00
Settling Basins	3,084.00
Filters	3,239.00
Ozone Sterilizing and Aeration Plant	1,896.00
Chemical Treatment Plant	11,505.00
Pumping Station Structure	35,552.00
Electric Power Pumping Equipment	12,518.00
Other Power Pumping Equipment	35,985.00
Storage Reservoirs, Standpipe, Etc.	62,099.00
Distribution Mains and Accessories	380,979.00
Service Pipes and Stops	3,667.00
Meters, Meter Boxes and Vaults	83,264.00
Fire Hydrants	1,899.00
General Structures	2,673.00
General Equipment	7,520.00
Engineering	33,433.00
Legal	72.00
Miscellaneous Construction Expenditures	3,103.00
Expenditures Prior to 1913	55,327.00
Major Improvements and Extension of Water System	1,870,398.00
Wastewater System Upgrade	14,174,950.00
Sewer Capital	122,423.00
New Sewer Disposal Plant	283,408.00
Repairs to Sewer Plant	72,597.00
Miscellaneous Machinery and Equipment	114,462.00
Water System Extension to Mannington Township	181,910.00
Water and Sewer Line to High School	100,000.00
Oak Street Water Line Extension	35,013.00
Sanitary Sewer Line - Hancock Street	17,742.00
Water Mains and Testing Equipment	44,869.00
Extension and Enlargement of 8" Water Line	215,884.00
Water System Repairs and Replacements	106,076.00
Purchase of Land - Upgrade Wastewater System	40,407.00
Purchase of Vehicles	98,330.00
Purchase of Computer	15,000.00
Emergency Repair Well #2	15,491.00
Town Bank Pump Repair	37,394.06
Improvements to Seventh Street Ordinance 00-10	471,050.00
Various Water and Sewer Capital Improvements Ordinance 01-13	225,000.00
Various Improvements - Pennsville Interconnection Ordinance 0-18	40,000.00
Various Water and Sewer Capital Improvements Ordinance 02-09	200,000.00
Various Improvements - Pennsville Interconnection Ordinance 02-11	25,000.00
Various Water and Sewer Capital Improvements Ordinance 02-25	175,000.00
	<u>\$ 19,581,236.06</u>

CITY OF SALEM
WATER AND SEWER UTILITY CAPITAL FUND
 Statement of Fixed Capital Authorized and Uncompleted
 For the Year Ended December 31, 2013

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Amount</u>	<u>Balance Dec. 31, 2012</u>	<u>2013 Authorizations</u>	<u>Balance Dec. 31, 2013</u>
2002-10	Various Water and Sewer Capital Improvements	04/01/02	\$ 120,000.00	\$ 120,000.00		\$ 120,000.00
2002-12	Various Water and Sewer Capital Improvements	04/15/02	150,000.00	150,000.00		150,000.00
2002-18	Improvements to Carpenter Street	09/16/02	455,805.00	455,805.00		455,805.00
2002-31	Various Water and Sewer Capital Improvements	12/02/02	1,600,000.00	1,600,000.00		1,600,000.00
2005-18	Various Water and Sewer Capital Improvements	05/02/05	8,000.00	8,000.00		8,000.00
2005-27	Various Water and Sewerage System Improvements	08/15/05	310,000.00	310,000.00		310,000.00
2006-08	Quinton / Elkinton Dams	04/03/06	1,160,000.00	1,160,000.00		1,160,000.00
2007-15, 2008-18, 2009-15	Improvement of the Water Supply and Distribution System	05/07/07, 10/09/08, 07/13/09	17,000,000.00	17,000,000.00		17,000,000.00
2007-20	Various Water and Sewer Capital Improvements	06/18/07	20,000.00	20,000.00		20,000.00
2008-13	Various Water and Sewer Capital Improvements	08/18/08	20,000.00	20,000.00		20,000.00
2009-14	Improvements of the Sanitary Sewerage System	07/13/09	3,500,000.00	3,500,000.00		3,500,000.00
2011-83	Various Water and Sewer Capital Improvements	04/18/11	37,800.00	37,800.00		37,800.00
2011-148	Various Water and Sewer Capital Improvements	09/06/11	18,000.00	18,000.00	\$ 16,300.00	34,300.00
2011-169	Various Water and Sewer Capital Improvements	12/05/11	34,680.00	34,680.00		34,680.00
				<u>\$ 24,434,285.00</u>	<u>\$ 16,300.00</u>	<u>\$ 24,450,585.00</u>

