



Mary Taylor, CPA  
Auditor of State



CITY OF SALEM  
COLUMBIANA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	1

**THIS PAGE INTENTIONALLY LEFT BLANK.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Salem  
Columbiana County  
231 South Broadway Avenue  
Salem, Ohio 44460

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Salem, Columbiana County, (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 4, 2010.

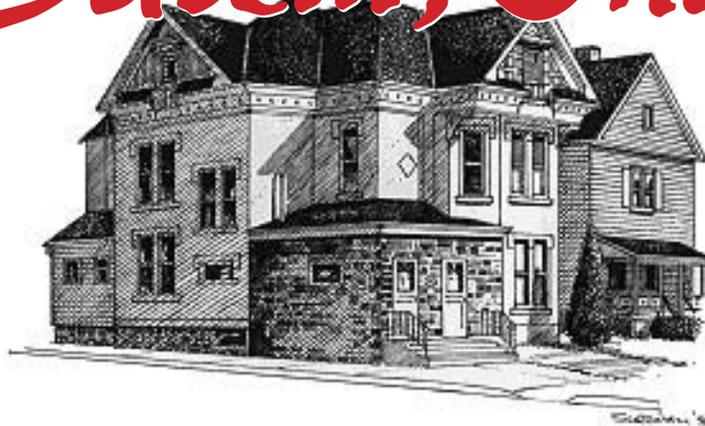
We intend this report solely for the information and use of the audit committee, management and City Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 4, 2010

# City of *Salem, Ohio*



Comprehensive Annual Financial Report  
For The Fiscal Year Ended  
December 31, 2009

Salem, Ohio was founded by Zadok Street and John Straughan (Strawn) on April 30, 1806. The word “Salem” means ‘peace’ and comes from the term ‘Jerusalem’. Many of the early townspeople were Quakers. Salem was the site of the Western Headquarters for the Anti-Slavery Association, which published THE ANTI-SLAVERY BUGLE. In 1850, Ohio’s first Women’s Rights Convention was held in Salem, the second such convention in the United States.

The Salem Historical Society was formed in 1947 by Roy W. Harris and Frank Yengling , with Mr. Harris as president. In December 1917, W. Ray Pearce donated the first museum, at 207 South Broadway Avenue in memory of his wife, Elizabeth. The corner brick building, Schell Building, was purchased in 1974 and the two were connected.

There are hundreds of special artifacts on display at the Salem Historical Museum. These objects – legacies of yesteryear – give life to the past, making history more than just words on a printed page. The collection is a meaningful and tangible part of our heritage. Each item helps to complete the Salem story.



### **Freedom Hall**

was built as a replica of Salem’s Liberty Hall, the meeting place for the Western Headquarters of the Anti-Slavery Society.



### **Heritage Garden**

is home to many varieties of herbs and flowers. The garden also contains items from local buildings, including an iron fountain that had once been used to water horses along Salem’s streets.

### **The Museum**

depicts life at the turn of the 19th century, items on display represent a wide range of subjects housed in themed rooms: One-Room School, General Store, Clothing Room, Doctor’s Office, Old-Fashioned Kitchen, Music Room, Industrial Room, Victorian Bedroom, Victorian Parlor, and Toy Room.



### **Dale Schaffer**

This issue of the Salem Financial Report is dedicated to Dale E. Schaffer 1929-2009. Dale was a local historian and a prolific writer. During his lifetime, he penned over 27 books and many articles covering a wide spectrum of the city’s past – its people, buildings, events, industries, stores, nostalgia and more.

Mr. Schaffer was in the process of planning a research history library addition to the Salem Historical Society buildings when he passed away on November 16, 2009. He had passed his vision to museum members and added wording to his will for funding such a project. This addition to the Historical Society will become a reality in the near future.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2009

*Prepared by the Auditor's Office*

James A. Armeni  
City Auditor

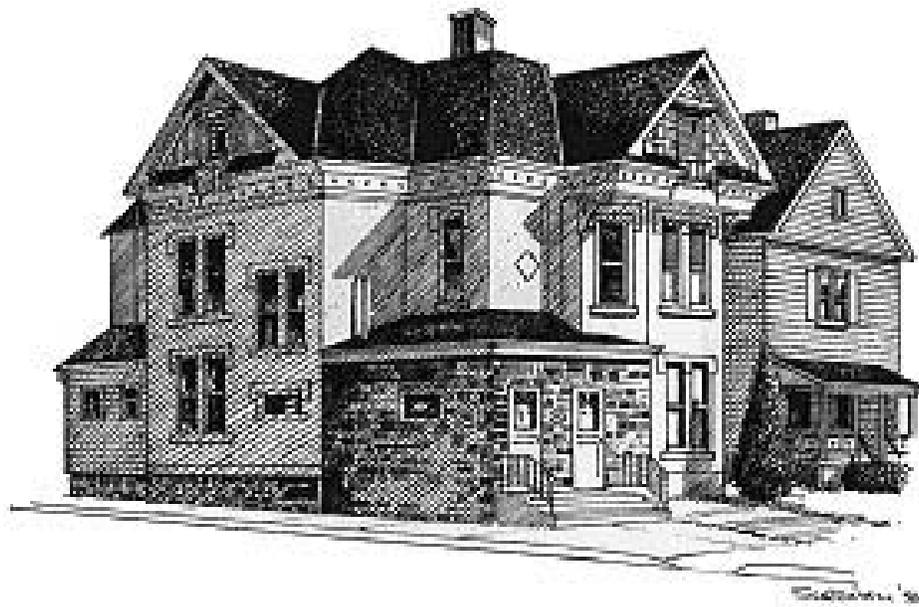


TABLE OF CONTENTS

CITY OF SALEM  
COLUMBIANA COUNTY, OHIO

---

**I** INTRODUCTORY SECTION

**A** Letter of Transmittal .....v  
**B** List of Principal Officials .....xii  
**C** City Organizational Chart .....xiii  
**D** Certificate of Achievement for Excellence in Financial Reporting.....xiv

**II** FINANCIAL SECTION

**A** Independent Accountants' Report .....1  
**B** Management's Discussion and Analysis.....3  
**C** Basic Financial Statements:  
    Government-wide Financial Statements:  
        Statement of Net Assets .....13  
        Statement of Activities .....14  
    Fund Financial Statements:  
        *Governmental Funds:*  
            Balance Sheet .....16  
            Reconciliation of Total Governmental Fund Balances to Net Assets of  
            Governmental Activities .....18  
            Statement of Revenues, Expenditures and Changes in Fund Balances .....20  
            Reconciliation of the Statement of Revenues, Expenditures and Changes  
            in Fund Balances of Governmental Funds to the Statement of Activities .....22  
            Statement of Revenues, Expenditures and Changes in Fund Balance -  
            Budget and Actual (Non-GAAP Budgetary Basis):  
                General Fund .....23  
                Municipal Income Tax Fund.....24  
                Parks Fund .....25  
        *Proprietary Funds:*  
            Statement of Net Assets .....26  
            Statement of Revenues, Expenses and Changes in Fund Net Assets .....27  
            Statement of Cash Flows .....28  
        *Fiduciary Funds:*  
            Statement of Assets and Liabilities.....29  
Notes to the Basic Financial Statements .....30

**D Combining and Individual Fund Statements and Schedules:**

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	63
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	68
Combining Balance Sheet – Nonmajor Debt Service Funds .....	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds .....	73
Combining Balance Sheet – Nonmajor Capital Projects Funds .....	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	75

Individual Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):

Major Governmental Funds:

<i>General Fund</i> .....	76
<i>Special Revenue Fund:</i>	
Municipal Income Tax Fund .....	80
Parks Fund.....	81
<i>Capital Projects Fund:</i>	
Tax Increment Financing Fund .....	82

Nonmajor Governmental Funds:

<i>Special Revenue Funds:</i>	
Police Pension Fund .....	83
Fire Pension Fund.....	84
Law Enforcement Fund .....	85
D.A.R.E. Fund .....	86
Enforcement and Education Fund .....	87
Drug Enforcement Agency Equitable Share Fund .....	88
Street Construction, Maintenance and Repair Fund.....	89
State Highway Fund .....	90

Nonmajor Governmental Funds: (Continued)

Municipal Permissive License Tax Fund .....	91
Municipal Lodging Tax Fund.....	92
Lakes and Grounds Fund.....	93
Health Department Fund .....	94
Youth Services Grant Fund .....	95
Community Development Block Grant Fund.....	96
Rehabilitation Loan Fund.....	97
Shade Tree Fund.....	98
Economic Development Loan Fund.....	99
Central Business District Fund.....	100
Design Review Board Fund.....	101
Law Enforcement Assistance Fund .....	102
Community Housing Improvement Fund.....	103

*Debt Service Funds:*

General Obligation Debt Retirement Fund.....	104
Special Assessment Debt Retirement Fund.....	105

*Capital Projects Funds:*

Income Tax Capital Improvement Fund.....	106
Industrial Park Development Fund.....	107
Industrial Park West Project Fund.....	108

Fiduciary Funds – Agency Funds:

Combining Statement of Changes in Assets and Liabilities .....	111
--	-----

Capital Assets Used in the Operation of Governmental Funds:

Schedule by Source.....	113
Schedule by Function and Activity.....	114
Schedule of Changes by Function and Activity.....	116

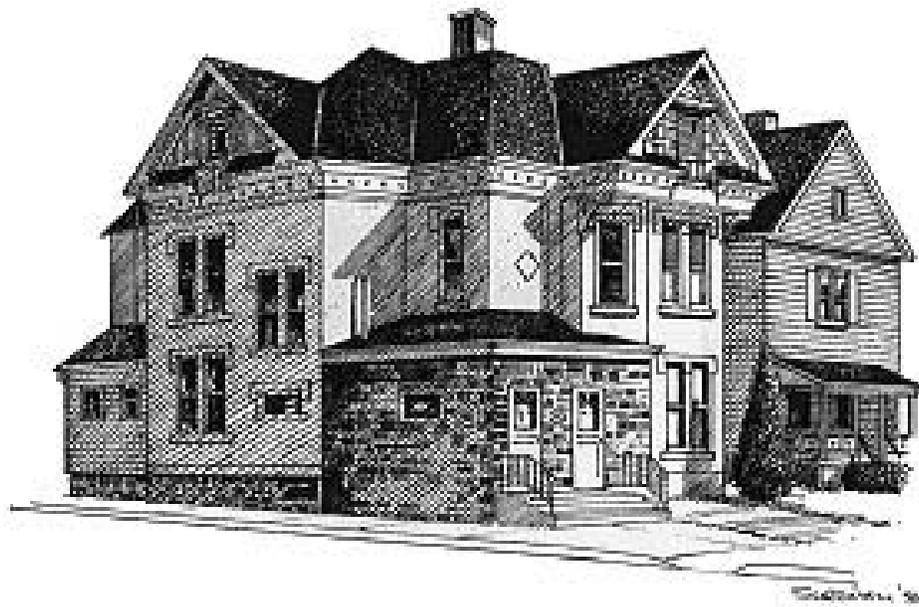
**III** STATISTICAL SECTION

Net Assets by Component - Last Seven Years ..... S 2  
Changes in Net Assets - Last Seven Years..... S 4  
Fund Balances, Governmental Funds - Last Ten Years ..... S 8  
Changes in Fund Balances, Governmental Funds - Last Ten Years ..... S 10  
Income Tax Revenues by Source, Governmental Funds - Last Ten Years ..... S 14  
Income Tax Statistics - Current Year and Nine Years Ago ..... S 17  
Ratios of Outstanding Debt By Type - Last Ten Years..... S 18  
Ratios of General Bonded Debt Outstanding - Last Ten Years..... S 20  
Computation of Direct and Overlapping - Debt Attributable to  
Governmental Activities - Current Year ..... S 23  
Debt Limitations - Last Ten Years ..... S 24  
Pledged Revenue Coverage - Last Ten Years ..... S 26  
Demographic and Economic Statistics - Last Ten Years ..... S 28  
Principal Employers - Current Year and Nine Years Ago ..... S 31  
Full Time Equivalent Employees by Function - Last Ten Years ..... S 32  
Operating Indicators by Function - Last Ten Years ..... S 34  
Capital Asset Statistics by Function - Last Ten Years ..... S 38

## *INTRODUCTORY SECTION*

---

---





# CITY OF SALEM

231 South Broadway Avenue • Salem, Ohio 44460  
James A. Armeni, City Auditor

phone (330) 332-4482

fax (330)-332-3001

---

June 4, 2010

To The Members of City Council and  
All Citizens of the City of Salem, Ohio

We are pleased to submit for your review the Comprehensive Annual Financial Report of the City of Salem, Ohio for the year ended December 31, 2009. The report has been prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

## INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Salem (the "City") to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data, as presented, is accurate in all material respects; is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and presents all disclosures necessary to enable the reader to gain an understanding of the City's financial activity.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Salem's MD&A can be found immediately following the independent accountants' report.

### **The Reporting Entity:**

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all the organizations, activities, functions and component units for which the City is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the City.

Based on the foregoing, the reporting entity of the City has no component units but includes the following services: police and fire protection, parks and recreation, health, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates the water treatment and distribution system and the wastewater treatment and collection system, each of which is reported as an enterprise fund.

***Letter of Transmittal  
For the Year Ended December 31, 2009***

---

**Historical Information:**

*City of Peace*

Around 1800, after the Northwest Territory Ordinance of 1787 was passed outlawing slavery in the territory north of the Ohio River, members of the Society of Friends (Quakers) began migrating to the area. They came from New Jersey, Pennsylvania, Maryland and Virginia, and found a wilderness inhabited by Native Americans and an abundance of game.

Zadok Street Sr., a retired clockmaker from Salem, N.J., and John Straughan, a pottery maker from Buck County, Pennsylvania plotted a settlement in 1806. The settlement was named “Salem” after Salem, New Jersey. The name is derived from the word “Jerusalem”, which means “city of peace.” Inducements were offered to those coming into the area, and the settlement slowly grew. Newcomers arrived with a wide variety of special skills and trades (from blacksmiths to tinsmiths), which enriched the community.

Salem had a post office in 1807 and was on a stage coach route by 1824. A foundry was built in the City in the 1830’s, a factory in 1841 and a bank in 1846. Train service arrived in 1851.

The settlement was incorporated in 1830 and became the Incorporated Village of Salem in 1852. Salem became a City in 1887 when the population reached 5,704.

Salem was the western headquarters of the Anti-Slavery Society, participated in the Underground Railroad, hosted Ohio’s first Woman’s Suffrage Convention in 1850, and was the early seat of the label industry where the first gummed labels in the U.S. were produced.

The town has long been a major industrial center for the area, providing jobs for thousands of workers from miles around. Companies like Mullins, Deming, Silver, Eljer, American Standard, Bliss, Hunt, Butech, Lowry Tool, Quaker Manufacturing, Barclay Rolls, Sekely, and Salem Label are internationally know, and have for many decades been an important part of Salem’s economy.

The City of Salem has two industrial parks with a total of 145 acres that has provided for future industrial expansion. At this time no lots are available.

Salem has struggled to keep on a positive course in areas of endeavor; economic, educational and social. Residents, with the help of sound, well managed local government, have been able to maintain a normal standard of living, and are satisfied with the public services provided by their local officials.

They are able to choose from a wide variety of church denominations, and can involve themselves in many social and civic organizations. All this is provided in a safe and peaceful atmosphere characteristic of small town America.

***Letter of Transmittal  
For the Year Ended December 31, 2009***

---

**Form of Government:**

Statutory

Salem is a statutory Mayor-Council form of government as prescribed by Title Seven of the Ohio Revised Code. Elected officials serving four-year terms are the Mayor, Auditor, Treasurer, and Law Director. Each of these officials has appointing authority for their office, and there is no limit on the number of terms that may be served. Seven City Council members, including the Council president, are elected to staggered four year terms.

**Municipal Services:**

The City of Salem provides a variety of services including police and fire protection, street construction, maintenance and repair, parks and recreation, and the Shade Tree Commission tree planting service and maintenance. The City does not operate hospitals or schools, nor is it responsible for public assistance programs.

The City also operates two enterprise activities: water treatment and distribution and wastewater collection and treatment. Funds from these enterprises are set up in accounts for the operation of these facilities. The facilities are operated in a manner similar to a private business. It is the mission of the City that the costs of providing water services to business, industry and the general public on a permanent basis be financed or recovered primarily through user fees.

The enterprise activities are not subject to rate review or determination by the Public Utilities Commission of Ohio or any similar regulatory body. The City Council has the necessary authority to establish and amend appropriate user rates as required. The rates are reviewed on an on-going basis to insure their adequacy. The City Council exercises sole authority regarding the frequency and amount of rate change for these services.

**ECONOMIC OUTLOOK**

**Local Economy:**

Along with the City, the economy of Columbiana County and the State of Ohio as a whole has been in a downward trend. The City continues to struggle in its efforts to contain expenses, particularly in health care and employee pension pick up costs. The local economy does not depend upon any one single industry, although several local industries are tied to housing, building and automotive companies. Local products are sold in a global market. Major industries include tool and die manufacturing, a local hospital, a stamping plant, sanitary ware fabrication, plastic extrusion, printing companies, machine building companies, a meat processing plant and several machine shops. The industrial base accounts for 80% of the income of the City of Salem. Approximately 50% of the employees live within a 10 mile radius of City limits.

The City is continually striving to expand its industrial base, by identifying vacant land contiguous to the City and by promoting the long term industrial needs of the community.

***Letter of Transmittal  
For the Year Ended December 31, 2009***

---

**MAJOR INITIATIVES**

During 2009, continuing efforts were made to upgrade services and improve the quality of life for the citizens of Salem.

The Salem Utility Dept. constructed a sewage pumping station on Pearce Circle. The total cost of the project was \$209,049.

Other projects included are as follows:

Roosevelt Water Tank II at a cost of \$1,435,726

Snyder Rd. force main replacement at a cost of \$147,771

Salem-Leetonia Water Main at a cost of \$226,830

The City resurfaced 4 streets in the uptown area at a cost of \$ 201,256.

Traffic signal upgrades were initiated by the Ohio Department of Transportation at a cost of \$631,782. The City shared in the cost by providing a 20% match towards the project.

The Parks Commission has completed the following projects:

Renovation to Memorial park maintenance building at a cost of \$14,819

New roof at the city lake bait shop at a cost of \$5,670

Concrete improvements to sidewalks, ball fields and handicap access at a cost of \$9,914

Engineering for renovation to centennial park rest rooms at a cost of \$5,000

The City created a Tax Increment Financing (T I F) district on the east side of the City. The property taxes generated from improvements made to the land will go towards the debt of any future improvements to the City's infrastructure. The TIF district is on the north and south side of East State Street.

***Letter of Transmittal  
For the Year Ended December 31, 2009***

---

**FINANCIAL INFORMATION**

**Internal Control, Budgetary Control and the Accounting System:**

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated applying the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and members of the finance office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions. The City Auditor's Office is responsible for the auditing and analysis of all purchase orders and vouchers of the City. The Auditor's Office personnel review the purchase orders and vouchers very carefully to ensure the availability of monies in the proper funds and accounts prior to certification and payment of approved invoices. The City utilizes a fully automated accounting system, as well as an automated system of controls for capital asset accounting and payroll. These systems coupled with the review and examination performed by the City Auditor's Office ensure that the financial information generated is both accurate and reliable.

Budgetary control is maintained at the object level for each function within each fund by legislation approved by City Council. The various objects are:

- |                         |                              |
|-------------------------|------------------------------|
| * Personal services     | * Materials and Supplies     |
| * Contractual services  | * Capital Outlay             |
| * Other (Miscellaneous) | * Debt Service:<br>Principal |
| * Transfers             | Interest                     |

***Letter of Transmittal  
For the Year Ended December 31, 2009***

---

Lower levels within each object are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available object level appropriations are not approved unless additional appropriations are authorized. Unencumbered appropriations at year end return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year which coincides with the calendar year.

**OTHER INFORMATION**

**Independent Audit:**

The basic financial statements of the City of Salem were audited by Auditor of State, Mary Taylor CPA. The independent accountant's unqualified opinion has been included in this report.

**Awards:**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Salem, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards in state and local government financial reporting. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity.

A Certificate of Achievement is valid for a period of one year only. The City of Salem has received a Certificate of Achievement for nine consecutive years (2000 - 2008). We believe this current report continues to conform to the Certificate of Achievement for Excellence in Financial Reporting program requirements and are submitting it to the GFOA.

***Public Disclosure***

The publication of this Comprehensive Annual Financial Report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to its citizens. In addition to the citizens of Salem, the recipients of this report include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization requesting it. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

***Letter of Transmittal  
For the Year Ended December 31, 2009***

---

**Acknowledgments:**

Sincere appreciation is extended to the individuals who have contributed their time and effort in gathering data for this report, particularly the staff of the Columbiana County Auditor's Office, Salem Community Hospital, Superintendent's Office of Salem City Schools and the Salem Chamber of Commerce.

Special acknowledgment is extended to the staff of Donald J. Schonhardt and Associates, Inc., for their continued guidance in the preparation of this report. In addition, our gratitude is extended to Dale Shaffer local historian, and The Salem Historical Society for their contributions to this report.

Special thanks to the members of City Council and the City Administration whose support is necessary for the City of Salem to conform to reporting requirements established for municipal governments to maintain the sound financial position the City has enjoyed for many years. Also, to Janet Keene and Ralph Lumley of Lyle Printing and Publishing for their expertise in the printing of this publication.

