



Dave Yost • Auditor of State

**CITY OF SALEM
COLUMBIANA COUNTY**

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**CITY OF SALEM
COLUMBIANA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDING DECEMBER 31, 2010**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block	A-F-09-2DL-1	14.228	\$84,567
Home Investment Partnership Program	A-C-08-2SD-1	14.239	37,301
Home Investment Partnership Program	A-C-09-2SD-1		282,716
Ohio Housing Trust Fund (OHTF)	C-08-2SD-1		25,924
Total Home Investment Partnership Program			<u>345,941</u>
Appalachian Regional Commission	S-A-09-2DL-1	23.001	46,490
Total U.S. Department of Housing and Urban Development			<u>476,998</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Direct:</i>			
FEMA Grant	EMW-2009-FO-03775	97.044	99,550
Total U.S. Department of Homeland Security			<u>99,550</u>
Total			<u>\$576,548</u>

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF SALEM
COLUMBIANA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Federal Awards Expenditures Schedule (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule. These loans are collateralized by mortgages on the property and by other guarantees.

Activity in the CDBG Revolving Loan Fund during 2010 was as follows:

Beginning loans receivable balance as of January 1, 2010:	\$ 0
Loan principle repaid on loans issued prior to 2010:	<u>0</u>
Ending loans receivable balance as of December 31, 2010	\$ 0
Cash balance on hand in the revolving loan fund at December 31, 2010	\$ 22,139
Interest subsidies and economic development principal	\$ 61
Administrative costs expended during 2010	\$ 1,978



Dave Yost • 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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 15, 2011. 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*.

City of Salem
Columbiana County
Independent Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By Government Auditing Standards
Page 2

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 15, 2011.

We intend this report solely for the information and use of management, the audit committee, city council, and federal awarding agencies and pass-through entities, and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 15, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the City Council:

Compliance

We have audited the compliance of the City of Salem (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the City of Salem's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Salem complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

Federal Awards Expenditures Schedule

We have also 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 (the City) as of and for the year ended December 31, 2010, and have issued our report thereon dated June 15, 2011. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, city council, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

June 15, 2011

**CITY OF SALEM
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Home Investment Partnership Program (CFDA # 14.239)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2010

Prepared by the Auditor's Office

Betty Brothers
City Auditor

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COLUMBIANA COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF SALEM

231 South Broadway Avenue • Salem, Ohio 44460
Betty Brothers, City Auditor

phone (330) 332-4482

fax (330)-332-3001

June 15, 2011

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, 2010. 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, 2010***

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 known, 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.

In 2010, as a result of the Federal Census for the State of Ohio, Salem is now the largest community in Columbiana County with 12,303 residents.

***Letter of Transmittal
For the Year Ended December 31, 2010***

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.

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. In March 2010, Columbus McKinnon (AKA Chester Hoist) moved into the old SolarTech building, employing over 90 people.

***Letter of Transmittal
For the Year Ended December 31, 2010***

MAJOR INITIATIVES

During 2010, continuing efforts were made to upgrade services and improve the quality of life for the citizens of Salem.

The Salem Utility Dept. completed the Salem-Leetonia Water Main at a cost of \$533,406.

Other projects included are as follows:

Pershing Street water and sanitary sewer extension (to date) \$123,652

Salem wastewater treatment plant Polymer Feed System \$13,473

The City dredged Buttermilk Run storm drainage system to relieve flooding on Penn Ave. at the cost of \$100,000.

Other projects included are as follows:

Pershing Street extension at a cost of \$900,000

Purchased 2 new International 2 ½ ton plow trucks at a cost of \$200,000

Paved 4th Street from Lincoln to Broadway, which was grant funded at \$46,000

Resided lower service garage building with steel siding- in house- for a substantial savings to the city at a cost of \$7,000

Long Term Financial Planning:

With the upcoming budget cuts, it is imperative that we use our money smarter with less. Most importantly, that our taxpayers are confident that their city is using their tax dollars as wisely and efficiently as possible. Our plan is to look at each department, whether by a performance audit or an internal initiative, to ensure maximum value is being achieved for each dollar spent.

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***Letter of Transmittal
For the Year Ended December 31, 2010***

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:
Principal |
| * Transfers | Interest |

***Letter of Transmittal
For the Year Ended December 31, 2010***

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, Dave Yost. 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, 2009. 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 ten consecutive years (2000 - 2009). 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, 2010***

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,



Betty Brothers
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, 2010***

<i>ELECTED OFFICIALS</i>	<i>OFFICE</i>	<i>TERM EXPIRES</i>
Michele Weaver	President of Council	12/31/13
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
Brian Whitehill	Council Member at Large	12/31/13
John Berlin	Council Member at Large	12/31/13
Jerry Wolford	Mayor	12/31/11
Jim Armeni*	Auditor	12/31/11
Robert Tullis	Treasurer	12/31/13
C. Brooke Zellers	Law Director	12/31/11

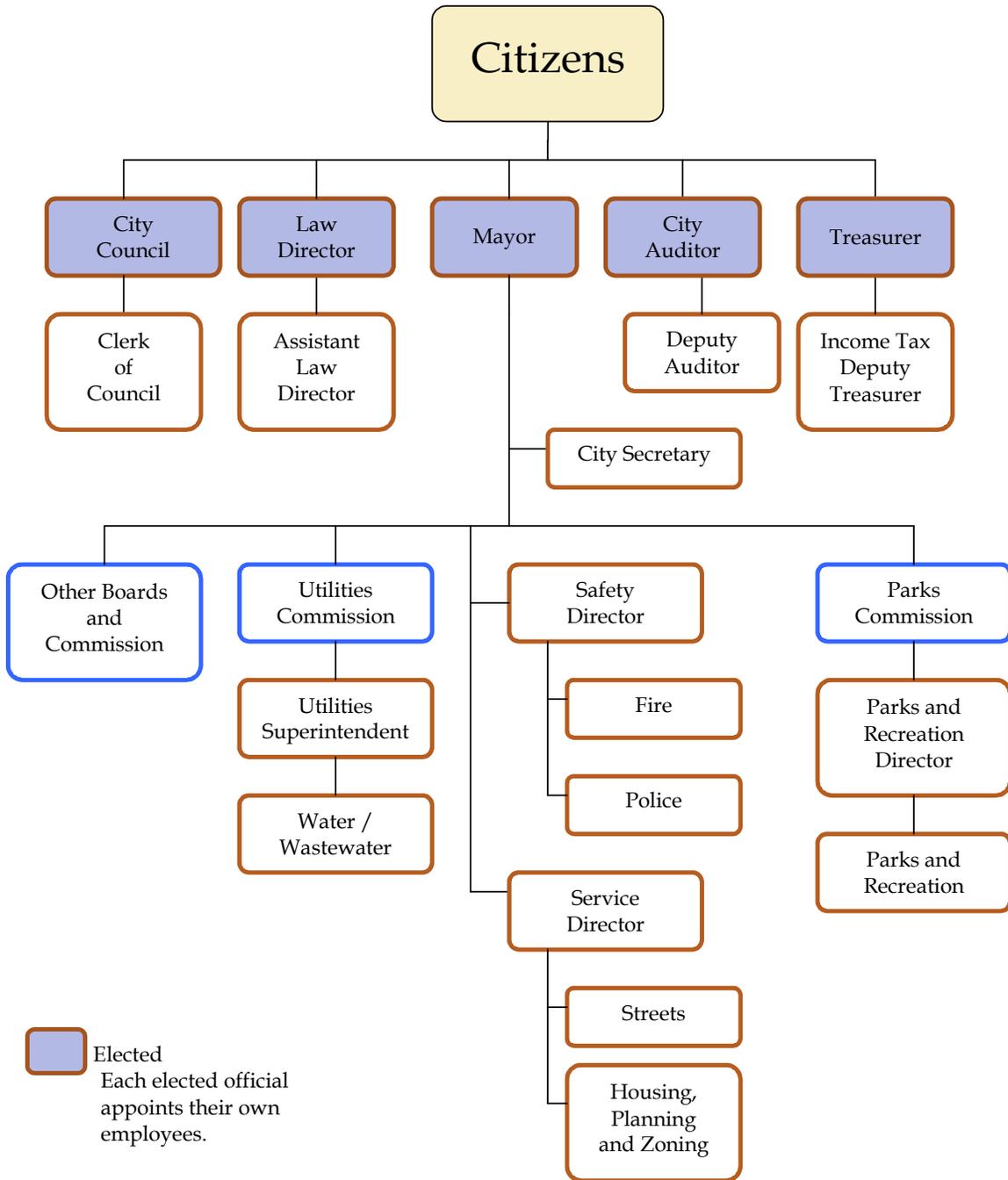
<i>ADMINISTRATIVE PERSONNEL</i>	<i>TITLE</i>	<i>TERM OF OFFICE</i>
Robert W. Floor	Police Chief	Indefinite
Jeff Hughes	Fire Chief	Indefinite
Barbara Hasson	Chief Deputy Auditor	Indefinite
Fred Pamer	Income Tax Administrator	Indefinite
Patrick Morrissey	Housing-Planning-Zoning Inspector	Indefinite
Steven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

*Effective February 2011 Betty Brothers was appointed to complete the unexpired term of the City Auditor that ends December 31, 2011.

City Address:

Salem City Hall
231 South Broadway Avenue
Salem, Ohio 44460

City Organizational Chart
For the Year Ended December 31, 2010



*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, 2009

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.



President

Executive Director

FINANCIAL SECTION





Dave Yost • 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, 2010, 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, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Municipal Income Tax, Parks and Community Housing Improvement 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 15, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provides additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. 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 section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

June 15, 2011

***Management's Discussion and Analysis
For the Year Ended December 31, 2010***

Unaudited

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, 2010. 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 2010 are as follows:

- ❑ In total, net assets increased \$198,725. Net assets of governmental activities increased \$511,341, which represents a 3% increase from 2009. Net assets of business-type activities decreased \$312,616 or 1% from 2009.
- ❑ General revenues accounted for \$6,264,941 in revenue or 51% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,010,821, or 49% of total revenues of \$12,275,762.
- ❑ The City had \$7,549,426 in expenses related to governmental activities; only \$1,866,637 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$6,234,267 and net assets were adequate to provide for these programs.
- ❑ The general fund had \$4,682,931 in revenues and other financing sources and \$4,666,574 in expenditures and other financing uses. The general fund's fund balance increased from \$371,208 to \$390,741.

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, 2010***

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 2010 compared to 2009.

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$5,463,161	\$4,284,946	\$17,727,400	\$17,277,694	\$23,190,561	\$21,562,640
Capital assets, Net	17,911,046	18,092,389	17,895,859	18,424,570	35,806,905	36,516,959
Total assets	23,374,207	22,377,335	35,623,259	35,702,264	58,997,466	58,079,599
Long-term debt outstanding	4,009,925	3,749,633	989,451	929,377	4,999,376	4,679,010
Other liabilities	2,082,965	1,857,726	342,092	168,555	2,425,057	2,026,281
Total liabilities	6,092,890	5,607,359	1,331,543	1,097,932	7,424,433	6,705,291
Net assets						
Invested in capital assets, net of related debt	13,521,311	13,965,711	17,016,942	17,606,520	30,538,253	31,572,231
Restricted	1,771,385	1,347,692	0	0	1,771,385	1,347,692
Unrestricted	1,988,621	1,456,573	17,274,774	16,997,812	19,263,395	18,454,385
Total net assets	<u>\$17,281,317</u>	<u>\$16,769,976</u>	<u>\$34,291,716</u>	<u>\$34,604,332</u>	<u>\$51,573,033</u>	<u>\$51,374,308</u>

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**Management's Discussion and Analysis
For the Year Ended December 31, 2010**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for 2010 compared to 2009:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for Services and Sales	\$231,796	\$225,947	\$4,144,184	\$4,319,584	\$4,375,980	\$4,545,531
Operating Grants and Contributions	1,392,013	698,331	0	0	1,392,013	698,331
Capital Grants and Contributions	242,828	521,782	0	0	242,828	521,782
Total Program Revenues	<u>1,866,637</u>	<u>1,446,060</u>	<u>4,144,184</u>	<u>4,319,584</u>	<u>6,010,821</u>	<u>5,765,644</u>
General revenues:						
Property Taxes	1,178,154	1,194,360	0	0	1,178,154	1,194,360
Income Taxes	3,989,074	3,728,985	0	0	3,989,074	3,728,985
Other Local Taxes	58,042	71,167	0	0	58,042	71,167
Intergovernmental Revenues, Unrestricted	519,430	586,681	0	0	519,430	586,681
Investment Earnings	244,664	452,197	30,674	5,147	275,338	457,344
Miscellaneous	244,903	38,507	0	0	244,903	38,507
Total General Revenues	<u>6,234,267</u>	<u>6,071,897</u>	<u>30,674</u>	<u>5,147</u>	<u>6,264,941</u>	<u>6,077,044</u>
Total Revenues	<u>8,100,904</u>	<u>7,517,957</u>	<u>4,174,858</u>	<u>4,324,731</u>	<u>12,275,762</u>	<u>11,842,688</u>
Program Expenses						
Security of Persons and Property	3,649,834	3,662,034	0	0	3,649,834	3,662,034
Public Health and Welfare Services	99,797	79,539	0	0	99,797	79,539
Leisure Time Activities	516,422	512,797	0	0	516,422	512,797
Community Environment	498,173	415,272	0	0	498,173	415,272
Transportation	1,404,361	1,781,769	0	0	1,404,361	1,781,769
General Government	1,222,646	1,404,282	0	0	1,222,646	1,404,282
Interest and Fiscal Charges	158,193	167,822	0	0	158,193	167,822
Water	0	0	2,345,701	1,686,375	2,345,701	1,686,375
Wastewater	0	0	2,181,910	2,291,537	2,181,910	2,291,537
Total expenses	<u>7,549,426</u>	<u>8,023,515</u>	<u>4,527,611</u>	<u>3,977,912</u>	<u>12,077,037</u>	<u>12,001,427</u>
Change in Net Assets before transfers	551,478	(505,558)	(352,753)	346,819	198,725	(158,739)
Transfers	(40,137)	(525,413)	40,137	525,413	0	0
Total Change in Net Assets	511,341	(1,030,971)	(312,616)	872,232	198,725	(158,739)
Beginning 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>
Ending Net Assets	<u>\$17,281,317</u>	<u>\$16,769,976</u>	<u>\$34,291,716</u>	<u>\$34,604,332</u>	<u>\$51,573,033</u>	<u>\$51,374,308</u>

Governmental Activities

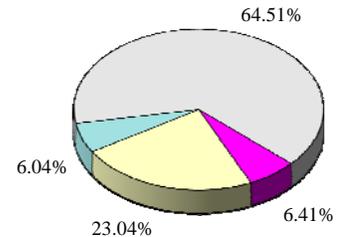
Net assets of the City's governmental activities increased \$511,341 or 3% from 2009. Operating grants and contributions increased significantly due to increases in community housing improvement grants. The Ohio Department of Transportation funded a significant portion of a traffic light upgrade project in 2009, resulting in an increase in capital grants and contributions in 2009 and the subsequent decrease in capital grants in 2010. An improvement in economic conditions resulted in a moderate increase in income tax receipts while a decrease in interest rates resulted in the decrease in investment earnings. The City received a donation from First Energy Corporation toward an energy aggregation plan, resulting in the increase in miscellaneous revenue. Expenses decreased approximately 6% from the prior year due mostly to a decrease in transportation. The decrease in expenses for transportation can be attributed to a scaling back of the summer street maintenance program.

***Management's Discussion and Analysis
For the Year Ended December 31, 2010***

Unaudited

Income taxes and property taxes made up 49% and 15% respectively of revenues for governmental activities for the City in fiscal year 2010. The City's reliance upon tax revenues is demonstrated by the following graph indicating 65% of total revenues from general tax revenues:

Revenue Sources	2010	Percent of Total
General Tax Revenues	\$5,225,270	64.51%
Intergovernmental Revenues, Unrestricted	519,430	6.41%
Program Revenues	1,866,637	23.04%
General Other	489,567	6.04%
Total Revenue	<u>\$8,100,904</u>	<u>100.00%</u>



Business-Type Activities

Net assets of the business-type activities decreased \$312,616. An increase in expenses can be attributed to water tank repair and maintenance costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$2,011,111, which is an increase from last year's balance of \$1,352,136. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2010 and 2009:

	Fund Balance/(Deficit) December 31, 2010	Fund Balance/(Deficit) December 31, 2009	Increase (Decrease)
General	\$390,741	\$371,208	\$19,533
Municipal Income Tax	756,928	486,194	270,734
Parks	255,054	234,082	20,972
Community Housing Improvement	27,857	50,501	(22,644)
Tax Increment Financing	(617,200)	(640,957)	23,757
Other Governmental	1,197,731	851,108	346,623
Total	<u>\$2,011,111</u>	<u>\$1,352,136</u>	<u>\$658,975</u>

***Management's Discussion and Analysis
For the Year Ended December 31, 2010***

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:

	2010 <u>Revenues</u>	2009 <u>Revenues</u>	Increase <u>(Decrease)</u>
Taxes	\$651,015	\$657,975	(\$6,960)
Intergovernmental Revenues	491,878	515,943	(24,065)
Charges for Services	71,470	69,846	1,624
Licenses and Permits	97,715	132,602	(34,887)
Investment Earnings	271,857	509,001	(237,144)
Special Assessments	7,390	2,123	5,267
Fines and Forfeitures	14,076	22,662	(8,586)
All Other Revenue	<u>157,667</u>	<u>20,786</u>	<u>136,881</u>
Total	<u>\$1,763,068</u>	<u>\$1,930,938</u>	<u>(\$167,870)</u>

Overall, General Fund revenues decreased approximately 9% when compared to revenues in the prior year. The City received a donation from First Energy Corporation toward an energy aggregation plan, resulting in the increase in all other revenue while lower interest rates resulted in the decrease in investment earnings.