CITY OF SALEM
WATER AND SEWER UTILITY CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2013

Improvement Description	Ordinance		Balance Dec. 31, 2012		Authorizations	Increased by:	Decreased by:		Balance Dec. 31, 2013	
	Number	Amount	Funded	Unfunded		Prior Year Encumbrances	Paid or Charged	Current Year Encumbrances	Funded	Unfunded
Various Water and Sewer Capital Improvements	02-10, 04-23	\$ 127,500.00	\$ 962.00						\$ 962.00	
Various Water and Sewer Capital Improvements	02-12	150,000.00	2,202.80						2,202.80	
Improvements to Carpenter Street	02-18	455,805.00	92,236.41						92,236.41	
Various Water and Sewer Capital Improvements	02-31	1,600,000.00	70,089.49						70,089.49	
Repairs and Improvements to Town Bank	03-18, 04-06	100,000.00	2,669.55						2,669.55	
Various Water and Sewer Capital Improvements	04-20	60,000.00	402.04						402.04	
Quinton / Elkinton Dams	06-08	1,160,000.00		\$ 432,758.16		\$ 3,000.00		\$ 3,000.00		\$ 432,758.16
Improvement of the Water Supply and Distribution System	07-15, 08-18, 09-15	17,000,000.00		6,192,297.63		24,165.32	\$ 428,380.01	12,566.80		5,775,516.14
Various Water and Sewer Capital Improvements	07-20	20,000.00	231.70						231.70	
Various Water and Sewer Capital Improvements	08-13	20,000.00	9,313.00						9,313.00	
Improvements of the Sanitary Sewerage System	09-14	3,500,000.00		2,173,107.52						2,173,107.52
Various Water and Sewer Capital Improvements	11-83	37,800.00	188.83						188.83	
Various Water and Sewer Capital Improvements	11-148	18,000.00	257.80		\$ 16,300.00		14,894.53		1,663.27	
Various Water and Sewer Capital Improvements	11-169	34,680.00	16,683.45				14,183.15		2,500.30	
			<u>\$ 195,237.07</u>	<u>\$ 8,798,163.31</u>	<u>\$ 16,300.00</u>	<u>\$ 27,165.32</u>	<u>\$ 457,457.69</u>	<u>\$ 15,566.80</u>	<u>\$ 182,459.39</u>	<u>\$ 8,381,381.82</u>

CITY OF SALEM
WATER AND SEWER UTILITY CAPITAL FUND
Statement of Bonds Payable
For the Year Ended December 31, 2013

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2013</u>
			<u>Date</u>	<u>Amount</u>				
Various Water and Sewerage System Improvements	06/15/12	\$ 290,000.00	6/15/2014	\$ 15,000.00	3.00%			
			6/15/2015	15,000.00	3.00%			
			6/15/2016	20,000.00	3.00%			
			6/15/2017	20,000.00	3.00%			
			6/15/2018	20,000.00	3.00%			
			6/15/2019	20,000.00	3.00%			
			6/15/2020	20,000.00	3.00%			
			6/15/2021	20,000.00	3.00%			
			6/15/2022	25,000.00	3.00%			
			6/15/2023	25,000.00	4.00%			
			6/15/2024	25,000.00	4.00%			
			6/15/2025	25,000.00	4.00%			
			6/15/2026	25,000.00	4.00%			
						\$ 290,000.00	\$ 15,000.00	\$ 275,000.00

CITY OF SALEM
WATER AND SEWER UTILITY CAPITAL FUND
Statement of Water and Sewer Wastewater Improvement Bonds
For the Year Ended December 31, 2013