Respectfully,



James Armeni  
City Auditor



Barbara Hasson  
Chief Deputy Auditor



Sue Laughlin  
Wage and Benefit Coordinator

**CITY OF SALEM, OHIO**

---

***List of Principal Officials  
For the Year Ended December 31, 2009***

---

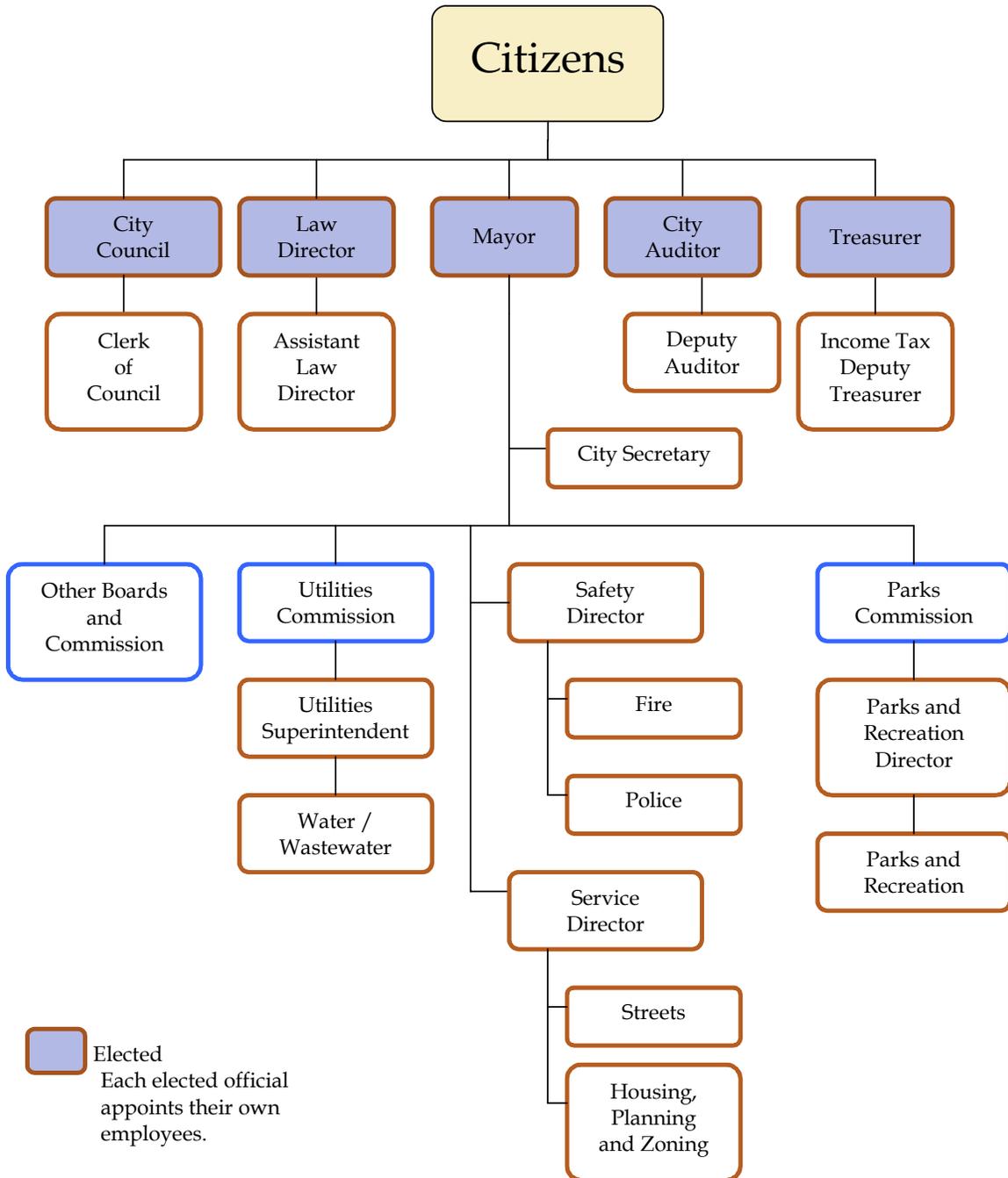
<b><i>ELECTED OFFICIALS</i></b>	<b><i>OFFICE</i></b>	<b><i>TERM EXPIRES</i></b>
Tod Mumpire	President of Council	12/31/09
Dave Nestic	Council Member - Ward 1	12/31/11
Dennis Groves	Council Member - Ward 2	12/31/11
Rita J. O'Leary	Council Member - Ward 3	12/31/11
Mary Ann Dzuracky	Council Member - Ward 4	12/31/11
K.Brett Apple	Council Member at Large	12/31/13
Clyde Brown	Council Member at Large	12/31/09
Earl Bud Schory	Council Member at Large	12/31/09
Jerry Wolford	Mayor	12/31/11
James A. Armeni	Auditor	12/31/11
Robert Tullis	Treasurer	12/31/13
C. Brooke Zellers	Law Director	12/31/11

<b><i>ADMINISTRATIVE PERSONNEL</i></b>	<b><i>TITLE</i></b>	<b><i>TERM OF OFFICE</i></b>
Robert W. Floor	Police Chief	Indefinite
Jeff Hughes	Fire Chief	Indefinite
Barbara Hasson	Chief Deputy Auditor	Indefinite
Fred Pamer	Income Tax Administrator	Indefinite
Patrick Morrissey	Housing-Planning-Zoning Inspector	Indefinite
Steven Faber	Parks and Recreation Director	Indefinite
Donald Weingart	Utilities Director	Indefinite
Steven Andres	Safety / Service Director	Indefinite

**City Address:**

Salem City Hall  
231 South Broadway Avenue  
Salem, Ohio 44460

City Organizational Chart  
For the Year Ended December 31, 2009



*Government Finance Officers Association of the United States and Canada  
Certificate of Achievement for Excellence in Financial Reporting*

---

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Salem  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "JEFFREY R. EGAN".

President

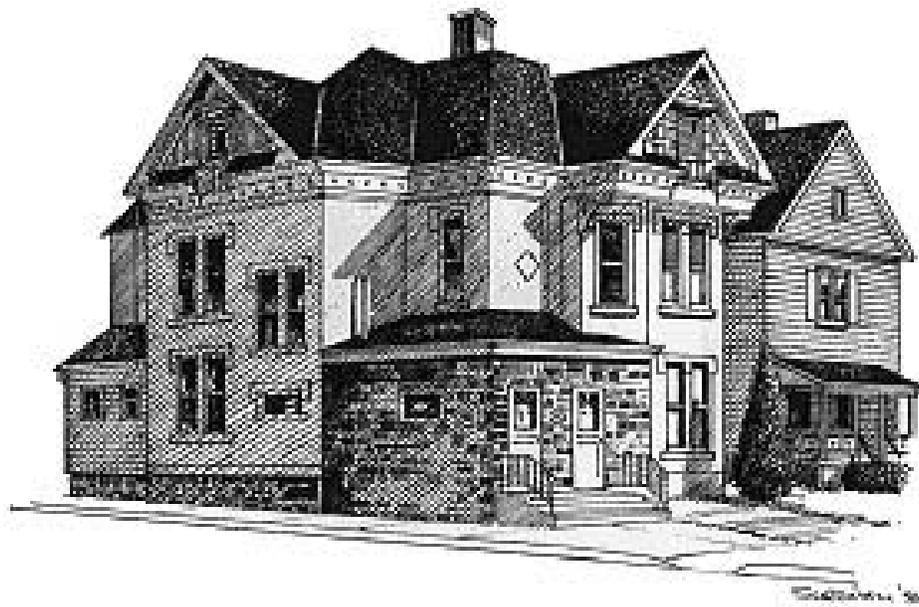
A handwritten signature in black ink, appearing to read "JEFFREY R. EGAN".

Executive Director

## *FINANCIAL SECTION*

---

---





# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

City of Salem  
Columbiana County  
231 South Broadway Avenue  
Salem, Ohio 44460

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Salem, Columbiana County, Ohio (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Salem, Columbiana County, Ohio, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Municipal Income Tax, and Parks funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293

Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

June 4, 2010

This discussion and analysis of the City of Salem's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2009 are as follows:

- ❑ In total, net assets decreased \$158,739. Net assets of governmental activities decreased \$1,030,971, which represents a 6% decrease from 2008. Net assets of business-type activities increased \$872,232 or 3% from 2008.
- ❑ General revenues accounted for \$6,077,044 in revenue or 51% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,765,644, or 49% of total revenues of \$11,842,688.
- ❑ The City had \$8,023,515 in expenses related to governmental activities; only \$1,446,060 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$6,071,897 and net assets were adequate to provide for these programs.
- ❑ The general fund had \$4,910,639 in revenues and other financing sources and \$5,221,780 in expenditures and other financing uses. The general fund's fund balance decreased from \$664,676 to \$371,208.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining and individual statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

### **Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities* – Most of the City's program's and services are reported here including security of persons and property, leisure time activities, community environment, transportation and general government.
- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's Water and Wastewater services are reported as business-type activities.

### **Fund Financial Statements**

Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole.

*Governmental Funds* – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2009***

***Unaudited***

*Proprietary Funds* – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The proprietary fund financial statements provide separate information for the Water and Wastewater funds, both of which are considered major funds.

*Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The following table provides a summary of the City's net assets for 2009 compared to 2008.

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$4,284,946	\$5,335,115	\$17,277,694	\$16,811,724	\$21,562,640	\$22,146,839
Capital assets, Net	18,092,389	18,543,083	18,424,570	17,651,995	36,516,959	36,195,078
Total assets	22,377,335	23,878,198	35,702,264	34,463,719	58,079,599	58,341,917
Long-term debt outstanding	3,749,633	3,959,671	929,377	383,270	4,679,010	4,342,941
Other liabilities	1,857,726	2,117,580	168,555	348,349	2,026,281	2,465,929
Total liabilities	5,607,359	6,077,251	1,097,932	731,619	6,705,291	6,808,870
Net assets						
Invested in capital assets, net of related debt	13,965,711	14,201,641	17,606,520	17,416,246	31,572,231	31,617,887
Restricted	1,347,692	1,587,446	0	0	1,347,692	1,587,446
Unrestricted	1,456,573	2,011,860	16,997,812	16,315,854	18,454,385	18,327,714
Total net assets	<u>\$16,769,976</u>	<u>\$17,800,947</u>	<u>\$34,604,332</u>	<u>\$33,732,100</u>	<u>\$51,374,308</u>	<u>\$51,533,047</u>

This space intentionally left blank.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

**Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for 2009 compared to 2008:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for Services and Sales	\$225,947	\$183,721	\$4,319,584	\$3,800,543	\$4,545,531	\$3,984,264
Operating Grants and Contributions	698,331	1,264,291	0	0	698,331	1,264,291
Capital Grants and Contributions	521,782	0	0	0	521,782	0
Total Program Revenues	<u>1,446,060</u>	<u>1,448,012</u>	<u>4,319,584</u>	<u>3,800,543</u>	<u>5,765,644</u>	<u>5,248,555</u>
General revenues:						
Property Taxes	1,194,360	1,205,807	0	0	1,194,360	1,205,807
Income Taxes	3,728,985	4,108,314	0	0	3,728,985	4,108,314
Other Local Taxes	71,167	80,965	0	0	71,167	80,965
Intergovernmental Revenues, Unrestricted	586,681	421,003	0	0	586,681	421,003
Investment Earnings	452,197	672,086	5,147	34,245	457,344	706,331
Miscellaneous	38,507	63,824	0	0	38,507	63,824
Total General Revenues	<u>6,071,897</u>	<u>6,551,999</u>	<u>5,147</u>	<u>34,245</u>	<u>6,077,044</u>	<u>6,586,244</u>
Total Revenues	<u>7,517,957</u>	<u>8,000,011</u>	<u>4,324,731</u>	<u>3,834,788</u>	<u>11,842,688</u>	<u>11,834,799</u>
Program Expenses						
Security of Persons and Property	3,662,034	4,017,233	0	0	3,662,034	4,017,233
Public Health and Welfare Services	79,539	0	0	0	79,539	0
Leisure Time Activities	512,797	562,624	0	0	512,797	562,624
Community Environment	415,272	616,095	0	0	415,272	616,095
Transportation	1,781,769	1,685,193	0	0	1,781,769	1,685,193
General Government	1,404,282	1,199,000	0	0	1,404,282	1,199,000
Interest and Fiscal Charges	167,822	176,394	0	0	167,822	176,394
Water	0	0	1,686,375	1,885,617	1,686,375	1,885,617
Wastewater	0	0	2,291,537	2,007,729	2,291,537	2,007,729
Total expenses	<u>8,023,515</u>	<u>8,256,539</u>	<u>3,977,912</u>	<u>3,893,346</u>	<u>12,001,427</u>	<u>12,149,885</u>
Change in Net Assets before transfers	(505,558)	(256,528)	346,819	(58,558)	(158,739)	(315,086)
Transfers	(525,413)	(716,649)	525,413	716,649	0	0
Total Change in Net Assets	(1,030,971)	(973,177)	872,232	658,091	(158,739)	(315,086)
Beginning Net Assets	<u>17,800,947</u>	<u>18,774,124</u>	<u>33,732,100</u>	<u>33,074,009</u>	<u>51,533,047</u>	<u>51,848,133</u>
Ending Net Assets	<u>\$16,769,976</u>	<u>\$17,800,947</u>	<u>\$34,604,332</u>	<u>\$33,732,100</u>	<u>\$51,374,308</u>	<u>\$51,533,047</u>

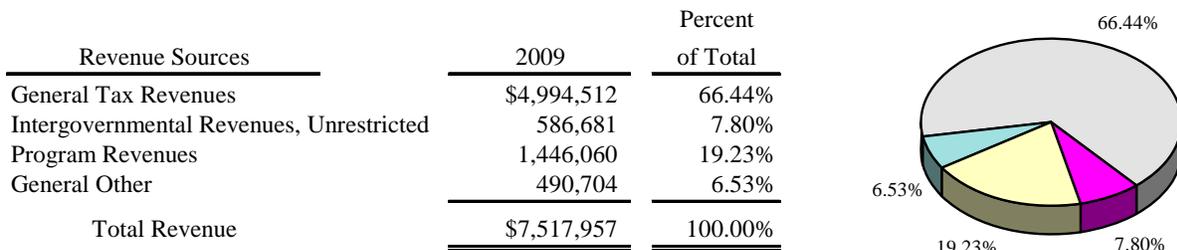
**Governmental Activities**

Net assets of the City's governmental activities decreased \$1,030,971 or 6% from 2008. Operating grants and contributions increased significantly in 2008 due to increases in community housing improvement grants, which in turn resulted in an increase in community environment expenses. This resulted in the subsequent decrease in these items in 2009. The Ohio Department of Transportation funded a significant portion of a traffic light upgrade project, resulting in the increase in capital grants and contributions. A 9% decrease in income taxes can be attributed to the overall state of the economy. Unrestricted intergovernmental revenues increased due to increases in estate taxes, while a decrease in interest rates resulted in the decrease in investment earnings. The increase in expenses for transportation was due to the summer street maintenance program. The City health department was reinstated in 2009, resulting in expenses for public health and welfare services.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2009***

***Unaudited***

Income taxes and property taxes made up 50% and 16% respectively of revenues for governmental activities for the City in fiscal year 2009. The City's reliance upon tax revenues is demonstrated by the following graph indicating 66% of total revenues from general tax revenues:



***Business-Type Activities***

Net assets of the business-type activities increased \$872,232. Charges for services increased 14% due to the addition of the Leetonia waterline.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$1,352,136, which is a decrease from last year's balance of \$1,864,206. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2009 and 2008:

	Fund Balance/(Deficit) December 31, 2009	Fund Balance/(Deficit) December 31, 2008	Increase (Decrease)
General	\$371,208	\$664,676	(\$293,468)
Municipal Income Tax	486,194	531,270	(45,076)
Parks	234,082	274,099	(40,017)
Tax Increment Financing	(640,957)	(600,350)	(40,607)
Other Governmental	901,609	994,511	(92,902)
<b>Total</b>	<b>\$1,352,136</b>	<b>\$1,864,206</b>	<b>(\$512,070)</b>

***Management's Discussion and Analysis  
For the Year Ended December 31, 2009***

***Unaudited***

---

General Fund – The City’s General Fund balance change is due to several factors. The tables that follow assist in illustrating the financial activities of the General Fund:

	2009 <u>Revenues</u>	2008 <u>Revenues</u>	Increase <u>(Decrease)</u>
Taxes	\$657,975	\$677,855	(\$19,880)
Intergovernmental Revenues	515,943	396,459	119,484
Charges for Services	69,846	70,779	(933)
Licenses and Permits	132,602	135,084	(2,482)
Investment Earnings	509,001	722,500	(213,499)
Special Assessments	2,123	1,647	476
Fines and Forfeitures	22,662	18,323	4,339
All Other Revenue	20,786	9,128	11,658
Total	<u>\$1,930,938</u>	<u>\$2,031,775</u>	<u>(\$100,837)</u>

General Fund revenues decreased approximately 5% when compared to revenues in the prior year. An increase in estate taxes resulted in the increase in intergovernmental revenue while lower interest rates resulted in the decrease in investment earnings.

	2009 <u>Expenditures</u>	2008 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$3,191,358	\$3,198,019	(\$6,661)
Community Environment	135,765	142,213	(6,448)
Transportation	7,245	15,180	(7,935)
General Government	950,441	999,700	(49,259)
Total	<u>\$4,284,809</u>	<u>\$4,355,112</u>	<u>(\$70,303)</u>

General Fund expenditures remained stable in 2009, decreasing \$70,303, or approximately 2%. The decrease in general government was the result of a decrease in contractual services within the mayors office and general administrative offices of the City.

Municipal Income Tax Fund – The City’s Municipal Income Tax Fund balance decreased approximately 8% from 2008 to 2009. Income tax receipts decreased 9% due to the overall state of the economy.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2009***

***Unaudited***

---

Parks Fund – The Parks Fund balance decreased 15% from 2008 to 2009. Revenues and expenditures in this fund were consistent with the previous year.

Tax Increment Financing Fund – The TIF fund balance remained relatively stable. This fund continues to report a negative fund balance due to general obligation notes payable for road construction.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2009 the City amended its General Fund budget several times, none significant.

For the General Fund, original budgeted, final budgeted and actual receipts were not significantly different. Final budgeted expenditures did not differ significantly from the original budget. Actual expenditures were approximately 4% lower than the final budget due mostly to controlled costs within the police and fire departments.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal 2009 the City had \$36,516,959 net of accumulated depreciation invested in land, buildings, improvements, machinery, equipment, vehicles and infrastructure. Of this total, \$18,092,389 was related to governmental activities and \$18,424,570 to the business-type activities. The following table shows fiscal year 2009 and 2008 balances:

	Governmental Activities		Increase (Decrease)
	2009	2008	
Land	\$4,586,123	\$4,586,123	\$0
Construction In Progress	409,568	409,568	0
Buildings	2,274,772	2,274,772	0
Improvements Other Than Buildings	711,242	711,242	0
Machinery and Equipment	2,950,563	2,947,554	3,009
Infrastructure	21,747,952	21,549,580	198,372
Less: Accumulated Depreciation	(14,587,831)	(13,935,756)	(652,075)
Totals	<u>\$18,092,389</u>	<u>\$18,543,083</u>	<u>(\$450,694)</u>

The increase in infrastructure can be attributed to the upgrade of fourteen traffic signals.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2009	2008	
Land	\$564,419	\$564,419	\$0
Construction in Progress	394,360	528,450	(134,090)
Buildings	20,740,386	19,100,334	1,640,052
Improvements Other Than Buildings	102,073	102,073	0
Machinery and Equipment	7,842,862	7,901,083	(58,221)
Infrastructure	9,682,946	9,682,946	0
Less: Accumulated Depreciation	<u>(20,902,476)</u>	<u>(20,227,310)</u>	<u>(675,166)</u>
Totals	<u>\$18,424,570</u>	<u>\$17,651,995</u>	<u>\$772,575</u>

The construction of the Roosevelt Avenue water tank resulted in the increase in buildings and structures. Additional information on the City's capital assets can be found in Note 8.

**Debt**

At December 31, 2009, the City had \$3.1 million in General Obligation bonds outstanding, \$140,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2009 and 2008:

	2009	2008
Governmental Activities:		
General Obligation Bonds	\$3,072,912	\$3,206,391
Special Assessment Bond	40,000	60,000
Ohio Public Works Commission Loans	330,266	365,051
Compensated Absences	306,455	328,229
Total Governmental Activities	<u>3,749,633</u>	<u>3,959,671</u>
Business-Type Activities:		
Ohio Public Works Commission Loans	818,050	235,750
Compensated Absences	111,327	147,520
Total Business-Type Activities	<u>929,377</u>	<u>383,270</u>
Totals	<u>\$4,679,010</u>	<u>\$4,342,941</u>

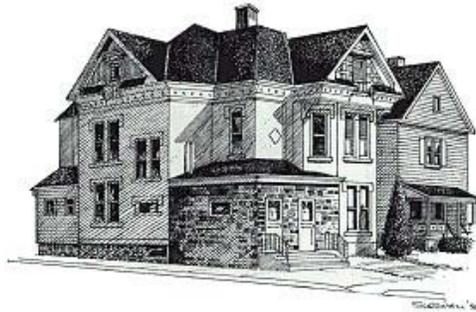
Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2009, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

**ECONOMIC FACTORS**

During these volatile economic times over the last several years, the administration and City Council have worked diligently to maintain services at a normal level. The unemployment rate for Columbiana County in 2009 was 13.5%. Income tax receipts for 2009 were down 7.77% year to date, 85% of tax receipts go to the general fund and 15% to the debt service and capital improvement funds. The cash position in the general fund was down 49% from the previous year.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. James Armeni, City Auditor of the City of Salem.



**Statement of Net Assets  
December 31, 2009**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,383,722	\$ 4,500,997	\$ 5,884,719
Investments	0	11,713,120	11,713,120
Receivables:			
Taxes	1,697,831	0	1,697,831
Accounts	35,002	495,621	530,623
Intergovernmental	858,930	0	858,930
Interest	84,993	0	84,993
Special Assessments	27,229	313,073	340,302
Inventory of Supplies	150,304	220,840	371,144
Prepaid Items	46,935	34,043	80,978
Non-Depreciable Capital Assets	4,995,691	958,779	5,954,470
Depreciable Capital Assets, Net	13,096,698	17,465,791	30,562,489
<b>Total Assets</b>	<b>22,377,335</b>	<b>35,702,264</b>	<b>58,079,599</b>
<b>Liabilities:</b>			
Accounts Payable	20,399	80,248	100,647
Accrued Wages and Benefits	267,625	88,307	355,932
Intergovernmental Payable	644	0	644
Due to Others	845	0	845
Unearned Revenue	869,221	0	869,221
Accrued Interest Payable	15,492	0	15,492
General Obligation Notes Payable	683,500	0	683,500
Long Term Liabilities:			
Amounts due in less than one year	289,608	13,773	303,381
Amounts due in more than one year	3,460,025	915,604	4,375,629
<b>Total Liabilities</b>	<b>5,607,359</b>	<b>1,097,932</b>	<b>6,705,291</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	13,965,711	17,606,520	31,572,231
Restricted For:			
Debt Service	30,895	0	30,895
Street Improvements	341,756	0	341,756
Parks	293,845	0	293,845
Law Enforcement	178,117	0	178,117
Community Environment	471,504	0	471,504
Other Purposes	31,575	0	31,575
Unrestricted	1,456,573	16,997,812	18,454,385
<b>Total Net Assets</b>	<b>\$ 16,769,976</b>	<b>\$ 34,604,332</b>	<b>\$ 51,374,308</b>

See accompanying notes to the basic financial statements

**CITY OF SALEM, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2009**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 3,662,034	\$ 7,126	\$ 34,456	\$ 0
Public Health and Welfare Services	79,539	45,615	0	0
Leisure Time Activities	512,797	22,178	0	0
Community Environment	415,272	62,697	71,389	0
Transportation	1,781,769	0	592,486	521,782
General Government	1,404,282	88,331	0	0
Interest and Fiscal Charges	167,822	0	0	0
<b>Total Governmental Activities</b>	<b>8,023,515</b>	<b>225,947</b>	<b>698,331</b>	<b>521,782</b>
<b>Business-Type Activities:</b>				
Water	1,686,375	1,569,166	0	0
Wastewater	2,291,537	2,750,418	0	0
<b>Total Business-Type Activities</b>	<b>3,977,912</b>	<b>4,319,584</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$ 12,001,427</b>	<b>\$ 4,545,531</b>	<b>\$ 698,331</b>	<b>\$ 521,782</b>

**General Revenues**

Property Taxes Levied for:

General Purposes

Special Purposes

Capital Outlay

Income Tax

Other Local Taxes

Intergovernmental Revenues, Unrestricted

Investment Earnings

Miscellaneous

**Transfers**

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

**CITY OF SALEM, OHIO**

---

Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (3,620,452)	\$ 0	\$ (3,620,452)
(33,924)	0	(33,924)
(490,619)	0	(490,619)
(281,186)	0	(281,186)
(667,501)	0	(667,501)
(1,315,951)	0	(1,315,951)
(167,822)	0	(167,822)
<u>(6,577,455)</u>	<u>0</u>	<u>(6,577,455)</u>
0	(117,209)	(117,209)
<u>0</u>	<u>458,881</u>	<u>458,881</u>
<u>0</u>	<u>341,672</u>	<u>341,672</u>
<u>(6,577,455)</u>	<u>341,672</u>	<u>(6,235,783)</u>
643,122	0	643,122
487,416	0	487,416
63,822	0	63,822
3,728,985	0	3,728,985
71,167	0	71,167
586,681	0	586,681
452,197	5,147	457,344
38,507	0	38,507
(525,413)	525,413	0
<u>5,546,484</u>	<u>530,560</u>	<u>6,077,044</u>
(1,030,971)	872,232	(158,739)
<u>17,800,947</u>	<u>33,732,100</u>	<u>51,533,047</u>
<u>\$ 16,769,976</u>	<u>\$ 34,604,332</u>	<u>\$ 51,374,308</u>