	2010 <u>Expenditures</u>	2009 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$2,972,854	\$3,191,358	(\$218,504)
Community Environment	107,922	135,765	(27,843)
Transportation	20,319	7,245	13,074
General Government	<u>964,918</u>	<u>950,441</u>	<u>14,477</u>
Total	<u>\$4,066,013</u>	<u>\$4,284,809</u>	<u>(\$218,796)</u>

General Fund expenditures decreased \$218,796, or approximately 5%. This was the result of a decrease in security of persons and property, which can be attributed to a decrease in salaries and related costs in the police department.

Municipal Income Tax Fund – The City’s Municipal Income Tax Fund balance increased significantly from 2009 to 2010, due to a 6% increase in income tax receipts.

Parks Fund – The Parks Fund balance increased 9% from 2009 to 2010. Revenues and expenditures in this fund were consistent with the previous year.

***Management's Discussion and Analysis
For the Year Ended December 31, 2010***

Unaudited

Community Housing Improvement Fund – Revenues and expenditures in the Community Housing Improvement Fund remained consistent with the previous year. Intergovernmental receivables in this fund increased significantly in 2010 due to grant awards.

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 2010 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 6% lower than the final budget due mostly to a variance in unemployment compensation expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2010 the City had \$35,806,905 net of accumulated depreciation invested in land, buildings, improvements, machinery, equipment, vehicles and infrastructure. Of this total, \$17,911,046 was related to governmental activities and \$17,895,859 to the business-type activities. The following table shows fiscal year 2010 and 2009 balances:

	Governmental Activities		Increase (Decrease)
	2010	2009	
Land	\$4,586,123	\$4,586,123	\$0
Construction In Progress	564,581	409,568	155,013
Buildings	2,274,772	2,274,772	0
Improvements Other Than Buildings	481,581	481,581	0
Land Improvements	639,229	229,661	409,568
Machinery and Equipment	3,032,352	2,950,563	81,789
Infrastructure	21,747,952	21,747,952	0
Less: Accumulated Depreciation	(15,415,544)	(14,587,831)	(827,713)
Totals	<u>\$17,911,046</u>	<u>\$18,092,389</u>	<u>(\$181,343)</u>

City park athletic field improvements resulted in the additions to land improvements.

**Management's Discussion and Analysis
For the Year Ended December 31, 2010**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2010	2009	
Land	\$564,419	\$564,419	\$0
Construction in Progress	644,080	394,360	249,720
Buildings	20,740,386	20,740,386	0
Improvements Other Than Buildings	102,073	102,073	0
Machinery and Equipment	7,842,862	7,842,862	0
Infrastructure	9,682,946	9,682,946	0
Less: Accumulated Depreciation	<u>(21,680,907)</u>	<u>(20,902,476)</u>	<u>(778,431)</u>
Totals	<u>\$17,895,859</u>	<u>\$18,424,570</u>	<u>(\$528,711)</u>

East Pershing Street water and sewer main extensions resulted in the increase in construction in progress. Additional information on the City's capital assets can be found in Note 8.

Debt

At December 31, 2010, the City had \$2.9 million in General Obligation bonds outstanding, \$155,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2010 and 2009:

	2010	2009
Governmental Activities:		
General Obligation Bonds	\$2,924,433	\$3,072,912
Special Assessment Bond	20,000	40,000
Ohio Public Works Commission Loans	761,802	330,266
Compensated Absences	<u>303,690</u>	<u>306,455</u>
Total Governmental Activities	4,009,925	3,749,633
Business-Type Activities:		
Ohio Public Works Commission Loans	878,917	818,050
Compensated Absences	<u>110,534</u>	<u>111,327</u>
Total Business-Type Activities	<u>989,451</u>	<u>929,377</u>
Totals	<u>\$4,999,376</u>	<u>\$4,679,010</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, 2010, 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 2010 was 12.3%. Income tax receipts for 2010 were up 5.71% 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 up 52% 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 Betty Brothers, City Auditor of the City of Salem.



**Statement of Net Assets
December 31, 2010**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 2,171,128	\$ 2,177,323	\$ 4,348,451
Investments	0	14,497,545	14,497,545
Receivables:			
Taxes	1,816,149	0	1,816,149
Accounts	18,465	507,200	525,665
Intergovernmental	1,218,102	0	1,218,102
Interest	32,069	0	32,069
Special Assessments	8,953	290,619	299,572
Inventory of Supplies	181,678	239,691	421,369
Prepaid Items	16,617	15,022	31,639
Non-Depreciable Capital Assets	5,150,704	1,208,499	6,359,203
Depreciable Capital Assets, Net	12,760,342	16,687,360	29,447,702
Total Assets	23,374,207	35,623,259	58,997,466
Liabilities:			
Accounts Payable	83,807	236,550	320,357
Accrued Wages and Benefits	355,669	105,542	461,211
Intergovernmental Payable	2,040	0	2,040
Due to Others	1,130	0	1,130
Unearned Revenue	942,933	0	942,933
Accrued Interest Payable	13,886	0	13,886
General Obligation Notes Payable	683,500	0	683,500
Long Term Liabilities:			
Amounts due in less than one year	324,781	57,850	382,631
Amounts due in more than one year	3,685,144	931,601	4,616,745
Total Liabilities	6,092,890	1,331,543	7,424,433
Net Assets:			
Invested in Capital Assets, Net of Related Debt	13,521,311	17,016,942	30,538,253
Restricted For:			
Capital Projects	97,074	0	97,074
Debt Service	24,661	0	24,661
Street Improvements	449,898	0	449,898
Parks	313,103	0	313,103
Law Enforcement	168,538	0	168,538
Community Environment	718,111	0	718,111
Unrestricted	1,988,621	17,274,774	19,263,395
Total Net Assets	\$ 17,281,317	\$ 34,291,716	\$ 51,573,033

See accompanying notes to the basic financial statements

CITY OF SALEM, OHIO

**Statement of Activities
For the Year Ended December 31, 2010**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 3,649,834	\$ 6,560	\$ 148,190	\$ 0
Public Health and Welfare Services	99,797	73,241	11,208	0
Leisure Time Activities	516,422	24,893	0	72,168
Community Environment	498,173	39,673	633,235	0
Transportation	1,404,361	428	599,380	170,660
General Government	1,222,646	87,001	0	0
Interest and Fiscal Charges	158,193	0	0	0
Total Governmental Activities	7,549,426	231,796	1,392,013	242,828
Business-Type Activities:				
Water	2,345,701	1,566,082	0	0
Wastewater	2,181,910	2,578,102	0	0
Total Business-Type Activities	4,527,611	4,144,184	0	0
Totals	\$ 12,077,037	\$ 4,375,980	\$ 1,392,013	\$ 242,828

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
\$ (3,495,084)	\$ 0	\$ (3,495,084)
(15,348)	0	(15,348)
(419,361)	0	(419,361)
174,735	0	174,735
(633,893)	0	(633,893)
(1,135,645)	0	(1,135,645)
(158,193)	0	(158,193)
<u>(5,682,789)</u>	<u>0</u>	<u>(5,682,789)</u>
0	(779,619)	(779,619)
<u>0</u>	<u>396,192</u>	<u>396,192</u>
<u>0</u>	<u>(383,427)</u>	<u>(383,427)</u>
<u>(5,682,789)</u>	<u>(383,427)</u>	<u>(6,066,216)</u>
617,987	0	617,987
497,038	0	497,038
63,129	0	63,129
3,989,074	0	3,989,074
58,042	0	58,042
519,430	0	519,430
244,664	30,674	275,338
244,903	0	244,903
(40,137)	40,137	0
<u>6,194,130</u>	<u>70,811</u>	<u>6,264,941</u>
511,341	(312,616)	198,725
<u>16,769,976</u>	<u>34,604,332</u>	<u>51,374,308</u>
<u>\$ 17,281,317</u>	<u>\$ 34,291,716</u>	<u>\$ 51,573,033</u>

CITY OF SALEM, OHIO

**Balance Sheet
Governmental Funds
December 31, 2010**

	General	Municipal Income Tax	Parks	Community Housing Improvement
Assets:				
Cash and Cash Equivalents	\$ 450,857	\$ 260,588	\$ 276,018	\$ 35,655
Receivables:				
Taxes	564,919	722,417	337,014	0
Accounts	18,374	0	0	0
Intergovernmental	205,592	0	19,071	558,091
Interest	32,069	0	0	0
Special Assessments	0	0	0	0
Interfund Loans Receivable	0	0	0	0
Inventory of Supplies	76,239	0	0	0
Prepaid Items	15,342	536	739	0
Total Assets	\$ 1,363,392	\$ 983,541	\$ 632,842	\$ 593,746
Liabilities:				
Accounts Payable	\$ 22,961	\$ 230	\$ 4,448	\$ 0
Accrued Wages and Benefits Payable	211,703	5,623	17,255	0
Intergovernmental Payable	2,040	0	0	0
Due to Others	1,130	0	0	0
Interfund Loans Payable	0	0	0	11,798
Deferred Revenue	734,817	220,760	356,085	554,091
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	972,651	226,613	377,788	565,889
Fund Balance:				
Reserved for Encumbrances	19,466	3,516	40,303	154,945
Reserved for Prepaid Items	15,342	536	739	0
Reserved for Supplies Inventory	76,239	0	0	0
Reserved for Debt Service	0	0	0	0
Undesignated, Unreserved in:				
General Fund	279,694	0	0	0
Special Revenue Funds (Deficit)	0	752,876	214,012	(127,088)
Capital Projects Funds (Deficit)	0	0	0	0
Total Fund Balance	390,741	756,928	255,054	27,857
Total Liabilities and Fund Balance	\$ 1,363,392	\$ 983,541	\$ 632,842	\$ 593,746

See accompanying notes to the basic financial statements

CITY OF SALEM, OHIO

Tax Increment Financing	Other Governmental Funds	Total Governmental Funds
\$ 13,634	\$ 1,134,376	\$ 2,171,128
70,809	120,990	1,816,149
0	91	18,465
55,483	379,865	1,218,102
0	0	32,069
0	8,953	8,953
0	11,798	11,798
0	105,439	181,678
0	0	16,617
<u>\$ 139,926</u>	<u>\$ 1,761,512</u>	<u>\$ 5,474,959</u>
\$ 0	\$ 56,168	\$ 83,807
0	121,088	355,669
0	0	2,040
0	0	1,130
0	0	11,798
70,809	386,525	2,323,087
2,817	0	2,817
<u>683,500</u>	<u>0</u>	<u>683,500</u>
<u>757,126</u>	<u>563,781</u>	<u>3,463,848</u>
461,802	268,106	948,138
0	0	16,617
0	105,439	181,678
0	4,914	4,914
0	0	279,694
0	359,234	1,199,034
<u>(1,079,002)</u>	<u>460,038</u>	<u>(618,964)</u>
<u>(617,200)</u>	<u>1,197,731</u>	<u>2,011,111</u>
<u>\$ 139,926</u>	<u>\$ 1,761,512</u>	<u>\$ 5,474,959</u>

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2010***

Total Governmental Fund Balances		\$ 2,011,111
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		17,911,046
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		1,380,154
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	(2,825,000)	
Premium on Bonds Issued	(99,433)	
Special Assessment Bonds Payable	(20,000)	
Compensated Absences Payable	(303,690)	
OPWC Loans Payable	(761,802)	
Accrued Interest Payable	(11,069)	(4,020,994)
<i>Net Assets of Governmental Activities</i>		<u>\$ 17,281,317</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, 2010**

	General	Municipal Income Tax	Parks	Community Housing Improvement
Revenues:				
Taxes	\$ 651,015	\$ 3,920,509	\$ 361,034	\$ 0
Intergovernmental Revenues	491,878	0	48,348	277,759
Charges for Services	71,470	0	17,167	0
Licenses and Permits	97,715	0	0	0
Investment Earnings	271,857	0	0	0
Special Assessments	7,390	0	0	0
Fines and Forfeitures	14,076	0	0	0
All Other Revenue	157,667	0	255	0
Total Revenue	1,763,068	3,920,509	426,804	277,759
Expenditures:				
Current:				
Security of Persons and Property	2,972,854	0	0	0
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	405,832	0
Community Environment	107,922	0	0	300,403
Transportation	20,319	0	0	0
General Government	964,918	218,548	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	4,066,013	218,548	405,832	300,403
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,302,945)	3,701,961	20,972	(22,644)
Other Financing Sources (Uses):				
Sale of Capital Assets	3,320	0	0	0
Ohio Public Works Commission Loan	0	0	0	0
Transfers In	2,916,543	0	0	0
Transfers Out	(600,561)	(3,431,227)	0	0
Total Other Financing Sources (Uses)	2,319,302	(3,431,227)	0	0
Net Change in Fund Balance	16,357	270,734	20,972	(22,644)
Fund Balance (Deficit) at Beginning of Year	371,208	486,194	234,082	50,501
Increase in Inventory Reserve	3,176	0	0	0
Fund Balance (Deficit) End of Year	\$ 390,741	\$ 756,928	\$ 255,054	\$ 27,857

See accompanying notes to the basic financial statements

CITY OF SALEM, OHIO

<u>Tax Incremental Financing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 63,129	\$ 138,088	\$ 5,133,775
170,660	859,853	1,848,498
0	40,231	128,868
0	41,164	138,879
0	306	272,163
0	18,276	25,666
0	625	14,701
0	86,981	244,903
<u>233,789</u>	<u>1,185,524</u>	<u>7,807,453</u>
0	516,838	3,489,692
0	98,676	98,676
0	57,106	462,938
0	90,104	498,429
0	764,735	785,054
392	0	1,183,858
564,581	164,121	728,702
50,000	127,393	177,393
43,988	123,234	167,222
<u>658,961</u>	<u>1,942,207</u>	<u>7,591,964</u>
(425,172)	(756,683)	215,489
0	0	3,320
448,929	0	448,929
0	1,075,114	3,991,657
0	(6)	(4,031,794)
<u>448,929</u>	<u>1,075,108</u>	<u>412,112</u>
23,757	318,425	627,601
(640,957)	851,108	1,352,136
0	28,198	31,374
<u>\$ (617,200)</u>	<u>\$ 1,197,731</u>	<u>\$ 2,011,111</u>

***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, 2010***

Net Change in Fund Balances - Total Governmental Funds \$ 627,601

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	696,557	
Depreciation Expense	<u>(877,900)</u>	(181,343)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 293,451

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.

OPWC Loan Issued	(448,929)	
General Obligation Bond Principal Payment	140,000	
Bond Premium Amortization	8,479	
Special Assessment Bond Principal Payment	20,000	
OPWC Loan Principal Payment	<u>17,393</u>	(263,057)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 550

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	2,765	
Change in Inventory	<u>31,374</u>	<u>34,139</u>

Change in Net Assets of Governmental Activities **\$ 511,341**

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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
Revenues:				
Taxes	\$ 605,161	\$ 651,264	\$ 651,015	\$ (249)
Intergovernmental Revenue	480,495	517,100	512,543	(4,557)
Charges for Services	66,412	71,471	71,470	(1)
Licenses and Permits	107,722	115,928	114,871	(1,057)
Investment Earnings	278,763	300,000	297,282	(2,718)
Special Assessments	6,867	7,390	7,390	0
Fines and Forfeitures	15,757	16,957	13,801	(3,156)
All Other Revenues	146,840	158,027	157,885	(142)
Total Revenues	<u>1,708,017</u>	<u>1,838,137</u>	<u>1,826,257</u>	<u>(11,880)</u>
Expenditures:				
Current:				
Security of Persons and Property	2,854,334	3,089,020	3,006,857	82,163
Community Environment	112,525	121,777	110,136	11,641
Transportation	19,405	21,000	20,319	681
General Government	982,517	1,063,301	907,348	155,953
Total Expenditures	<u>3,968,781</u>	<u>4,295,098</u>	<u>4,044,660</u>	<u>250,438</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,260,764)	(2,456,961)	(2,218,403)	238,558
Other Financing Sources (Uses):				
Sale of Capital Assets	3,320	3,320	3,320	0
Transfers In	2,817,107	2,928,218	2,928,216	(2)
Transfers Out	(684,338)	(684,338)	(612,234)	72,104
Advances In	6,185	6,185	6,185	0
Advances Out	(3,000)	(3,000)	(2,988)	12
Total Other Financing Sources (Uses):	<u>2,139,274</u>	<u>2,250,385</u>	<u>2,322,499</u>	<u>72,114</u>
Net Change in Fund Balance	(121,490)	(206,576)	104,096	310,672
Fund Balance at Beginning of Year	248,703	248,703	248,703	0
Prior Year Encumbrances	56,807	56,807	56,807	0
Fund Balance at End of Year	<u>\$ 184,020</u>	<u>\$ 98,934</u>	<u>\$ 409,606</u>	<u>\$ 310,672</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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,700,000	\$ 3,960,000	\$ 3,909,356	\$ (50,644)
Total Revenues	<u>3,700,000</u>	<u>3,960,000</u>	<u>3,909,356</u>	<u>(50,644)</u>
Expenditures:				
Current:				
General Government	205,319	227,042	221,071	5,971
Total Expenditures	<u>205,319</u>	<u>227,042</u>	<u>221,071</u>	<u>5,971</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,494,681	3,732,958	3,688,285	(44,673)
Other Financing Sources (Uses):				
Transfers Out	(3,497,996)	(3,497,996)	(3,431,227)	66,769
Total Other Financing Sources (Uses)	<u>(3,497,996)</u>	<u>(3,497,996)</u>	<u>(3,431,227)</u>	<u>66,769</u>
Net Change in Fund Balance	(3,315)	234,962	257,058	22,096
Fund Balance at Beginning of Year	(3,782)	(3,782)	(3,782)	0
Prior Year Encumbrances	3,782	3,782	3,782	0
Fund Balance at End of Year	<u>\$ (3,315)</u>	<u>\$ 234,962</u>	<u>\$ 257,058</u>	<u>\$ 22,096</u>