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2013</u>
			<u>Date</u>	<u>Outstanding Amount</u>				
Treatment System	08/01/91	\$ 4,939,700.00	2/1/2014	\$ 58,940.17				
			8/1/2014	60,413.99				
			2/1/2015	61,924.67				
			8/1/2015	63,473.11				
			2/1/2016	65,060.28				
			8/1/2016	66,687.14				
			2/1/2017	68,354.67				
			8/1/2017	70,063.90				
			2/1/2018	71,815.88				
			8/1/2018	73,611.66				
			2/1/2019	75,452.34				
			8/1/2019	77,339.06				
			2/1/2020	79,272.95				
			8/1/2020	81,255.19				
			2/1/2021	83,287.01				
			8/1/2021	85,369.63				
			2/1/2022	87,504.33				
			8/1/2022	89,692.40				
			2/1/2023	91,935.19				
			8/1/2023	94,234.07				
			2/1/2024	96,590.42				
			8/1/2024	99,005.70				
			2/1/2025	101,481.37				
			8/1/2025	104,018.95				
			2/1/2026	106,619.98				
			8/1/2026	109,286.05				
			2/1/2027	112,018.78				
			8/1/2027	114,819.85				
			2/1/2028	117,690.96				
			8/1/2028	120,633.87				
			2/1/2029	123,650.36				
			8/1/2029	126,742.28				
			2/1/2030	129,911.52				
			8/1/2030	133,160.00				
			2/1/2031	136,489.71				
			8/1/2031	139,902.68	5.00%	<u>\$ 3,491,311.96</u>	<u>\$ 113,601.83</u>	<u>\$ 3,377,710.13</u>

CITY OF SALEM
 WATER AND SEWER UTILITY CAPITAL FUND
 Statement of USDA Loan Payable
 For the Year Ended December 31, 2013

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2013</u>
			<u>Date</u>	<u>Amount</u>				
Capital Improvements	05/16/05	\$ 854,000.00	1/1/2014	\$ 5,810.50				
			7/1/2014	5,933.97				
			1/1/2015	6,060.07				
			7/1/2015	6,188.85				
			1/1/2016	6,320.36				
			7/1/2016	6,454.67				
			1/1/2017	6,591.83				
			7/1/2017	6,731.91				
			1/1/2018	6,874.96				
			7/1/2018	7,021.05				
			1/1/2019 - 7/1/2045	711,894.16	4.25%	<u>\$ 787,143.14</u>	<u>\$ 11,260.81</u>	<u>\$ 775,882.33</u>

CITY OF SALEM
WATER AND SEWER UTILITY CAPITAL FUND
Statement of Water and Sewer New Jersey Environmental Infrastructure Trust Loans Payable
For the Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Maturity of Loans		Interest Rate	Balance Dec. 31, 2012	Paid by Budget Appropriation	Balance Dec. 31, 2013
			Date	Amount				
Water Plant	03/10/10	\$ 2,890,000.00	8/1/2014	\$ 115,000.00	5.00%			
			8/1/2015	120,000.00	5.00%			
			8/1/2016	125,000.00	5.00%			
			8/1/2017	130,000.00	5.00%			
			8/1/2018	135,000.00	5.00%			
			8/1/2019	145,000.00	4.00%			
			8/1/2020	150,000.00	5.00%			
			8/1/2021	160,000.00	3.00%			
			8/1/2022	160,000.00	4.00%			
			8/1/2023	170,000.00	4.00%			
			8/1/2024	175,000.00	4.00%			
			8/1/2025	185,000.00	4.00%			
			8/1/2026	190,000.00	3.50%			
			8/1/2027	195,000.00	4.00%			
			8/1/2028	205,000.00	4.00%			
			8/1/2029	215,000.00	4.00%			
						\$ 2,685,000.00	\$ 110,000.00	\$ 2,575,000.00
Water Plant	03/10/10	3,701,812.00	2/1/2014	64,944.07				
			8/1/2014	129,888.14				
			2/1/2015	64,944.07				
			8/1/2015	129,888.14				
			2/1/2016	64,944.07				
			8/1/2016	129,888.14				
			2/1/2017	64,944.07				
			8/1/2017	129,888.14				
			2/1/2018	64,944.07				
			8/1/2018	129,888.14				
			2/1/2019	64,944.07				
			8/1/2019	129,888.14				
			2/1/2020	64,944.07				
			8/1/2020	129,888.14				
			2/1/2021	64,944.07				
			8/1/2021	129,888.14				
			2/1/2022	64,944.07				
			8/1/2022	129,888.14				
			2/1/2023	64,944.07				
			8/1/2023	129,888.14				
			2/1/2024	64,944.07				
			8/1/2024	129,888.14				
			2/1/2025	64,944.07				
			8/1/2025	129,888.14				
			2/1/2026	64,944.07				
			8/1/2026	129,888.14				
2/1/2027	64,944.07							
8/1/2027	129,888.14							
2/1/2028	64,944.07							
8/1/2028	129,888.14							
2/1/2029	64,944.07							
8/1/2029	129,888.15							
						3,312,147.58	194,832.21	3,117,315.37