**CITY OF SALEM, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2009**

	General	Municipal Income Tax	Parks
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 305,510	\$ 0	\$ 250,387
Receivables:			
Taxes	578,375	655,404	340,120
Accounts	35,002	0	0
Intergovernmental	223,975	0	17,440
Interest	84,993	0	0
Special Assessments	0	0	0
Interfund Loans Receivable	3,197	0	0
Inventory of Supplies	73,063	0	0
Prepaid Items	46,271	510	0
<b>Total Assets</b>	<b>\$ 1,350,386</b>	<b>\$ 655,914</b>	<b>\$ 607,947</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 13,504	\$ 6	\$ 2,115
Accrued Wages and Benefits Payable	190,695	4,814	14,190
Intergovernmental Payable	644	0	0
Due to Others	845	0	0
Interfund Loans Payable	0	0	0
Deferred Revenue	773,490	164,900	357,560
Accrued Interest Payable	0	0	0
General Obligation Notes Payable	0	0	0
<b>Total Liabilities</b>	<b>979,178</b>	<b>169,720</b>	<b>373,865</b>
<b>Fund Balance:</b>			
Reserved for Encumbrances	44,228	3,776	53,704
Reserved for Prepaid Items	46,271	510	0
Reserved for Supplies Inventory	73,063	0	0
Reserved for Debt Service	0	0	0
Undesignated, Unreserved in:			
General Fund	207,646	0	0
Special Revenue Funds	0	481,908	180,378
Capital Projects Funds (Deficit)	0	0	0
<b>Total Fund Balance</b>	<b>371,208</b>	<b>486,194</b>	<b>234,082</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,350,386</b>	<b>\$ 655,914</b>	<b>\$ 607,947</b>

See accompanying notes to the basic financial statements

**CITY OF SALEM, OHIO**

---

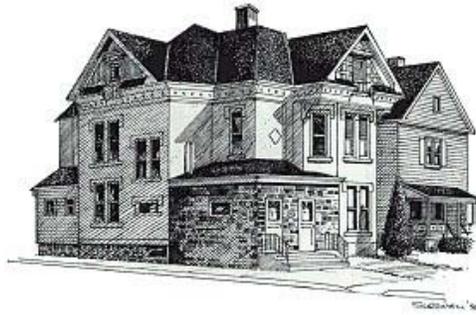
Tax Increment Financing	Other Governmental Funds	Total Governmental Funds
\$ 46,416	\$ 781,409	\$ 1,383,722
0	123,932	1,697,831
0	0	35,002
0	617,515	858,930
0	0	84,993
0	27,229	27,229
0	162	3,359
0	77,241	150,304
0	154	46,935
<u>\$ 46,416</u>	<u>\$ 1,627,642</u>	<u>\$ 4,288,305</u>
\$ 0	\$ 4,774	\$ 20,399
0	57,926	267,625
0	0	644
0	0	845
0	3,359	3,359
0	659,974	1,955,924
3,873	0	3,873
683,500	0	683,500
<u>687,373</u>	<u>726,033</u>	<u>2,936,169</u>
0	174,386	276,094
0	154	46,935
0	77,241	150,304
0	11,531	11,531
0	0	207,646
0	286,026	948,312
(640,957)	352,271	(288,686)
<u>(640,957)</u>	<u>901,609</u>	<u>1,352,136</u>
<u>\$ 46,416</u>	<u>\$ 1,627,642</u>	<u>\$ 4,288,305</u>

***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2009***

---

<b>Total Governmental Fund Balances</b>		\$ 1,352,136
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		18,092,389
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		1,086,703
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(2,965,000)	
Premium on Bonds Issued	(107,912)	
Special Assessment Bonds Payable	(40,000)	
Compensated Absences Payable	(306,455)	
OPWC Loans Payable	(330,266)	
Accrued Interest Payable	(11,619)	(3,761,252)
<b><i>Net Assets of Governmental Activities</i></b>		<u><u>\$ 16,769,976</u></u>

See accompanying notes to the basic financial statements



**CITY OF SALEM, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2009**

	General	Municipal Income Tax	Parks
<b>Revenues:</b>			
Taxes	\$ 657,975	\$ 3,656,309	\$ 355,614
Intergovernmental Revenues	515,943	0	38,322
Charges for Services	69,846	0	12,219
Licenses and Permits	132,602	0	0
Investment Earnings	509,001	0	0
Special Assessments	2,123	0	0
Fines and Forfeitures	22,662	0	0
All Other Revenue	20,786	0	520
<b>Total Revenue</b>	<b>1,930,938</b>	<b>3,656,309</b>	<b>406,675</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	3,191,358	0	0
Public Health and Welfare Services	0	0	0
Leisure Time Activities	0	0	446,692
Community Environment	135,765	0	0
Transportation	7,245	0	0
General Government	950,441	195,854	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>4,284,809</b>	<b>195,854</b>	<b>446,692</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,353,871)	3,460,455	(40,017)
<b>Other Financing Sources (Uses):</b>			
Transfers In	2,979,701	0	0
Transfers Out	(936,971)	(3,505,531)	0
<b>Total Other Financing Sources (Uses)</b>	<b>2,042,730</b>	<b>(3,505,531)</b>	<b>0</b>
Net Change in Fund Balance	(311,141)	(45,076)	(40,017)
<b>Fund Balance (Deficit) at Beginning of Year</b>	<b>664,676</b>	<b>531,270</b>	<b>274,099</b>
Increase in Inventory Reserve	17,673	0	0
<b>Fund Balance (Deficit) End of Year</b>	<b>\$ 371,208</b>	<b>\$ 486,194</b>	<b>\$ 234,082</b>

See accompanying notes to the basic financial statements

**CITY OF SALEM, OHIO**

---

<u>Tax Increment Financing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 63,822	\$ 137,757	\$ 4,871,477
0	986,460	1,540,725
0	45,213	127,278
0	10,361	142,963
0	1,093	510,094
0	18,245	20,368
0	826	23,488
0	17,201	38,507
<u>63,822</u>	<u>1,217,156</u>	<u>7,274,900</u>
0	372,629	3,563,987
0	74,642	74,642
0	20,818	467,510
0	275,999	411,764
0	804,054	811,299
396	0	1,146,691
0	479,600	479,600
35,000	144,785	179,785
<u>69,033</u>	<u>107,748</u>	<u>176,781</u>
<u>104,429</u>	<u>2,280,275</u>	<u>7,312,059</u>
(40,607)	(1,063,119)	(37,159)
0	938,271	3,917,972
<u>0</u>	<u>(883)</u>	<u>(4,443,385)</u>
<u>0</u>	<u>937,388</u>	<u>(525,413)</u>
(40,607)	(125,731)	(562,572)
(600,350)	994,511	1,864,206
0	32,829	50,502
<u>\$ (640,957)</u>	<u>\$ 901,609</u>	<u>\$ 1,352,136</u>

**CITY OF SALEM, OHIO**

---

***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For the Year Ended December 31, 2009***

---

**Net Change in Fund Balances - Total Governmental Funds** \$ (562,572)

***Amounts reported for governmental activities in the statement of activities are different because***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Capital Outlay	169,453	
Depreciation Expense	<u>(909,892)</u>	(740,439)

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net assets.

Governmental Funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (232,037)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. This is the amount of contributed capital assets received during the year. 521,782

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (278,725)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, the payment of debt principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Governmental Activities.

General Obligation Bond Principal Payment	125,000	
Bond Premium Amortization	8,479	
Special Assessment Bond Principal Payment	20,000	
OPWC Loan Principal Payment	<u>34,785</u>	188,264

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 480

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	21,774	
Change in Inventory	<u>50,502</u>	<u>72,276</u>

***Change in Net Assets of Governmental Activities*** \$ (1,030,971)

See accompanying notes to the basic financial statements

**CITY OF SALEM, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 624,714	\$ 655,595	\$ 657,975	\$ 2,380
Intergovernmental Revenue	419,162	439,883	478,890	39,007
Charges for Services	65,178	68,400	69,846	1,446
Licenses and Permits	124,353	130,500	133,172	2,672
Investment Earnings	646,866	678,843	532,872	(145,971)
Special Assessments	1,906	2,000	2,123	123
Fines and Forfeitures	17,152	18,000	23,457	5,457
All Other Revenues	3,882	4,074	19,332	15,258
Total Revenues	<u>1,903,213</u>	<u>1,997,295</u>	<u>1,917,667</u>	<u>(79,628)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	3,396,603	3,322,012	3,218,404	103,608
Community Environment	154,909	151,507	140,816	10,691
Transportation	14,627	14,306	10,106	4,200
General Government	1,030,831	1,008,193	968,852	39,341
Total Expenditures	<u>4,596,970</u>	<u>4,496,018</u>	<u>4,338,178</u>	<u>157,840</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,693,757)	(2,498,723)	(2,420,511)	78,212
<b>Other Financing Sources (Uses):</b>				
Transfers In	3,018,180	3,018,180	3,018,179	(1)
Transfers Out	(1,053,590)	(1,053,590)	(975,449)	78,141
Advances Out	(12,800)	(12,800)	(3,197)	9,603
Total Other Financing Sources (Uses):	<u>1,951,790</u>	<u>1,951,790</u>	<u>2,039,533</u>	<u>87,743</u>
Net Change in Fund Balance	(741,967)	(546,933)	(380,978)	165,955
Fund Balance at Beginning of Year	572,608	572,608	572,608	0
Prior Year Encumbrances	57,073	57,073	57,073	0
Fund Balance at End of Year	<u>\$ (112,286)</u>	<u>\$ 82,748</u>	<u>\$ 248,703</u>	<u>\$ 165,955</u>

See accompanying notes to the basic financial statements

**CITY OF SALEM, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – Municipal Income Tax Fund  
For the Year Ended December 31, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 3,900,000	\$ 3,700,000	\$ 3,698,027	\$ (1,973)
Total Revenues	<u>3,900,000</u>	<u>3,700,000</u>	<u>3,698,027</u>	<u>(1,973)</u>
<b>Expenditures:</b>				
General Government	<u>362,097</u>	<u>200,039</u>	<u>196,278</u>	<u>3,761</u>
Total Expenditures	<u>362,097</u>	<u>200,039</u>	<u>196,278</u>	<u>3,761</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,537,903	3,499,961	3,501,749	1,788
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(3,490,029)</u>	<u>(3,490,029)</u>	<u>(3,505,531)</u>	<u>(15,502)</u>
Total Other Financing Sources (Uses)	<u>(3,490,029)</u>	<u>(3,490,029)</u>	<u>(3,505,531)</u>	<u>(15,502)</u>
Net Change in Fund Balance	47,874	9,932	(3,782)	(13,714)
Fund Balance at Beginning of Year	(6,482)	(6,482)	(6,482)	0
Prior Year Encumbrances	<u>6,482</u>	<u>6,482</u>	<u>6,482</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 47,874</u>	<u>\$ 9,932</u>	<u>\$ (3,782)</u>	<u>\$ (13,714)</u>

See accompanying notes to the basic financial statements

**CITY OF SALEM, OHIO**

---

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – Parks Fund  
For the Year Ended December 31, 2009**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 398,435	\$ 358,098	\$ 355,614	\$ (2,484)
Intergovernmental Revenues	41,168	37,000	38,322	1,322
Charges for Services	12,795	11,500	12,219	719
All Other Revenues	0	0	520	520
Total Revenues	<u>452,398</u>	<u>406,598</u>	<u>406,675</u>	<u>77</u>
<b>Expenditures:</b>				
Leisure Time Activities	<u>603,827</u>	<u>603,827</u>	<u>493,084</u>	<u>110,743</u>
Total Expenditures	<u>603,827</u>	<u>603,827</u>	<u>493,084</u>	<u>110,743</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(151,429)	(197,229)	(86,409)	110,820
Fund Balance at Beginning of Year	253,646	253,646	253,646	0
Prior Year Encumbrances	28,121	28,121	28,121	0
Fund Balance at End of Year	<u>\$ 130,338</u>	<u>\$ 84,538</u>	<u>\$ 195,358</u>	<u>\$ 110,820</u>

See accompanying notes to the basic financial statements

**CITY OF SALEM, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2009**

	Business-Type Activities		
	Enterprise Funds		
	Water	Wastewater	Total
<b>Assets:</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 1,862,370	\$ 2,638,627	\$ 4,500,997
Investments	2,000,000	9,713,120	11,713,120
Receivables:			
Accounts	215,541	280,080	495,621
Special Assessments	0	313,073	313,073
Inventory of Supplies at Cost	127,689	93,151	220,840
Prepaid Items	17,021	17,022	34,043
<b>Total Current Assets</b>	<b>4,222,621</b>	<b>13,055,073</b>	<b>17,277,694</b>
<i>Noncurrent Assets:</i>			
Non-Depreciable Capital Assets	522,634	436,145	958,779
Depreciable Capital Assets, Net	9,074,499	8,391,292	17,465,791
<b>Total Noncurrent Assets</b>	<b>9,597,133</b>	<b>8,827,437</b>	<b>18,424,570</b>
<b>Total Assets</b>	<b>13,819,754</b>	<b>21,882,510</b>	<b>35,702,264</b>
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	44,264	35,984	80,248
Accrued Wages and Benefits	45,836	42,471	88,307
Compensated Absences Payable - Current	1,996	1,527	3,523
OPWC Loans Payable - Current	10,250	0	10,250
<b>Total Current Liabilities</b>	<b>102,346</b>	<b>79,982</b>	<b>182,328</b>
<i>Noncurrent Liabilities:</i>			
OPWC Loans Payable	807,800	0	807,800
Compensated Absences Payable	45,946	61,858	107,804
<b>Total Noncurrent Liabilities</b>	<b>853,746</b>	<b>61,858</b>	<b>915,604</b>
<b>Total Liabilities</b>	<b>956,092</b>	<b>141,840</b>	<b>1,097,932</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	8,779,083	8,827,437	17,606,520
Unrestricted	4,084,579	12,913,233	16,997,812
<b>Total Net Assets</b>	<b>\$ 12,863,662</b>	<b>\$ 21,740,670</b>	<b>\$ 34,604,332</b>

See accompanying notes to the basic financial statements

**CITY OF SALEM, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2009**

	Business-Type Activities		
	Enterprise Funds		
	Water	Wastewater	Total
<b>Operating Revenues:</b>			
Charges for Services	\$ 1,523,007	\$ 2,563,467	\$ 4,086,474
Other Operating Revenue	46,159	186,951	233,110
<b>Total Operating Revenues</b>	<b>1,569,166</b>	<b>2,750,418</b>	<b>4,319,584</b>
<b>Operating Expenses:</b>			
Personal Services	771,538	843,134	1,614,672
Contractual Services	248,766	817,057	1,065,823
Materials and Supplies	281,878	253,205	535,083
Depreciation	380,919	377,399	758,318
<b>Total Operating Expenses</b>	<b>1,683,101</b>	<b>2,290,795</b>	<b>3,973,896</b>
Operating Income (Loss)	(113,935)	459,623	345,688
<b>Nonoperating Revenue (Expenses):</b>			
Investment Earnings	7	5,140	5,147
Loss on Disposal of Capital Assets	0	(435)	(435)
Other Nonoperating Expense	(3,274)	(307)	(3,581)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(3,267)</b>	<b>4,398</b>	<b>1,131</b>
Income (Loss) Before Transfers	(117,202)	464,021	346,819
<b>Transfers:</b>			
Transfers In	114,282	411,131	525,413
<b>Total Transfers</b>	<b>114,282</b>	<b>411,131</b>	<b>525,413</b>
Change in Net Assets	(2,920)	875,152	872,232
Net Assets Beginning of Year	12,866,582	20,865,518	33,732,100
Net Assets End of Year	<b>\$ 12,863,662</b>	<b>\$ 21,740,670</b>	<b>\$ 34,604,332</b>

See accompanying notes to the basic financial statements

**CITY OF SALEM, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2009**

	Water	Wastewater	Totals
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$2,033,825	\$2,684,753	\$4,718,578
Cash Payments for Goods and Services	(540,500)	(1,060,474)	(1,600,974)
Cash Payments to Employees	(785,088)	(858,206)	(1,643,294)
Net Cash Provided by Operating Activities	<u>708,237</u>	<u>766,073</u>	<u>1,474,310</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	114,282	411,131	525,413
Net Cash Provided by Noncapital Financing Activities	<u>114,282</u>	<u>411,131</u>	<u>525,413</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(1,578,720)	(178,938)	(1,757,658)
Ohio Public Works Commission Loan Proceeds	602,800	0	602,800
Principal Paid on Ohio Public Works Commission Loan	(20,500)	0	(20,500)
Net Cash Used for Capital and Related Financing Activities	<u>(996,420)</u>	<u>(178,938)</u>	<u>(1,175,358)</u>
<u>Cash Flows from Investing Activities:</u>			
Sale of Investments	779,000	846,753	1,625,753
Receipt of Interest	7	19,047	19,054
Net Cash Provided by Investing Activities	<u>779,007</u>	<u>865,800</u>	<u>1,644,807</u>
Net Increase in Cash and Cash Equivalents	605,106	1,864,066	2,469,172
Cash and Cash Equivalents at Beginning of Year	1,257,264	774,561	2,031,825
Cash and Cash Equivalents at End of Year	<u>\$1,862,370</u>	<u>\$2,638,627</u>	<u>\$4,500,997</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>			
Operating Income (Loss)	(\$113,935)	\$459,623	\$345,688
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	380,919	377,399	758,318
Miscellaneous Nonoperating Expense	(3,274)	(307)	(3,581)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(1,983)	(79,511)	(81,494)
Decrease in Intergovernmental Receivable	466,642	0	466,642
Increase in Inventory	(27,254)	(4,907)	(32,161)
Increase in Prepaid Items	(1,646)	(1,645)	(3,291)
Decrease in Special Assessments Receivable	0	13,846	13,846
Increase in Accounts Payable	22,318	16,647	38,965
Increase in Accrued Wages and Benefits	4,552	3,019	7,571
Decrease in Compensated Absences	(18,102)	(18,091)	(36,193)
Total Adjustments	<u>822,172</u>	<u>306,450</u>	<u>1,128,622</u>
Net Cash Provided by Operating Activities	<u>\$708,237</u>	<u>\$766,073</u>	<u>\$1,474,310</u>

See accompanying notes to the basic financial statements

**CITY OF SALEM, OHIO**

---

***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2009***

---

	Total Agency Funds
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 18,595
<b>Total Assets</b>	<u>18,595</u>
<b>Liabilities:</b>	
Due to Others	18,595
<b>Total Liabilities</b>	<u>\$ 18,595</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Salem, Ohio (the "City") was incorporated in 1887 and is a statutory municipal corporation under the laws of the State of Ohio. The City operates under a Council-Mayor form of government.

The financial statements are presented as of December 31, 2009 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

The accompanying basic financial statements comply with provisions of the GASB Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance, health and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system which are reported as enterprise funds.

**B. Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

***Governmental Funds***

Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting** (Continued)

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Municipal Income Tax Fund – To account for the collection of the municipal income tax as required by City Ordinance.

Parks Fund – To account for property taxes levied in support of the operation and maintenance of City parks.

Tax Increment Financing Fund – To account for City improvement projects financed by implementing tax increment financing.

***Proprietary Funds***

The proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Water Fund – This fund is used to account for the operation of the City's water service.

Wastewater Fund – This fund is used to account for the operation of the City's sanitary sewer service.

***Fiduciary Funds***

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City's only fiduciary funds are its agency funds, and are used to account for deposits from individuals who intend to excavate City streets and from developers involved in subdivision construction. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements**

**Government-wide Financial Statements** – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Revenue considered susceptible to accrual at year end includes income taxes, interest on investments and state levied locally shared taxes (including motor vehicle license fees, gasoline tax, and local government assistance). Other revenue, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2009 but which are not intended to finance 2009 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 4.

The accrual basis of accounting is utilized for reporting purposes by the government-wide statements, proprietary funds and agency funds. Revenues are recognized when they are earned and expenses recognized when incurred.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting (Continued)**

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

**E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the major object level for each department within each fund without the approval of City Council. Administrative control is maintained through the establishment of more detailed line item budgets. The primary level of budgetary control is at the object level within each department. Budgetary modifications above the major object level by department, by fund, may only be made by ordinance of the City Council.

**1. Tax Budget**

The Mayor submits an annual tax budget for the following fiscal year to City Council by July 15 for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

**2. Estimated Resources**

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

2. Estimated Resources (Continued)

amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2009.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. During 2009, several supplemental appropriations were necessary to budget for unanticipated expenditures. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council.

The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual for the General Fund and Major Special Revenue Funds" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**5. Budgetary Basis of Accounting**

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General and major Special Revenue funds:

	Net Change in Fund Balance		
	General Fund	Municipal Income Tax Fund	Parks Fund
GAAP Basis (as reported)	(\$311,141)	(\$45,076)	(\$40,017)
Increase (Decrease):			
Accrued Revenues at December 31, 2009 received during 2010	(152,052)	(490,504)	0
Accrued Revenues at December 31, 2008 received during 2009	135,430	532,222	0
Accrued Expenditures at December 31, 2009 paid during 2010	205,688	4,820	16,305
Accrued Expenditures at December 31, 2008 paid during 2009	(200,535)	(1,438)	(10,529)
2008 Prepays for 2009	44,710	486	2,861
2009 Prepays for 2010	(46,271)	(510)	0
Outstanding Encumbrances	(56,807)	(3,782)	(55,029)
Budget Basis	<u>(\$380,978)</u>	<u>(\$3,782)</u>	<u>(\$86,409)</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits and repurchase agreements. Repurchase agreements are considered investments for purposes of GASB Statement No. 3, but are reported as cash equivalents in the basic financial statements because they are highly liquid instruments which are readily convertible to cash.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash, including the investment instruments described above, represents the balance on hand as if each fund maintains its own cash and investments account. For purposes of the statement of cash flows, the proprietary funds share of equity in pooled repurchase agreements is considered to be a cash equivalent. See Note 3, "Cash, Cash Equivalents, and Investments."

**G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices.

**H. Inventory**

On the government-wide financial statements and in the proprietary funds, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**J. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000.

**1. Property, Plant and Equipment - Governmental Activities**

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

**2. Property, Plant and Equipment – Business Type Activities**

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Capital Assets and Depreciation (Continued)**

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	20 - 50
Improvements other than Buildings	50 - 67
Machinery and Equipment	3 - 20
Infrastructure	50 - 100

**K. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Obligation Debt Retirement Fund
Special Assessment Bond	Special Assessment Debt Retirement Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Municipal Income Tax Fund Parks Fund Water Fund Wastewater Fund
OPWC Loan	General Obligation Debt Retirement Fund, Water Fund

**L. Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Compensated Absences (Continued)**

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments. Employees of the City earn vacation and sick leave at various rates within limits specified under collective bargaining agreements or under statute. At termination or retirement, employees are paid at their full rate for 100% of their unused vacation leave and 25% or 50% of unused sick leave up to specified limits depending upon the bargaining agreement.

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. For governmental funds, the portion of unpaid compensated absences expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the Government-wide Statements under Long-term Liabilities.