See accompanying notes to the basic financial statements

**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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 369,535	\$ 360,715	\$ 361,034	\$ 319
Intergovernmental Revenues	49,530	48,348	48,348	0
Charges for Services	17,571	17,152	17,167	15
All Other Revenues	364	355	255	(100)
Total Revenues	437,000	426,570	426,804	234
Expenditures:				
Current:				
Leisure Time Activities	558,473	558,473	445,836	112,637
Total Expenditures	558,473	558,473	445,836	112,637
Excess (Deficiency) of Revenues Over (Under) Expenditures	(121,473)	(131,903)	(19,032)	112,871
Fund Balance at Beginning of Year	195,358	195,358	195,358	0
Prior Year Encumbrances	55,029	55,029	55,029	0
Fund Balance at End of Year	\$ 128,914	\$ 118,484	\$ 231,355	\$ 112,871

See accompanying notes to the basic financial statements

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Community Housing Improvement Fund
For the Year Ended December 31, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 700,887	\$ 876,084	\$ 286,691	\$ (589,393)
Total Revenues	<u>700,887</u>	<u>876,084</u>	<u>286,691</u>	<u>(589,393)</u>
Expenditures:				
Current:				
Community Environment	750,350	925,489	455,348	470,141
Total Expenditures	<u>750,350</u>	<u>925,489</u>	<u>455,348</u>	<u>470,141</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,463)	(49,405)	(168,657)	(119,252)
Other Financing Sources (Uses):				
Advances In	57,377	57,377	57,337	(40)
Advances Out	(45,539)	(45,539)	(45,539)	0
Total Other Financing Sources (Uses)	<u>11,838</u>	<u>11,838</u>	<u>11,798</u>	<u>(40)</u>
Net Change in Fund Balance	(37,625)	(37,567)	(156,859)	(119,292)
Fund Balance at Beginning of Year	(67,672)	(67,672)	(67,672)	0
Prior Year Encumbrances	105,241	105,241	105,241	0
Fund Balance at End of Year	<u>\$ (56)</u>	<u>\$ 2</u>	<u>\$ (119,290)</u>	<u>\$ (119,292)</u>

See accompanying notes to the basic financial statements

**Statement of Net Assets
Proprietary Funds
December 31, 2010**

	Business-Type Activities		
	Enterprise Funds		
	Water	Wastewater	Total
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 1,136,813	\$ 1,040,510	\$ 2,177,323
Investments	2,435,000	12,062,545	14,497,545
Receivables:			
Accounts	224,476	282,724	507,200
Special Assessments	0	290,619	290,619
Inventory of Supplies at Cost	126,578	113,113	239,691
Prepaid Items	7,511	7,511	15,022
Total Current Assets	3,930,378	13,797,022	17,727,400
<i>Noncurrent Assets:</i>			
Non-Depreciable Capital Assets	598,148	610,351	1,208,499
Depreciable Capital Assets, Net	8,673,002	8,014,358	16,687,360
Total Noncurrent Assets	9,271,150	8,624,709	17,895,859
Total Assets	13,201,528	22,421,731	35,623,259
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	132,169	104,381	236,550
Accrued Wages and Benefits	53,364	52,178	105,542
Compensated Absences Payable - Current	2,292	1,362	3,654
OPWC Loans Payable - Current	54,196	0	54,196
Total Current Liabilities	242,021	157,921	399,942
<i>Noncurrent Liabilities:</i>			
OPWC Loans Payable	824,721	0	824,721
Compensated Absences Payable	45,531	61,349	106,880
Total Noncurrent Liabilities	870,252	61,349	931,601
Total Liabilities	1,112,273	219,270	1,331,543
Net Assets:			
Invested in Capital Assets, Net of Related Debt	8,392,233	8,624,709	17,016,942
Unrestricted	3,697,022	13,577,752	17,274,774
Total Net Assets	\$ 12,089,255	\$ 22,202,461	\$ 34,291,716

See accompanying notes to the basic financial statements

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2010**

	Business-Type Activities		
	Enterprise Funds		
	Water	Wastewater	Total
Operating Revenues:			
Charges for Services	\$ 1,525,594	\$ 2,565,693	\$ 4,091,287
Other Operating Revenue	39,570	6,353	45,923
Total Operating Revenues	1,565,164	2,572,046	4,137,210
Operating Expenses:			
Personal Services	767,855	916,058	1,683,913
Contractual Services	536,595	607,966	1,144,561
Materials and Supplies	636,367	280,018	916,385
Depreciation	401,497	376,934	778,431
Total Operating Expenses	2,342,314	2,180,976	4,523,290
Operating Income (Loss)	(777,150)	391,070	(386,080)
Nonoperating Revenue (Expenses):			
Investment Earnings	0	30,674	30,674
Other Nonoperating Revenue	918	6,056	6,974
Other Nonoperating Expense	(3,387)	(934)	(4,321)
Total Nonoperating Revenues (Expenses)	(2,469)	35,796	33,327
Income (Loss) Before Transfers	(779,619)	426,866	(352,753)
Transfers:			
Transfers In	5,212	34,925	40,137
Total Transfers	5,212	34,925	40,137
Change in Net Assets	(774,407)	461,791	(312,616)
Net Assets Beginning of Year	12,863,662	21,740,670	34,604,332
Net Assets End of Year	<u>\$ 12,089,255</u>	<u>\$ 22,202,461</u>	<u>\$ 34,291,716</u>

See accompanying notes to the basic financial statements

CITY OF SALEM, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010**

	Business-Type Activities		
	Enterprise Funds		Totals
	Water	Wastewater	
Cash Flows from Operating Activities:			
Cash Received from Customers	\$1,557,147	\$2,597,912	\$4,155,059
Cash Payments for Goods and Services	(1,144,762)	(873,769)	(2,018,531)
Cash Payments to Employees	(760,446)	(907,025)	(1,667,471)
Net Cash Provided (Used) by Operating Activities	(348,061)	817,118	469,057
Cash Flows from Noncapital Financing Activities:			
Transfers In from Other Funds	5,212	34,925	40,137
Net Cash Provided by Noncapital Financing Activities	5,212	34,925	40,137
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Assets	(8,575)	(131,409)	(139,984)
Ohio Public Works Commission Loan Proceeds	71,117	0	71,117
Principal Paid on Ohio Public Works Commission Loan	(10,250)	0	(10,250)
Net Cash Provided (Used) for Capital and Related Financing Activities	52,292	(131,409)	(79,117)
Cash Flows from Investing Activities:			
Purchase of Investments	(435,000)	(2,318,751)	(2,753,751)
Net Cash Used by Investing Activities	(435,000)	(2,318,751)	(2,753,751)
Net Decrease in Cash and Cash Equivalents	(725,557)	(1,598,117)	(2,323,674)
Cash and Cash Equivalents at Beginning of Year	1,862,370	2,638,627	4,500,997
Cash and Cash Equivalents at End of Year	\$1,136,813	\$1,040,510	\$2,177,323
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(\$777,150)	\$391,070	(\$386,080)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	401,497	376,934	778,431
Miscellaneous Nonoperating Revenue	918	6,056	6,974
Miscellaneous Nonoperating Expense	(3,387)	(934)	(4,321)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(8,935)	(2,644)	(11,579)
(Increase) Decrease in Inventory	1,111	(19,962)	(18,851)
Decrease in Prepaid Items	9,510	9,511	19,021
Decrease in Special Assessments Receivable	0	22,454	22,454
Increase in Accounts Payable	20,966	25,600	46,566
Increase in Accrued Wages and Benefits	7,528	9,707	17,235
Decrease in Compensated Absences	(119)	(674)	(793)
Total Adjustments	429,089	426,048	855,137
Net Cash Provided by Operating Activities	(348,061)	\$817,118	\$469,057

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2010 the Water and Wastewater Funds had outstanding liabilities of \$66,939 and \$42,797, respectively, for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2010***

	Total Agency Funds
Assets:	
Cash and Cash Equivalents	\$ 47,654
Total Assets	<u>47,654</u>
Liabilities:	
Due to Others	<u>47,654</u>
Total Liabilities	<u>\$ 47,654</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

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, 2010 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, 2010***

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.

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.

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, deposits from developers involved in subdivision construction, health department fees remitted to the State, and insurance monies used for building demolition. 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, 2010***

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, 2010***

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, 2010 but which are not intended to finance 2010 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, 2010***

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, 2010***

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 2010.

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 2010, 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, 2010**

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	Community Housing Improvement Fund
GAAP Basis (as reported)	\$16,357	\$270,734	\$20,972	(\$22,644)
Increase (Decrease):				
Accrued Revenues at December 31, 2010 received during 2011	(86,137)	(501,657)	0	(4,000)
Accrued Revenues at December 31, 2009 received during 2010	152,052	490,504	0	12,932
Accrued Expenditures at December 31, 2010 paid during 2011	237,834	5,853	21,703	11,798
Accrued Expenditures at December 31, 2009 paid during 2010	(205,688)	(4,820)	(16,305)	0
2009 Prepays for 2010	46,271	510	0	0
2010 Prepays for 2011	(15,342)	(536)	(739)	0
Outstanding Encumbrances	(41,251)	(3,530)	(44,663)	(154,945)
Budget Basis	<u>\$104,096</u>	<u>\$257,058</u>	<u>(\$19,032)</u>	<u>(\$156,859)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

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, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, 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, 2010**

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, Tax Increment Financing 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, 2010***

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, 2010***

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 2010.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

The fund deficits at December 31, 2010 of \$47,011 in the Police Pension Fund and \$49,338 in the Fire Pension 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 \$617,200 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, 2010***

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 \$8,031,895 and the bank balance was \$8,092,046. Federal depository insurance covered \$1,000,000 of the bank balance and \$7,092,046 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>\$7,092,046</u>
Total Balance	<u><u>\$7,092,046</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

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

B. Investments

The City's investments at December 31, 2010 are summarized below:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
Repurchase Agreement	\$3,364,210	N/A	\$3,364,210	\$0
FHLB	6,496,845	AAA ^{1,2}	0	6,496,845
FFCB	1,000,700	AAA ^{1,2}	0	1,000,700
Total Investments	<u>\$10,861,755</u>		<u>\$3,364,210</u>	<u>\$7,497,545</u>

¹ 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:

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$4,396,105	\$14,497,545
Certificates of Deposit (with maturities of more than 3 months)	7,000,000	(7,000,000)
Investments:		
Repurchase Agreements	(3,364,210)	3,364,210
Per GASB Statement No. 3	<u>\$8,031,895</u>	<u>\$10,861,755</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

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 2010 were levied after October 1, 2009 on assessed values as of January 1, 2009, 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 2010. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

Tangible personal property tax revenues received in 2010 (other than public utility property) represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on values as of January 1, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. House Bill No. 66 was to hold governments harmless by replacing a portion of the revenue lost due to the phasing out of the tax. In years 2006-2009, the lost revenue was fully reimbursed. In years 2010-2018, the lost revenue will not be reimbursed.

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 100 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, 2010 was \$5.40 per \$1,000 of assessed value. The assessed value upon which the 2010 levy was based was \$214,533,390. This amount constitutes \$209,954,110 in real property assessed value and \$4,579,280 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, 2010**

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, 2010 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 2010:

Fund	Transfer In	Transfer Out
General Fund	\$2,916,543	\$600,561
Municipal Income Tax Fund	0	3,431,227
Other Governmental Funds	1,075,114	6
Total Governmental Funds	3,991,657	4,031,794
Water Fund	5,212	0
Wastewater Fund	34,925	0
Total Proprietary Funds	40,137	0
Totals	\$4,031,794	\$4,031,794

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, 2010**

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of interfund loans receivable and payable for all funds for 2010:

Fund	Interfund Loans Receivable	Interfund Loans Payable
Community Housing Improvement Fund	\$0	\$11,798
Other Governmental Funds	11,798	0
Totals	<u>\$11,798</u>	<u>\$11,798</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, 2010:

Historical Cost:

Class	December 31, 2009	Additions	Deletions	December 31, 2010
<i>Capital assets not being depreciated:</i>				
Land	\$4,586,123	\$0	\$0	\$4,586,123
Construction in Progress	409,568	564,581	(409,568)	564,581
Subtotal	4,995,691	564,581	(409,568)	5,150,704
<i>Capital assets being depreciated:</i>				
Buildings	2,274,772	0	0	2,274,772
Improvements Other Than Buildings	481,581	0	0	481,581
Land Improvements	229,661	409,568	0	639,229
Machinery and Equipment	2,950,563	131,976	(50,187)	3,032,352
Infrastructure	21,747,952	0	0	21,747,952
Subtotal	27,684,529	541,544	(50,187)	28,175,886
Total Cost	<u>\$32,680,220</u>	<u>\$1,106,125</u>	<u>(\$459,755)</u>	<u>\$33,326,590</u>

Accumulated Depreciation:

Class	December 31, 2009	Additions	Deletions	December 31, 2010
Buildings	(\$1,147,082)	(\$53,389)	\$0	(\$1,200,471)
Improvements Other Than Buildings	(315,338)	(22,590)	0	(337,928)
Land Improvements	(221,723)	(12,824)	0	(234,547)
Machinery and Equipment	(2,074,414)	(177,235)	50,187	(2,201,462)
Infrastructure	(10,829,274)	(611,862)	0	(11,441,136)
Total Depreciation	<u>(\$14,587,831)</u>	<u>(\$877,900) *</u>	<u>\$50,187</u>	<u>(\$15,415,544)</u>
<i>Net Value:</i>	<u>\$18,092,389</u>			<u>\$17,911,046</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

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	\$146,404
Public Health and Welfare Services	960
Leisure Time Activities	52,884
Community Environment	842
Transportation	661,450
General Government	15,360
Total Depreciation Expense	<u>\$877,900</u>

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2010:

Historical Cost:

Class	December 31, 2009	Additions	Deletions	December 31, 2010
Capital assets not being depreciated:				
Land	\$564,419	\$0	\$0	\$564,419
Construction in Progress	394,360	249,720	0	644,080
Subtotal	<u>958,779</u>	<u>249,720</u>	<u>0</u>	<u>1,208,499</u>
Capital assets being depreciated:				
Buildings	20,740,386	0	0	20,740,386
Improvements Other Than Buildings	102,073	0	0	102,073
Machinery and Equipment	7,842,862	0	0	7,842,862
Infrastructure	9,682,946	0	0	9,682,946
Subtotal	<u>38,368,267</u>	<u>0</u>	<u>0</u>	<u>38,368,267</u>
Total Cost	<u>\$39,327,046</u>	<u>\$249,720</u>	<u>\$0</u>	<u>\$39,576,766</u>

Accumulated Depreciation:

Class	December 31, 2009	Additions	Deletions	December 31, 2010
Buildings	(\$10,293,814)	(\$461,882)	\$0	(\$10,755,696)
Improvements Other Than Buildings	(91,893)	(1,078)	0	(92,971)
Machinery and Equipment	(7,152,527)	(63,334)	0	(7,215,861)
Infrastructure	(3,364,242)	(252,137)	0	(3,616,379)
Total Depreciation	<u>(\$20,902,476)</u>	<u>(\$778,431)</u>	<u>\$0</u>	<u>(\$21,680,907)</u>
Net Value:	<u>\$18,424,570</u>			<u>\$17,895,859</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

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 2010, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2010 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. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 8.5% from January 1 through February 28, 2010 and 9.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 9.27% from January 1 through February 28, 2010, and 9.77% from March 1 through December 31, 2010. The contribution requirements of plan members and the City are established and may be amended by the OPERS

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Board. The City's required contributions for pension obligations to OPERS for the years ending December 31, 2010, 2009, and 2008 were \$223,705, \$198,997 and \$164,063, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2010 were \$5,258 made by the City and \$3,756 made by the plan members.

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 2010, 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, 2010, 2009, and 2008 were \$120,873, \$126,714 and \$126,989 for police and \$137,619, \$118,679 and \$122,531 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

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

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.