Continued

CITY OF SALEM
WATER AND SEWER UTILITY CAPITAL FUND
 Statement of Water and Sewer New Jersey Environmental Infrastructure Trust Loans Payable
 For the Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Maturity of Loans		Interest Rate	Balance Dec. 31, 2012	Paid by Budget Appropriation	Balance Dec. 31, 2013
			Date	Amount				
Pumping Station	03/10/10	\$ 345,000.00	8/1/2014	\$ 15,000.00	5.00%			
			8/1/2015	15,000.00	5.00%			
			8/1/2016	15,000.00	5.00%			
			8/1/2017	15,000.00	5.00%			
			8/1/2018	15,000.00	5.00%			
			8/1/2019	15,000.00	4.00%			
			8/1/2020	20,000.00	5.00%			
			8/1/2021	20,000.00	3.00%			
			8/1/2022	20,000.00	4.00%			
			8/1/2023	20,000.00	4.00%			
			8/1/2024	20,000.00	4.00%			
			8/1/2025	20,000.00	4.00%			
			8/1/2026	25,000.00	3.50%			
			8/1/2027	25,000.00	4.00%			
			8/1/2028	25,000.00	4.00%			
			8/1/2029	25,000.00	4.00%	\$ 325,000.00	\$ 15,000.00	\$ 310,000.00
Pumping Station	03/10/10	342,063.00	2/1/2014	6,001.10				
			8/1/2014	12,002.21				
			2/1/2015	6,001.10				
			8/1/2015	12,002.21				
			2/1/2016	6,001.10				
			8/1/2016	12,002.21				
			2/1/2017	6,001.10				
			8/1/2017	12,002.21				
			2/1/2018	6,001.10				
			8/1/2018	12,002.21				
			2/1/2019	6,001.10				
			8/1/2019	12,002.21				
			2/1/2020	6,001.10				
			8/1/2020	12,002.21				
			2/1/2021	6,001.10				
			8/1/2021	12,002.21				
			2/1/2022	6,001.10				
			8/1/2022	12,002.21				
			2/1/2023	6,001.10				
			8/1/2023	12,002.21				
			2/1/2024	6,001.10				
			8/1/2024	12,002.21				
			2/1/2025	6,001.10				
			8/1/2025	12,002.21				
			2/1/2026	6,001.10				
8/1/2026	12,002.21							
2/1/2027	6,001.10							
8/1/2027	12,002.21							
2/1/2028	6,001.10							
8/1/2028	12,002.21							
2/1/2029	6,001.10							
8/1/2029	12,002.32							
						306,056.38	18,003.31	288,053.07
						<u>\$ 6,628,203.96</u>	<u>\$ 337,835.52</u>	<u>\$ 6,290,368.44</u>

CITY OF SALEM
 WATER AND SEWER UTILITY CAPITAL FUND
 Statement of State of New Jersey Loan - Dam Restoration Program
 For the Year Ended December 31, 2013

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Loans Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2013</u>
			<u>Date</u>	<u>Amount</u>				
Quinton / Elkinton Dams	07/31/12	\$ 581,000.00	4/30/2014	\$ 28,595.18	2.00%			
			4/30/2015	29,169.94	2.00%			
			4/30/2016	29,756.26	2.00%			
			4/30/2017	30,354.36	2.00%			
			4/30/2018	30,964.48	2.00%			
			4/30/2019	31,586.87	2.00%			
			4/30/2020	32,221.76	2.00%			
			4/30/2021	32,869.41	2.00%			
			4/30/2022	33,530.10	2.00%			
			4/30/2023	34,204.05	2.00%			
			4/30/2024	34,891.55	2.00%			
			4/30/2025	35,592.88	2.00%			
			4/30/2026	36,308.28	2.00%			
			4/30/2027	37,038.09	2.00%			
			4/30/2028	37,782.55	2.00%			
			4/30/2029	38,541.98	2.00%			
			4/30/2030	19,560.52	2.00%			
						\$ 581,000.00	\$ 28,031.74	\$ 552,968.26