Compensated absences are expensed in the Water and Wastewater Funds when earned, and the related liability is reported within the fund.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Pensions**

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

**O. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund services provided and used are not eliminated through the process of consolidation.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

**P. Reservations of Fund Balance**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies, prepaid items, debt service and encumbrances (excluding encumbered amounts reflected as payables).

**Q. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution and wastewater collection and treatment. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. The City had no extraordinary or special items to report during fiscal year 2009.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**

The fund deficits at December 31, 2009 of \$15,760 in the Police Pension Fund, \$13,290 in the Fire Pension Fund and \$2,935 in the Health Department Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The General Fund provides transfers when cash is required, not when accruals occur. The fund deficit of \$640,957 in the Tax Increment Financing Fund (capital projects fund) is the result of recording notes payable amounts in the individual fund balance sheet.

**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. Statutes require the classification of funds held by the City into three categories.

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City's deposits was \$11,794,308 and the bank balance was \$11,822,604. Federal depository insurance covered \$1,000,000 of the bank balance and \$10,822,604 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$10,822,604</u>
Total Balance	<u><u>\$10,822,604</u></u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**B. Investments**

The City's investments at December 31, 2009 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>less than 1</u>	<u>1-3</u>
Repurchase Agreement	\$3,809,006	N/A	\$3,809,006	\$0
FHLB	2,013,120	AAA <sup>1,2</sup>	0	2,013,120
Total Investments	<u>\$5,822,126</u>		<u>\$3,809,006</u>	<u>\$2,013,120</u>

<sup>1</sup> Standard & Poor's

*Interest Rate Risk* – City ordinance generally limits security purchases to those that mature within three years of the settlement date.

*Investment Credit Risk* – The City has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

*Custodial Credit Risk* – Of the City's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the City. In addition to the requirements of the Ohio Revised Code for custodial credit risk, the City's policy on custodial credit risk dictates that purchased securities shall be held by a third party custodian, designated by the City Treasurer, and the holding and safekeeping of those securities shall be evidenced by safekeeping receipts.

**C. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Investments with an original maturity of three months or less are treated as cash and cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note is based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$5,903,314	\$11,713,120
Certificates of Deposit (with maturities of more than 3 months)	9,700,000	(9,700,000)
Investments:		
Repurchase Agreements	<u>(3,809,006)</u>	<u>3,809,006</u>
Per GASB Statement No. 3	<u>\$11,794,308</u>	<u>\$5,822,126</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 4 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2009 were levied after October 1, 2008 on assessed values as of January 1, 2008, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2004. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. In prior years, tangible personal property used in business (except for public utilities) was assessed for ad valorem taxation purposes at 25 percent of its true value. As part of a phase out of the personal property tax, the assessment percentage for personal property was reduced to zero in 2009. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Salem. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2009 was \$5.40 per \$1,000 of assessed value. The assessed value upon which the 2009 tax receipts were based was \$201,811,680. This amount constitutes \$197,758,380 in real property assessed value and \$4,053,300 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .54% (5.4 mills) of assessed value.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

---

**NOTE 4 - TAXES (Continued)**

**B. Income Tax**

The City levies a tax of 1% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

All income tax proceeds are received by the Municipal Income Tax Fund and Income Tax Capital Improvement Fund.

**NOTE 5 - RECEIVABLES**

Receivables at December 31, 2009 consisted of taxes, accounts, interest, special assessments and intergovernmental receivables arising from shared revenues.

**NOTE 6 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2009:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$2,979,701	\$936,971
Municipal Income Tax Fund	0	3,505,531
Other Governmental Funds	938,271	883
Total Governmental Funds	3,917,972	4,443,385
Water Fund	114,282	0
Wastewater Fund	411,131	0
Total Proprietary Funds	525,413	0
Totals	<u>\$4,443,385</u>	<u>\$4,443,385</u>

Transfers out of the General Fund were used to move interest earnings to the Water and Wastewater funds as well as cover negative cash balances in several governmental funds. The Municipal Income tax fund transferred income tax receipts to the General Fund as well as other governmental funds.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

The following is a summary of interfund loans receivable and payable for all funds for 2009:

Fund	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$3,197	\$0
Other Governmental Funds	162	3,359
Totals	<u>\$3,359</u>	<u>\$3,359</u>

These Interfund Loans are short-term loans to cover a temporary cash deficit.

**NOTE 8 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2009:

**Historical Cost:**

Class	December 31, 2008	Additions	Deletions	December 31, 2009
<b>Capital assets not being depreciated:</b>				
Land	\$4,586,123	\$0	\$0	\$4,586,123
Construction in Progress	409,568	0	0	409,568
Subtotal	<u>4,995,691</u>	<u>0</u>	<u>0</u>	<u>4,995,691</u>
<b>Capital assets being depreciated:</b>				
Buildings	2,274,772	0	0	2,274,772
Improvements Other Than Buildings	711,242	0	0	711,242
Machinery and Equipment	2,947,554	9,453	(6,444)	2,950,563
Infrastructure	21,549,580	681,782	(483,410)	21,747,952
Subtotal	<u>27,483,148</u>	<u>691,235</u>	<u>(489,854)</u>	<u>27,684,529</u>
Total Cost	<u>\$32,478,839</u>	<u>\$691,235</u>	<u>(\$489,854)</u>	<u>\$32,680,220</u>

**Accumulated Depreciation:**

Class	December 31, 2008	Additions	Deletions	December 31, 2009
Buildings	(\$1,092,082)	(\$55,000)	\$0	(\$1,147,082)
Improvements Other Than Buildings	(511,362)	(25,699)	0	(537,061)
Machinery and Equipment	(1,892,840)	(188,018)	6,444	(2,074,414)
Infrastructure	(10,439,472)	(641,175)	251,373	(10,829,274)
Total Depreciation	<u>(\$13,935,756)</u>	<u>(\$909,892) *</u>	<u>\$257,817</u>	<u>(\$14,587,831)</u>
<b>Net Value:</b>	<u>\$18,543,083</u>			<u>\$18,092,389</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 8 - CAPITAL ASSETS (Continued)**

**A. Governmental Activities Capital Assets (Continued)**

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$149,409
Public Health and Welfare Services	4,720
Leisure Time Activities	45,717
Community Environment	1,102
Transportation	694,152
General Government	14,792
Total Depreciation Expense	<u>\$909,892</u>

**B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2009:

**Historical Cost:**

Class	December 31, 2008	Additions	Deletions	December 31, 2009
<b>Capital assets not being depreciated:</b>				
Land	\$564,419	\$0	\$0	\$564,419
Construction in Progress	528,450	0	(134,090)	394,360
Subtotal	1,092,869	0	(134,090)	958,779
<b>Capital assets being depreciated:</b>				
Buildings	19,100,334	1,644,277	(4,225)	20,740,386
Improvements Other Than Buildings	102,073	0	0	102,073
Machinery and Equipment	7,901,083	20,679	(78,900)	7,842,862
Infrastructure	9,682,946	0	0	9,682,946
Subtotal	36,786,436	1,664,956	(83,125)	38,368,267
Total Cost	<u>\$37,879,305</u>	<u>\$1,664,956</u>	<u>(\$217,215)</u>	<u>\$39,327,046</u>

**Accumulated Depreciation:**

Class	December 31, 2008	Additions	Deletions	December 31, 2009
Buildings	(\$9,864,112)	(\$433,030)	\$3,328	(\$10,293,814)
Improvements Other Than Buildings	(90,815)	(1,078)	0	(91,893)
Machinery and Equipment	(7,160,278)	(72,072)	79,823	(7,152,527)
Infrastructure	(3,112,105)	(252,137)	0	(3,364,242)
Total Depreciation	<u>(\$20,227,310)</u>	<u>(\$758,317)</u>	<u>\$83,151</u>	<u>(\$20,902,476)</u>
<b>Net Value:</b>	<u>\$17,651,995</u>			<u>\$18,424,570</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 9 – DEFINED BENEFIT PENSION PLANS**

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

**A. Ohio Public Employees Retirement System (“OPERS”)**

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2009, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2009 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2009, from January 1 through March 31, 2009 7.0% of annual covered salary was the portion used to fund pension obligations, and from April 1 through December 31, 2009 8.5% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's required contributions for pension obligations to OPERS for the years ending December 31, 2009, 2008, and 2007 were \$198,997, \$164,063 and \$195,392, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2009 were \$5,004 made by the City and \$3,574 made by the plan members.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2009, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2009, 2008, and 2007 were \$126,714, \$126,989 and \$127,331 for police and \$118,679, \$122,531 and \$127,553 for firefighters, respectively, which were equal to the required contributions for each year.

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System (“OPERS”)**

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

**A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. For 2009, the employer contribution allocated to the health care plan was 7.0% of covered payroll from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2009, 2008, and 2007 were \$144,706, \$164,063 and \$129,030, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2009, 2008, and 2007 were \$67,084, \$67,230 and \$67,411 for police and \$46,440, \$47,947 and \$49,912 for firefighters, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 11 - NOTES PAYABLE**

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of twenty years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources.

Following are the notes outstanding in the Capital Projects Funds at December 31, 2009:

	Balance January 1, 2009	Issued	(Retired)	Balance December 31, 2009
Capital Projects Fund Notes Payable:				
3.250% Street Improvement	\$710,000	\$0	(\$710,000)	\$0
3.000% Street Improvement	0	683,500	0	683,500
Total Notes Payable	<u>\$710,000</u>	<u>\$683,500</u>	<u>(\$710,000)</u>	<u>\$683,500</u>

This space intentionally left blank.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 12 - LONG-TERM DEBT OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2009 were as follows:

			Balance December 31, 2008	Additions	Deductions	Balance December 31, 2009	Amount Due Within One Year
<b>Governmental Activities:</b>							
General Obligation Bonds:							
3.1-4.15%	Various Purpose	2025	\$2,130,000	\$0	(\$90,000)	\$2,040,000	\$90,000
	Premium		85,179	0	(5,011)	80,168	0
4.0-5.12%	Street Improvement - TIF	2017	960,000	0	(35,000)	925,000	50,000
	Premium		31,212	0	(3,468)	27,744	0
Total General Obligation Bonds:			3,206,391	0	(133,479)	3,072,912	140,000
Special Assessment Bond: (with governmental commitment)							
6.10%	Street Improvement	2011	60,000	0	(20,000)	40,000	20,000
Ohio Public Works Commission Loans							
0.00%	South East						
	Boulevard Improvement	2018	157,102	0	(17,456)	139,646	8,728
0.00%	Cunningham Road and						
	Bentley Drive Improvement	2021	207,949	0	(17,329)	190,620	8,665
Total Ohio Public Works Commission Loans			365,051	0	(34,785)	330,266	17,393
Compensated Absences Payable			328,229	306,455	(328,229)	306,455	112,215
Total Governmental Activities			3,959,671	306,455	(516,493)	3,749,633	289,608
<b>Business-Type Activities:</b>							
Ohio Public Works Commission Loans							
0.00%	Stewart Road Water Tank	2020	235,750	0	(20,500)	215,250	10,250
0.00%	Roosevelt Ave Water Tank	2030	0	602,800	0	602,800	0
Total Ohio Public Works Commission Loans			235,750	602,800	(20,500)	818,050	10,250
Compensated Absences			147,520	111,327	(147,520)	111,327	3,523
Total Business-Type Activities			383,270	714,127	(168,020)	929,377	13,773
Totals			\$4,342,941	\$1,020,582	(\$684,513)	\$4,679,010	\$303,381

In 2007 the City issued \$985,000 of General Obligation Bonds. These bonds are tax increment financing bonds and are being used to finance street improvements in the area north and south of East Main Street.

The principal amount of the City's special assessment debt outstanding at December 31, 2009, of \$40,000 is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 12 - LONG-TERM DEBT OBLIGATIONS (Continued)**

**A. Defeased Debt**

In May 1992 the City defeased \$5,895,000 of Sewer System Mortgage Revenue Bonds dated January 1, 1987. Sewer System Mortgage Revenue Bonds dated May 1, 1992 were issued in the amount of \$7,000,000. At the time of defeasance, funds were deposited with the City's trustee, Society Investment Management and Trust Services. The principal and interest in these reserve accounts are used solely to pay the principal and interest requirements on the original issue bonds as they come due. At December 31, 2009, the refunded bonds had an outstanding balance of \$1,195,000. As the money on deposit with the trustee is adequate to service the defeased debt, the City is not required to service any portion of this debt directly. Therefore, this debt is not included in the Entity Wide Statement of Net Assets or in the Proprietary Fund Statement of Net Assets at December 31, 2009. Similarly, as no obligation is recorded, neither are the funds held on deposit with the trustee that will be used to service the obligation.

**B. Principal and Interest Requirements**

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2009 follows:

Years	Governmental Activities						Business-Type Activities	
	General Obligation Bonds		OPWC Loans		Special Assessment Bond		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$140,000	\$136,982	\$17,393	\$0	\$20,000	\$2,440	\$10,250	\$0
2011	155,000	131,606	52,178	0	20,000	1,220	50,640	0
2012	200,000	125,644	34,785	0	0	0	50,640	0
2013	215,000	117,644	34,785	0	0	0	50,640	0
2014	230,000	107,806	34,785	0	0	0	50,640	0
2015-2019	1,080,000	362,700	139,012	0	0	0	253,200	0
2020-2024	770,000	154,852	17,328	0	0	0	171,200	0
2025-2030	175,000	8,312	0	0	0	0	180,840	0
Totals	<u>\$2,965,000</u>	<u>\$1,145,546</u>	<u>\$330,266</u>	<u>\$0</u>	<u>\$40,000</u>	<u>\$3,660</u>	<u>\$818,050</u>	<u>\$0</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 13 - CONDUIT DEBT OBLIGATIONS**

The City has issued Revenue Bonds to provide financial assistance to the City's hospital facilities. The monies are used primarily for upgrades to these facilities. In addition, the City has issued bonds to provide the necessary funds for the construction of a community recreation center. The City has no obligation for the repayment of this debt. The bonds are not bonded indebtedness of the City and are therefore not reported on the City's balance sheet. At December 31, 2009, the outstanding bonds have a principal amount payable of \$14,255,000.

**NOTE 14 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of Salem is a participant in the Ohio Municipal League Joint Self-Insurance Pool (the "Pool"). The Pool was established in 1987 and is administered under contract by the Ohio Municipal League to provide a program of property and casualty insurance for its member organizations throughout the State of Ohio.

The Pool's general objectives are to formulate, develop and administer a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program on behalf of the member political subdivisions. Political subdivisions joining the Pool may withdraw at the end of any coverage period upon 60 days prior written notice to the Pool. Under agreement, members who terminate participation in the Pool, as well as current members, are subject to a supplemental assessment or a refund, at the discretion of the Board of Trustees, depending on the ultimate loss experience of all the entities it insures for each coverage year. To date there have been no assessments or refunds due to the limited period of time that the Pool has been in existence and the nature of the coverage that is afforded to the participants. The City contributed \$128,374 to the Pool in 2009.

The City of Salem obtained insurance coverage from the Pool for losses relating to general liability, automobile liability, law enforcement liability, firefighters liability, public officials liability, and property, automobile, computer and contractors' equipment coverage.

Each participant makes an annual "contribution" to the Pool for the coverage they are provided based on rates established by the Pool using anticipated and actual results of operation for the various coverages provided. Participants are also charged a "surplus contribution" used to build the Pools net assets account to fund the activities of the Pool.

In the ordinary course of business, the Pool cedes a portion of its exposure to other insurers. These arrangements limit the Pool's maximum net loss on individual risks. Treaty basis casualty excess of loss contracts in force at December 31, 2009 generally protects the Pool against individual losses over \$150,000. Additionally, treaty basis property coverage protects the Pool against losses subject to a deductible of the lesser of \$100,000 per location or \$100,000 per occurrence. The Pool is, and the participants are, contingently liable should any reinsurer become unable to meet its obligations under the reinsurance agreements.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

---

**NOTE 14 - RISK MANAGEMENT (Continued)**

During 2009, the City carried commercial insurance coverage for all other risks as follows:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Cincinnati Insurance Co.	Auditor Bond	\$0
Cincinnati Insurance Co.	Deputy Auditor	0
Cincinnati Insurance Co.	Mayor Bond	0
Cincinnati Insurance Co.	Treasurer	0
Cincinnati Insurance Co.	Income Tax Administrator	0
Cincinnati Insurance Co.	Income Tax Clerk	0
OML – Dawson	General Liability	1,000
OML – Dawson	Law Enforcement Liability	5,000
OML – Dawson	Auto Liability	0
OML – Dawson	Auto Physical Damage	0
OML – Dawson	Public Officials	5,000

Workers' compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs. The City also pays unemployment claims to the State of Ohio as incurred.

The City continues to carry commercial insurance for other risks of loss, including employee health and life insurance. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from the above noted risks have not exceeded commercial insurance coverages during the past three years.

**NOTE 15 - CONTINGENCIES**

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect on the financial condition of the City.

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

---

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE  
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, AND  
FIDUCIARY FUNDS.*

***Nonmajor Governmental Funds***

---

***Special Revenue Funds***

---

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

**Police Pension Fund**

To account for taxes levied toward partial payment of the current liability for police disability and pension.

**Fire Pension Fund**

To account for taxes levied toward partial payment of the current liability for fire disability and pension.

**Law Enforcement Fund**

To account for mandatory fines collected for drug related offenses and for funds received by the police department for contraband.

**D.A.R.E Fund**

To account for contributions made in support of the D.A.R.E. program.

**Enforcement and Education Fund**

To account for the fines levied by the courts and used to educate and treat persons with alcohol related problems and to enhance law enforcement activities as a deterrent to the operation of motor vehicles while under the influence of alcohol.

**Drug Enforcement Agency Equitable Share Fund**

To account for the City's share of forfeited property obtained by the Federal Government.

**Street Construction, Maintenance and Repair Fund**

To account for state-levied and controlled gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

**State Highway Fund**

To account for the portion of the state gasoline tax and motor vehicle registration fees designated for street maintenance and repair of state highways within the City.

**Municipal Permissive License Tax Fund**

To account for City-levied motor vehicle registration fees designated for street construction, maintenance and repair.

(Continued)

***Special Revenue Funds***

---

**Municipal Lodging Tax Fund**

To account for the collection of Hotel/Motel Excise Tax, otherwise known as Lodge Tax.

**Lakes and Grounds Fund**

To account for revenues derived from certain licenses and permits that are restricted in use for the operation and maintenance of City Lake.

**Health Department Fund**

To account for revenues and expenditures associated with the City's health department.

**Youth Services Grant Fund**

To account for grant monies received from the County Juvenile Court.

**Community Development Block Grant Fund**

To account for federal grants administered through the State which are designated for community and environmental improvements.

**Rehabilitation Loan Fund**

To account for loans issued to home owners through the Community Housing Improvement Program (CHIP) Grant.

**Shade Tree Fund**

To account for the operation and activities of the Shade Tree Board. Revenue consists of money transferred in from the General Fund.

**Economic Development Loan Fund**

To account for money received from the Federal Government through the Community Development Block Grant Fund (CDBG) program to be used for "Start up" loans to businesses.

**Central Business District Fund**

To account for money received from the Federal Government through the CDBG program to provide matching funds to businesses for the improvement of the building facade.

**Design Review Board Fund**

To account for money received from the Federal Government through CDBG program for Historical properties as designated by the City.

**Law Enforcement Assistance Fund**

To account for State grant monies received to be used to reimburse costs for continued professional training programs for peace officers and troopers.

**Community Housing Improvement Fund**

To account for state grants restricted in use for a comprehensive program of housing related activities for low and moderate income households.

***Debt Service Funds***

---

The Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment levies when the government is obligated in some manner for the payment.

**General Obligation Debt Retirement Fund**

To account for the accumulation of resources for the payment of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

**Special Assessment Debt Retirement Fund**

To accumulate special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of assessment debt.

***Capital Projects Funds***

---

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

**Income Tax Capital Improvement Fund**

To account for income tax receipts which are restricted in use for the major capital projects undertaken by the City.

**Industrial Park Development Fund**

To account for proceeds from the sale of land located within the Industrial Park and restricted in use for the development of the Industrial Park.

**Industrial Park West Project Fund**

To account for note proceeds used for the development of the Industrial Park West.