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 2010, 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. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. 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, 2010, 2009, and 2008 were \$127,533, \$144,706 and \$164,063, 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, 2010***

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 2010, 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, 2010, 2009, and 2008 were \$63,991, \$67,084 and \$67,230 for police and \$53,851, \$46,440 and \$47,947 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, 2010***

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, 2010:

	Balance January 1, 2010	Issued	(Retired)	Balance December 31, 2010
Capital Projects Fund Notes Payable:				
3.000% Street Improvement	\$683,500	\$0	(\$683,500)	\$0
2.150% Street Improvement	0	683,500	0	683,500
Total Notes Payable	<u>\$683,500</u>	<u>\$683,500</u>	<u>(\$683,500)</u>	<u>\$683,500</u>

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 12 - LONG-TERM DEBT OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2010 were as follows:

			Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010	Amount Due Within One Year
Governmental Activities:							
General Obligation Bonds:							
3.1-4.15%	Various Purpose	2025	\$2,040,000	\$0	(\$90,000)	\$1,950,000	\$95,000
	Premium		80,168	0	(5,011)	75,157	0
4.0-5.12%	Street Improvement - TIF	2017	925,000	0	(50,000)	875,000	60,000
	Premium		27,744	0	(3,468)	24,276	0
Total General Obligation Bonds:			3,072,912	0	(148,479)	2,924,433	155,000
Special Assessment Bond: (with governmental commitment)							
6.10%	Street Improvement	2011	40,000	0	(20,000)	20,000	20,000
Ohio Public Works Commission Loans							
0.00%	South East						
	Boulevard Improvement	2018	139,646	0	(8,728)	130,918	17,455
0.00%	Cunningham Road and						
	Bentley Drive Improvement	2021	190,620	0	(8,665)	181,955	17,330
0.00%	East Pershing Street Improvement	2026	0	448,929	0	448,929	0
Total Ohio Public Works Commission Loans			330,266	448,929	(17,393)	761,802	34,785
Compensated Absences Payable			306,455	303,690	(306,455)	303,690	114,996
Total Governmental Activities			3,749,633	752,619	(492,327)	4,009,925	324,781
Business-Type Activities:							
Ohio Public Works Commission Loans							
0.00%	Stewart Road Water Tank	2020	215,250	0	(10,250)	205,000	20,500
0.00%	Roosevelt Ave Water Tank	2030	602,800	71,117	0	673,917	33,696
Total Ohio Public Works Commission Loans			818,050	71,117	(10,250)	878,917	54,196
Compensated Absences			111,327	110,534	(111,327)	110,534	3,654
Total Business-Type Activities			929,377	181,651	(121,577)	989,451	57,850
Totals			\$4,679,010	\$934,270	(\$613,904)	\$4,999,376	\$382,631

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, 2010, of \$20,000 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, 2010**

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, 2010, the refunded bonds had an outstanding balance of \$620,000. 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, 2010. 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, 2010 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
2011	\$155,000	\$131,606	\$34,785	\$0	\$20,000	\$1,220	\$54,196	\$0
2012	200,000	125,644	57,231	0	0	0	54,196	0
2013	215,000	117,644	57,231	0	0	0	54,196	0
2014	230,000	107,806	57,231	0	0	0	54,196	0
2015	255,000	97,200	57,231	0	0	0	54,196	0
2016-2020	965,000	310,388	242,514	0	0	0	270,980	0
2021-2025	805,000	118,276	120,894	0	0	0	168,480	0
2026-2030	0	0	134,685	0	0	0	168,477	0
Totals	<u>\$2,825,000</u>	<u>\$1,008,564</u>	<u>\$761,802</u>	<u>\$0</u>	<u>\$20,000</u>	<u>\$1,220</u>	<u>\$878,917</u>	<u>\$0</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

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, 2010, the outstanding bonds have a principal amount payable of \$13,175,000.

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 \$66,956 to the Pool in 2010.

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, 2010 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, 2010***

NOTE 14 - RISK MANAGEMENT (Continued)

During 2010, 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	500/500
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.

Municipal Lodging Tax Fund

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

(Continued)

Special Revenue Funds

Municipal Event Fund

To account for revenues and expenditures associated with City sponsored events.

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.

Federal Emergency Management Agency (FEMA) Fund

To account for revenues and expenditures related to grants from the Federal Emergency Management Agency (FEMA).

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.

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 404,299	\$ 4,914	\$ 725,163	\$ 1,134,376
Receivables:				
Taxes	120,990	0	0	120,990
Accounts	91	0	0	91
Intergovernmental	353,176	0	26,689	379,865
Special Assessments	0	8,953	0	8,953
Interfund Loans Receivable	11,798	0	0	11,798
Inventory of Supplies, at Cost	105,439	0	0	105,439
Total Assets	\$ 995,793	\$ 13,867	\$ 751,852	\$ 1,761,512
Liabilities:				
Accounts Payable	\$ 22,177	\$ 0	\$ 33,991	\$ 56,168
Accrued Wages and Benefits Payable	121,088	0	0	121,088
Deferred Revenue	377,572	8,953	0	386,525
Total Liabilities	520,837	8,953	33,991	563,781
Fund Balance:				
Reserved for Encumbrances	10,283	0	257,823	268,106
Reserved for Supplies Inventory	105,439	0	0	105,439
Reserved for Debt Service	0	4,914	0	4,914
Undesignated/Unreserved	359,234	0	460,038	819,272
Total Fund Balance	474,956	4,914	717,861	1,197,731
Total Liabilities and Fund Balance	\$ 995,793	\$ 13,867	\$ 751,852	\$ 1,761,512

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2010***

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 136,004	\$ 0	\$ 2,084	\$ 138,088
Intergovernmental Revenues	797,585	0	62,268	859,853
Charges for Services	40,231	0	0	40,231
Licenses and Permits	41,164	0	0	41,164
Investment Earnings	306	0	0	306
Special Assessments	0	18,276	0	18,276
Fines and Forfeitures	625	0	0	625
All Other Revenue	71,272	0	15,709	86,981
Total Revenue	<u>1,087,187</u>	<u>18,276</u>	<u>80,061</u>	<u>1,185,524</u>
Expenditures:				
Current:				
Security of Persons and Property	516,838	0	0	516,838
Public Health and Welfare Services	98,676	0	0	98,676
Leisure Time Activities	57,106	0	0	57,106
Community Environment	90,104	0	0	90,104
Transportation	764,735	0	0	764,735
Capital Outlay	0	0	164,121	164,121
Debt Service:				
Principal Retirement	0	127,393	0	127,393
Interest and Fiscal Charges	0	123,234	0	123,234
Total Expenditures	<u>1,527,459</u>	<u>250,627</u>	<u>164,121</u>	<u>1,942,207</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(440,272)	(232,351)	(84,060)	(756,683)
Other Financing Sources (Uses):				
Transfers In	413,430	225,734	435,950	1,075,114
Transfers Out	(6)	0	0	(6)
Total Other Financing Sources (Uses)	<u>413,424</u>	<u>225,734</u>	<u>435,950</u>	<u>1,075,108</u>
Net Change in Fund Balance	(26,848)	(6,617)	351,890	318,425
Fund Balance at Beginning of Year	473,606	11,531	365,971	851,108
Increase in Inventory Reserve	28,198	0	0	28,198
Fund Balance End of Year	<u>\$ 474,956</u>	<u>\$ 4,914</u>	<u>\$ 717,861</u>	<u>\$ 1,197,731</u>

CITY OF SALEM, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010**

	Police Pension	Fire Pension	Law Enforcement	D.A.R.E.
Assets:				
Cash and Cash Equivalents	\$ 874	\$ 1,005	\$ 4,684	\$ 45
Receivables:				
Taxes	60,495	60,495	0	0
Accounts	0	0	0	0
Intergovernmental	3,697	3,697	0	0
Interfund Loans Receivable	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Total Assets	<u>\$ 65,066</u>	<u>\$ 65,197</u>	<u>\$ 4,684</u>	<u>\$ 45</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	47,885	50,343	0	0
Deferred Revenue	64,192	64,192	0	0
Total Liabilities	<u>112,077</u>	<u>114,535</u>	<u>0</u>	<u>0</u>
Fund Balance:				
Reserved for Encumbrances	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Undesignated/Unreserved	(47,011)	(49,338)	4,684	45
Total Fund Balance	<u>(47,011)</u>	<u>(49,338)</u>	<u>4,684</u>	<u>45</u>
Total Liabilities and Fund Balance	<u>\$ 65,066</u>	<u>\$ 65,197</u>	<u>\$ 4,684</u>	<u>\$ 45</u>

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	Municipal Event
\$ 12,983	\$ 149,840	\$ 99,318	\$ 5,788	\$ 3,825	\$ 4,891	\$ 9,903
0	0	0	0	0	0	0
0	0	91	0	0	0	0
0	0	231,890	18,802	39,090	0	0
0	0	0	0	0	0	0
0	0	105,439	0	0	0	0
<u>\$ 12,983</u>	<u>\$ 149,840</u>	<u>\$ 436,738</u>	<u>\$ 24,590</u>	<u>\$ 42,915</u>	<u>\$ 4,891</u>	<u>\$ 9,903</u>
\$ 0	\$ 4,074	\$ 15,397	\$ 1,275	\$ 367	\$ 0	\$ 0
0	0	21,235	0	0	0	0
0	0	154,593	12,535	26,060	0	0
<u>0</u>	<u>4,074</u>	<u>191,225</u>	<u>13,810</u>	<u>26,427</u>	<u>0</u>	<u>0</u>
0	1,228	3,239	1,558	39	0	0
0	0	105,439	0	0	0	0
12,983	144,538	136,835	9,222	16,449	4,891	9,903
<u>12,983</u>	<u>145,766</u>	<u>245,513</u>	<u>10,780</u>	<u>16,488</u>	<u>4,891</u>	<u>9,903</u>
<u>\$ 12,983</u>	<u>\$ 149,840</u>	<u>\$ 436,738</u>	<u>\$ 24,590</u>	<u>\$ 42,915</u>	<u>\$ 4,891</u>	<u>\$ 9,903</u>

(Continued)

CITY OF SALEM, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

	Lakes and Grounds	Health Department	Youth Services Grant	Community Development Block Grant	Rehabilitation Loan
Assets:					
Cash and Cash Equivalents	\$ 5,225	\$ 14,933	\$ 16,783	\$ 12,084	\$ 22,138
Receivables:					
Taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Intergovernmental	0	0	0	56,000	0
Interfund Loans Receivable	0	0	0	0	11,798
Inventory of Supplies, at Cost	0	0	0	0	0
Total Assets	<u>\$ 5,225</u>	<u>\$ 14,933</u>	<u>\$ 16,783</u>	<u>\$ 68,084</u>	<u>\$ 33,936</u>
Liabilities:					
Accounts Payable	\$ 62	\$ 225	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	1,625	0	0	0
Deferred Revenue	0	0	0	56,000	0
Total Liabilities	<u>62</u>	<u>1,850</u>	<u>0</u>	<u>56,000</u>	<u>0</u>
Fund Balance:					
Reserved for Encumbrances	644	0	0	2,750	825
Reserved for Supplies Inventory	0	0	0	0	0
Undesignated/Unreserved	4,519	13,083	16,783	9,334	33,111
Total Fund Balance	<u>5,163</u>	<u>13,083</u>	<u>16,783</u>	<u>12,084</u>	<u>33,936</u>
Total Liabilities and Fund Balance	<u>\$ 5,225</u>	<u>\$ 14,933</u>	<u>\$ 16,783</u>	<u>\$ 68,084</u>	<u>\$ 33,936</u>

CITY OF SALEM, OHIO

Shade Tree	Economic Development Loan	Central Business District	Design Review Board	Law Enforcement Assistance	FEMA	Total Nonmajor Special Revenue Funds
\$ 247	\$ 26,637	\$ 4,982	\$ 2,277	\$ 5,060	\$ 777	\$ 404,299
0	0	0	0	0	0	120,990
0	0	0	0	0	0	91
0	0	0	0	0	0	353,176
0	0	0	0	0	0	11,798
0	0	0	0	0	0	105,439
<u>\$ 247</u>	<u>\$ 26,637</u>	<u>\$ 4,982</u>	<u>\$ 2,277</u>	<u>\$ 5,060</u>	<u>\$ 777</u>	<u>\$ 995,793</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 777	\$ 22,177
0	0	0	0	0	0	121,088
0	0	0	0	0	0	377,572
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>777</u>	<u>520,837</u>
0	0	0	0	0	0	10,283
0	0	0	0	0	0	105,439
247	26,637	4,982	2,277	5,060	0	359,234
<u>247</u>	<u>26,637</u>	<u>4,982</u>	<u>2,277</u>	<u>5,060</u>	<u>0</u>	<u>474,956</u>
<u>\$ 247</u>	<u>\$ 26,637</u>	<u>\$ 4,982</u>	<u>\$ 2,277</u>	<u>\$ 5,060</u>	<u>\$ 777</u>	<u>\$ 995,793</u>

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010***

	Police Pension	Fire Pension	Law Enforcement	D.A.R.E.
Revenues:				
Taxes	\$ 68,002	\$ 68,002	\$ 0	\$ 0
Intergovernmental Revenues	7,453	7,453	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	25	0
All Other Revenue	0	0	0	0
Total Revenue	<u>75,455</u>	<u>75,455</u>	<u>25</u>	<u>0</u>
Expenditures:				
Current:				
Security of Persons and Property	184,864	191,469	71	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
Total Expenditures	<u>184,864</u>	<u>191,469</u>	<u>71</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(109,409)	(116,014)	(46)	0
Other Financing Sources (Uses):				
Transfers In	78,158	79,966	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>78,158</u>	<u>79,966</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(31,251)	(36,048)	(46)	0
Fund Balance (Deficit) at Beginning of Year	(15,760)	(13,290)	4,730	45
Increase in Inventory Reserve	0	0	0	0
Fund Balance (Deficit) End of Year	<u>\$ (47,011)</u>	<u>\$ (49,338)</u>	<u>\$ 4,684</u>	<u>\$ 45</u>

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	Municipal Event Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	16,452	475,420	38,547	83,765	0	0
0	0	428	0	0	0	0
0	0	0	0	0	0	0
0	188	16	13	0	0	0
600	0	0	0	0	0	0
0	9,042	5,897	0	0	150	45,747
600	25,682	481,761	38,560	83,765	150	45,747
0	36,775	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	35,844
0	0	0	0	0	3,490	0
0	0	646,186	35,822	82,727	0	0
0	36,775	646,186	35,822	82,727	3,490	35,844
600	(11,093)	(164,425)	2,738	1,038	(3,340)	9,903
0	0	225,000	0	0	0	0
0	0	0	0	0	0	0
0	0	225,000	0	0	0	0
600	(11,093)	60,575	2,738	1,038	(3,340)	9,903
12,383	156,859	156,740	8,042	15,450	8,231	0
0	0	28,198	0	0	0	0
\$ 12,983	\$ 145,766	\$ 245,513	\$ 10,780	\$ 16,488	\$ 4,891	\$ 9,903

(Continued)

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010***

	Lakes and Grounds	Health Department	Youth Services Grant	Community Development Block Grant
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	11,208	0	56,000
Charges for Services	0	39,803	0	0
Licenses and Permits	7,726	33,438	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	10,191	245	0	0
Total Revenue	17,917	84,694	0	56,000
Expenditures:				
Current:				
Security of Persons and Property	0	0	3,332	0
Public Health and Welfare Services	0	98,676	0	0
Leisure Time Activities	21,262	0	0	0
Community Environment	0	0	0	84,404
Transportation	0	0	0	0
Total Expenditures	21,262	98,676	3,332	84,404
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,345)	(13,982)	(3,332)	(28,404)
Other Financing Sources (Uses):				
Transfers In	0	30,000	0	6
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	30,000	0	6
Net Change in Fund Balance	(3,345)	16,018	(3,332)	(28,398)
Fund Balance (Deficit) at Beginning of Year	8,508	(2,935)	20,115	40,482
Increase in Inventory Reserve	0	0	0	0
Fund Balance (Deficit) End of Year	\$ 5,163	\$ 13,083	\$ 16,783	\$ 12,084

CITY OF SALEM, OHIO

Rehabilitatio n Loan	Shade Tree	Economic Development Loan	Central Business District	Design Review Board	Law Enforcement Assistance	FEMA	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 136,004
0	0	0	0	0	960	100,327	797,585
0	0	0	0	0	0	0	40,231
0	0	0	0	0	0	0	41,164
61	0	28	0	0	0	0	306
0	0	0	0	0	0	0	625
0	0	0	0	0	0	0	71,272
<u>61</u>	<u>0</u>	<u>28</u>	<u>0</u>	<u>0</u>	<u>960</u>	<u>100,327</u>	<u>1,087,187</u>
0	0	0	0	0	0	100,327	516,838
0	0	0	0	0	0	0	98,676
0	0	0	0	0	0	0	57,106
2,135	75	0	0	0	0	0	90,104
0	0	0	0	0	0	0	764,735
<u>2,135</u>	<u>75</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,327</u>	<u>1,527,459</u>
(2,074)	(75)	28	0	0	960	0	(440,272)
0	300	0	0	0	0	0	413,430
(6)	0	0	0	0	0	0	(6)
<u>(6)</u>	<u>300</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>413,424</u>
(2,080)	225	28	0	0	960	0	(26,848)
36,016	22	26,609	4,982	2,277	4,100	0	473,606
0	0	0	0	0	0	0	28,198
<u>\$ 33,936</u>	<u>\$ 247</u>	<u>\$ 26,637</u>	<u>\$ 4,982</u>	<u>\$ 2,277</u>	<u>\$ 5,060</u>	<u>\$ 0</u>	<u>\$ 474,956</u>

***Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2010***

	General Obligation Debt Retirement	Special Assessment Debt Retirement	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 1,451	\$ 3,463	\$ 4,914
Receivables:			
Special Assessments	0	8,953	8,953
Total Assets	<u>\$ 1,451</u>	<u>\$ 12,416</u>	<u>\$ 13,867</u>
Liabilities:			
Deferred Revenue	\$ 0	\$ 8,953	\$ 8,953
Total Liabilities	<u>0</u>	<u>8,953</u>	<u>8,953</u>
Fund Balance:			
Reserved for Debt Service	1,451	3,463	4,914
Total Fund Balance	<u>1,451</u>	<u>3,463</u>	<u>4,914</u>
Total Liabilities and Fund Balance	<u>\$ 1,451</u>	<u>\$ 12,416</u>	<u>\$ 13,867</u>