CITY OF SALEM
WATER AND SEWER UTILITY CAPITAL FUND
Statement of Due from Utility Operating Fund
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 250,661.39
Increased by:		
Payment of Bond Principal - Water/Sewer Capital Fund	\$ 13,946.14	
Interest on Bonds - Paid by Water/Sewer Capital Fund	5,810.00	
		19,756.14
		270,417.53
Decreased by:		
Realized as Utility Operating Fund Revenue:		
Reserve for Salem - Pennsville Interconnect	\$ 56,110.00	
Utility Capital Fund Interest Earnings	96.36	
		56,206.36
Received from Utility Operating Fund	15,000.00	
		71,206.36
Balance December 31, 2013		\$ 199,211.17

CITY OF SALEM
WATER AND SEWER UTILITY CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 52,012.40
Decreased by:		
Improvement Authorizations		16,300.00
Balance December 31, 2013		\$ 35,712.40

Exhibit SD-18

WATER AND SEWER UTILITY CAPITAL FUND
Statement of Deferred Reserve for Amortization
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 9,175,648.90
Increased by:		
Paid by Utility Operating Fund:		
USDA Loan	\$ 11,260.81	
EIT Loan	337,835.52	
Bonds Payable	15,000.00	
State of New Jersey Loan	28,031.74	
	392,128.07	
Improvement Authorizations	16,300.00	408,428.07
Balance December 31, 2013		\$ 9,584,076.97

CITY OF SALEM
WATER AND SEWER UTILITY OPERATING FUND
Statement of Due from Trust -- Other Funds
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 25,629.87
Increased by:		
Utility Liens Receivable collected by Trust -- Other Funds	\$ 19,272.87	
Interest on Liens collected by Trust -- Other Funds	<u>2,965.26</u>	
		<u>22,238.13</u>
Balance December 31, 2013		<u><u>\$ 47,868.00</u></u>

Exhibit SD-20

WATER AND SEWER UTILITY CAPITAL FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 103,936.96
Increased by:		
Received from Current Fund		<u>70,000.00</u>
Balance December 31, 2013		<u><u>\$ 173,936.96</u></u>

Exhibit SD-21

WATER AND SEWER UTILITY CAPITAL FUND
Statement of Reserve for Amortization
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 14,953,874.10
Increased by:		
Paid by Utility Operating Fund:		
Wastewater Improvement Bonds		<u>113,601.83</u>
Balance December 31, 2013		<u><u>\$ 15,067,475.93</u></u>

CITY OF SALEM
WATER AND SEWER UTILITY CAPITAL FUND
Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2013

<u>Ordinance Number</u>		<u>Balance Dec. 31, 2012</u>	<u>Increased by: Authorizations</u>	<u>Decreased by:</u>	<u>Balance Dec. 31, 2013</u>
05-27	Various Water and Sewerage System Improvements	\$ 7.00			\$ 7.00
06-08	Quinton / Elkinton Dams	579,000.00			579,000.00
07-15, 08-18, 09-15	Improvement of the Water Supply and Distribution System	5,400,521.00			5,400,521.00
09-14	Improvements of the Sanitary Sewerage System	2,128,811.00			2,128,811.00
		<u>\$ 8,108,339.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,108,339.00</u>

CITY OF SALEM
PART 2
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

CITY OF SALEM
Schedule of Findings and Recommendations
For the Year Ended December 31, 2013

Section 2 - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Finding No. 2013-1

Criteria or Specific Requirement

A sound framework of internal control requires:

- A properly maintained general ledger for all funds.
- Properly maintained general and utility capital budget status reports.
- Written procedures for all financial transactions

Condition

The following internal control deficiencies have been identified:

- General ledgers for all funds were not properly maintained.
- General and utility capital budget status reports were not properly maintained.
- No written procedures are maintained by the City for cash receipts or disbursements, including payroll procedures.

Context

- Balanced general ledgers were not provided for examination.
- Capital budget status reports were not adjusted for manual checks and resolutions.
- Written procedures for all financial transactions were not provided for examination.

Effect

Errors are more likely to occur in the City's financial transactions and not be detected on a timely basis.