**CITY OF SALEM, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 403,907	\$ 11,531	\$ 365,971	\$ 781,409
Receivables:				
Taxes	123,932	0	0	123,932
Intergovernmental	617,515	0	0	617,515
Special Assessments	0	27,229	0	27,229
Interfund Loans Receivable	162	0	0	162
Inventory of Supplies, at Cost	77,241	0	0	77,241
Prepaid Items	154	0	0	154
<b>Total Assets</b>	<b>\$ 1,222,911</b>	<b>\$ 38,760</b>	<b>\$ 365,971</b>	<b>\$ 1,627,642</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 4,774	\$ 0	\$ 0	\$ 4,774
Accrued Wages and Benefits Payable	57,926	0	0	57,926
Interfund Loans Payable	3,359	0	0	3,359
Deferred Revenue	632,745	27,229	0	659,974
<b>Total Liabilities</b>	<b>698,804</b>	<b>27,229</b>	<b>0</b>	<b>726,033</b>
<b>Fund Balance:</b>				
Reserved for Encumbrances	160,686	0	13,700	174,386
Reserved for Prepaid Items	154	0	0	154
Reserved for Supplies Inventory	77,241	0	0	77,241
Reserved for Debt Service	0	11,531	0	11,531
Undesignated/Unreserved	286,026	0	352,271	638,297
<b>Total Fund Balance</b>	<b>524,107</b>	<b>11,531</b>	<b>365,971</b>	<b>901,609</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,222,911</b>	<b>\$ 38,760</b>	<b>\$ 365,971</b>	<b>\$ 1,627,642</b>

**CITY OF SALEM, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2009***

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 132,063	\$ 0	\$ 5,694	\$ 137,757
Intergovernmental Revenues	986,460	0	0	986,460
Charges for Services	45,213	0	0	45,213
Licenses and Permits	10,361	0	0	10,361
Investment Earnings	1,093	0	0	1,093
Special Assessments	0	18,245	0	18,245
Fines and Forfeitures	826	0	0	826
All Other Revenue	16,451	0	750	17,201
<b>Total Revenue</b>	<b>1,192,467</b>	<b>18,245</b>	<b>6,444</b>	<b>1,217,156</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	372,629	0	0	372,629
Public Health and Welfare Services	74,642	0	0	74,642
Leisure Time Activities	20,818	0	0	20,818
Community Environment	275,999	0	0	275,999
Transportation	804,054	0	0	804,054
Capital Outlay	0	0	479,600	479,600
Debt Service:				
Principal Retirement	0	144,785	0	144,785
Interest and Fiscal Charges	0	107,748	0	107,748
<b>Total Expenditures</b>	<b>1,548,142</b>	<b>252,533</b>	<b>479,600</b>	<b>2,280,275</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(355,675)	(234,288)	(473,156)	(1,063,119)
<b>Other Financing Sources (Uses):</b>				
Transfers In	412,441	232,392	293,438	938,271
Transfers Out	(883)	0	0	(883)
<b>Total Other Financing Sources (Uses)</b>	<b>411,558</b>	<b>232,392</b>	<b>293,438</b>	<b>937,388</b>
Net Change in Fund Balance	55,883	(1,896)	(179,718)	(125,731)
<b>Fund Balance at Beginning of Year</b>	<b>435,395</b>	<b>13,427</b>	<b>545,689</b>	<b>994,511</b>
Increase in Inventory Reserve	32,829	0	0	32,829
<b>Fund Balance End of Year</b>	<b>\$ 524,107</b>	<b>\$ 11,531</b>	<b>\$ 365,971</b>	<b>\$ 901,609</b>

**CITY OF SALEM, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2009**

	Police Pension	Fire Pension	Law Enforcement	D.A.R.E.
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 4,730	\$ 45
Receivables:				
Taxes	61,966	61,966	0	0
Intergovernmental	3,329	3,329	0	0
Interfund Loans Receivable	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
<b>Total Assets</b>	<b>\$ 65,295</b>	<b>\$ 65,295</b>	<b>\$ 4,730</b>	<b>\$ 45</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	15,760	13,290	0	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	65,295	65,295	0	0
<b>Total Liabilities</b>	<b>81,055</b>	<b>78,585</b>	<b>0</b>	<b>0</b>
<b>Fund Balance:</b>				
Reserved for Encumbrances	0	0	0	0
Reserved for Prepaid Items	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Undesignated/Unreserved	(15,760)	(13,290)	4,730	45
<b>Total Fund Balance</b>	<b>(15,760)</b>	<b>(13,290)</b>	<b>4,730</b>	<b>45</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 65,295</b>	<b>\$ 65,295</b>	<b>\$ 4,730</b>	<b>\$ 45</b>

**CITY OF SALEM, OHIO**

Enforcement and Education	Drug Enforcement Agency Equitable Share	Street Construction, Maintenance and Repair	State Highway	Municipal Permissive License Tax	Municipal Lodging Tax	Lakes and Grounds
\$ 12,383	\$ 157,031	\$ 31,301	\$ 1,831	\$ 2,490	\$ 8,231	\$ 8,519
0	0	0	0	0	0	0
0	0	229,797	18,632	38,881	0	0
0	0	0	0	0	0	0
0	0	77,241	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 12,383</u>	<u>\$ 157,031</u>	<u>\$ 338,339</u>	<u>\$ 20,463</u>	<u>\$ 41,371</u>	<u>\$ 8,231</u>	<u>\$ 8,519</u>
\$ 0	\$ 172	\$ 1,443	\$ 0	\$ 0	\$ 0	\$ 11
0	0	26,958	0	0	0	0
0	0	0	0	0	0	0
0	0	153,198	12,421	25,921	0	0
0	172	181,599	12,421	25,921	0	11
0	411	7,870	0	233	2,900	499
0	0	0	0	0	0	0
0	0	77,241	0	0	0	0
12,383	156,448	71,629	8,042	15,217	5,331	8,009
12,383	156,859	156,740	8,042	15,450	8,231	8,508
<u>\$ 12,383</u>	<u>\$ 157,031</u>	<u>\$ 338,339</u>	<u>\$ 20,463</u>	<u>\$ 41,371</u>	<u>\$ 8,231</u>	<u>\$ 8,519</u>

(Continued)

**CITY OF SALEM, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

	Health Department	Youth Services Grant	Community Development Block Grant	Rehabilitation Loan
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 5,174	\$ 20,115	\$ 40,644	\$ 35,854
Receivables:				
Taxes	0	0	0	0
Intergovernmental	0	0	56,000	0
Interfund Loans Receivable	0	0	0	162
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	154	0	0	0
<b>Total Assets</b>	<b>\$ 5,328</b>	<b>\$ 20,115</b>	<b>\$ 96,644</b>	<b>\$ 36,016</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 3,148	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	1,918	0	0	0
Interfund Loans Payable	3,197	0	162	0
Deferred Revenue	0	0	56,000	0
<b>Total Liabilities</b>	<b>8,263</b>	<b>0</b>	<b>56,162</b>	<b>0</b>
<b>Fund Balance:</b>				
Reserved for Encumbrances	0	0	40,362	2,500
Reserved for Prepaid Items	154	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Undesignated/Unreserved	(3,089)	20,115	120	33,516
<b>Total Fund Balance</b>	<b>(2,935)</b>	<b>20,115</b>	<b>40,482</b>	<b>36,016</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 5,328</b>	<b>\$ 20,115</b>	<b>\$ 96,644</b>	<b>\$ 36,016</b>

**CITY OF SALEM, OHIO**

Shade Tree	Economic Development Loan	Central Business District	Design Review Board	Law Enforcement Assistance	Community Housing Improvement	Total Nonmajor Special Revenue Funds
\$ 22	\$ 26,609	\$ 4,982	\$ 2,277	\$ 4,100	\$ 37,569	\$ 403,907
0	0	0	0	0	0	123,932
0	0	0	0	0	267,547	617,515
0	0	0	0	0	0	162
0	0	0	0	0	0	77,241
0	0	0	0	0	0	154
<u>\$ 22</u>	<u>\$ 26,609</u>	<u>\$ 4,982</u>	<u>\$ 2,277</u>	<u>\$ 4,100</u>	<u>\$ 305,116</u>	<u>\$ 1,222,911</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,774
0	0	0	0	0	0	57,926
0	0	0	0	0	0	3,359
0	0	0	0	0	254,615	632,745
0	0	0	0	0	254,615	698,804
0	0	670	0	0	105,241	160,686
0	0	0	0	0	0	154
0	0	0	0	0	0	77,241
22	26,609	4,312	2,277	4,100	(54,740)	286,026
22	26,609	4,982	2,277	4,100	50,501	524,107
<u>\$ 22</u>	<u>\$ 26,609</u>	<u>\$ 4,982</u>	<u>\$ 2,277</u>	<u>\$ 4,100</u>	<u>\$ 305,116</u>	<u>\$ 1,222,911</u>

**CITY OF SALEM, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

	Police Pension	Fire Pension	Law Enforcement	D.A.R.E.
<b>Revenues:</b>				
Taxes	\$ 65,901	\$ 65,901	\$ 0	\$ 0
Intergovernmental Revenues	7,417	7,417	0	0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	0
<b>Total Revenue</b>	<b>73,318</b>	<b>73,318</b>	<b>0</b>	<b>0</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	164,226	161,453	382	0
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
<b>Total Expenditures</b>	<b>164,226</b>	<b>161,453</b>	<b>382</b>	<b>0</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(90,908)	(88,135)	(382)	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	119,829	115,729	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>119,829</b>	<b>115,729</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balance	28,921	27,594	(382)	0
<b>Fund Balance (Deficit) at Beginning of Year</b>	<b>(44,681)</b>	<b>(40,884)</b>	<b>5,112</b>	<b>45</b>
Increase in Inventory Reserve	0	0	0	0
<b>Fund Balance (Deficit) End of Year</b>	<b>\$ (15,760)</b>	<b>\$ (13,290)</b>	<b>\$ 4,730</b>	<b>\$ 45</b>

**CITY OF SALEM, OHIO**

<u>Enforcement and Education</u>	<u>Drug Enforcement Agency Equitable Share</u>	<u>Street Construction, Maintenance and Repair</u>	<u>State Highway</u>	<u>Municipal Permissive License Tax</u>	<u>Municipal Lodging Tax</u>	<u>Lakes and Grounds</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 261	\$ 0
0	23,646	473,778	38,415	83,042	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	9,959
0	811	71	11	0	0	0
826	0	0	0	0	0	0
0	453	4,043	0	0	150	10,958
<u>826</u>	<u>24,910</u>	<u>477,892</u>	<u>38,426</u>	<u>83,042</u>	<u>411</u>	<u>20,917</u>
0	41,030	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	20,818
0	0	0	0	0	9,032	0
0	0	674,077	41,642	88,335	0	0
<u>0</u>	<u>41,030</u>	<u>674,077</u>	<u>41,642</u>	<u>88,335</u>	<u>9,032</u>	<u>20,818</u>
826	(16,120)	(196,185)	(3,216)	(5,293)	(8,621)	99
0	0	150,000	0	0	0	0
0	0	0	0	0	0	0
0	0	150,000	0	0	0	0
826	(16,120)	(46,185)	(3,216)	(5,293)	(8,621)	99
11,557	172,979	170,096	11,258	20,743	16,852	8,409
0	0	32,829	0	0	0	0
<u>\$ 12,383</u>	<u>\$ 156,859</u>	<u>\$ 156,740</u>	<u>\$ 8,042</u>	<u>\$ 15,450</u>	<u>\$ 8,231</u>	<u>\$ 8,508</u>

(Continued)

**CITY OF SALEM, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

	Health Department	Youth Services Grant	Community Development Block Grant	Rehabilitation Loan
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	5,800	55,000	0
Charges for Services	45,213	0	0	0
Licenses and Permits	402	0	0	0
Investment Earnings	0	0	0	114
Fines and Forfeitures	0	0	0	0
All Other Revenue	92	0	455	300
<b>Total Revenue</b>	<b>45,707</b>	<b>5,800</b>	<b>55,455</b>	<b>414</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	4,868	0	0
Public Health and Welfare Services	74,642	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	19,050	208
Transportation	0	0	0	0
<b>Total Expenditures</b>	<b>74,642</b>	<b>4,868</b>	<b>19,050</b>	<b>208</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,935)	932	36,405	206
<b>Other Financing Sources (Uses):</b>				
Transfers In	26,000	0	0	883
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>26,000</b>	<b>0</b>	<b>0</b>	<b>883</b>
Net Change in Fund Balance	(2,935)	932	36,405	1,089
<b>Fund Balance (Deficit) at Beginning of Year</b>	<b>0</b>	<b>19,183</b>	<b>4,077</b>	<b>34,927</b>
Increase in Inventory Reserve	0	0	0	0
<b>Fund Balance (Deficit) End of Year</b>	<b>\$ (2,935)</b>	<b>\$ 20,115</b>	<b>\$ 40,482</b>	<b>\$ 36,016</b>

**CITY OF SALEM, OHIO**

Shade Tree	Economic Development Loan	Central Business District	Design Review Board	Law Enforcement Assistance	Community Housing Improvement	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 132,063
0	0	0	0	3,160	288,785	986,460
0	0	0	0	0	0	45,213
0	0	0	0	0	0	10,361
0	86	0	0	0	0	1,093
0	0	0	0	0	0	826
0	0	0	0	0	0	16,451
<u>0</u>	<u>86</u>	<u>0</u>	<u>0</u>	<u>3,160</u>	<u>288,785</u>	<u>1,192,467</u>
0	0	0	0	670	0	372,629
0	0	0	0	0	0	74,642
0	0	0	0	0	0	20,818
198	0	0	0	0	247,511	275,999
0	0	0	0	0	0	804,054
<u>198</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>670</u>	<u>247,511</u>	<u>1,548,142</u>
(198)	86	0	0	2,490	41,274	(355,675)
0	0	0	0	0	0	412,441
0	0	0	0	0	(883)	(883)
0	0	0	0	0	(883)	411,558
(198)	86	0	0	2,490	40,391	55,883
220	26,523	4,982	2,277	1,610	10,110	435,395
0	0	0	0	0	0	32,829
<u>\$ 22</u>	<u>\$ 26,609</u>	<u>\$ 4,982</u>	<u>\$ 2,277</u>	<u>\$ 4,100</u>	<u>\$ 50,501</u>	<u>\$ 524,107</u>

**CITY OF SALEM, OHIO**

---

**Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2009**

---

	General Obligation Debt Retirement	Special Assessment Debt Retirement	Total Nonmajor Debt Service Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 3,780	\$ 7,751	\$ 11,531
Receivables:			
Special Assessments	0	27,229	27,229
<b>Total Assets</b>	<u>\$ 3,780</u>	<u>\$ 34,980</u>	<u>\$ 38,760</u>
<b>Liabilities:</b>			
Deferred Revenue	\$ 0	\$ 27,229	\$ 27,229
<b>Total Liabilities</b>	<u>0</u>	<u>27,229</u>	<u>27,229</u>
<b>Fund Balance:</b>			
Reserved for Debt Service	3,780	7,751	11,531
<b>Total Fund Balance</b>	<u>3,780</u>	<u>7,751</u>	<u>11,531</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 3,780</u>	<u>\$ 34,980</u>	<u>\$ 38,760</u>

**CITY OF SALEM, OHIO**

---

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2009***

---

	General Obligation Debt Retirement	Special Assessment Debt Retirement	Total Nonmajor Debt Service Funds
<b>Revenues:</b>			
Special Assessments	\$ 0	\$ 18,245	\$ 18,245
<b>Total Revenue</b>	<u>0</u>	<u>18,245</u>	<u>18,245</u>
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	124,785	20,000	144,785
Interest and Fiscal Charges	104,088	3,660	107,748
<b>Total Expenditures</b>	<u>228,873</u>	<u>23,660</u>	<u>252,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(228,873)	(5,415)	(234,288)
<b>Other Financing Sources (Uses):</b>			
Transfers In	<u>232,392</u>	<u>0</u>	<u>232,392</u>
<b>Total Other Financing Sources (Uses)</b>	<u>232,392</u>	<u>0</u>	<u>232,392</u>
Net Change in Fund Balance	3,519	(5,415)	(1,896)
<b>Fund Balance at Beginning of Year</b>	<u>261</u>	<u>13,166</u>	<u>13,427</u>
<b>Fund Balance End of Year</b>	<u>\$ 3,780</u>	<u>\$ 7,751</u>	<u>\$ 11,531</u>

**CITY OF SALEM, OHIO**

---

**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2009**

---

	<u>Income Tax Capital Improvement</u>	<u>Industrial Park Development</u>	<u>Industrial Park West Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 210,164	\$ 143,200	\$ 12,607	\$ 365,971
<b>Total Assets</b>	<u>\$ 210,164</u>	<u>\$ 143,200</u>	<u>\$ 12,607</u>	<u>\$ 365,971</u>
<b>Liabilities:</b>				
<b>Total Liabilities</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Fund Balance:</b>				
Reserved for Encumbrances	13,700	0	0	13,700
Undesignated/Unreserved	196,464	143,200	12,607	352,271
<b>Total Fund Balance</b>	<u>210,164</u>	<u>143,200</u>	<u>12,607</u>	<u>365,971</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 210,164</u>	<u>\$ 143,200</u>	<u>\$ 12,607</u>	<u>\$ 365,971</u>

**CITY OF SALEM, OHIO**

---

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2009**

---

	Income Tax Capital Improvement	Industrial Park Development	Industrial Park West Project	Total Nonmajor Capital Project Funds
<b>Revenues:</b>				
Taxes	\$ 5,694	\$ 0	\$ 0	\$ 5,694
All Other Revenue	750	0	0	750
<b>Total Revenue</b>	<b>6,444</b>	<b>0</b>	<b>0</b>	<b>6,444</b>
<b>Expenditures:</b>				
Capital Outlay	467,600	12,000	0	479,600
<b>Total Expenditures</b>	<b>467,600</b>	<b>12,000</b>	<b>0</b>	<b>479,600</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(461,156)	(12,000)	0	(473,156)
<b>Other Financing Sources (Uses):</b>				
Transfers In	293,438	0	0	293,438
<b>Total Other Financing Sources (Uses)</b>	<b>293,438</b>	<b>0</b>	<b>0</b>	<b>293,438</b>
Net Change in Fund Balance	(167,718)	(12,000)	0	(179,718)
<b>Fund Balance at Beginning of Year</b>	<b>377,882</b>	<b>155,200</b>	<b>12,607</b>	<b>545,689</b>
<b>Fund Balance End of Year</b>	<b>\$ 210,164</b>	<b>\$ 143,200</b>	<b>\$ 12,607</b>	<b>\$ 365,971</b>

**CITY OF SALEM, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Fund – General Fund  
For the Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 624,714	\$ 655,595	\$ 657,975	\$ 2,380
Intergovernmental Revenues	419,162	439,883	478,890	39,007
Charges for Services	65,178	68,400	69,846	1,446
Licenses and Permits	124,353	130,500	133,172	2,672
Investment Earnings	646,866	678,843	532,872	(145,971)
Special Assessments	1,906	2,000	2,123	123
Fines and Forfeitures	17,152	18,000	23,457	5,457
All Other Revenues	3,882	4,074	19,332	15,258
Total Revenues	<u>1,903,213</u>	<u>1,997,295</u>	<u>1,917,667</u>	<u>(79,628)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	1,723,920	1,686,061	1,674,257	11,804
Materials and Supplies	89,315	87,354	74,995	12,359
Contractual Services	33,619	32,881	17,880	15,001
Capital Outlay	7,157	7,000	0	7,000
Total Police	<u>1,854,011</u>	<u>1,813,296</u>	<u>1,767,132</u>	<u>46,164</u>
School Patrol:				
Personal Services	21,828	21,349	19,644	1,705
Total School Patrol	<u>21,828</u>	<u>21,349</u>	<u>19,644</u>	<u>1,705</u>
Animal Control:				
Personal Services	9,604	9,393	9,393	0
Total Animal Control	<u>9,604</u>	<u>9,393</u>	<u>9,393</u>	<u>0</u>
Fire Fighting:				
Personal Services	1,119,727	1,095,137	1,077,145	17,992
Materials and Supplies	58,369	57,087	45,686	11,401
Contractual Services	24,380	23,845	19,221	4,624
Capital Outlay	49,346	48,262	45,433	2,829
Total Fire Fighting	<u>1,251,822</u>	<u>1,224,331</u>	<u>1,187,485</u>	<u>36,846</u>

(Continued)

**CITY OF SALEM, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Fund – General Fund  
For the Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Street Lighting:				
Personal Services	42,679	41,741	37,820	3,921
Materials and Supplies	8,437	8,252	2,578	5,674
Contractual Services	107,393	105,035	103,382	1,653
Capital Outlay	2,045	2,000	0	2,000
Total Street Lighting	<u>160,554</u>	<u>157,028</u>	<u>143,780</u>	<u>13,248</u>
Traffic Safety:				
Personal Services	66,165	64,712	63,943	769
Materials and Supplies	17,436	17,053	13,047	4,006
Contractual Services	15,183	14,850	13,980	870
Total Traffic Safety	<u>98,784</u>	<u>96,615</u>	<u>90,970</u>	<u>5,645</u>
Total Security of Persons and Property	<u>3,396,603</u>	<u>3,322,012</u>	<u>3,218,404</u>	<u>103,608</u>
Community Environment:				
Housing Planning and Zoning:				
Personal Services	73,653	72,036	71,576	460
Materials and Supplies	4,571	4,471	2,478	1,993
Contractual Services	18,664	18,254	12,064	6,190
Other Expenditures	256	250	0	250
Capital Outlay	1,227	1,200	1,108	92
Total Housing Planning and Zoning	<u>98,371</u>	<u>96,211</u>	<u>87,226</u>	<u>8,985</u>
Housing Inspector:				
Personal Services	52,295	51,146	50,722	424
Materials and Supplies	3,630	3,550	2,345	1,205
Capital Outlay	613	600	523	77
Total Housing Inspector	<u>56,538</u>	<u>55,296</u>	<u>53,590</u>	<u>1,706</u>
Total Community Environment	<u>154,909</u>	<u>151,507</u>	<u>140,816</u>	<u>10,691</u>
Transportation:				
Streets:				
Personal Services	6	6	6	0
Contractual Services	14,621	14,300	10,100	4,200
Total Streets	<u>14,627</u>	<u>14,306</u>	<u>10,106</u>	<u>4,200</u>
Total Transportation	<u>14,627</u>	<u>14,306</u>	<u>10,106</u>	<u>4,200</u>

(Continued)

**CITY OF SALEM, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Fund – General Fund  
For the Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government:				
Mayor:				
Personal Services	70,965	69,407	69,003	404
Materials and Supplies	861	842	838	4
Contractual Services	20,021	19,581	19,457	124
Total Mayor	91,847	89,830	89,298	532
Auditor:				
Personal Services	161,788	158,235	158,224	11
Materials and Supplies	3,491	3,414	3,327	87
Contractual Services	25,181	24,628	24,497	131
Capital Outlay	1,819	1,779	1,774	5
Total Auditor	192,279	188,056	187,822	234
Treasurer:				
Personal Services	8,892	8,696	8,430	266
Materials and Supplies	102	100	0	100
Contractual Services	1,110	1,086	975	111
Capital Outlay	511	500	0	500
Total Treasurer	10,615	10,382	9,405	977
Law Director:				
Personal Services	103,117	100,852	99,707	1,145
Material and Supplies	1,729	1,691	1,570	121
Contractual Services	13,757	13,455	11,783	1,672
Total Law Director	118,603	115,998	113,060	2,938
Service Director:				
Personal Services	84,758	82,896	82,276	620
Materials and Supplies	1,431	1,400	554	846
Contractual Services	17,483	17,099	11,081	6,018
Total Service Director	103,672	101,395	93,911	7,484
City Council:				
Personal Services	46,780	45,752	45,149	603
Materials and Supplies	11,151	10,906	1,834	9,072
Contractual Services	4,480	4,382	3,667	715
Total City Council	62,411	61,040	50,650	10,390

(Continued)

**CITY OF SALEM, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Fund – General Fund  
For the Year Ended December 31, 2009***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Council Clerk:				
Personal Services	5,771	5,645	5,643	2
Materials and Supplies	256	250	175	75
Total Council Clerk	<u>6,027</u>	<u>5,895</u>	<u>5,818</u>	<u>77</u>
Civil Service Commission:				
Personal Services	7,131	6,974	6,969	5
Materials and Supplies	6,114	5,980	3,473	2,507
Total Civil Service Commission	<u>13,245</u>	<u>12,954</u>	<u>10,442</u>	<u>2,512</u>
City Hall:				
Personal Services	108,787	106,397	105,620	777
Materials and Supplies	15,349	15,012	14,024	988
Contractual Services	113,028	110,546	108,744	1,802
Capital Outlay	5,623	5,500	5,500	0
Total City Hall	<u>242,787</u>	<u>237,455</u>	<u>233,888</u>	<u>3,567</u>
General Administrative:				
Personal Services	80,468	78,701	74,478	4,223
Contractual Services	78,898	77,166	72,389	4,777
Other Expenditures	29,979	29,321	27,691	1,630
Total General Administrative	<u>189,345</u>	<u>185,188</u>	<u>174,558</u>	<u>10,630</u>
Total General Government	<u>1,030,831</u>	<u>1,008,193</u>	<u>968,852</u>	<u>39,341</u>
Total Expenditures	<u>4,596,970</u>	<u>4,496,018</u>	<u>4,338,178</u>	<u>157,840</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,693,757)	(2,498,723)	(2,420,511)	78,212
<b>Other Financing Sources (Uses):</b>				
Transfers In	3,018,180	3,018,180	3,018,179	(1)
Transfers Out	(1,053,590)	(1,053,590)	(975,449)	78,141
Advances Out	(12,800)	(12,800)	(3,197)	9,603
Total Other Financing Sources (Uses)	<u>1,951,790</u>	<u>1,951,790</u>	<u>2,039,533</u>	<u>87,743</u>
Net Change in Fund Balance	(741,967)	(546,933)	(380,978)	165,955
Fund Balance at Beginning of Year	572,608	572,608	572,608	0
Prior Year Encumbrances	57,073	57,073	57,073	0
Fund Balance at End of Year	<u>\$ (112,286)</u>	<u>\$ 82,748</u>	<u>\$ 248,703</u>	<u>\$ 165,955</u>

**CITY OF SALEM, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Fund – Municipal Income Tax Fund - Special Revenue Fund  
For the Year Ended December 31, 2009***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 3,900,000	\$ 3,700,000	\$ 3,698,027	\$ (1,973)
Total Revenues	<u>3,900,000</u>	<u>3,700,000</u>	<u>3,698,027</u>	<u>(1,973)</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	221,459	122,344	121,319	1,025
Materials and Supplies	9,284	5,129	4,347	782
Contractual Services	27,814	15,366	13,436	1,930
Other Expenditures	103,540	57,200	57,176	24
Total Expenditures	<u>362,097</u>	<u>200,039</u>	<u>196,278</u>	<u>3,761</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,537,903	3,499,961	3,501,749	1,788
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(3,490,029)</u>	<u>(3,490,029)</u>	<u>(3,505,531)</u>	<u>(15,502)</u>
Total Other Financing Sources (Uses)	<u>(3,490,029)</u>	<u>(3,490,029)</u>	<u>(3,505,531)</u>	<u>(15,502)</u>
Net Change in Fund Balance	47,874	9,932	(3,782)	(13,714)
Fund Balance at Beginning of Year	(6,482)	(6,482)	(6,482)	0
Prior Year Encumbrances	<u>6,482</u>	<u>6,482</u>	<u>6,482</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 47,874</u>	<u>\$ 9,932</u>	<u>\$ (3,782)</u>	<u>\$ (13,714)</u>