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2010***

	General Obligation Debt Retirement	Special Assessment Debt Retirement	Total Nonmajor Debt Service Funds
Revenues:			
Special Assessments	\$ 0	\$ 18,276	\$ 18,276
Total Revenue	<u>0</u>	<u>18,276</u>	<u>18,276</u>
Expenditures:			
Debt Service:			
Principal Retirement	107,393	20,000	127,393
Interest and Fiscal Charges	120,670	2,564	123,234
Total Expenditures	<u>228,063</u>	<u>22,564</u>	<u>250,627</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(228,063)	(4,288)	(232,351)
Other Financing Sources (Uses):			
Transfers In	225,734	0	225,734
Total Other Financing Sources (Uses)	<u>225,734</u>	<u>0</u>	<u>225,734</u>
Net Change in Fund Balance	(2,329)	(4,288)	(6,617)
Fund Balance at Beginning of Year	<u>3,780</u>	<u>7,751</u>	<u>11,531</u>
Fund Balance End of Year	<u>\$ 1,451</u>	<u>\$ 3,463</u>	<u>\$ 4,914</u>

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010**

	Income Tax Capital Improvement	Industrial Park Development	Industrial Park West Project	Total Nonmajor Capital Projects Funds
Assets:				
Cash and Cash Equivalents	\$ 569,756	\$ 142,800	\$ 12,607	\$ 725,163
Receivables:				
Intergovernmental	26,689	0	0	26,689
Total Assets	<u>\$ 596,445</u>	<u>\$ 142,800</u>	<u>\$ 12,607</u>	<u>\$ 751,852</u>
Liabilities:				
Accounts Payable	\$ 33,991	\$ 0	\$ 0	\$ 33,991
Total Liabilities	<u>33,991</u>	<u>0</u>	<u>0</u>	<u>33,991</u>
Fund Balance:				
Reserved for Encumbrances	257,823	0	0	257,823
Undesignated/Unreserved	304,631	142,800	12,607	460,038
Total Fund Balance	<u>562,454</u>	<u>142,800</u>	<u>12,607</u>	<u>717,861</u>
Total Liabilities and Fund Balance	<u>\$ 596,445</u>	<u>\$ 142,800</u>	<u>\$ 12,607</u>	<u>\$ 751,852</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, 2010***

	Income Tax Capital Improvement	Industrial Park Development	Industrial Park West Project	Total Nonmajor Capital Project Funds
Revenues:				
Taxes	\$ 2,084	\$ 0	\$ 0	\$ 2,084
Intergovernmental Revenues	62,268	0	0	62,268
All Other Revenue	15,709	0	0	15,709
Total Revenue	<u>80,061</u>	<u>0</u>	<u>0</u>	<u>80,061</u>
Expenditures:				
Capital Outlay	163,721	400	0	164,121
Total Expenditures	<u>163,721</u>	<u>400</u>	<u>0</u>	<u>164,121</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(83,660)	(400)	0	(84,060)
Other Financing Sources (Uses):				
Transfers In	435,950	0	0	435,950
Total Other Financing Sources (Uses)	<u>435,950</u>	<u>0</u>	<u>0</u>	<u>435,950</u>
Net Change in Fund Balance	352,290	(400)	0	351,890
Fund Balance at Beginning of Year	<u>210,164</u>	<u>143,200</u>	<u>12,607</u>	<u>365,971</u>
Fund Balance End of Year	<u>\$ 562,454</u>	<u>\$ 142,800</u>	<u>\$ 12,607</u>	<u>\$ 717,861</u>

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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 605,161	\$ 651,264	\$ 651,015	\$ (249)
Intergovernmental Revenues	480,495	517,100	512,543	(4,557)
Charges for Services	66,412	71,471	71,470	(1)
Licenses and Permits	107,722	115,928	114,871	(1,057)
Investment Earnings	278,763	300,000	297,282	(2,718)
Special Assessments	6,867	7,390	7,390	0
Fines and Forfeitures	15,757	16,957	13,801	(3,156)
All Other Revenues	146,840	158,027	157,885	(142)
Total Revenues	1,708,017	1,838,137	1,826,257	(11,880)
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	1,410,851	1,526,852	1,479,582	47,270
Materials and Supplies	73,077	79,086	74,510	4,576
Contractual Services	21,674	23,456	12,626	10,830
Total Police	1,505,602	1,629,394	1,566,718	62,676
School Patrol:				
Personal Services	17,965	19,442	19,055	387
Total School Patrol	17,965	19,442	19,055	387
Animal Control:				
Personal Services	8,659	9,371	9,370	1
Total Animal Control	8,659	9,371	9,370	1
Fire Fighting:				
Personal Services	1,034,216	1,119,250	1,113,129	6,121
Materials and Supplies	45,694	49,451	45,741	3,710
Contractual Services	14,729	15,940	13,767	2,173
Capital Outlay	6,442	6,972	6,972	0
Total Fire Fighting	1,101,081	1,191,613	1,179,609	12,004

(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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Street Lighting:				
Personal Services	34,664	37,514	36,740	774
Materials and Supplies	8,685	9,399	6,822	2,577
Contractual Services	97,392	105,400	104,402	998
Total Street Lighting	140,741	152,313	147,964	4,349
Traffic Safety:				
Personal Services	60,010	64,944	63,721	1,223
Materials and Supplies	7,141	7,728	6,987	741
Contractual Services	13,135	14,215	13,433	782
Total Traffic Safety	80,286	86,887	84,141	2,746
Total Security of Persons and Property	2,854,334	3,089,020	3,006,857	82,163
Community Environment:				
Housing Planning and Zoning:				
Personal Services	68,410	74,035	71,738	2,297
Materials and Supplies	2,592	2,805	2,141	664
Contractual Services	10,557	11,425	4,204	7,221
Other Expenditures	277	300	0	300
Total Housing Planning and Zoning	81,836	88,565	78,083	10,482
Housing Inspector:				
Personal Services	28,816	31,185	30,046	1,139
Materials and Supplies	1,873	2,027	2,007	20
Total Housing Inspector	30,689	33,212	32,053	1,159
Total Community Environment	112,525	121,777	110,136	11,641
Transportation:				
Streets:				
Personal Services	12,013	13,000	12,334	666
Contractual Services	7,392	8,000	7,985	15
Total Streets	19,405	21,000	20,319	681
Total Transportation	19,405	21,000	20,319	681

(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, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government:				
Mayor:				
Personal Services	65,548	70,938	68,391	2,547
Materials and Supplies	1,922	2,080	1,968	112
Contractual Services	4,408	4,770	1,163	3,607
Total Mayor	71,878	77,788	71,522	6,266
Auditor:				
Personal Services	146,810	158,881	157,535	1,346
Materials and Supplies	3,520	3,810	3,750	60
Contractual Services	21,387	23,145	22,189	956
Total Auditor	171,717	185,836	183,474	2,362
Treasurer:				
Personal Services	8,036	8,696	8,395	301
Materials and Supplies	92	100	48	52
Contractual Services	37	40	0	40
Total Treasurer	8,165	8,836	8,443	393
Law Director:				
Personal Services	92,578	100,191	99,858	333
Material and Supplies	1,756	1,900	911	989
Contractual Services	10,904	11,800	6,496	5,304
Total Law Director	105,238	113,891	107,265	6,626
Service Director:				
Personal Services	77,915	84,321	83,786	535
Materials and Supplies	554	600	38	562
Contractual Services	6,584	7,125	5,657	1,468
Total Service Director	85,053	92,046	89,481	2,565
City Council:				
Personal Services	40,364	43,682	43,232	450
Materials and Supplies	1,806	1,955	1,916	39
Contractual Services	2,310	2,500	2,488	12
Total City Council	44,480	48,137	47,636	501

(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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Council Clerk:				
Personal Services	5,217	5,646	5,643	3
Materials and Supplies	231	250	200	50
Total Council Clerk	5,448	5,896	5,843	53
Civil Service Commission:				
Personal Services	6,443	6,973	6,942	31
Materials and Supplies	2,772	3,000	1,345	1,655
Total Civil Service Commission	9,215	9,973	8,287	1,686
City Hall:				
Personal Services	99,780	107,984	105,379	2,605
Materials and Supplies	13,692	14,818	14,189	629
Contractual Services	115,822	125,345	78,863	46,482
Total City Hall	229,294	248,147	198,431	49,716
General Administrative:				
Personal Services	180,185	195,000	121,604	73,396
Contractual Services	61,829	66,913	57,044	9,869
Other Expenditures	10,015	10,838	8,318	2,520
Total General Administrative	252,029	272,751	186,966	85,785
Total General Government	982,517	1,063,301	907,348	155,953
Total Expenditures	3,968,781	4,295,098	4,044,660	250,438
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,260,764)	(2,456,961)	(2,218,403)	238,558
Other Financing Sources (Uses):				
Sale of Capital Assets	3,320	3,320	3,320	0
Transfers In	2,817,107	2,928,218	2,928,216	(2)
Transfers Out	(684,338)	(684,338)	(612,234)	72,104
Advances In	6,185	6,185	6,185	0
Advances Out	(3,000)	(3,000)	(2,988)	12
Total Other Financing Sources (Uses)	2,139,274	2,250,385	2,322,499	72,114
Net Change in Fund Balance	(121,490)	(206,576)	104,096	310,672
Fund Balance at Beginning of Year	248,703	248,703	248,703	0
Prior Year Encumbrances	56,807	56,807	56,807	0
Fund Balance at End of Year	\$ 184,020	\$ 98,934	\$ 409,606	\$ 310,672

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, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,700,000	\$ 3,960,000	\$ 3,909,356	\$ (50,644)
Total Revenues	<u>3,700,000</u>	<u>3,960,000</u>	<u>3,909,356</u>	<u>(50,644)</u>
Expenditures:				
General Government:				
Personal Services	120,712	133,483	128,464	5,019
Materials and Supplies	4,748	5,250	5,024	226
Contractual Services	10,477	11,586	10,941	645
Other Expenditures	<u>69,382</u>	<u>76,723</u>	<u>76,642</u>	<u>81</u>
Total Expenditures	<u>205,319</u>	<u>227,042</u>	<u>221,071</u>	<u>5,971</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,494,681	3,732,958	3,688,285	(44,673)
Other Financing Sources (Uses):				
Transfers Out	<u>(3,497,996)</u>	<u>(3,497,996)</u>	<u>(3,431,227)</u>	<u>66,769</u>
Total Other Financing Sources (Uses)	<u>(3,497,996)</u>	<u>(3,497,996)</u>	<u>(3,431,227)</u>	<u>66,769</u>
Net Change in Fund Balance	(3,315)	234,962	257,058	22,096
Fund Balance at Beginning of Year	(3,782)	(3,782)	(3,782)	0
Prior Year Encumbrances	<u>3,782</u>	<u>3,782</u>	<u>3,782</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (3,315)</u>	<u>\$ 234,962</u>	<u>\$ 257,058</u>	<u>\$ 22,096</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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 369,535	\$ 360,715	\$ 361,034	\$ 319
Intergovernmental Revenues	49,530	48,348	48,348	0
Charges for Services	17,571	17,152	17,167	15
All Other Revenues	364	355	255	(100)
Total Revenues	437,000	426,570	426,804	234
Expenditures:				
Leisure Time Activities:				
Personal Services	319,315	319,315	301,310	18,005
Materials and Supplies	79,228	79,228	70,430	8,798
Contractual Services	50,192	50,192	41,779	8,413
Other Expenditures	1,500	1,500	30	1,470
Capital Outlay	108,238	108,238	32,287	75,951
Total Expenditures	558,473	558,473	445,836	112,637
Excess (Deficiency) of Revenues Over (Under) Expenditures	(121,473)	(131,903)	(19,032)	112,871
Fund Balance at Beginning of Year	195,358	195,358	195,358	0
Prior Year Encumbrances	55,029	55,029	55,029	0
Fund Balance at End of Year	\$ 128,914	\$ 118,484	\$ 231,355	\$ 112,871

CITY OF SALEM, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Community Housing Improvement Fund - Special Revenue Fund
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 700,887	\$ 876,084	\$ 286,691	\$ (589,393)
Total Revenues	<u>700,887</u>	<u>876,084</u>	<u>286,691</u>	<u>(589,393)</u>
Expenditures:				
Community Environment:				
Contractual Services	236,874	292,163	289,094	3,069
Capital Outlay	<u>513,476</u>	<u>633,326</u>	<u>166,254</u>	<u>467,072</u>
Total Expenditures	<u>750,350</u>	<u>925,489</u>	<u>455,348</u>	<u>470,141</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,463)	(49,405)	(168,657)	(119,252)
Other Financing Sources (Uses):				
Advances In	57,377	57,377	57,337	(40)
Advances Out	<u>(45,539)</u>	<u>(45,539)</u>	<u>(45,539)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>11,838</u>	<u>11,838</u>	<u>11,798</u>	<u>(40)</u>
Net Change in Fund Balance	(37,625)	(37,567)	(156,859)	(119,292)
Fund Balance at Beginning of Year	(67,672)	(67,672)	(67,672)	0
Prior Year Encumbrances	<u>105,241</u>	<u>105,241</u>	<u>105,241</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (56)</u>	<u>\$ 2</u>	<u>\$ (119,290)</u>	<u>\$ (119,292)</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, 2010**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 85,100	\$ 63,129	\$ (21,971)
Intergovernmental Revenues	250,000	115,177	(134,823)
Total Revenues	<u>335,100</u>	<u>178,306</u>	<u>(156,794)</u>
Expenditures:			
Capital Outlay	1,147,858	1,026,775	121,083
Debt Service:			
Principal Retirement	733,500	733,500	0
Interest and Fiscal Charges	65,549	45,044	20,505
Total Expenditures	<u>1,946,907</u>	<u>1,805,319</u>	<u>141,588</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,611,807)	(1,627,013)	(15,206)
Other Financing Sources (Uses):			
OPWC Loan	448,929	448,929	0
General Obligation Notes Issued	683,500	683,500	0
Total Other Financing Sources (Uses)	<u>1,132,429</u>	<u>1,132,429</u>	<u>0</u>
Net Change in Fund Balance	(479,378)	(494,584)	(15,206)
Fund Balance at Beginning of Year	46,416	46,416	0
Fund Balance at End of Year	<u>\$ (432,962)</u>	<u>\$ (448,168)</u>	<u>\$ (15,206)</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, 2010***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 68,164	\$ 68,002	\$ (162)
Intergovernmental Revenues	7,454	7,453	(1)
Total Revenues	<u>75,618</u>	<u>75,455</u>	<u>(163)</u>
Expenditures:			
Security of Persons and Property:			
Personal Services	182,115	152,739	29,376
Total Expenditures	<u>182,115</u>	<u>152,739</u>	<u>29,376</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(106,497)	(77,284)	29,213
Other Financing Sources (Uses):			
Transfers In	106,804	78,158	(28,646)
Total Other Financing Sources (Uses)	<u>106,804</u>	<u>78,158</u>	<u>(28,646)</u>
Net Change in Fund Balance	307	874	567
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 307</u>	<u>\$ 874</u>	<u>\$ 567</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, 2010**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FIRE PENSION FUND			
Revenues:			
Taxes	\$ 68,164	\$ 68,002	\$ (162)
Intergovernmental Revenues	7,454	7,453	(1)
Total Revenues	<u>75,618</u>	<u>75,455</u>	<u>(163)</u>
Expenditures:			
Security of Persons and Property:			
Personal Services	176,820	154,416	22,404
Total Expenditures	<u>176,820</u>	<u>154,416</u>	<u>22,404</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(101,202)	(78,961)	22,241
Other Financing Sources (Uses):			
Transfers In	101,714	79,966	(21,748)
Total Other Financing Sources (Uses)	<u>101,714</u>	<u>79,966</u>	<u>(21,748)</u>
Net Change in Fund Balance	512	1,005	493
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 512</u>	<u>\$ 1,005</u>	<u>\$ 493</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, 2010**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	<u>\$ 500</u>	<u>\$ 25</u>	<u>\$ (475)</u>
Total Revenues	<u>500</u>	<u>25</u>	<u>(475)</u>
Expenditures:			
Security of Persons and Property:			
Materials and Supplies	500	71	429
Capital Outlay	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Total Expenditures	<u>4,500</u>	<u>71</u>	<u>4,429</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,000)	(46)	3,954
Fund Balance at Beginning of Year	<u>4,730</u>	<u>4,730</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 730</u>	<u>\$ 4,684</u>	<u>\$ 3,954</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, 2010***

	D.A.R.E. FUND		
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
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, 2010***

ENFORCEMENT AND EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	<u>\$ 1,200</u>	<u>\$ 600</u>	<u>\$ (600)</u>
Total Revenues	<u>1,200</u>	<u>600</u>	<u>(600)</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,200	600	(600)
Fund Balance at Beginning of Year	<u>12,383</u>	<u>12,383</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,583</u>	<u>\$ 12,983</u>	<u>\$ (600)</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, 2010***