Cause

Failures to:

- Properly maintain a general ledger for all funds.
- Properly maintain the general and utility capital budget status reports.
- Prepare written procedures.

Recommendation

That general ledgers for all funds be properly maintained, general and utility capital budget status reports be properly maintained and written procedures for all financial transactions be prepared.

View of Responsible Officials and Planned Corrective Action

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

CITY OF SALEM
Schedule of Findings and Recommendations
For the Year Ended December 31, 2013

Section 2 - Schedule of Financial Statement Findings (Cont'd)

Finding No. 2013-2

Criteria or Specific Requirement

The New Jersey Administrative Code (N.J.A.C.) section 5:30-5.6 requires municipalities to maintain a fixed asset ledger.

Condition

A fixed asset ledger was not maintained for the year 2013.

Context

A fixed asset ledger was not provided for examination.

Effect

The lack of a fixed asset ledger impairs the ability of the City to maintain control over its fixed assets. It is also a matter of non-compliance with N.J.A.C. section 5:30-5.6.

Cause

Failure to maintain a fixed asset ledger.

Recommendation

That a fixed asset ledger be maintained in accordance with the New Jersey Administrative Code section 5:30-5.6.

View of Responsible Officials and Planned Corrective Action

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

Finding No. 2013-3

Criteria or Specific Requirement

Tax title lien redemption fund acts as an agency fund to account for individuals depositing money with the City for the City to payback a lien-holder on behalf of that individual, for the tax certificate the lien-holder bought at a tax sale.

Condition

An analysis of the balance in the trust other fund's - reserve for tax title liens redemption is not maintained.

Context

An analysis of the undisbursed liens that agrees with the cash balance in the tax title lien redemption fund could not be provided for examination.

Effect

Un-disbursed prior year funds are being held in the Tax Title Lien Account.

Cause

Inadequate control over accounting records.

Recommendation

That the balance of the trust other fund's - reserve for tax title liens redemption be analyzed and proper disposition made.

View of Responsible Officials and Planned Corrective Action

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

CITY OF SALEM
Schedule of Findings and Recommendations
For the Year Ended December 31, 2013

Section 2 - Schedule of Financial Statement Findings (Cont'd)

Finding No. 2013-4

Criteria or Specific Requirement

New Jersey Statutes Annotated (N.J.S.A.) 40A: 5-17 requires that claims shall only be approved upon the determination of proper and sufficient appropriation for the payments to be made.

Condition

Budget Line Items were over-expended prior to transfers. A General Capital Fund improvement authorization, four appropriated grants, and Utility Operating Fund other expenses were over-expended.

Context

A review of Budget Account Status Reports showed over-expenditures.

Effect

This non-compliance with N.J.S.A. 40A: 5-17 resulted in over-expenditures that were required to be raised in the succeeding year's budget.

Cause

Expenditures were approved without having sufficient appropriation.

Recommendation

That the City establish a procedure to prevent over-expenditures.

View of Responsible Officials and Planned Corrective Action

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

CITY OF SALEM
Schedule of Findings and Recommendations
For the Year Ended December 31, 2013

Section 2 - Schedule of Financial Statement Findings (Cont'd)

Finding No. 2013-5

Criteria or Specific Requirement

Expenditures posted to budget appropriations should be accurately and timely classified to properly measure financial results.

Condition

Health benefit and other expenditures were not always paid on a timely basis and posted to the proper budget year.

Context

A review of health benefit and other invoices revealed they were not always paid on a timely basis and posted to the proper budget year.

Effect

Budget appropriations could be over/under stated.

Cause

Failure to properly post health benefit and other expenditures to the proper budget year and pay them on a timely basis.

Recommendation

That health benefit and other expenditures be paid on a timely basis and posted to the proper budget year.

View of Responsible Officials and Planned Corrective Action

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

CITY OF SALEM
Schedule of Findings and Recommendations
For the Year Ended December 31, 2013

Section 2 - Schedule of Financial Statement Findings (Cont'd)

Finding No. 2013-6

Criteria or Specific Requirement

Municipal Court procedures require cash is reconciled properly and timely, and funds are turned over to the proper agencies on or before the 15th of each month.

Condition

Municipal Court Cash is not reconciled properly and timely, and funds are not turned over to the proper agencies on or before the 15th of each month.