**CITY OF SALEM, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Fund – Parks Fund - Special Revenue Fund  
For the Year Ended December 31, 2009***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 398,435	\$ 358,098	\$ 355,614	\$ (2,484)
Intergovernmental Revenues	41,168	37,000	38,322	1,322
Charges for Services	12,795	11,500	12,219	719
All Other Revenues	0	0	520	520
Total Revenues	<u>452,398</u>	<u>406,598</u>	<u>406,675</u>	<u>77</u>
<b>Expenditures:</b>				
Leisure Time Activities:				
Personal Services	300,587	300,587	297,940	2,647
Materials and Supplies	78,911	78,911	67,145	11,766
Contractual Services	55,416	55,416	43,503	11,913
Other Expenditures	1,500	1,500	55	1,445
Capital Outlay	167,413	167,413	84,441	82,972
Total Expenditures	<u>603,827</u>	<u>603,827</u>	<u>493,084</u>	<u>110,743</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(151,429)	(197,229)	(86,409)	110,820
Fund Balance at Beginning of Year	253,646	253,646	253,646	0
Prior Year Encumbrances	28,121	28,121	28,121	0
Fund Balance at End of Year	<u>\$ 130,338</u>	<u>\$ 84,538</u>	<u>\$ 195,358</u>	<u>\$ 110,820</u>

**CITY OF SALEM, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Fund – Tax Increment Financing Fund - Capital Projects Fund  
For the Year Ended December 31, 2009**

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 63,822	\$ 63,822	\$ 0
Total Revenues	<u>63,822</u>	<u>63,822</u>	<u>0</u>
<b>Expenditures:</b>			
Capital Outlay	37,399	36,795	604
Debt Service:			
Principal Retirement	745,000	745,000	0
Interest and Fiscal Charges	<u>69,519</u>	<u>69,519</u>	<u>0</u>
Total Expenditures	<u>851,918</u>	<u>851,314</u>	<u>604</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(788,096)	(787,492)	604
<b>Other Financing Sources (Uses):</b>			
General Obligation Notes Issued	<u>683,500</u>	<u>683,500</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>683,500</u>	<u>683,500</u>	<u>0</u>
Net Change in Fund Balance	(104,596)	(103,992)	604
Fund Balance at Beginning of Year	50,104	50,104	0
Prior Year Encumbrances	<u>100,304</u>	<u>100,304</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 45,812</u>	<u>\$ 46,416</u>	<u>\$ 604</u>

**CITY OF SALEM, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

<b>POLICE PENSION FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 65,902	\$ 65,901	\$ (1)
Intergovernmental Revenues	7,416	7,417	1
Total Revenues	<u>73,318</u>	<u>73,318</u>	<u>0</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Personal Services	201,720	193,147	8,573
Total Expenditures	<u>201,720</u>	<u>193,147</u>	<u>8,573</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(128,402)	(119,829)	8,573
<b>Other Financing Sources (Uses):</b>			
Transfers In	119,830	119,829	(1)
Total Other Financing Sources (Uses)	<u>119,830</u>	<u>119,829</u>	<u>(1)</u>
Net Change in Fund Balance	(8,572)	0	8,572
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u><u>\$ (8,572)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 8,572</u></u>

**CITY OF SALEM, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 65,902	\$ 65,901	\$ (1)
Intergovernmental Revenues	7,417	7,417	0
Total Revenues	<u>73,319</u>	<u>73,318</u>	<u>(1)</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Personal Services	189,992	189,047	945
Total Expenditures	<u>189,992</u>	<u>189,047</u>	<u>945</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(116,673)	(115,729)	944
<b>Other Financing Sources (Uses):</b>			
Transfers In	115,729	115,729	0
Total Other Financing Sources (Uses)	<u>115,729</u>	<u>115,729</u>	<u>0</u>
Net Change in Fund Balance	(944)	0	944
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ (944)</u>	<u>\$ 0</u>	<u>\$ 944</u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Materials and Supplies	1,000	382	618
Capital Outlay	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total Expenditures	<u>3,000</u>	<u>382</u>	<u>2,618</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	(382)	2,618
Fund Balance at Beginning of Year	<u>5,112</u>	<u>5,112</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,112</u>	<u>\$ 4,730</u>	<u>\$ 2,618</u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

---

<b>D.A.R.E. FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>45</u>	<u>45</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 0</u>

**CITY OF SALEM, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 932	\$ 932	\$ 0
Total Revenues	<u>932</u>	<u>932</u>	<u>0</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Materials and Supplies	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Total Expenditures	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,068)	932	4,000
Fund Balance at Beginning of Year	<u>11,451</u>	<u>11,451</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,383</u>	<u>\$ 12,383</u>	<u>\$ 4,000</u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 24,875	\$ 23,646	\$ (1,229)
Investment Earnings	0	811	811
All Other Revenues	0	453	453
Total Revenues	<u>24,875</u>	<u>24,910</u>	<u>35</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Personal Services	5,000	445	4,555
Materials And Supplies	32,110	9,907	22,203
Contractual Services	3,000	2,236	764
Capital Outlay	103,640	28,681	74,959
Total Expenditures	<u>143,750</u>	<u>41,269</u>	<u>102,481</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(118,875)	(16,359)	102,516
Fund Balance at Beginning of Year	164,497	164,497	0
Prior Year Encumbrances	8,482	8,482	0
Fund Balance at End of Year	<u>\$ 54,104</u>	<u>\$ 156,620</u>	<u>\$ 102,516</u>

**CITY OF SALEM, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

<b>STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 486,100	\$ 475,106	\$ (10,994)
Investment Earnings	0	71	71
All Other Revenues	0	4,043	4,043
Total Revenues	<u>486,100</u>	<u>479,220</u>	<u>(6,880)</u>
<b>Expenditures:</b>			
Transportation:			
Personal Services	522,038	517,996	4,042
Materials and Supplies	157,242	149,659	7,583
Contractual Services	19,767	19,536	231
Total Expenditures	<u>699,047</u>	<u>687,191</u>	<u>11,856</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(212,947)	(207,971)	4,976
<b>Other Financing Sources (Uses):</b>			
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Net Change in Fund Balance	(62,947)	(57,971)	4,976
Fund Balance at Beginning of Year	61,058	61,058	0
Prior Year Encumbrances	<u>19,020</u>	<u>19,020</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,131</u>	<u>\$ 22,107</u>	<u>\$ 4,976</u>

**CITY OF SALEM, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 39,500	\$ 38,522	\$ (978)
Investment Earnings	0	11	11
Total Revenues	<u>39,500</u>	<u>38,533</u>	<u>(967)</u>
<b>Expenditures:</b>			
Transportation:			
Personal Services	36,441	34,586	1,855
Materials and Supplies	8,000	7,056	944
Total Expenditures	<u>44,441</u>	<u>41,642</u>	<u>2,799</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,941)	(3,109)	1,832
Fund Balance at Beginning of Year	4,940	4,940	0
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ 1,831</u>	<u>\$ 1,832</u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 83,600	\$ 82,981	\$ (619)
Total Revenues	<u>83,600</u>	<u>82,981</u>	<u>(619)</u>
<b>Expenditures:</b>			
Transportation:			
Personal Services	66,799	66,799	0
Materials and Supplies	<u>23,750</u>	<u>21,769</u>	<u>1,981</u>
Total Expenditures	<u>90,549</u>	<u>88,568</u>	<u>1,981</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,949)	(5,587)	1,362
Fund Balance at Beginning of Year	5,398	5,398	0
Prior Year Encumbrances	<u>2,446</u>	<u>2,446</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 895</u>	<u>\$ 2,257</u>	<u>\$ 1,362</u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

---

**MUNICIPAL LODGING TAX FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive Negative
<b>Revenues:</b>			
Taxes	\$ 262	\$ 261	\$ (1)
All Other Revenues	0	150	150
Total Revenues	<u>262</u>	<u>411</u>	<u>149</u>
<b>Expenditures:</b>			
Community Environment:			
Materials and Supplies	263	247	16
Contractual Services	16,709	12,685	4,024
Total Expenditures	<u>16,972</u>	<u>12,932</u>	<u>4,040</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,710)	(12,521)	4,189
<b>Other Financing Sources (Uses):</b>			
Transfers In	150	0	(150)
Total Other Financing Sources (Uses)	<u>150</u>	<u>0</u>	<u>(150)</u>
Net Change in Fund Balance	(16,560)	(12,521)	4,039
Fund Balance at Beginning of Year	14,852	14,852	0
Prior Year Encumbrances	3,000	3,000	0
Fund Balance at End of Year	<u>\$ 1,292</u>	<u>\$ 5,331</u>	<u>\$ 4,039</u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Licenses and Permits	\$ 8,000	\$ 9,959	\$ 1,959
All Other Revenues	12,920	10,958	(1,962)
Total Revenues	<u>20,920</u>	<u>20,917</u>	<u>(3)</u>
<b>Expenditures:</b>			
Leisure Time Activities:			
Personal Services	16,972	15,952	1,020
Materials and Supplies	5,230	3,353	1,877
Contractual Services	2,490	2,012	478
Capital Outlay	2,000	0	2,000
Total Expenditures	<u>26,692</u>	<u>21,317</u>	<u>5,375</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,772)	(400)	5,372
Fund Balance at Beginning of Year	7,817	7,817	0
Prior Year Encumbrances	592	592	0
Fund Balance at End of Year	<u>\$ 2,637</u>	<u>\$ 8,009</u>	<u>\$ 5,372</u>

**CITY OF SALEM, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

<b>HEALTH DEPARTMENT FUND</b>			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 51,150	\$ 45,213	\$ (5,937)
Licenses and Permits	350	402	52
All Other Revenues	1,000	92	(908)
Total Revenues	<u>52,500</u>	<u>45,707</u>	<u>(6,793)</u>
<b>Expenditures:</b>			
Public Health and Welfare Services:			
Personal Services	45,800	42,057	3,743
Materials and Supplies	4,706	4,277	429
Contractual Services	12,644	5,534	7,110
Other Expenditures	14,200	14,200	0
Capital Outlay	3,800	3,800	0
Total Expenditures	<u>81,150</u>	<u>69,868</u>	<u>11,282</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,650)	(24,161)	4,489
<b>Other Financing Sources (Uses):</b>			
Transfers In	23,500	26,000	2,500
Advances In	12,800	3,197	(9,603)
Advances Out	(12,800)	0	12,800
Total Other Financing Sources (Uses)	<u>23,500</u>	<u>29,197</u>	<u>5,697</u>
Net Change in Fund Balance	(5,150)	5,036	10,186
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (5,150)</u>	<u>\$ 5,036</u>	<u>\$ 10,186</u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 5,800	\$ 5,800	\$ 0
Total Revenues	<u>5,800</u>	<u>5,800</u>	<u>0</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Personal Services	6,000	3,435	2,565
Materials and Supplies	<u>6,000</u>	<u>1,433</u>	<u>4,567</u>
Total Expenditures	<u>12,000</u>	<u>4,868</u>	<u>7,132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,200)	932	7,132
Fund Balance at Beginning of Year	<u>19,183</u>	<u>19,183</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,983</u>	<u>\$ 20,115</u>	<u>\$ 7,132</u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

---

<b>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 55,455	\$ 55,000	\$ (455)
All Other Revenues	<u>0</u>	<u>455</u>	<u>455</u>
Total Revenues	<u>55,455</u>	<u>55,455</u>	<u>0</u>
<b>Expenditures:</b>			
Community Environment:			
Contractual Services	14,440	14,440	0
Capital Outlay	<u>45,400</u>	<u>44,972</u>	<u>428</u>
Total Expenditures	<u>59,840</u>	<u>59,412</u>	<u>428</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,385)	(3,957)	428
Fund Balance at Beginning of Year	(461)	(461)	0
Prior Year Encumbrances	<u>4,700</u>	<u>4,700</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (146)</u>	<u>\$ 282</u>	<u>\$ 428</u>

**CITY OF SALEM, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

<b>REHABILITATION LOAN FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 98	\$ 114	\$ 16
All Other Revenues	300	300	0
Total Revenues	<u>398</u>	<u>414</u>	<u>16</u>
<b>Expenditures:</b>			
Community Environment:			
Contractual Services	500	208	292
Capital Outlay	22,500	2,500	20,000
Total Expenditures	<u>23,000</u>	<u>2,708</u>	<u>20,292</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,602)	(2,294)	20,308
<b>Other Financing Sources (Uses):</b>			
Transfers In	882	883	1
Advances In	5,520	5,520	0
Advances Out	(5,520)	(5,520)	0
Total Other Financing Sources (Uses)	<u>882</u>	<u>883</u>	<u>1</u>
Net Change in Fund Balance	(21,720)	(1,411)	20,309
Fund Balance at Beginning of Year	32,265	32,265	0
Prior Year Encumbrances	2,500	2,500	0
Fund Balance at End of Year	<u>\$ 13,045</u>	<u>\$ 33,354</u>	<u>\$ 20,309</u>

**CITY OF SALEM, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

---

	<b>SHADE TREE FUND</b>		
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Community Environment:			
Personal Services	100	0	100
Materials and Supplies	400	198	202
Total Expenditures	<u>500</u>	<u>198</u>	<u>302</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)	(198)	302
Fund Balance at Beginning of Year	220	220	0
Fund Balance at End of Year	<u>\$ (280)</u>	<u>\$ 22</u>	<u>\$ 302</u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 80	\$ 86	\$ 6
Total Revenues	<u>80</u>	<u>86</u>	<u>6</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	80	86	6
Fund Balance at Beginning of Year	<u>26,523</u>	<u>26,523</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 26,603</u>	<u>\$ 26,609</u>	<u>\$ 6</u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Community Environment:			
Other Expenditures	<u>4,982</u>	<u>670</u>	<u>4,312</u>
Total Expenditures	<u>4,982</u>	<u>670</u>	<u>4,312</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,982)	(670)	4,312
Fund Balance at Beginning of Year	4,312	4,312	0
Prior Year Encumbrances	<u>670</u>	<u>670</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 4,312</u>	<u>\$ 4,312</u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>2,277</u>	<u>2,277</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 2,277</u></u>	<u><u>\$ 2,277</u></u>	<u><u>\$ 0</u></u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 3,160	\$ 3,160	\$ 0
Total Revenues	<u>3,160</u>	<u>3,160</u>	<u>0</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Personal Services	<u>4,770</u>	<u>670</u>	<u>4,100</u>
Total Expenditures	<u>4,770</u>	<u>670</u>	<u>4,100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,610)	2,490	4,100
Fund Balance at Beginning of Year	<u>1,610</u>	<u>1,610</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 4,100</u>	<u>\$ 4,100</u>

**CITY OF SALEM, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

<b>COMMUNITY HOUSING IMPROVEMENT FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 1,034,117	\$ 275,853	\$ (758,264)
Total Revenues	<u>1,034,117</u>	<u>275,853</u>	<u>(758,264)</u>
<b>Expenditures:</b>			
Community Environment:			
Contractual Services	307,225	203,455	103,770
Capital Outlay	<u>737,000</u>	<u>149,297</u>	<u>587,703</u>
Total Expenditures	<u>1,044,225</u>	<u>352,752</u>	<u>691,473</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,108)	(76,899)	(66,791)
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(883)	(883)	0
Advances In	0	5,520	5,520
Advances Out	<u>(5,520)</u>	<u>(5,520)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(6,403)</u>	<u>(883)</u>	<u>5,520</u>
Net Change in Fund Balance	(16,511)	(77,782)	(61,271)
Fund Balance at Beginning of Year	(143,615)	(143,615)	0
Prior Year Encumbrances	<u>153,725</u>	<u>153,725</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (6,401)</u>	<u>\$ (67,672)</u>	<u>\$ (61,271)</u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2009***

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	125,685	124,785	900
Interest and Fiscal Charges	104,088	104,088	0
Total Expenditures	229,773	228,873	900
Excess (Deficiency) of Revenues Over (Under) Expenditures	(229,773)	(228,873)	900
<b>Other Financing Sources (Uses):</b>			
Transfers In	232,392	232,392	0
Total Other Financing Sources (Uses)	232,392	232,392	0
Net Change in Fund Balance	2,619	3,519	900
Fund Balance at Beginning of Year	261	261	0
Fund Balance at End of Year	\$ 2,880	\$ 3,780	\$ 900

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2009***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Special Assessments	\$ 18,300	\$ 18,245	\$ (55)
Total Revenues	<u>18,300</u>	<u>18,245</u>	<u>(55)</u>
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	20,000	20,000	0
Interest and Fiscal Charges	<u>3,660</u>	<u>3,660</u>	<u>0</u>
Total Expenditures	<u>23,660</u>	<u>23,660</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,360)	(5,415)	(55)
Fund Balance at Beginning of Year	<u>13,166</u>	<u>13,166</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,806</u>	<u>\$ 7,751</u>	<u>\$ (55)</u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2009***

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 5,700	\$ 5,694	\$ (6)
All Other Revenues	750	750	0
Total Revenues	<u>6,450</u>	<u>6,444</u>	<u>(6)</u>
<b>Expenditures:</b>			
Capital Outlay	684,965	491,925	193,040
Total Expenditures	<u>684,965</u>	<u>491,925</u>	<u>193,040</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(678,515)	(485,481)	193,034
<b>Other Financing Sources (Uses):</b>			
Transfers In	293,460	293,438	(22)
Total Other Financing Sources (Uses)	<u>293,460</u>	<u>293,438</u>	<u>(22)</u>
Net Change in Fund Balance	(385,055)	(192,043)	193,012
Fund Balance at Beginning of Year	336,014	336,014	0
Prior Year Encumbrances	52,493	52,493	0
Fund Balance at End of Year	<u>\$ 3,452</u>	<u>\$ 196,464</u>	<u>\$ 193,012</u>

**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2009***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Capital Outlay	<u>22,000</u>	<u>12,000</u>	<u>10,000</u>
Total Expenditures	<u>22,000</u>	<u>12,000</u>	<u>10,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,000)	(12,000)	10,000
Fund Balance at Beginning of Year	<u>155,200</u>	<u>155,200</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 133,200</u>	<u>\$ 143,200</u>	<u>\$ 10,000</u>

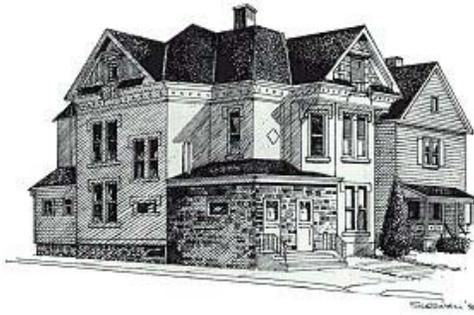
**CITY OF SALEM, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2009***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>
<b>Expenditures:</b>			
Capital Outlay	<u>12,600</u>	<u>0</u>	<u>12,600</u>
Total Expenditures	<u>12,600</u>	<u>0</u>	<u>12,600</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,600)	0	12,600
Fund Balance at Beginning of Year	<u>12,607</u>	<u>12,607</u>	<u>0</u>
Fund Balance at End of Year	<u>\$          7</u>	<u>\$ 12,607</u>	<u>\$ 12,600</u>



***Fiduciary Funds***

---

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

***Agency Funds***

---

**Miscellaneous Agency Fund**

To account for various deposits, such as sales tax and Mayor's gratuities, held for payment to appropriate outside parties.

**Street Opening Fund**

To account for monies deposited with the City by individuals who intend to excavate portions of the City streets or sidewalks.

**Developers Fund**

To account for monies on deposit as required by City ordinance for subdivision construction.

**Demolition Fund**

To account for insurance monies used to demolish buildings which are a public nuisance due to fire or other damages.