DRUG ENFORCEMENT AGENCY EQUITABLE SHARE FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 20,000	\$ 16,452	\$ (3,548)
Investment Earnings	162	188	26
All Other Revenues	<u>9,043</u>	<u>9,042</u>	<u>(1)</u>
Total Revenues	<u>29,205</u>	<u>25,682</u>	<u>(3,523)</u>
Expenditures:			
Security of Persons and Property:			
Personal Services	1,700	515	1,185
Materials And Supplies	21,737	12,222	9,515
Contractual Services	2,064	2,064	0
Capital Outlay	<u>107,000</u>	<u>23,374</u>	<u>83,626</u>
Total Expenditures	<u>132,501</u>	<u>38,175</u>	<u>94,326</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(103,296)	(12,493)	90,803
Fund Balance at Beginning of Year	156,620	156,620	0
Prior Year Encumbrances	<u>411</u>	<u>411</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 53,735</u>	<u>\$ 144,538</u>	<u>\$ 90,803</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, 2010***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 463,000	\$ 474,722	\$ 11,722
Charges for Services	429	428	(1)
Investment Earnings	9	16	7
All Other Revenues	5,806	5,806	0
Total Revenues	<u>469,244</u>	<u>480,972</u>	<u>11,728</u>
Expenditures:			
Transportation:			
Personal Services	486,430	486,065	365
Materials and Supplies	156,416	155,597	819
Contractual Services	19,500	14,929	4,571
Total Expenditures	<u>662,346</u>	<u>656,591</u>	<u>5,755</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(193,102)	(175,619)	17,483
Other Financing Sources (Uses):			
Transfers In	225,000	225,000	0
Total Other Financing Sources (Uses)	<u>225,000</u>	<u>225,000</u>	<u>0</u>
Net Change in Fund Balance	31,898	49,381	17,483
Fund Balance at Beginning of Year	22,107	22,107	0
Prior Year Encumbrances	9,194	9,194	0
Fund Balance at End of Year	<u>\$ 63,199</u>	<u>\$ 80,682</u>	<u>\$ 17,483</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, 2010***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 37,545	\$ 38,491	\$ 946
Investment Earnings	15	13	(2)
Total Revenues	<u>37,560</u>	<u>38,504</u>	<u>944</u>
Expenditures:			
Transportation:			
Personal Services	31,887	30,000	1,887
Materials and Supplies	<u>8,000</u>	<u>7,317</u>	<u>683</u>
Total Expenditures	<u>39,887</u>	<u>37,317</u>	<u>2,570</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,327)	1,187	3,514
Fund Balance at Beginning of Year	<u>1,831</u>	<u>1,831</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (496)</u>	<u>\$ 3,018</u>	<u>\$ 3,514</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, 2010**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	<u>\$ 83,700</u>	<u>\$ 83,695</u>	<u>\$ (5)</u>
Total Revenues	<u>83,700</u>	<u>83,695</u>	<u>(5)</u>
Expenditures:			
Transportation:			
Personal Services	65,000	64,951	49
Materials and Supplies	<u>19,000</u>	<u>17,815</u>	<u>1,185</u>
Total Expenditures	<u>84,000</u>	<u>82,766</u>	<u>1,234</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300)	929	1,229
Fund Balance at Beginning of Year	2,257	2,257	0
Prior Year Encumbrances	<u>233</u>	<u>233</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,190</u>	<u>\$ 3,419</u>	<u>\$ 1,229</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, 2010***

MUNICIPAL LODGING TAX FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 0</u>
Total Revenues	<u>150</u>	<u>150</u>	<u>0</u>
Expenditures:			
Community Environment:			
Materials and Supplies	2,500	0	2,500
Contractual Services	<u>3,300</u>	<u>3,490</u>	<u>(190)</u>
Total Expenditures	<u>5,800</u>	<u>3,490</u>	<u>2,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,650)	(3,340)	2,310
Fund Balance at Beginning of Year	5,331	5,331	0
Prior Year Encumbrances	<u>2,900</u>	<u>2,900</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,581</u>	<u>\$ 4,891</u>	<u>\$ 2,310</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, 2010***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
All Other Revenues	<u>\$ 54,897</u>	<u>\$ 45,747</u>	<u>\$ (9,150)</u>
Total Revenues	<u>54,897</u>	<u>45,747</u>	<u>(9,150)</u>
Expenditures:			
Leisure Time Activities:			
Materials and Supplies	4,750	4,327	423
Contractual Services	25,000	21,829	3,171
Other Expenditures	<u>10,000</u>	<u>9,688</u>	<u>312</u>
Total Expenditures	<u>39,750</u>	<u>35,844</u>	<u>3,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,147	9,903	(5,244)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 15,147</u>	<u>\$ 9,903</u>	<u>\$ (5,244)</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, 2010**

LAKES AND GROUNDS FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses and Permits	\$ 8,533	\$ 7,726	\$ (807)
All Other Revenues	<u>10,191</u>	<u>10,191</u>	<u>0</u>
Total Revenues	<u>18,724</u>	<u>17,917</u>	<u>(807)</u>
Expenditures:			
Leisure Time Activities:			
Personal Services	17,472	16,291	1,181
Materials and Supplies	5,230	3,801	1,429
Contractual Services	2,540	1,825	715
Capital Outlay	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total Expenditures	<u>27,242</u>	<u>21,917</u>	<u>5,325</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,518)	(4,000)	4,518
Fund Balance at Beginning of Year	8,009	8,009	0
Prior Year Encumbrances	<u>510</u>	<u>510</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 4,519</u>	<u>\$ 4,518</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, 2010***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HEALTH DEPARTMENT FUND			
Revenues:			
Intergovernmental Revenues	\$ 11,208	\$ 11,208	\$ 0
Charges for Services	55,402	39,803	(15,599)
Licenses and Permits	35,578	33,438	(2,140)
All Other Revenues	245	245	0
Total Revenues	<u>102,433</u>	<u>84,694</u>	<u>(17,739)</u>
Expenditures:			
Public Health and Welfare Services:			
Personal Services	96,194	79,315	16,879
Materials and Supplies	6,072	5,612	460
Contractual Services	10,212	9,927	285
Other Expenditures	6,897	6,896	1
Total Expenditures	<u>119,375</u>	<u>101,750</u>	<u>17,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,942)	(17,056)	(114)
Other Financing Sources (Uses):			
Transfers In	30,000	30,000	0
Advances In	2,988	2,988	0
Advances Out	(6,195)	(6,185)	10
Total Other Financing Sources (Uses)	<u>26,793</u>	<u>26,803</u>	<u>10</u>
Net Change in Fund Balance	9,851	9,747	(104)
Fund Balance at Beginning of Year	5,036	5,036	0
Prior Year Encumbrances	138	138	0
Fund Balance at End of Year	<u>\$ 15,025</u>	<u>\$ 14,921</u>	<u>\$ (104)</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, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Security of Persons and Property:			
Personal Services	3,453	3,332	121
Materials and Supplies	<u>445</u>	<u>0</u>	<u>445</u>
Total Expenditures	<u>3,898</u>	<u>3,332</u>	<u>566</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,898)	(3,332)	566
Fund Balance at Beginning of Year	<u>20,115</u>	<u>20,115</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 16,217</u>	<u>\$ 16,783</u>	<u>\$ 566</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, 2010***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
COMMUNITY DEVELOPMENT BLOCK GRANT FUND			
Revenues:			
Intergovernmental Revenues	<u>\$ 131,000</u>	<u>\$ 56,000</u>	<u>\$ (75,000)</u>
Total Revenues	<u>131,000</u>	<u>56,000</u>	<u>(75,000)</u>
Expenditures:			
Community Environment:			
Contractual Services	13,266	10,719	2,547
Capital Outlay	<u>156,922</u>	<u>76,597</u>	<u>80,325</u>
Total Expenditures	<u>170,188</u>	<u>87,316</u>	<u>82,872</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,188)	(31,316)	7,872
Other Financing Sources (Uses):			
Transfers In	<u>6</u>	<u>6</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>6</u>	<u>6</u>	<u>0</u>
Net Change in Fund Balance	(39,182)	(31,310)	7,872
Fund Balance at Beginning of Year	282	282	0
Prior Year Encumbrances	<u>40,362</u>	<u>40,362</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,462</u>	<u>\$ 9,334</u>	<u>\$ 7,872</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, 2010**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REHABILITATION LOAN FUND			
Revenues:			
Investment Earnings	\$ 58	\$ 61	\$ 3
Total Revenues	58	61	3
Expenditures:			
Community Environment:			
Contractual Services	500	298	202
Capital Outlay	2,500	2,500	0
Total Expenditures	3,000	2,798	202
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,942)	(2,737)	205
Other Financing Sources (Uses):			
Transfers Out	0	(6)	(6)
Advances In	38,039	38,039	0
Advances Out	(38,039)	(49,837)	(11,798)
Total Other Financing Sources (Uses)	0	(11,804)	(11,804)
Net Change in Fund Balance	(2,942)	(14,541)	(11,599)
Fund Balance at Beginning of Year	33,354	33,354	0
Prior Year Encumbrances	2,500	2,500	0
Fund Balance at End of Year	\$ 32,912	\$ 21,313	\$ (11,599)

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, 2010**

SHADE TREE FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Community Environment:			
Personal Services	125	0	125
Materials and Supplies	75	75	0
Contractual Services	100	0	100
Total Expenditures	300	75	225
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300)	(75)	225
Other Financing Sources (Uses):			
Advances In	300	300	0
Total Other Financing Sources (Uses)	300	300	0
Net Change in Fund Balance	0	225	225
Fund Balance at Beginning of Year	22	22	0
Fund Balance at End of Year	\$ 22	\$ 247	\$ 225

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, 2010***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	<u>\$ 26</u>	<u>\$ 28</u>	<u>\$ 2</u>
Total Revenues	<u>26</u>	<u>28</u>	<u>2</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	26	28	2
Other Financing Sources (Uses):			
Advances In	7,500	7,500	0
Advances Out	<u>(7,500)</u>	<u>(7,500)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	26	28	2
Fund Balance at Beginning of Year	<u>26,609</u>	<u>26,609</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 26,635</u>	<u>\$ 26,637</u>	<u>\$ 2</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, 2010***

CENTRAL BUSINESS DISTRICT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
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	4,312	4,312	0
Prior Year Encumbrances	<u>670</u>	<u>670</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,982</u>	<u>\$ 4,982</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, 2010***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
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>\$ 2,277</u>	<u>\$ 2,277</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, 2010**

LAW ENFORCEMENT ASSISTANCE FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	<u>\$ 960</u>	<u>\$ 960</u>	<u>\$ 0</u>
Total Revenues	<u>960</u>	<u>960</u>	<u>0</u>
Expenditures:			
Security of Persons and Property:			
Personal Services	<u>2,170</u>	<u>0</u>	<u>2,170</u>
Total Expenditures	<u>2,170</u>	<u>0</u>	<u>2,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,210)	960	2,170
Fund Balance at Beginning of Year	<u>4,100</u>	<u>4,100</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,890</u>	<u>\$ 5,060</u>	<u>\$ 2,170</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, 2010**

	FEMA FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Intergovernmental Revenues	<u>\$ 190,009</u>	<u>\$ 100,327</u>	<u>\$ (89,682)</u>
Total Revenues	<u>190,009</u>	<u>100,327</u>	<u>(89,682)</u>
Expenditures:			
Security of Persons and Property:			
Capital Outlay	<u>102,619</u>	<u>100,327</u>	<u>2,292</u>
Total Expenditures	<u>102,619</u>	<u>100,327</u>	<u>2,292</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	87,390	0	(87,390)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 87,390</u>	<u>\$ 0</u>	<u>\$ (87,390)</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, 2010***

GENERAL OBLIGATION DEBT RETIREMENT FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Debt Service:			
Principal Retirement	107,393	107,393	0
Interest and Fiscal Charges	<u>121,671</u>	<u>120,670</u>	<u>1,001</u>
Total Expenditures	<u>229,064</u>	<u>228,063</u>	<u>1,001</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(229,064)	(228,063)	1,001
Other Financing Sources (Uses):			
Transfers In	<u>225,734</u>	<u>225,734</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>225,734</u>	<u>225,734</u>	<u>0</u>
Net Change in Fund Balance	(3,330)	(2,329)	1,001
Fund Balance at Beginning of Year	<u>3,780</u>	<u>3,780</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 450</u>	<u>\$ 1,451</u>	<u>\$ 1,001</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, 2010***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	<u>\$ 18,276</u>	<u>\$ 18,276</u>	<u>\$ 0</u>
Total Revenues	<u>18,276</u>	<u>18,276</u>	<u>0</u>
Expenditures:			
Debt Service:			
Principal Retirement	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Interest and Fiscal Charges	<u>2,564</u>	<u>2,564</u>	<u>0</u>
Total Expenditures	<u>22,564</u>	<u>22,564</u>	<u>0</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>(4,288)</u>	<u>(4,288)</u>	<u>0</u>
Fund Balance at Beginning of Year	<u>7,751</u>	<u>7,751</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,463</u>	<u>\$ 3,463</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 Capital Projects Funds
For the Year Ended December 31, 2010***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 8,000	\$ 2,084	\$ (5,916)
Intergovernmental Revenues	200,100	46,490	(153,610)
All Other Revenues	<u>0</u>	<u>4,798</u>	<u>4,798</u>
Total Revenues	<u>208,100</u>	<u>53,372</u>	<u>(154,728)</u>
Expenditures:			
Capital Outlay	<u>583,942</u>	<u>421,543</u>	<u>162,399</u>
Total Expenditures	<u>583,942</u>	<u>421,543</u>	<u>162,399</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(375,842)	(368,171)	7,671
Other Financing Sources (Uses):			
Transfers In	<u>316,366</u>	<u>435,950</u>	<u>119,584</u>
Total Other Financing Sources (Uses)	<u>316,366</u>	<u>435,950</u>	<u>119,584</u>
Net Change in Fund Balance	(59,476)	67,779	127,255
Fund Balance at Beginning of Year	196,464	196,464	0
Prior Year Encumbrances	<u>13,700</u>	<u>13,700</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 150,688</u>	<u>\$ 277,943</u>	<u>\$ 127,255</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, 2010***

INDUSTRIAL PARK DEVELOPMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Capital Outlay	<u> 1,000</u>	<u> 400</u>	<u> 600</u>
Total Expenditures	<u> 1,000</u>	<u> 400</u>	<u> 600</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> (1,000)</u>	<u> (400)</u>	<u> 600</u>
Fund Balance at Beginning of Year	<u> 143,200</u>	<u> 143,200</u>	<u> 0</u>
Fund Balance at End of Year	<u><u>\$ 142,200</u></u>	<u><u>\$ 142,800</u></u>	<u><u>\$ 600</u></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, 2010***

INDUSTRIAL PARK WEST PROJECT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
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>12,607</u>	<u>12,607</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,607</u>	<u>\$ 12,607</u>	<u>\$ 0</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.

Health District Fund

To account for health department license fees due to the State of Ohio.

CITY OF SALEM, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2010**

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
Miscellaneous Agency Fund				
Assets:				
Cash and Cash Equivalents	\$84	\$185	(\$179)	\$90
Total Assets	<u>\$84</u>	<u>\$185</u>	<u>(\$179)</u>	<u>\$90</u>
Liabilities:				
Due to Others	\$84	\$185	(\$179)	\$90
Total Liabilities	<u>\$84</u>	<u>\$185</u>	<u>(\$179)</u>	<u>\$90</u>
Street Opening Fund				
Assets:				
Cash and Cash Equivalents	\$1,570	\$0	(\$500)	\$1,070
Total Assets	<u>\$1,570</u>	<u>\$0</u>	<u>(\$500)</u>	<u>\$1,070</u>
Liabilities:				
Due to Others	\$1,570	\$0	(\$500)	\$1,070
Total Liabilities	<u>\$1,570</u>	<u>\$0</u>	<u>(\$500)</u>	<u>\$1,070</u>
Developers Fund				
Assets:				
Cash and Cash Equivalents	\$16,941	\$0	(\$328)	\$16,613
Total Assets	<u>\$16,941</u>	<u>\$0</u>	<u>(\$328)</u>	<u>\$16,613</u>
Liabilities:				
Due to Others	\$16,941	\$0	(\$328)	\$16,613
Total Liabilities	<u>\$16,941</u>	<u>\$0</u>	<u>(\$328)</u>	<u>\$16,613</u>
Demolition Fund				
Assets:				
Cash and Cash Equivalents	\$0	\$33,996	(\$12,427)	\$21,569
Total Assets	<u>\$0</u>	<u>\$33,996</u>	<u>(\$12,427)</u>	<u>\$21,569</u>
Liabilities:				
Due to Others	\$0	\$33,996	(\$12,427)	\$21,569
Total Liabilities	<u>\$0</u>	<u>\$33,996</u>	<u>(\$12,427)</u>	<u>\$21,569</u>

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
Health District Fund				
Assets:				
Cash and Cash Equivalents	\$0	\$44,374	(\$36,062)	\$8,312
Total Assets	<u>\$0</u>	<u>\$44,374</u>	<u>(\$36,062)</u>	<u>\$8,312</u>
Liabilities:				
Due to Others	\$0	\$44,374	(\$36,062)	\$8,312
Total Liabilities	<u>\$0</u>	<u>\$44,374</u>	<u>(\$36,062)</u>	<u>\$8,312</u>
Totals - All Agency Funds				
Assets:				
Cash and Cash Equivalents	\$18,595	\$78,555	(\$49,496)	\$47,654
Total Assets	<u>\$18,595</u>	<u>\$78,555</u>	<u>(\$49,496)</u>	<u>\$47,654</u>
Liabilities:				
Due to Others	\$18,595	\$78,555	(\$49,496)	\$47,654
Total Liabilities	<u>\$18,595</u>	<u>\$78,555</u>	<u>(\$49,496)</u>	<u>\$47,654</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, 2010***