Context

Municipal Court Regular and Bail Account reconciliations are carrying adjustments that should have been resolved in a more timely manner.

While checks written to the Municipal Finance Officer were dated by the 15th of each month, they were not received by the Municipal Finance Officer by the 15th of each month.

Effect

Noncompliance with Municipal Court procedures.

Cause

Failure to properly reconcile bank accounts and turn funds over to the proper agencies on a timely basis.

Recommendation

That Municipal Court cash be reconciled properly and timely, and funds are turned over to the proper agencies on or before the 15th of each month.

View of Responsible Officials and Planned Corrective Action

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

CITY OF SALEM
Summary Schedule of Prior Year Audit Findings
as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

FINANCIAL STATEMENT FINDINGS

Finding No. 2012-1

Condition

The following internal control deficiencies have been identified:

General ledgers for all funds were not properly maintained.

General and utility capital budget status reports are not properly maintained.

No written procedures are maintained by the City for cash receipts or disbursements, including payroll procedures.

Current Status

This condition still exists and is current year finding 2013-1.

Corrective Action Planned

Proper maintenance of General Ledger will be implemented.

Finding No. 2012-2

Condition

A fixed asset ledger was not maintained for the year 2012.

Current Status

This condition still exists and is current year finding 2013-2.

Corrective Action Planned

Fixed asset inventory will be performed by outside company.

Finding No. 2012-3

Condition

Certificate of availability of funds, signed by the chief financial officer or certifying finance officer were not always prepared when contracts are awarded.

Current Status

This condition has been resolved.

CITY OF SALEM
Summary Schedule of Prior Year Audit Findings
as Prepared by Management

FINANCIAL STATEMENT FINDINGS (CONT'D)**Finding No. 2012-4****Condition**

An analysis of the balance in the trust other fund's - reserve for tax title liens redemption is not maintained.

Current Status

This condition still exists and is current year finding 2013-3.

Corrective Action Planned

Balance will be analyzed and proper disposition made.

Finding No. 2012-5**Condition**

Budget Line Items were over-expended prior to transfers. Trust Other Funds Reserve for Construction Code has a deficit. Two Appropriated Grants and Utility Operating Fund OE were over-expended.

Current Status

This condition still exists and is current year finding 2013-4.

Corrective Action Planned

Procedures will be established in an attempt to prevent over-expenditures.

Finding No. 2012-6**Condition**

Health Benefit expenditures were not always paid on a timely basis and posted to the proper budget year appropriations.

Current Status

This condition still exists and is current year finding 2013-5.

Corrective Action Planned

Health Benefit bills will be paid timely.

Finding No. 2012-7**Condition**

The minutes were not properly maintained during 2012.

Current Status

This condition has been resolved.

CITY OF SALEM
Summary Schedule of Prior Year Audit Findings
as Prepared by Management

FEDERAL AWARDS

None

STATE FINANCIAL ASSISTANCE PROGRAMS

None

CITY OF SALEM
 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 Surety Bond</u>
Charles Washington, Jr.	Mayor	
Karen L. Tuthill	President of Council	
Ruth Carter (10-7-13 to 12-31-13)	Councilperson	
Vaughn Groce	Councilperson	
Sherman Hampton	Councilperson	
Horace H. Johnson	Councilperson	
Robert D. Johnson (1-1-13 to 9-16-13)	Councilperson	
Robert Lanard	Councilperson	
Karen Roots	Councilperson	
James G. Waddington	Councilperson	
Kathleen L. Keen	City Clerk	
David Crescenzi	Chief Financial Officer, Tax Collector, Water/Sewer Collector	\$ 300,000 (A)
Marie L. Procacci	Tax Assessor	
Jason D. Witcher	Municipal Judge	36,000 (A)
Tiffany Arrowood	Court Administrator	40,000 (A)
David Puma	Solicitor	
Sickles & Associates	Engineer	

(A) Selective Insurance Company

(B) All employees are covered under a Blanket Surety Bond by Selective Insurance Company in the amount of \$250,000.

APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the City officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, appearing to read "Henry J. Ludwigsen". The signature is fluid and cursive, with a prominent initial "H" and a long, sweeping tail.

Henry J. Ludwigsen
Certified Public Accountant
Registered Municipal Accountant