**CITY OF SALEM, OHIO**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2009**

	Balance December 31, 2008	Additions	Deductions	Balance December 31, 2009
<b>Miscellaneous Agency Fund</b>				
Assets:				
Cash and Cash Equivalents	\$146	\$221	(\$283)	\$84
Total Assets	<u>\$146</u>	<u>\$221</u>	<u>(\$283)</u>	<u>\$84</u>
Liabilities:				
Due to Others	\$146	\$221	(\$283)	\$84
Total Liabilities	<u>\$146</u>	<u>\$221</u>	<u>(\$283)</u>	<u>\$84</u>
<b>Street Opening Fund</b>				
Assets:				
Cash and Cash Equivalents	\$1,070	\$500	\$0	\$1,570
Total Assets	<u>\$1,070</u>	<u>\$500</u>	<u>\$0</u>	<u>\$1,570</u>
Liabilities:				
Due to Others	\$1,070	\$500	\$0	\$1,570
Total Liabilities	<u>\$1,070</u>	<u>\$500</u>	<u>\$0</u>	<u>\$1,570</u>
<b>Developers Fund</b>				
Assets:				
Cash and Cash Equivalents	\$29,462	\$12,525	(\$25,046)	\$16,941
Total Assets	<u>\$29,462</u>	<u>\$12,525</u>	<u>(\$25,046)</u>	<u>\$16,941</u>
Liabilities:				
Due to Others	\$29,462	\$12,525	(\$25,046)	\$16,941
Total Liabilities	<u>\$29,462</u>	<u>\$12,525</u>	<u>(\$25,046)</u>	<u>\$16,941</u>
<b>Demolition Fund</b>				
Assets:				
Cash and Cash Equivalents	\$0	\$24,463	(\$24,463)	\$0
Total Assets	<u>\$0</u>	<u>\$24,463</u>	<u>(\$24,463)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$24,463	(\$24,463)	\$0
Total Liabilities	<u>\$0</u>	<u>\$24,463</u>	<u>(\$24,463)</u>	<u>\$0</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and Cash Equivalents	\$30,678	\$37,709	(\$49,792)	\$18,595
Total Assets	<u>\$30,678</u>	<u>\$37,709</u>	<u>(\$49,792)</u>	<u>\$18,595</u>
Liabilities:				
Due to Others	\$30,678	\$37,709	(\$49,792)	\$18,595
Total Liabilities	<u>\$30,678</u>	<u>\$37,709</u>	<u>(\$49,792)</u>	<u>\$18,595</u>

*CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS*

---

***CITY OF SALEM, OHIO***

---

***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
December 31, 2009***

---

<u>Capital Assets</u>	
Land	\$4,586,123
Construction in Progress	409,568
Buildings	2,274,772
Improvements Other Than Buildings	711,242
Machinery and Equipment	2,950,563
Infrastructure	<u>21,747,952</u>
Total Capital Assets	<u><u>\$32,680,220</u></u>
<u>Investment in Capital Assets</u>	
General Fund	\$894,681
Special Revenue Funds	19,779,154
Capital Projects Funds	11,474,597
Donations	<u>531,788</u>
Total Investment in Capital Assets	<u><u>\$32,680,220</u></u>

**CITY OF SALEM, OHIO**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2009**

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings and Improvements</u>	<u>Improvements Other than Buildings</u>
<u>General Government:</u>				
Mayor	\$0	\$0	\$0	\$1,041
Auditor	0	0	0	1,904
Law Director	0	0	0	0
City Hall	323,637	0	534,738	63,360
Income Tax	0	0	0	16,692
Total	<u>323,637</u>	<u>0</u>	<u>534,738</u>	<u>82,997</u>
<u>Security of Persons and Property:</u>				
Police	0	0	0	30,125
Fire	0	0	586,524	26,905
Traffic	0	0	60,300	0
Total	<u>0</u>	<u>0</u>	<u>646,824</u>	<u>57,030</u>
<u>Transportation:</u>				
Street	<u>3,933,663</u>	<u>0</u>	<u>373,426</u>	<u>7,064</u>
<u>Leisure Time Activities:</u>				
Parks	<u>328,823</u>	<u>409,568</u>	<u>719,784</u>	<u>554,392</u>
<u>Public Health and Welfare:</u>				
Health	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Community Environment:</u>				
Housing, Planning, Zoning	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,759</u>
Total Capital Assets	<u><u>\$4,586,123</u></u>	<u><u>\$409,568</u></u>	<u><u>\$2,274,772</u></u>	<u><u>\$711,242</u></u>

**CITY OF SALEM, OHIO**

---

---

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
\$0	\$0	\$1,041
21,916	0	23,820
1,139	0	1,139
6,655	0	928,390
2,726	0	19,418
<u>32,436</u>	<u>0</u>	<u>973,808</u>
422,101	0	452,226
1,186,836	0	1,800,265
85,560	0	145,860
<u>1,694,497</u>	<u>0</u>	<u>2,398,351</u>
<u>970,303</u>	<u>21,747,952</u>	<u>27,032,408</u>
<u>226,024</u>	<u>0</u>	<u>2,238,591</u>
<u>9,453</u>	<u>0</u>	<u>9,453</u>
<u>17,850</u>	<u>0</u>	<u>27,609</u>
<u>\$2,950,563</u>	<u>\$21,747,952</u>	<u>\$32,680,220</u>

**CITY OF SALEM, OHIO**

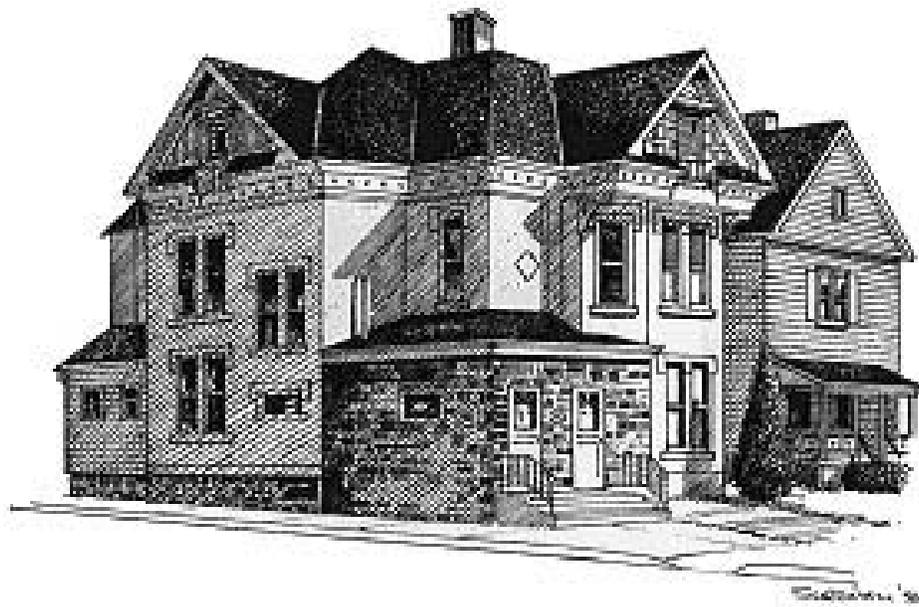
**Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes by Function and Activity  
For Year Ended December 31, 2009**

<u>Function and Activity</u>	<u>December 31, 2008</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2009</u>
<u>General Government:</u>					
Mayor	\$1,041	\$0	\$0	\$0	\$1,041
Auditor	21,890	1,930	0	0	23,820
Law Director	1,139	0	0	0	1,139
City Hall	928,390	0	0	0	928,390
Income Tax	21,348	(1,930)	0	0	19,418
Total	<u>973,808</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>973,808</u>
<u>Security of Persons and Property:</u>					
Police	452,226	0	0	0	452,226
Fire	1,800,265	0	0	0	1,800,265
Traffic	145,860	0	0	0	145,860
Total	<u>2,398,351</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,398,351</u>
<u>Transportation:</u>					
Street	<u>26,834,036</u>	<u>0</u>	<u>681,782</u>	<u>(483,410)</u>	<u>27,032,408</u>
<u>Leisure Time Activities:</u>					
Parks	<u>2,238,591</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,238,591</u>
<u>Public Health and Welfare:</u>					
Health	<u>6,444</u>	<u>0</u>	<u>9,453</u>	<u>(6,444)</u>	<u>9,453</u>
<u>Community Environment:</u>					
Housing, Planning, Zoning	<u>27,609</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,609</u>
Total Capital Assets	<u>\$32,478,839</u>	<u>\$0</u>	<u>\$691,235</u>	<u>(\$489,854)</u>	<u>\$32,680,220</u>

# *STATISTICAL SECTION*

---

---



## *STATISTICAL TABLES*

---

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

### *Contents*

---

<b>Financial Trends</b>	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
<b>Revenue Capacity</b>	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue source, the income tax.	
<b>Debt Capacity</b>	S 18 – S 27
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 28 – S 31
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 32 – S 39
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

**Sources Note:**

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

## *City of Salem*

*Net Assets by Component  
Last Seven Years  
(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental Activities:</b>				
Invested in Capital Assets, Net of Related Debt	\$13,356,695	\$15,761,739	\$15,594,269	\$15,852,058
Restricted	1,740,310	1,554,073	1,937,554	1,970,727
Unrestricted	1,995,998	2,911,646	2,239,595	2,207,815
Total Governmental Activities Net Assets	<u>\$17,093,003</u>	<u>\$20,227,458</u>	<u>\$19,771,418</u>	<u>\$20,030,600</u>
<b>Business-type Activities:</b>				
Invested in Capital Assets, Net of Related Debt	\$15,775,626	\$16,060,544	\$16,022,926	\$18,063,686
Unrestricted	13,369,710	14,064,452	15,035,896	14,094,527
Total Business-type Activities Net Assets	<u>\$29,145,336</u>	<u>\$30,124,996</u>	<u>\$31,058,822</u>	<u>\$32,158,213</u>
<b>Primary Government:</b>				
Invested in Capital Assets, Net of Related Debt	\$29,132,321	\$31,822,283	\$31,617,195	\$33,915,744
Restricted	1,740,310	1,554,073	1,937,554	1,970,727
Unrestricted	15,365,708	16,976,098	17,275,491	16,302,342
Total Primary Government Net Assets	<u>\$46,238,339</u>	<u>\$50,352,454</u>	<u>\$50,830,240</u>	<u>\$52,188,813</u>

Source: City Auditor's Office

*City of Salem*

---

---

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$14,483,970	\$14,201,641	\$13,965,711
1,923,915	1,587,446	1,347,692
<u>2,366,239</u>	<u>2,011,860</u>	<u>1,456,573</u>
<u>\$18,774,124</u>	<u>\$17,800,947</u>	<u>\$16,769,976</u>
\$17,456,953	\$17,416,246	\$17,606,520
15,617,056	16,315,854	16,997,812
<u>\$33,074,009</u>	<u>\$33,732,100</u>	<u>\$34,604,332</u>
\$31,940,923	\$31,617,887	\$31,572,231
1,923,915	1,587,446	1,347,692
<u>17,983,295</u>	<u>18,327,714</u>	<u>18,454,385</u>
<u>\$51,848,133</u>	<u>\$51,533,047</u>	<u>\$51,374,308</u>

## City of Salem

*Changes in Net Assets  
Last Seven Years  
(accrual basis of accounting)*

	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property	\$3,548,093	\$3,387,791	\$3,474,795	\$3,569,615
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	936,681	359,633	355,535	386,183
Community Environment	527,756	556,617	593,717	488,304
Transportation	690,976	1,344,882	1,364,558	1,421,650
General Government	1,009,745	1,082,820	1,262,857	1,142,076
Interest and Fiscal Charges	60,922	64,959	183,709	163,843
<i>Total Governmental Activities Expenses</i>	<u>6,774,173</u>	<u>6,796,702</u>	<u>7,235,171</u>	<u>7,171,671</u>
Business-type Activities:				
Water	1,882,782	1,810,274	1,801,247	1,760,567
Wastewater	1,898,975	1,816,331	1,934,577	1,995,000
<i>Total Business-type Activities Expenses</i>	<u>3,781,757</u>	<u>3,626,605</u>	<u>3,735,824</u>	<u>3,755,567</u>
<i>Total Primary Government Expenses</i>	<u>\$10,555,930</u>	<u>\$10,423,307</u>	<u>\$10,970,995</u>	<u>\$10,927,238</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$3,510	\$2,501	\$4,197	\$3,653
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	22,560	14,180	19,669	17,789
Community Environment	68,326	82,290	121,853	137,448
Transportation	0	0	0	0
General Government	92,762	87,915	86,920	88,482
Operating Grants and Contributions	124,965	1,317,938	806,685	1,543,222
Capital Grants and Contributions	160,000	0	0	0
<i>Total Governmental Activities Program Revenues</i>	<u>472,123</u>	<u>1,504,824</u>	<u>1,039,324</u>	<u>1,790,594</u>

*City of Salem*

---

---

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$3,672,803	\$4,017,233	\$3,662,034
0	0	79,539
560,188	562,624	512,797
441,002	616,095	415,272
1,943,913	1,685,193	1,781,769
1,181,181	1,199,000	1,404,282
219,274	176,394	167,822
<u>8,018,361</u>	<u>8,256,539</u>	<u>8,023,515</u>
1,939,956	1,885,617	1,686,375
1,838,202	2,007,729	2,291,537
<u>3,778,158</u>	<u>3,893,346</u>	<u>3,977,912</u>
<u>\$11,796,519</u>	<u>\$12,149,885</u>	<u>\$12,001,427</u>

\$3,048	\$8,507	\$7,126
0	0	45,615
14,320	19,473	22,178
75,552	72,459	62,697
316	0	0
84,664	83,282	88,331
746,100	1,264,291	698,331
0	0	521,782
<u>924,000</u>	<u>1,448,012</u>	<u>1,446,060</u>

(Continued)

## City of Salem

### Changes in Net Assets Last Seven Years (accrual basis of accounting)

	2003	2004	2005	2006
<b>Business-type Activities:</b>				
Charges for Services				
Water	1,703,843	1,699,131	1,789,364	1,787,867
Wastewater	3,284,389	2,670,091	2,490,344	2,352,724
Operating Grants and Contributions	0	0	0	0
Capital Grants and Contributions	0	0	0	0
<i>Total Business-type Activities Program Revenues</i>	4,988,232	4,369,222	4,279,708	4,140,591
<i>Total Primary Government Program Revenues</i>	5,460,355	5,874,046	5,319,032	5,931,185
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(6,302,050)	(5,291,878)	(6,195,847)	(5,381,077)
Business-type Activities	1,206,475	742,617	543,884	385,024
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$5,095,575)	(\$4,549,261)	(\$5,651,963)	(\$4,996,053)
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Property Taxes Levied for:				
(General Purposes	\$873,943	\$564,322	\$588,819	\$615,838
(Special Purpose	0	352,351	348,728	509,272
Capital Outlay	0	0	0	0
Income Taxes	3,769,725	3,792,306	3,975,087	4,010,806
Other Local Taxes	14,766	18,412	13,838	11,812
Intergovernmental Revenues, Unrestricted	1,315,922	760,483	557,635	363,593
Investment Earnings	307,208	380,984	462,465	772,133
Miscellaneous	87,048	116,436	149,986	71,172
Transfers	(262,484)	(237,043)	(300,594)	(714,367)
<i>Total Governmental Activities</i>	6,106,128	5,748,251	5,795,964	5,640,259
Business-type Activities:				
Investment Earnings	0	0	0	0
Transfers	262,484	237,043	300,594	714,367
<i>Total Business-type Activities</i>	262,484	237,043	300,594	714,367
<i>Total Primary Government</i>	\$6,368,612	\$5,985,294	\$6,096,558	\$6,354,626
<b>Change in Net Assets</b>				
Governmental Activities	(\$195,922)	\$456,373	(\$399,883)	\$259,182
Business-type Activities	1,468,959	979,660	844,478	1,099,391
<i>Total Primary Government Change in Net Assets</i>	\$1,273,037	\$1,436,033	\$444,595	\$1,358,573

Source: City Auditor's Office

*City of Salem*

2007	2008	2009
1,441,260	1,465,836	1,569,166
2,316,539	2,334,707	2,750,418
0	0	0
0	0	0
<u>3,757,799</u>	<u>3,800,543</u>	<u>4,319,584</u>
<u>4,681,799</u>	<u>5,248,555</u>	<u>5,765,644</u>
(7,094,361)	(6,808,527)	(6,577,455)
(20,359)	(92,803)	341,672
<u>(\$7,114,720)</u>	<u>(\$6,901,330)</u>	<u>(\$6,235,783)</u>
\$667,066	\$646,778	\$643,122
511,086	494,921	487,416
55,107	64,108	63,822
4,005,682	4,108,314	3,728,985
66,338	80,965	71,167
508,737	421,003	586,681
829,319	672,086	452,197
109,586	63,824	38,507
(915,036)	(716,649)	(525,413)
<u>5,837,885</u>	<u>5,835,350</u>	<u>5,546,484</u>
21,119	34,245	5,147
915,036	716,649	525,413
<u>936,155</u>	<u>750,894</u>	<u>530,560</u>
<u>\$6,774,040</u>	<u>\$6,586,244</u>	<u>\$6,077,044</u>
(\$1,256,476)	(\$973,177)	(\$1,030,971)
915,796	658,091	872,232
<u>(\$340,680)</u>	<u>(\$315,086)</u>	<u>(\$158,739)</u>

**City of Salem**

*Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2000	2001	2002	2003	2004
General Fund					
Reserved	\$125,909	\$177,099	\$124,697	\$162,385	\$183,282
Unreserved	895,615	547,628	627,689	467,714	722,820
<i>Total General Fund</i>	<u>1,021,524</u>	<u>724,727</u>	<u>752,386</u>	<u>630,099</u>	<u>906,102</u>
All Other Governmental Funds					
Reserved	935,852	414,477	630,512	1,070,534	438,149
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	1,052,405	1,079,949	518,147	902,091	1,188,086
Capital Projects Funds	(169,899)	185,976	(235,035)	(2,159,694)	(1,975,455)
<i>Total All Other Governmental Funds</i>	<u>1,818,358</u>	<u>1,680,402</u>	<u>913,624</u>	<u>(187,069)</u>	<u>(349,220)</u>
<i>Total Governmental Funds</i>	<u><u>\$2,839,882</u></u>	<u><u>\$2,405,129</u></u>	<u><u>\$1,666,010</u></u>	<u><u>\$443,030</u></u>	<u><u>\$556,882</u></u>

Source: City Auditor's Office

*City of Salem*

---

---

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$173,899	\$133,344	\$149,536	\$146,081	\$163,562
<u>937,614</u>	<u>889,468</u>	<u>451,969</u>	<u>518,595</u>	<u>207,646</u>
<u>1,111,513</u>	<u>1,022,812</u>	<u>601,505</u>	<u>664,676</u>	<u>371,208</u>
311,693	644,474	1,158,601	385,082	321,302
1,094,962	1,127,022	1,397,556	974,882	948,312
<u>469,484</u>	<u>(890,029)</u>	<u>(493,438)</u>	<u>(160,434)</u>	<u>(288,686)</u>
<u>1,876,139</u>	<u>881,467</u>	<u>2,062,719</u>	<u>1,199,530</u>	<u>980,928</u>
<u>\$2,987,652</u>	<u>\$1,904,279</u>	<u>\$2,664,224</u>	<u>\$1,864,206</u>	<u>\$1,352,136</u>

## City of Salem

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2000	2001	2002	2003
<b>Revenues:</b>				
Taxes	\$4,549,651	\$4,352,963	\$4,485,201	\$4,623,253
Intergovernmental Revenues	1,574,008	1,303,058	2,024,725	2,010,794
Charges for Services	59,252	61,017	71,803	65,601
Licenses and Permits	70,483	65,639	109,586	92,031
Investment Earnings	180,146	148,274	384,637	307,208
Special Assessments	30,957	19,055	23,175	25,865
Fines and Forfeitures	44,076	34,588	47,027	36,734
All Other Revenue	85,326	275,882	59,130	87,048
<b>Total Revenue</b>	<b>6,593,899</b>	<b>6,260,476</b>	<b>7,205,284</b>	<b>7,248,534</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,767,324	2,801,303	2,945,543	3,340,877
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	306,338	332,362	344,476	332,390
Community Environment	510,250	566,184	732,774	510,618
Transportation	629,656	651,166	647,798	727,501
General Government	782,365	972,342	884,549	1,007,890
Capital Outlay	1,021,276	1,454,517	1,864,668	2,083,258
Debt Service:				
Principal Retirement	160,000	160,000	160,000	177,456
Interest and Fiscal Charges	88,907	69,115	55,215	61,717
<b>Total Expenditures</b>	<b>6,266,116</b>	<b>7,006,989</b>	<b>7,635,023</b>	<b>8,241,707</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	327,783	(746,513)	(429,739)	(993,173)

*City of Salem*

2004	2005	2006	2007	2008	2009
\$4,743,926	\$4,903,826	\$5,154,745	\$5,188,880	\$5,279,645	\$4,871,477
1,591,197	1,696,999	1,543,248	1,576,559	1,444,788	1,540,725
72,379	73,591	73,735	73,419	82,037	127,278
86,658	130,113	143,171	140,763	143,299	142,963
380,984	462,465	703,268	723,648	729,582	510,094
22,592	21,557	22,841	20,335	19,341	20,368
23,507	25,734	25,291	21,485	19,363	23,488
116,436	149,986	71,172	109,586	63,824	38,507
<u>7,037,679</u>	<u>7,464,271</u>	<u>7,737,471</u>	<u>7,854,675</u>	<u>7,781,879</u>	<u>7,274,900</u>
3,230,200	3,384,494	3,423,302	3,529,760	3,754,092	3,563,987
0	0	0	0	0	74,642
307,139	306,464	338,316	510,690	505,414	467,510
557,427	590,321	486,766	439,924	631,136	411,764
694,350	709,471	723,917	769,744	830,606	811,299
1,026,015	1,150,530	1,125,981	1,155,722	1,189,167	1,146,691
647,449	1,217,466	1,717,308	651,237	720,234	479,600
177,456	32,456	121,785	139,785	169,785	179,785
65,765	166,546	177,738	215,878	190,106	176,781
<u>6,705,801</u>	<u>7,557,748</u>	<u>8,115,113</u>	<u>7,412,740</u>	<u>7,990,540</u>	<u>7,312,059</u>
331,878	(93,477)	(377,642)	441,935	(208,661)	(37,159)

(Continued)

**City of Salem**

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2000	2001	2002	2003
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	58,248	14,855	13,357	6,303
Other Financing Sources - Capital Leases	0	0	0	0
Ohio Public Works Commission Loan	0	212,606	49,232	0
General Obligation Bonds Issued	0	0	0	0
Premium on General Obligation Bonds	0	0	0	0
Transfers In	4,132,666	4,157,313	4,118,160	4,199,468
Transfers Out	(4,132,666)	(4,157,313)	(4,428,082)	(4,461,952)
<b>Total Other Financing Sources (Uses)</b>	<u>58,248</u>	<u>227,461</u>	<u>(247,333)</u>	<u>(256,181)</u>
<b>Net Change in Fund Balance</b>	<u>\$386,031</u>	<u>(\$519,052)</u>	<u>(\$677,072)</u>	<u>(\$1,249,354)</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 4.75%	 4.13%	 3.73%	 3.90%

Source: City Auditor's Office

*City of Salem*

2004	2005	2006	2007	2008	2009
15,310	42,187	35,880	2,180	45,145	0
0	21,527	0	0	0	0
0	259,936	0	0	0	0
0	2,380,000	0	985,000	0	0
0	100,212	0	34,680	0	0
3,966,256	6,978,997	4,148,775	4,371,893	4,540,672	3,917,972
(4,203,299)	(7,279,591)	(4,863,142)	(5,062,929)	(5,159,769)	(4,443,385)
(221,733)	2,503,268	(678,487)	330,824	(573,952)	(525,413)
\$110,145	\$2,409,791	(\$1,056,129)	\$772,759	(\$782,613)	(\$562,572)
4.00%	3.08%	4.69%	4.92%	4.86%	4.99%

## *City of Salem*

### *Income Tax Revenues by Source, Governmental Funds Last Ten Years*

<b>Tax year</b>	2000	2001	2002	2003	2004
Income Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%
Total Tax Collected	\$3,713,010	\$3,659,509	\$3,628,465	\$3,699,668	\$3,715,547
Income Tax Receipts					
Withholding	2,888,182	2,843,044	2,877,596	2,910,992	2,924,481
Percentage	77.79%	77.69%	79.31%	78.68%	78.71%
Business	366,119	346,264	247,982	326,910	309,042
Percentage	9.86%	9.46%	6.83%	8.84%	8.32%
Individuals	458,709	470,201	502,887	461,766	482,024
Percentage	12.35%	12.85%	13.86%	12.48%	12.97%

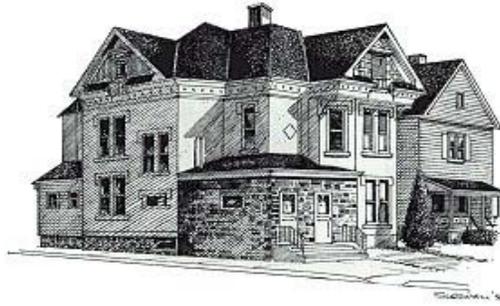
Source: City Income Tax Department

*City of Salem*

---

---

2005	2006	2007	2008	2009
1.00%	1.00%	1.00%	1.00%	1.00%
\$3,838,513	\$3,893,538	\$3,983,037	\$4,009,565	\$3,698,025
2,976,895	2,937,396	3,076,302	3,156,888	2,862,531
77.55%	75.44%	77.23%	78.73%	77.41%
327,638	415,317	406,169	378,683	370,953
8.54%	10.67%	10.20%	9.45%	10.03%
533,980	540,825	500,566	473,994	464,541
13.91%	13.89%	12.57%	11.82%	12.56%



# City of Salem

## Income Tax Statistics Current Year and Nine Years Ago

### Calendar Year 2009

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.14%	\$133,138,600	36.00%	\$1,331,386	36.00%
All Others	7,213	99.86%	236,663,900	64.00%	2,366,639	64.00%
Total	7,223	100.00%	\$369,802,500	100.00%	\$3,698,025	100.00%

### Calendar Year 2000

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.13%	\$137,858,206	37.13%	\$1,378,582	37.13%
All Others	7,662	99.87%	233,442,749	62.87%	2,334,427	62.87%
Total	7,672	100.00%	\$371,300,955	100.00%	\$3,713,009	100.00%

Source: City Income Tax Department

## City of Salem

### Ratios of Outstanding Debt By Type Last Ten Years

	2000	2001	2002	2003
<b>Governmental Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$600,000	\$450,000	\$300,000	\$150,000
General Obligation Bonds Payable (TIF supported)	0	0	0	0
Special Assessment Bonds Payable	167,000	157,000	147,000	137,000
OPWC Loan Payable	0	212,606	261,838	244,382
Capital Leases	0	0	0	0
<b>Business-type Activities</b> <sup>(1)</sup>				
Mortgage Revenue Bonds Payable	\$800,000	\$0	\$0	\$0
General Obligation Bonds Payable	2,090,000	2,000,000	1,600,000	1,200,000
OPWC Loan Payable	399,750	379,250	358,750	338,250
Capital Leases	0	0	0	0
Total Primary Government	<u>\$4,056,750</u>	<u>\$3,198,856</u>	<u>\$2,667,588</u>	<u>\$2,069,632</u>
<b>Population</b> <sup>(2)</sup>				
City of Salem	12,197	12,197	12,197	12,197
Outstanding Debt Per Capita	\$333	\$262	\$219	\$170
<b>Income</b> <sup>(3) (a)</sup>				
Personal (in thousands)	267,480	269,700	275,628	283,263
Percentage of Personal Income	1.52%	1.19%	0.97%	0.73%

Sources:

- (1) City Auditor's Office
  - (2) U.S. Bureau of Census, Population Division
  - (3) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2008, for the presentation of 2009 statistics, the City is using the latest information available.
- (a) Per Capita Income is only available by County, Total Personal Income is a calculation.