<u>Capital Assets</u>	
Land	\$4,586,123
Construction in Progress	564,581
Buildings	2,274,772
Improvements Other Than Buildings	481,581
Land Improvements	639,229
Machinery and Equipment	3,032,352
Infrastructure	<u>21,747,952</u>
Total Capital Assets	<u>\$33,326,590</u>
<u>Investment in Capital Assets</u>	
General Fund	\$894,681
Special Revenue Funds	19,779,154
Capital Projects Funds	12,005,315
Donations	<u>647,440</u>
Total Investment in Capital Assets	<u>\$33,326,590</u>

CITY OF SALEM, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2010***

<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>564,581</u>	<u>373,426</u>	<u>7,064</u>
<u>Leisure Time Activities:</u>				
Parks	<u>328,823</u>	<u>0</u>	<u>719,784</u>	<u>324,731</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>\$4,586,123</u>	<u>\$564,581</u>	<u>\$2,274,772</u>	<u>\$481,581</u>

CITY OF SALEM, OHIO

<u>Land Improvements</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
\$0	\$0	\$0	\$1,041
0	19,960	0	21,864
0	1,139	0	1,139
0	6,655	0	928,390
0	2,726	0	19,418
<u>0</u>	<u>30,480</u>	<u>0</u>	<u>971,852</u>
0	423,452	0	453,577
0	1,284,030	0	1,897,459
0	85,560	0	145,860
<u>0</u>	<u>1,793,042</u>	<u>0</u>	<u>2,496,896</u>
<u>0</u>	<u>955,503</u>	<u>21,747,952</u>	<u>27,582,189</u>
<u>639,229</u>	<u>226,024</u>	<u>0</u>	<u>2,238,591</u>
<u>0</u>	<u>9,453</u>	<u>0</u>	<u>9,453</u>
<u>0</u>	<u>17,850</u>	<u>0</u>	<u>27,609</u>
<u>\$639,229</u>	<u>\$3,032,352</u>	<u>\$21,747,952</u>	<u>\$33,326,590</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, 2010***

<u>Function and Activity</u>	<u>December 31, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2010</u>
<u>General Government:</u>				
Mayor	\$1,041	\$0	\$0	\$1,041
Auditor	23,820	8,279	(10,235)	21,864
Law Director	1,139	0	0	1,139
City Hall	928,390	0	0	928,390
Income Tax	19,418	0	0	19,418
Total	<u>973,808</u>	<u>8,279</u>	<u>(10,235)</u>	<u>971,852</u>
<u>Security of Persons and Property:</u>				
Police	452,226	24,698	(23,347)	453,577
Fire	1,800,265	98,999	(1,805)	1,897,459
Traffic	145,860	0	0	145,860
Total	<u>2,398,351</u>	<u>123,697</u>	<u>(25,152)</u>	<u>2,496,896</u>
<u>Transportation:</u>				
Street	<u>27,032,408</u>	<u>564,581</u>	<u>(14,800)</u>	<u>27,582,189</u>
<u>Leisure Time Activities:</u>				
Parks	<u>2,238,591</u>	<u>409,568</u>	<u>(409,568)</u>	<u>2,238,591</u>
<u>Public Health and Welfare:</u>				
Health	<u>9,453</u>	<u>0</u>	<u>0</u>	<u>9,453</u>
<u>Community Environment:</u>				
Housing, Planning, Zoning	<u>27,609</u>	<u>0</u>	<u>0</u>	<u>27,609</u>
Total Capital Assets	<u>\$32,680,220</u>	<u>\$1,106,125</u>	<u>(\$459,755)</u>	<u>\$33,326,590</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

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	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.	
Debt Capacity	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.	
Economic and Demographic Information	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.	
Operating Information	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 Eight Years
(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:				
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>
Business-type Activities:				
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>
Primary Government:				
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>	<u>2010</u>
\$14,483,970	\$14,201,641	\$13,965,711	\$13,521,311
1,923,915	1,587,446	1,347,692	1,771,385
2,366,239	2,011,860	1,456,573	1,988,621
<u>\$18,774,124</u>	<u>\$17,800,947</u>	<u>\$16,769,976</u>	<u>\$17,281,317</u>
\$17,456,953	\$17,416,246	\$17,606,520	\$17,016,942
15,617,056	16,315,854	16,997,812	17,274,774
<u>\$33,074,009</u>	<u>\$33,732,100</u>	<u>\$34,604,332</u>	<u>\$34,291,716</u>
\$31,940,923	\$31,617,887	\$31,572,231	\$30,538,253
1,923,915	1,587,446	1,347,692	1,771,385
17,983,295	18,327,714	18,454,385	19,263,395
<u>\$51,848,133</u>	<u>\$51,533,047</u>	<u>\$51,374,308</u>	<u>\$51,573,033</u>

CITY OF SALEM

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

	2003	2004	2005	2006
Expenses				
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>
Program Revenues				
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

2007	2008	2009	2010
\$3,672,803	\$4,017,233	\$3,662,034	\$3,649,834
0	0	79,539	99,797
560,188	562,624	512,797	516,422
441,002	616,095	415,272	498,173
1,943,913	1,685,193	1,781,769	1,404,361
1,181,181	1,199,000	1,404,282	1,222,646
219,274	176,394	167,822	158,193
<u>8,018,361</u>	<u>8,256,539</u>	<u>8,023,515</u>	<u>7,549,426</u>
1,939,956	1,885,617	1,686,375	2,345,701
<u>1,838,202</u>	<u>2,007,729</u>	<u>2,291,537</u>	<u>2,181,910</u>
<u>3,778,158</u>	<u>3,893,346</u>	<u>3,977,912</u>	<u>4,527,611</u>
<u>\$11,796,519</u>	<u>\$12,149,885</u>	<u>\$12,001,427</u>	<u>\$12,077,037</u>
\$3,048	\$8,507	\$7,126	\$6,560
0	0	45,615	73,241
14,320	19,473	22,178	24,893
75,552	72,459	62,697	39,673
316	0	0	428
84,664	83,282	88,331	87,001
746,100	1,264,291	698,331	1,392,013
0	0	521,782	242,828
<u>924,000</u>	<u>1,448,012</u>	<u>1,446,060</u>	<u>1,866,637</u>

(Continued)

CITY OF SALEM

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

	2003	2004	2005	2006
Business-type Activities:				
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>	<u>4,988,232</u>	<u>4,369,222</u>	<u>4,279,708</u>	<u>4,140,591</u>
<i>Total Primary Government Program Revenues</i>	<u>5,460,355</u>	<u>5,874,046</u>	<u>5,319,032</u>	<u>5,931,185</u>
Net (Expense)/Revenue				
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>	<u>(\$5,095,575)</u>	<u>(\$4,549,261)</u>	<u>(\$5,651,963)</u>	<u>(\$4,996,053)</u>
General Revenues and Other Changes in Net Assets				
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>	<u>6,106,128</u>	<u>5,748,251</u>	<u>5,795,964</u>	<u>5,640,259</u>
Business-type Activities:				
Investment Earnings	0	0	0	0
Transfers	262,484	237,043	300,594	714,367
<i>Total Business-type Activities</i>	<u>262,484</u>	<u>237,043</u>	<u>300,594</u>	<u>714,367</u>
<i>Total Primary Government</i>	<u>\$6,368,612</u>	<u>\$5,985,294</u>	<u>\$6,096,558</u>	<u>\$6,354,626</u>
Change in Net Assets				
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>	<u>\$1,273,037</u>	<u>\$1,436,033</u>	<u>\$444,595</u>	<u>\$1,358,573</u>

Source: City Auditor's Office

CITY OF SALEM

2007	2008	2009	2010
1,441,260	1,465,836	1,569,166	1,566,082
2,316,539	2,334,707	2,750,418	2,578,102
0	0	0	0
0	0	0	0
<u>3,757,799</u>	<u>3,800,543</u>	<u>4,319,584</u>	<u>4,144,184</u>
<u>4,681,799</u>	<u>5,248,555</u>	<u>5,765,644</u>	<u>6,010,821</u>
(7,094,361)	(6,808,527)	(6,577,455)	(5,682,789)
(20,359)	(92,803)	341,672	(383,427)
<u>(\$7,114,720)</u>	<u>(\$6,901,330)</u>	<u>(\$6,235,783)</u>	<u>(\$6,066,216)</u>
\$667,066	\$646,778	\$643,122	\$617,987
511,086	494,921	487,416	497,038
55,107	64,108	63,822	63,129
4,005,682	4,108,314	3,728,985	3,989,074
66,338	80,965	71,167	58,042
508,737	421,003	586,681	519,430
829,319	672,086	452,197	244,664
109,586	63,824	38,507	244,903
(915,036)	(716,649)	(525,413)	(40,137)
<u>5,837,885</u>	<u>5,835,350</u>	<u>5,546,484</u>	<u>6,194,130</u>
21,119	34,245	5,147	30,674
915,036	716,649	525,413	40,137
<u>936,155</u>	<u>750,894</u>	<u>530,560</u>	<u>70,811</u>
<u>\$6,774,040</u>	<u>\$6,586,244</u>	<u>\$6,077,044</u>	<u>\$6,264,941</u>
(\$1,256,476)	(\$973,177)	(\$1,030,971)	\$511,341
915,796	658,091	872,232	(312,616)
<u>(\$340,680)</u>	<u>(\$315,086)</u>	<u>(\$158,739)</u>	<u>\$198,725</u>

CITY OF SALEM

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

	2001	2002	2003	2004	2005
General Fund					
Reserved	\$177,099	\$124,697	\$162,385	\$183,282	\$173,899
Unreserved	547,628	627,689	467,714	722,820	937,614
<i>Total General Fund</i>	<u>724,727</u>	<u>752,386</u>	<u>630,099</u>	<u>906,102</u>	<u>1,111,513</u>
All Other Governmental Funds					
Reserved	414,477	630,512	1,070,534	438,149	311,693
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	1,079,949	518,147	902,091	1,188,086	1,094,962
Capital Projects Funds	185,976	(235,035)	(2,159,694)	(1,975,455)	469,484
Total All Other Governmental Funds	<u>1,680,402</u>	<u>913,624</u>	<u>(187,069)</u>	<u>(349,220)</u>	<u>1,876,139</u>
<i>Total Governmental Funds</i>	<u>\$2,405,129</u>	<u>\$1,666,010</u>	<u>\$443,030</u>	<u>\$556,882</u>	<u>\$2,987,652</u>

Source: City Auditor's Office

CITY OF SALEM

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$133,344	\$149,536	\$146,081	\$163,562	\$111,047
<u>889,468</u>	<u>451,969</u>	<u>518,595</u>	<u>207,646</u>	<u>279,694</u>
<u>1,022,812</u>	<u>601,505</u>	<u>664,676</u>	<u>371,208</u>	<u>390,741</u>
644,474	1,158,601	385,082	321,302	1,040,300
1,127,022	1,397,556	974,882	948,312	1,199,034
<u>(890,029)</u>	<u>(493,438)</u>	<u>(160,434)</u>	<u>(288,686)</u>	<u>(618,964)</u>
<u>881,467</u>	<u>2,062,719</u>	<u>1,199,530</u>	<u>980,928</u>	<u>1,620,370</u>
<u>\$1,904,279</u>	<u>\$2,664,224</u>	<u>\$1,864,206</u>	<u>\$1,352,136</u>	<u>\$2,011,111</u>

CITY OF SALEM

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

	2001	2002	2003	2004
Revenues:				
Taxes	\$4,352,963	\$4,485,201	\$4,623,253	\$4,743,926
Intergovernmental Revenues	1,303,058	2,024,725	2,010,794	1,591,197
Charges for Services	61,017	71,803	65,601	72,379
Licenses and Permits	65,639	109,586	92,031	86,658
Investment Earnings	148,274	384,637	307,208	380,984
Special Assessments	19,055	23,175	25,865	22,592
Fines and Forfeitures	34,588	47,027	36,734	23,507
All Other Revenue	275,882	59,130	87,048	116,436
Total Revenue	<u>6,260,476</u>	<u>7,205,284</u>	<u>7,248,534</u>	<u>7,037,679</u>
Expenditures:				
Current:				
Security of Persons and Property	2,801,303	2,945,543	3,340,877	3,230,200
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	332,362	344,476	332,390	307,139
Community Environment	566,184	732,774	510,618	557,427
Transportation	651,166	647,798	727,501	694,350
General Government	972,342	884,549	1,007,890	1,026,015
Capital Outlay	1,454,517	1,864,668	2,083,258	647,449
Debt Service:				
Principal Retirement	160,000	160,000	177,456	177,456
Interest and Fiscal Charges	69,115	55,215	61,717	65,765
Total Expenditures	<u>7,006,989</u>	<u>7,635,023</u>	<u>8,241,707</u>	<u>6,705,801</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(746,513)	(429,739)	(993,173)	331,878

CITY OF SALEM

2005	2006	2007	2008	2009	2010
\$4,903,826	\$5,154,745	\$5,188,880	\$5,279,645	\$4,871,477	\$5,133,775
1,696,999	1,543,248	1,576,559	1,444,788	1,540,725	1,848,498
73,591	73,735	73,419	82,037	127,278	128,868
130,113	143,171	140,763	143,299	142,963	138,879
462,465	703,268	723,648	729,582	510,094	272,163
21,557	22,841	20,335	19,341	20,368	25,666
25,734	25,291	21,485	19,363	23,488	14,701
149,986	71,172	109,586	63,824	38,507	244,903
<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>	<u>7,807,453</u>

3,384,494	3,423,302	3,529,760	3,754,092	3,563,987	3,489,692
0	0	0	0	74,642	98,676
306,464	338,316	510,690	505,414	467,510	462,938
590,321	486,766	439,924	631,136	411,764	498,429
709,471	723,917	769,744	830,606	811,299	785,054
1,150,530	1,125,981	1,155,722	1,189,167	1,146,691	1,183,858
1,217,466	1,717,308	651,237	720,234	479,600	728,702
32,456	121,785	139,785	169,785	179,785	177,393
166,546	177,738	215,878	190,106	176,781	167,222
<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>	<u>7,591,964</u>

(93,477) (377,642) 441,935 (208,661) (37,159) 215,489

(Continued)

CITY OF SALEM

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	14,855	13,357	6,303	15,310
Other Financing Sources - Capital Leases	0	0	0	0
Ohio Public Works Commission Loan	212,606	49,232	0	0
General Obligation Bonds Issued	0	0	0	0
Premium on General Obligation Bonds	0	0	0	0
Transfers In	4,157,313	4,118,160	4,199,468	3,966,256
Transfers Out	(4,157,313)	(4,428,082)	(4,461,952)	(4,203,299)
Total Other Financing Sources (Uses)	<u>227,461</u>	<u>(247,333)</u>	<u>(256,181)</u>	<u>(221,733)</u>
Net Change in Fund Balance	<u>(\$519,052)</u>	<u>(\$677,072)</u>	<u>(\$1,249,354)</u>	<u>\$110,145</u>
Debt Service as a Percentage of Noncapital Expenditures	4.13%	3.73%	3.90%	4.00%

Source: City Auditor's Office

CITY OF SALEM

2005	2006	2007	2008	2009	2010
42,187	35,880	2,180	45,145	0	3,320
21,527	0	0	0	0	0
259,936	0	0	0	0	448,929
2,380,000	0	985,000	0	0	0
100,212	0	34,680	0	0	0
6,978,997	4,148,775	4,371,893	4,540,672	3,917,972	3,991,657
(7,279,591)	(4,863,142)	(5,062,929)	(5,159,769)	(4,443,385)	(4,031,794)
<u>2,503,268</u>	<u>(678,487)</u>	<u>330,824</u>	<u>(573,952)</u>	<u>(525,413)</u>	<u>412,112</u>
<u>\$2,409,791</u>	<u>(\$1,056,129)</u>	<u>\$772,759</u>	<u>(\$782,613)</u>	<u>(\$562,572)</u>	<u>\$627,601</u>
3.08%	4.69%	4.92%	4.86%	4.99%	5.00%

CITY OF SALEM

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Income Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%
Total Tax Collected	\$3,659,509	\$3,628,465	\$3,699,668	\$3,715,547	\$3,838,513
Income Tax Receipts					
Withholding	2,843,044	2,877,596	2,910,992	2,924,481	2,976,895
Percentage	77.69%	79.31%	78.68%	78.71%	77.55%
Business	346,264	247,982	326,910	309,042	327,638
Percentage	9.46%	6.83%	8.84%	8.32%	8.54%
Individuals	470,201	502,887	461,766	482,024	533,980
Percentage	12.85%	13.86%	12.48%	12.97%	13.91%

Source: City Income Tax Department

CITY OF SALEM

2006	2007	2008	2009	2010
1.00%	1.00%	1.00%	1.00%	1.00%
\$3,893,538	\$3,983,037	\$4,009,565	\$3,698,025	\$3,909,356
2,937,396	3,076,302	3,156,888	2,862,531	2,886,992
75.44%	77.23%	78.73%	77.41%	73.85%
415,317	406,169	378,683	370,953	544,805
10.67%	10.20%	9.45%	10.03%	13.93%
540,825	500,566	473,994	464,541	477,559
13.89%	12.57%	11.82%	12.56%	12.22%



CITY OF SALEM

Income Tax Statistics Current Year and Nine Years Ago

Calendar Year 2010

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.14%	\$144,977,700	37.08%	\$1,449,777	37.08%
All Others	7,135	99.86%	245,957,900	62.92%	2,459,579	62.92%
Total	7,145	100.00%	\$390,935,600	100.00%	\$3,909,356	100.00%

Calendar Year 2001

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.14%	\$131,194,800	35.85%	\$1,311,948	35.85%
All Others	7,277	99.86%	234,756,100	64.15%	2,347,561	64.15%
Total	7,287	100.00%	\$365,950,900	100.00%	\$3,659,509	100.00%

Source: City Income Tax Department

CITY OF SALEM

Ratios of Outstanding Debt By Type Last Ten Years

	2001	2002	2003	2004
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$450,000	\$300,000	\$150,000	\$0
General Obligation Bonds Payable (TIF supported)	0	0	0	0
Special Assessment Bonds Payable	157,000	147,000	137,000	127,000
OPWC Loan Payable	212,606	261,838	244,382	226,926
Capital Leases	0	0	0	0
Business-type Activities ⁽¹⁾				
Mortgage Revenue Bonds Payable	\$0	\$0	\$0	\$0
General Obligation Bonds Payable	2,000,000	1,600,000	1,200,000	800,000
OPWC Loan Payable	379,250	358,750	338,250	317,750
Capital Leases	0	0	0	0
Total Primary Government	<u>\$3,198,856</u>	<u>\$2,667,588</u>	<u>\$2,069,632</u>	<u>\$1,471,676</u>
Population ⁽²⁾				
City of Salem	12,197	12,197	12,197	12,197
Outstanding Debt Per Capita	\$262	\$219	\$170	\$121
Income ^{(3) (a)}				
Personal (in thousands)	269,700	275,628	283,263	293,191
Percentage of Personal Income	1.19%	0.97%	0.73%	0.50%

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 2009, for the presentation of 2010 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

2005	2006	2007	2008	2009	2010
\$2,480,212	\$2,400,201	\$2,310,190	\$2,215,179	\$2,120,168	\$2,025,157
0	0	1,019,680	991,212	952,744	899,276
112,000	100,000	80,000	60,000	40,000	20,000
469,406	434,621	399,836	365,051	330,266	761,802
14,059	7,172	0	0	0	0
\$0	\$0	\$0	\$0	\$0	\$0
400,000	0	0	0	0	0
297,250	276,750	256,250	235,750	818,050	878,917
0	0	0	0	0	0
<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>	<u>\$4,585,152</u>

12,197	12,197	12,197	12,197	12,197	12,303
\$309	\$264	\$333	\$317	\$349	\$373

293,606	303,352	319,354	341,772	338,601	341,544
1.29%	1.06%	1.27%	1.13%	1.26%	1.34%

CITY OF SALEM

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2001	2002	2003	2004
Population (1)	12,197	12,197	12,197	12,197
Personal Income (2)	\$269,700,064	\$275,627,806	\$283,263,128	\$293,191,486
Estimated Actual Value of Property (3)	\$660,087,862	\$667,229,527	\$682,105,162	\$712,241,853
General Bonded Debt				
General Obligation Bonds	\$2,450,000	\$1,900,000	\$1,350,000	\$800,000
Resources Available to Pay Principal	\$30,114	\$33,713	\$31,438	\$60,408
Net General Bonded Debt	\$2,419,886	\$1,866,287	\$1,318,562	\$739,592
Ratio of Net Bonded Debt to Total Personal Income	0.90%	0.68%	0.47%	0.25%
Ratio of Net Bonded Debt to Estimated Actual Value of Property	0.37%	0.28%	0.19%	0.10%
Net Bonded Debt per Capita	\$198.40	\$153.01	\$108.11	\$60.64

Source:

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

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

(3) Columbiana County Auditor

CITY OF SALEM

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
12,197	12,197	12,197	12,197	12,197	12,303
\$293,606,184	\$303,351,587	\$319,354,051	\$341,772,137	\$338,600,917	\$341,543,583
\$718,810,099	\$719,103,420	\$737,275,471	\$742,497,648	\$569,629,966	\$605,072,613
\$2,880,212	\$2,400,201	\$3,329,870	\$3,206,391	\$3,072,912	\$2,924,433
\$43,138	\$69,121	\$8,629	\$261	\$3,780	\$1,451
\$2,837,074	\$2,331,080	\$3,321,241	\$3,206,130	\$3,069,132	\$2,922,982
0.97%	0.77%	1.04%	0.94%	0.91%	0.86%
0.39%	0.32%	0.45%	0.43%	0.54%	0.48%
\$232.60	\$191.12	\$272.30	\$262.86	\$251.63	\$237.58



CITY OF SALEM

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2010*

<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>
Direct:			
City of Salem	\$2,633,500	100.00%	\$2,633,500
Overlapping:			
South Range School District	19,139,996	1.07%	204,798
Mahoning County	39,883,458	0.04%	15,953
Columbiana County	8,914,216	13.12%	<u>1,169,545</u>
		Subtotal	<u>1,390,296</u>
		Total	<u><u>\$4,023,796</u></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

	2001	2002	2003	2004
<u>Total Debt</u>				
Net Assessed Valuation	\$212,504,160	\$215,757,110	\$221,745,930	\$232,940,940
Legal Debt Limitation (%) ⁽¹⁾	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) ⁽¹⁾	22,312,937	22,654,497	23,283,323	24,458,799
City Debt Outstanding ⁽²⁾	1,050,000	1,100,000	3,192,000	3,190,000
Less: Applicable Debt Service Fund Amounts	(54)	(55)	0	(28,501)
Net Indebtedness Subject to Limitation	1,049,946	1,099,945	3,192,000	3,161,499
Overall Legal Debt Margin	\$21,262,991	\$21,554,552	\$20,091,323	\$21,297,300
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$212,504,160	\$215,757,110	\$221,745,930	\$232,940,940
Legal Debt Limitation (%) ⁽¹⁾	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) ⁽¹⁾	11,687,729	11,866,641	12,196,026	12,811,752
City Debt Outstanding ⁽²⁾	1,050,000	1,100,000	3,192,000	3,190,000
Less: Applicable Debt Service Fund Amounts	(54)	(55)	0	(28,501)
Net Indebtedness Subject to Limitation	1,049,946	1,099,945	3,192,000	3,161,499
Unvoted Legal Debt Margin	\$10,637,783	\$10,766,696	\$9,004,026	\$9,650,253

(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

2005	2006	2007	2008	2009	2010
\$235,173,250	\$225,238,610	\$221,045,275	\$210,634,845	\$201,811,680	\$214,533,390
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
24,693,191	23,650,054	23,209,754	22,116,659	21,190,226	22,526,006
3,005,000	3,480,000	2,930,000	2,840,000	\$2,723,500	\$2,633,500
(15,891)	(69,121)	(8,629)	(261)	(3,780)	(1,451)
2,989,109	3,410,879	2,921,371	2,839,739	2,719,720	2,632,049
\$21,704,082	\$20,239,175	\$20,288,383	\$19,276,920	\$18,470,506	\$19,893,957
\$235,173,250	\$225,238,610	\$221,045,275	\$210,634,845	\$201,811,680	\$214,533,390
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
12,934,529	12,388,124	12,157,490	11,584,916	11,099,642	11,799,336
3,005,000	3,480,000	2,930,000	2,840,000	2,723,500	2,633,500
(15,891)	(69,121)	(8,629)	(261)	(3,780)	(1,451)
2,989,109	3,410,879	2,921,371	2,839,739	2,719,720	2,632,049
\$9,945,420	\$8,977,245	\$9,236,119	\$8,745,177	\$8,379,922	\$9,167,287

CITY OF SALEM

Pledged Revenue Coverage Last Ten Years

	2001	2002	2003	2004	2005
Wastewater Mortgage Bonds (1)					
Gross Revenues (2)	\$2,574,897	\$0	\$0	\$0	\$0
Direct Operating Expenses (3)	1,149,518	0	0	0	0
Net Revenue Available for Debt Service	1,425,379	0	0	0	0
Annual Debt Service Requirement	818,800	0	0	0	0
Coverage	1.74	0.00	0.00	0.00	0.00
Special Assessment Bond (4)					
Special Assessment Collections	\$19,055	\$23,175	\$16,747	\$18,961	\$18,139
Debt Service					
Principal	10,000	10,000	10,000	10,000	15,000
Interest	10,187	9,577	8,967	8,357	7,748
Coverage	0.94	1.18	0.88	1.03	0.80
Tax Increment Financing (TIF) (5)					
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

2006	2007	2008	2009	2010
\$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
\$19,370	\$19,860	\$18,263	\$22,941	\$18,276
12,000	20,000	20,000	20,000	20,000
6,832	6,100	4,880	3,660	2,440
1.03	0.76	0.73	0.97	0.81
\$0	\$0	\$64,108	\$63,822	\$63,129
0	0	25,000	35,000	50,000
0	0	52,320	46,444	45,044
0.00	0.00	0.83	0.78	0.66

CITY OF SALEM

Demographic and Economic Statistics Last Ten Years

Calendar Year	2001	2002	2003	2004
Population (1)				
City of Salem	12,197	12,197	12,197	12,197
Columbiana County	112,075	112,075	112,075	112,075
Income (2) (a)				
Total Personal (in thousands)	269,700	275,628	283,263	293,191
Per Capita	22,112	22,598	23,224	24,038
Unemployment Rate (3)				
Federal	3.8%	4.8%	5.8%	6.0%
State	3.7%	4.3%	5.7%	6.1%
Columbiana County	5.5%	6.8%	7.9%	7.4%
Civilian Work Force Estimates (3)				
State	5,857,000	5,828,000	5,915,000	5,875,300
Columbiana County	51,500	50,800	51,900	53,600

Sources:

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

(2) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2009, for the presentation of 2010 statistics, the City is using the latest information available. The City unemployment rate is unavailable.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

CITY OF SALEM

2005	2006	2007	2008	2009	2010
12,197	12,197	12,197	12,197	12,197	12,303
110,928	110,928	110,542	110,542	110,542	107,841
293,606	303,352	319,354	341,772	338,601	341,544
24,072	24,871	26,183	28,021	27,761	27,761
5.5%	5.0%	4.6%	5.8%	9.3%	9.6%
6.0%	5.9%	5.6%	6.6%	10.2%	10.1%
7.1%	6.5%	6.3%	7.3%	13.7%	11.2%
5,900,400	5,934,000	5,976,500	5,986,400	5,970,000	5,894,000
53,700	53,500	53,400	53,500	53,117	52,000



CITY OF SALEM

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2010		
		Number of Employees	Rank	Percentage of Total Employment
	Food Processing	1,236	1	8.57%
	Health Care	1,040	2	7.21%
	Manufacturing	547	3	3.79%
	Retail	516	4	3.58%
	Education	441	5	3.06%
	Health Care	361	6	2.50%
	Manufacturing	247	7	1.71%
	Manufacturing	192	8	1.33%
	Manufacturing	177	9	1.23%
	Government	155	10	1.07%
Total		<u>4,912</u>		
Total Employment within the City		<u>14,426</u>		

Employer	Nature of Business	2001		
		Number of Employees	Rank	Percentage of Total Employment
	Food Processing	1,219	1	7.50%
	Health Care	1,086	2	6.68%
	Manufacturing	783	3	4.82%
	Manufacturing	600	4	3.69%
	Education	503	5	3.09%
	Health Care	414	6	2.55%
	Manufacturing	323	7	1.99%
	Retail	272	8	1.67%
	Food Service/Lodging	237	9	1.46%
	Manufacturing	214	10	1.32%
Total		<u>5,651</u>		
Total Employment within the City		<u>16,253</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

	2001	2002	2003	2004	2005
Governmental Activities					
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	2.00	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	1.00	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					
Business-Type Activities					
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>137.50</u>	<u>137.50</u>	<u>137.50</u>	<u>136.50</u>	<u>136.50</u>

Source: City Auditor's Office

CITY OF SALEM

2006	2007	2008	2009	2010
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	0.00	0.00	0.00
2.50	2.50	2.50	2.50	2.50
25.00	25.00	23.00	21.00	19.00
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	0.00	0.00
0.00	0.00	0.00	4.00	4.00
10.00	10.00	10.00	10.00	8.00
5.00	5.00	5.00	5.00	5.00
8.00	8.00	17.00	17.00	17.00
4.00	4.00	4.00	4.00	4.00
2.00	2.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	1.00
4.00	4.00	5.00	5.00	4.00
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>139.50</u>	<u>140.50</u>	<u>134.50</u>

CITY OF SALEM

Operating Indicators by Function Last Ten Years

	2001	2002	2003	2004
Governmental Activities				
General Government				
Security of Persons and Property				
Police				
Numbers of Calls for Service	7,343	8,134	8,839	7,943
Thefts (1)	55	58	74	80
Murder/ Homicide	0	0	0	2
MV/Accidents-TTL	391	431	455	514
MV/Accidents-Fatal	0	0	1	1
DUI	31	60	84	59
Arrests	1,179	1,467	1,493	1,126
Fire				
Number of Fire Calls	64	59	62	72
Number of EMS Runs	283	331	354	251
Number of other Runs	394	449	479	519
Number of Inspections	173	120	155	200
Number of Demo Permits	20	11	10	9
Transportation				
Street				
Number of Streets Resurfaced by feet	11,709	8,832	25,725	0
Number of Concrete Streets Repaired by Yards	2,326	0	0	0
Leisure Time Activities				
Parks				
Number of Program Sports Offered	9	9	9	9
Number of Community Events	11	11	11	11
Public Health & Welfare Services				
Health				
Number of Birth Certificates	N/A	N/A	N/A	N/A
Number of Death Certificates	N/A	N/A	N/A	N/A
Number of Food Service Licenses	N/A	N/A	N/A	N/A
Community Environment				
Number of Zoning Permits Issued	441	456	351	359
Estimated Cost Value of Construction	30,904,180	11,000,454	7,524,099	31,713,664
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

2005	2006	2007	2008	2009	2010
7,983	7,853	11,907	8,018	14,129	12,834
78	105	145	106	60	633
0	0	0	0	0	1
444	479	508	458	416	611
0	0	0	1	1	0
72	95	59	35	37	87
1,211	1,083	1,190	1,093	1,261	800
53	67	71	55	77	71
393	478	488	608	640	666
457	492	508	594	538	515
196	420	299	277	142	261
18	12	8	6	30	21
31,483	37,300	24,055	0	4,844	3,231
1,423	0	0	0	0	0
9	9	9	9	9	9
11	11	11	11	11	11
N/A	N/A	N/A	N/A	N/A	624
N/A	N/A	N/A	N/A	N/A	293
N/A	N/A	N/A	N/A	N/A	104
450	459	376	338	298	312
10,237,534	23,876,613	11,010,640	20,106,637	4,959,865	3,085,963
374	374	315	271	255	277
67	72	55	61	40	31
9	13	6	6	3	4
237	530	516	426	404	404
1,640	1,704	1,800	1,800	1,915	1,950

(Continued)

CITY OF SALEM

Operating Indicators by Function Last Ten Years

	2001	2002	2003	2004
Business-Type Activities				
Water				
Number of Service Connections	6,611	6,653	6,685	6,708
Water Main Breaks	23	46	42	30
Daily Average Consumption (thousands of gallons)	2,413	2,425	2,401	2,423
Peak Daily Consumption (thousands of gallons)	3,364	3,122	3,314	3,495
Wastewater				
Number of Sewer Service Connections	6,038	6,175	6,228	6,248
Daily Average Sewage Treatment (thousands of gallons)	2,507	2,425	3,176	3,349

(1) Years prior to 2010 reflect only those thefts reported to the Federal Bureau of Investigation. Beginning in 2010, this number represents all thefts in the City.

Source: City Auditor's Office
Source: Utilities Superintendent
Source: Service Director
Source: Zoning Department

N/A = Not Available

CITY OF SALEM

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
6,754	6,833	6,855	6,874	6,838	6,839
31	17	54	42	33	33
2,676	2,421	2,221	2,065	2,034	2,101
3,630	3,565	3,167	2,925	3,252	2,535
6,285	6,360	6,380	6,389	6,348	6,350
2,801	2,825	2,900	2,724	2,540	1,618

CITY OF SALEM

Capital Asset Statistics by Function Last Ten Years

	2001	2002	2003	2004
Governmental Activities				
General Government				
Public Land and Buildings				
Land (acres)	1.722	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	6
Transportation				
Street				
Streets (lane miles)	62	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
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	107.957	110.581	111.013	111.316
Pump Stations	3	3	3	3
Number of Hydrants	753	774	785	791
Average Daily Consumption	2,413	2,425	2,401	2,423
Storage Capacity (thousands of gallons)	3,800	3,800	3,800	3,800
Wastewater				
Sanitary Sewer Mains (miles)	65.637	69.384	69.975	70.578
Sanitary Force Mains (miles)	4.525	5.197	5.197	6.080
Lift Stations	15	15	16	16

Source: City Auditor's Office

CITY OF SALEM

2005	2006	2007	2008	2009	2010
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	63	63	63
1,421	1,421	1,421	1,423	1,423	1,423
9	9	9	9	9	9
12	13	13	10	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
112.782	113.608	113.688	115.210	115.240	115.640
3	3	3	3	3	3
811	825	827	835	836	1,008
2,676	2,421	3,167	2,065	2,034	2,100
3,800	3,800	3,800	4,694	5,194	4,694
71.471	71.968	72.003	72.010	71.740	72.290
6.080	6.080	6.080	6.080	5.200	5.200
17	17	17	17	17	17

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Dave Yost • 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 5, 2011**