*City of Salem*

2004	2005	2006	2007	2008	2009
\$0	\$2,480,212	\$2,400,201	\$2,310,190	\$2,215,179	\$2,120,168
0	0	0	1,019,680	991,212	952,744
127,000	112,000	100,000	80,000	60,000	40,000
226,926	469,406	434,621	399,836	365,051	330,266
0	14,059	7,172	0	0	0
\$0	\$0	\$0	\$0	\$0	\$0
800,000	400,000	0	0	0	0
317,750	297,250	276,750	256,250	235,750	818,050
0	0	0	0	0	0
<u>\$1,471,676</u>	<u>\$3,772,927</u>	<u>\$3,218,744</u>	<u>\$4,065,956</u>	<u>\$3,867,192</u>	<u>\$4,261,228</u>

12,197	12,197	12,197	12,197	12,197	12,197
\$121	\$309	\$264	\$333	\$317	\$349

293,191	293,606	303,352	319,354	341,772	341,772
0.50%	1.29%	1.06%	1.27%	1.13%	1.25%

## *City of Salem*

### *Ratios of General Bonded Debt Outstanding Last Ten Years*

Year	2000	2001	2002	2003
<b>Population</b> (1)	12,197	12,197	12,197	12,197
<b>Personal Income</b> (2)	\$267,480,210	\$269,700,064	\$275,627,806	\$283,263,128
<b>General Bonded Debt</b>				
General Obligation Bonds	\$2,690,000	\$2,450,000	\$1,900,000	\$1,350,000
<b>Resources Available to Pay Principal</b>	\$136,204	\$30,114	\$33,713	\$31,438
<b>Net General Bonded Debt</b>	\$2,553,796	\$2,419,886	\$1,866,287	\$1,318,562
<b>Ratio of Net Bonded Debt to Total Personal Income</b>	0.95%	0.90%	0.68%	0.47%
<b>Net Bonded Debt per Capita</b>	\$209.38	\$198.40	\$153.01	\$108.11

Source:

(1) U.S. Bureau of Census of Population

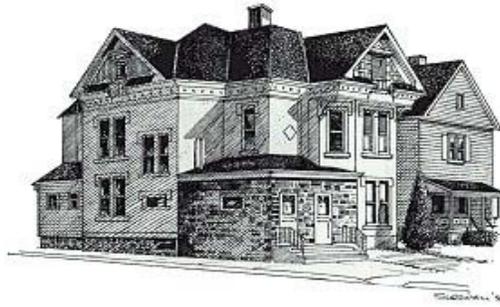
(2) U.S. Department of Commerce, Bureau of Economic Analysis

*City of Salem*

---

---

2004	2005	2006	2007	2008	2009
12,197	12,197	12,197	12,197	12,197	12,197
\$293,191,486	\$293,606,184	\$303,351,587	\$319,354,051	\$341,772,137	\$341,772,137
\$800,000	\$2,880,212	\$2,400,201	\$3,329,870	\$3,206,391	\$3,072,912
\$60,408	\$43,138	\$69,121	\$8,629	\$261	\$3,780
\$739,592	\$2,837,074	\$2,331,080	\$3,321,241	\$3,206,130	\$3,069,132
0.25%	0.97%	0.77%	1.04%	0.94%	0.90%
\$60.64	\$232.60	\$191.12	\$272.30	\$262.86	\$251.63



**City of Salem**

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2009*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Salem (1)</u>	<u>Amount Applicable to the City of Salem</u>
<b>Direct:</b>			
City of Salem	\$2,723,500	100.00%	\$2,723,500
<b>Overlapping:</b>			
South Range School District	19,629,996	1.02%	200,226
Mahoning County	34,759,043	0.04%	13,904
Columbiana County	1,688,643	12.95%	218,679
		Subtotal	432,809
		Total	<u>\$3,156,309</u>

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision.

Source: Columbiana County Auditor

## *City of Salem*

### *Debt Limitations Last Ten Years*

	2000	2001	2002	2003
<u>Total Debt</u>				
Net Assessed Valuation	\$197,612,970	\$212,504,160	\$215,757,110	\$221,745,930
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	20,749,362	22,312,937	22,654,497	23,283,323
City Debt Outstanding (2)	1,350,000	1,050,000	1,100,000	3,192,000
Less: Applicable Debt Service Fund Amounts	(12)	(54)	(55)	0
Net Indebtedness Subject to Limitation	<u>1,349,988</u>	<u>1,049,946</u>	<u>1,099,945</u>	<u>3,192,000</u>
Overall Legal Debt Margin	<u><u>\$19,399,374</u></u>	<u><u>\$21,262,991</u></u>	<u><u>\$21,554,552</u></u>	<u><u>\$20,091,323</u></u>
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$197,612,970	\$212,504,160	\$215,757,110	\$221,745,930
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	10,868,713	11,687,729	11,866,641	12,196,026
City Debt Outstanding (2)	1,350,000	1,050,000	1,100,000	3,192,000
Less: Applicable Debt Service Fund Amounts	(12)	(54)	(55)	0
Net Indebtedness Subject to Limitation	<u>1,349,988</u>	<u>1,049,946</u>	<u>1,099,945</u>	<u>3,192,000</u>
Unvoted Legal Debt Margin	<u><u>\$9,518,725</u></u>	<u><u>\$10,637,783</u></u>	<u><u>\$10,766,696</u></u>	<u><u>\$9,004,026</u></u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.  
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office

*City of Salem*

2004	2005	2006	2007	2008	2009
\$232,940,940	\$235,173,250	\$225,238,610	\$221,045,275	\$210,634,845	\$201,811,680
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
24,458,799	24,693,191	23,650,054	23,209,754	22,116,659	21,190,226
3,190,000	3,005,000	3,480,000	2,930,000	2,840,000	\$2,723,500
(28,501)	(15,891)	(69,121)	(8,629)	(261)	(3,780)
3,161,499	2,989,109	3,410,879	2,921,371	2,839,739	2,719,720
<u>\$21,297,300</u>	<u>\$21,704,082</u>	<u>\$20,239,175</u>	<u>\$20,288,383</u>	<u>\$19,276,920</u>	<u>\$18,470,506</u>
\$232,940,940	\$235,173,250	\$225,238,610	\$221,045,275	\$210,634,845	\$201,811,680
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
12,811,752	12,934,529	12,388,124	12,157,490	11,584,916	11,099,642
3,190,000	3,005,000	3,480,000	2,930,000	2,840,000	2,723,500
(28,501)	(15,891)	(69,121)	(8,629)	(261)	(3,780)
3,161,499	2,989,109	3,410,879	2,921,371	2,839,739	2,719,720
<u>\$9,650,253</u>	<u>\$9,945,420</u>	<u>\$8,977,245</u>	<u>\$9,236,119</u>	<u>\$8,745,177</u>	<u>\$8,379,922</u>

## *City of Salem*

### *Pledged Revenue Coverage Last Ten Years*

	2000	2001	2002	2003	2004
<b>Wastewater Mortgage Bonds (1)</b>					
Gross Revenues (2)	\$2,713,760	\$2,574,897	\$0	\$0	\$0
Direct Operating Expenses (3)	1,156,735	1,149,518	0	0	0
Net Revenue Available for Debt Service	1,557,025	1,425,379	0	0	0
Annual Debt Service Requirement	370,075	818,800	0	0	0
Coverage	4.21	1.74	0.00	0.00	0.00
<b>Special Assessment Bond (4)</b>					
Special Assessment Collections	\$30,957	\$19,055	\$23,175	\$16,747	\$18,961
Debt Service					
Principal	10,000	10,000	10,000	10,000	10,000
Interest	10,797	10,187	9,577	8,967	8,357
Coverage	1.49	0.94	1.18	0.88	1.03
<b>Tax Increment Financing (TIF) (5)</b>					
Payment in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0
Debt Service					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Coverage	0.00	0.00	0.00	0.00	0.00

- (1) Gross revenues include operating revenues plus interest income.
- (2) Gross revenues include operating revenues plus interest income.
- (3) Direct operating expenses include operating expenses less depreciation.
- (4) Street Improvement Bond.
- (5) East Main Street Improvements.

Source: City Auditor's Office

*City of Salem*

---

---

2005	2006	2007	2008	2009
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0.00	0.00	0.00	0.00	0.00
\$18,139	\$19,370	\$19,860	\$18,263	\$22,941
15,000	12,000	20,000	20,000	20,000
7,748	6,832	6,100	4,880	3,660
0.80	1.03	0.76	0.73	0.97
\$0	\$0	\$0	\$64,108	\$63,822
0	0	0	25,000	35,000
0	0	0	52,320	46,444
0.00	0.00	0.00	0.83	0.78

# City of Salem

## Demographic and Economic Statistics Last Ten Years

Calendar Year	2000	2001	2002	2003
<b>Population</b> (1)				
City of Salem	12,197	12,197	12,197	12,197
Columbiana County	112,075	112,075	112,075	112,075
<b>Income</b> (2) (a)				
Total Personal (in thousands)	267,480	269,700	275,628	283,263
Per Capita	21,930	22,112	22,598	23,224
<b>Unemployment Rate</b> (3)				
Federal	4.2%	3.8%	4.8%	5.8%
State	4.3%	3.7%	4.3%	5.7%
Columbiana County	5.1%	5.5%	6.8%	7.9%
<b>Civilian Work Force Estimates</b> (3)				
State	5,900,400	5,857,000	5,828,000	5,915,000
Columbiana County	51,700	51,500	50,800	51,900

### Sources:

- (1) U.S. Bureau of Census of Population
- (2) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2008, for the presentation of 2009 statistics, the City is using the latest information available.
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (3) State Department of Labor Statistics

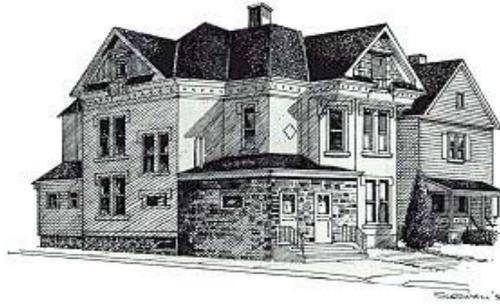
*City of Salem*

---



---

2004	2005	2006	2007	2008	2009
12,197	12,197	12,197	12,197	12,197	12,197
112,075	110,928	110,928	110,542	110,542	110,542
293,191	293,606	303,352	319,354	341,772	341,772
24,038	24,072	24,871	26,183	28,021	28,021
6.0%	5.5%	5.0%	4.6%	5.8%	9.3%
6.1%	6.0%	5.9%	5.6%	6.6%	10.2%
7.4%	7.1%	6.5%	6.3%	7.3%	13.7%
5,875,300	5,900,400	5,934,000	5,976,500	5,986,400	5,970,000
53,600	53,700	53,500	53,400	53,500	53,117



## *City of Salem*

### *Principal Employers Current Year and Nine Years Ago*

Employer	Nature of Business	2009		
		Number of Employees	Rank	Percentage of Total Employment
	Food Processing	1,164	1	8.48%
	Health Care	1,072	2	7.81%
	Manufacturing	592	3	4.31%
	Retail	450	4	3.28%
	Education	404	5	2.94%
	Health Care	350	6	2.55%
	Manufacturing	313	7	2.28%
	Manufacturing	273	8	1.99%
	Government	158	9	1.15%
	Manufacturing	118	10	0.86%
Total		<u>4,894</u>		
Total Employment within the City		<u><u>13,728</u></u>		

Employer	Nature of Business	2000		
		Number of Employees	Rank	Percentage of Total Employment
	Food Processing	1,449	1	8.17%
	Health Care	1,022	2	5.76%
	Manufacturing	900	3	5.07%
	Retail	617	4	3.48%
	Education	469	5	2.64%
	Manufacturing	397	6	2.24%
	Manufacturing	291	7	1.64%
	Manufacturing	234	8	1.32%
	Manufacturing	161	9	0.91%
	Manufacturing	157	10	0.88%
Total		<u>5,697</u>		
Total Employment within the City		<u><u>17,744</u></u>		

Source: City Income Tax Department

Employer names can not be disclosed due to privacy issues

## City of Salem

### Full Time Equivalent Employees by Function Last Ten Years

	2000	2001	2002	2003	2004
<b>Governmental Activities</b>					
General Government					
Mayor	1.00	1.00	1.00	1.00	1.00
Auditor's Office	3.00	3.00	3.00	3.00	3.00
Treasurer	1.00	1.00	1.00	1.00	1.00
Law Director's Office	3.00	2.00	2.00	2.00	2.00
Service Director	1.00	1.00	1.00	1.00	1.00
City Council	8.00	8.00	8.00	8.00	8.00
Council Clerk	1.00	1.00	1.00	1.00	1.00
Civil Service	4.00	4.00	4.00	4.00	4.00
City Hall	2.00	2.00	2.00	2.00	2.00
Streets/Leaf Pick Up/Seasonal	4.00	4.00	4.00	4.00	4.00
Income Tax Department	2.50	2.50	2.50	2.50	2.50
Security of Persons and Property					
Police Department	25.00	25.00	25.00	25.00	25.00
Part Time Dispatchers	6.00	6.00	6.00	6.00	6.00
School Patrol	4.00	4.00	4.00	4.00	4.00
Animal Control	1.00	1.00	1.00	1.00	1.00
Fire Department	16.00	16.00	16.00	16.00	16.00
Street Lighting	1.00	1.00	1.00	1.00	1.00
Traffic and Safety	2.00	2.00	2.00	2.00	1.00
Safety Director	1.00	1.00	1.00	1.00	1.00
Public Health and Welfare Services					
Health Department	0.00	0.00	0.00	0.00	0.00
Transportation					
Street	10.00	10.00	10.00	10.00	10.00
Leisure Time Activities					
Parks	5.00	5.00	5.00	5.00	5.00
Parks /Seasonal	8.00	8.00	8.00	8.00	8.00
Lakes/Seasonal	4.00	4.00	4.00	4.00	4.00
Community Environment					
Housing, Planning, Zoning	2.00	2.00	2.00	2.00	2.00
Housing Inspectors/ Part Time	2.00	2.00	2.00	2.00	2.00
Recycling					
<b>Business-Type Activities</b>					
Utilities					
Water Plant	4.00	4.00	4.00	4.00	4.00
Wastewater Plant	6.00	6.00	6.00	6.00	6.00
Water and Wastewater Distribution	7.00	7.00	7.00	7.00	7.00
Water and Wastewater Administration	4.00	4.00	4.00	4.00	4.00
<i>Total Employees</i>	<u>138.50</u>	<u>137.50</u>	<u>137.50</u>	<u>137.50</u>	<u>136.50</u>

Source: City Auditor's Office

*City of Salem*

2005	2006	2007	2008	2009
1.00	1.00	1.00	1.00	1.00
3.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00
8.00	8.00	8.00	8.00	8.00
1.00	1.00	1.00	1.00	1.00
4.00	4.00	4.00	4.00	4.00
2.00	2.00	2.00	2.00	2.00
4.00	4.00	4.00	0.00	0.00
2.50	2.50	2.50	2.50	2.50
25.00	25.00	25.00	23.00	21.00
6.00	6.00	6.00	6.00	6.00
4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00
16.00	16.00	16.00	16.00	16.00
1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	0.00
0.00	0.00	0.00	0.00	4.00
10.00	10.00	10.00	10.00	10.00
5.00	5.00	5.00	5.00	5.00
8.00	8.00	8.00	17.00	17.00
4.00	4.00	4.00	4.00	4.00
2.00	2.00	2.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00
4.00	4.00	4.00	5.00	5.00
6.00	6.00	6.00	6.00	6.00
7.00	7.00	7.00	7.00	7.00
4.00	4.00	4.00	4.00	4.00
<u>136.50</u>	<u>136.50</u>	<u>136.50</u>	<u>139.50</u>	<u>140.50</u>

## City of Salem

### Operating Indicators by Function Last Ten Years

	2000	2001	2002	2003
<b>Governmental Activities</b>				
General Government				
Security of Persons and Property				
Police				
Numbers of Calls for Service	7,606	7,343	8,134	8,839
Thefts	41	55	58	74
Murder/ Homicide	0	0	0	0
MV/Accidents-TTL	399	391	431	455
MV/Accidents-Fatal	1	0	0	1
DUI	25	31	60	84
Arrests	1,243	1,179	1,467	1,493
Fire				
Number of Fire Calls	54	64	59	62
Number of EMS Runs	166	283	331	354
Number of other Runs	430	394	449	479
Number of Inspections	127	173	120	155
Number of Demo Permits	15	20	11	10
Transportation				
Street				
Number of Streets Resurfaced by feet	15,935	11,709	8,832	25,725
Number of Concrete Streets Repaired by Yards	2,562	2,326	0	0
Leisure Time Activities				
Parks				
Number of Program Sports Offered	9	9	9	9
Number of Community Events	11	11	11	11
Community Environment				
Number of Zoning Permits Issued	355	441	456	351
Estimated Cost Value of Construction	5,615,740	30,904,180	11,000,454	7,524,099
Number of Zoning Permits for Residential	N/A	N/A	N/A	N/A
Number of Zoning Permits for Commercial	N/A	N/A	N/A	N/A
Number of Zoning Permits for Industrial	N/A	N/A	N/A	N/A
Number of Contractor Registration	N/A	N/A	N/A	N/A
Number of Occupancy Licenses	N/A	N/A	N/A	N/A

*City of Salem*

2004	2005	2006	2007	2008	2009
7,943	7,983	7,853	11,907	8,018	14,129
80	78	105	145	106	60
2	0	0	0	0	0
514	444	479	508	458	416
1	0	0	0	1	1
59	72	95	59	35	37
1,126	1,211	1,083	1,190	1,093	1,261
72	53	67	71	55	77
251	393	478	488	608	640
519	457	492	508	594	538
200	196	420	299	277	142
9	18	12	8	6	30
0	31,483	37,300	24,055	0	4,844
0	1,423	0	0	0	0
9	9	9	9	9	9
11	11	11	11	11	11
359	450	459	376	338	298
31,713,664	10,237,534	23,876,613	11,010,640	20,106,637	4,959,865
N/A	374	374	315	271	255
N/A	67	72	55	61	40
N/A	9	13	6	6	3
N/A	237	530	516	426	404
N/A	1,640	1,704	1,800	1,800	1,915

(Continued)

# City of Salem

## Operating Indicators by Function Last Ten Years

	2000	2001	2002	2003
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	6,584	6,611	6,653	6,685
Water Main Breaks	43	23	46	42
Daily Average Consumption (thousands of gallons)	2,325	2,413	2,425	2,401
Peak Daily Consumption (thousands of gallons)	3,373	3,364	3,122	3,314
Wastewater				
Number of Sewer Service Connections	6,014	6,038	6,175	6,228
Daily Average Sewage Treatment (thousands of gallons)	2,617	2,507	2,425	3,176

Source: City Auditor's Office

Source: Utilities Superintendent

Source: Service Director

Source: Zoning Department

N/A = Not Available

*City of Salem*

---

---

2004	2005	2006	2007	2008	2009
6,708	6,754	6,833	6,855	6,874	6,838
30	31	17	54	42	33
2,423	2,676	2,421	2,221	2,065	2,034
3,495	3,630	3,565	3,167	2,925	3,252
6,248	6,285	6,360	6,380	6,389	6,348
3,349	2,801	2,825	2,900	2,724	2,540

# City of Salem

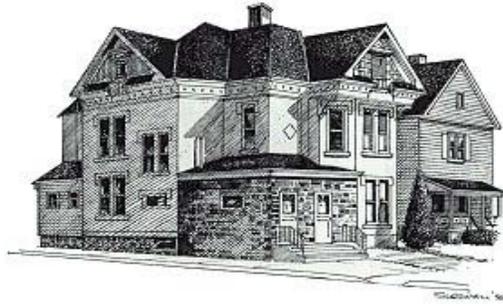
## Capital Asset Statistics by Function Last Ten Years

	2000	2001	2002	2003
<b>Governmental Activities</b>				
General Government				
Public Land and Buildings				
Land (acres)	1.514	1.722	1.722	1.722
Buildings	2	2	2	2
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	11	11	11	11
Fire				
Stations	1	1	1	1
Vehicles	5	5	5	5
Transportation				
Street				
Streets (lane miles)	60	62	62	62
Street Lights	1,421	1,421	1,421	1,421
Vehicles	9	9	9	9
Heavy Equipment	12	12	12	12
Leisure Time Activities				
Parks				
Land (acres)	335	335	335	335
Buildings	10	10	10	10
Parks	6	6	6	6
Playgrounds	4	4	4	4
Swimming Pools	1	1	1	1
Tennis Courts	6	6	6	6
Baseball/Softball Diamonds	8	8	8	8
Soccer Fields	2	2	2	2
<b>Business-Type Activities</b>				
Utilities				
Water				
Waterlines (Miles)	107.136	107.957	110.581	111.013
Pump Stations	3	3	3	3
Number of Hydrants	740	753	774	785
Average Daily Consumption	2,325	2,413	2,425	2,401
Storage Capacity (thousands of gallons)	3,800	3,800	3,800	3,800
Wastewater				
Sanitary Sewer Mains (miles)	64.223	65.637	69.384	69.975
Sanitary Force Mains (miles)	4.525	4.525	5.197	5.197
Lift Stations	15	15	15	16

Source: City Auditor's Office

*City of Salem*

2004	2005	2006	2007	2008	2009
1.722	1.722	1.722	1.722	1.722	1.722
2	2	2	2	2	2
1	1	1	1	1	1
11	11	11	11	11	11
1	1	1	1	1	1
6	6	6	6	6	6
62	62	62	62	63	63
1,421	1,421	1,421	1,421	1,423	1,423
9	9	9	9	9	9
12	12	13	13	10	10
335	335	335	335	335	335
10	10	10	10	10	10
6	6	6	6	6	6
4	4	4	4	4	4
1	1	1	1	1	1
6	6	6	6	6	6
8	8	8	8	8	8
2	2	2	2	2	2
111.316	112.782	113.608	113.688	115.210	115.240
3	3	3	3	3	3
791	811	825	827	835	836
2,423	2,676	2,421	3,167	2,065	2,034
3,800	3,800	3,800	3,800	4,694	5,194
70.578	71.471	71.968	72.003	72.010	71.740
6.080	6.080	6.080	6.080	6.080	5.200
16	17	17	17	17	17





Mary Taylor, CPA  
Auditor of State

CITY OF SALEM

COLUMBIANA COUNTY

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 6, 2010