

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2010

CITY OF SALEM

WASHINGTON COUNTY, INDIANA



FILED
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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patricia E. Persinger	01-01-08 to 12-31-11
Mayor	David L. Bower	01-01-08 to 12-31-11
President of the Board of Public Works	David L. Bower	01-01-10 to 12-31-11
President of the Common Council	Danny R. Libka Lesle Leis	01-01-10 to 12-31-10 01-01-11 to 12-31-11
Superintendent of Water Utility	Russell Brown	01-01-10 to 12-31-11
Superintendent of Wastewater Utility	John Smedley Phillip Burnett	01-01-10 to 01-01-11 01-02-11 to 12-31-11
Superintendent of Trash Utility	Tom Voyles	01-01-10 to 12-31-11
Utility Office Manager	S. Carol Brough	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF SALEM, WASHINGTON COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Salem (City), for the year ended December 31, 2010. This financial statement is the responsibility of the City's management. Our responsibility is to express opinions on this financial statement 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 Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 23, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as 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 financial statement(s). Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, the Board of Public Works, the Common Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 23, 2011



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE CITY OF SALEM, WASHINGTON COUNTY, INDIANA

We have audited the financial statement of the City of Salem (City), for the year ended December 31, 2010, and have issued our report thereon dated June 23, 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 Government Auditing Standards, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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 to be material weaknesses, as defined above.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the City's management, the Board of Public Works, the Common Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 23, 2011

FINANCIAL STATEMENT(S)

CITY OF SALEM
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 1,029,074	\$ 2,877,499	\$ 3,036,291	\$ 870,282
Motor Vehicle Highway	205,884	433,488	409,124	230,248
Local Road And Street	7,309	25,591	26,313	6,587
Cemetery Operating	66,962	74,956	112,908	29,010
Aviation	21,437	53,749	47,861	27,325
Cemetery Stone Repair Donation	306	-	-	306
Airport Grant-Federal	3	1,196,031	1,182,998	13,036
Law Enforcement Continuing Education	1,596	3,120	3,741	975
Unsafe Building	13,476	5,090	-	18,566
Riverboat Revenue Sharing	61,661	63,934	109,848	15,747
Airport Grant-State	-	21,701	15,463	6,238
Park And Recreation	100,684	195,698	183,249	113,133
Cemetery Chapel Donations	1,300	200	-	1,500
City Hall Mural	4,250	-	4,250	-
Salem Sidewalk	42	2,820	2,848	14
Animal Shelter Donation	12,842	5,015	494	17,363
Salem Housing Rehabilitation	25,014	50,392	75,392	14
Salem Microloan	37,000	-	37,000	-
Police Grant	10	9,794	9,804	-
Rainy Day Fund	453,419	18,363	-	471,782
Fire Unappropriated Donation	152	-	152	-
Levy Excess	-	6,678	-	6,678
K-9 Program	-	2,500	2,500	-
Storm Water Plan Grant	3,500	-	3,300	200
Airport Improvement	3,847	48,359	46,575	5,631
Urban Beautification	1,329	150	-	1,479
Project Donation	-	2,500	-	2,500
Police Donation	125	-	125	-
Police Seizures-Federal	8	-	8	-
Cumulative Capital Development	28,086	76,958	75,439	29,605
EDIT	369,209	323,680	350,352	342,537
Cumulative Capital Improvement	12,736	18,071	18,696	12,111
Self Insurance	20,846	117,457	58,562	79,741
Police Pension Old	172,096	337	82,042	90,391
Fire Pension Old	78,219	118,159	100,380	95,998
Fire Pension New	4,859	84,615	84,809	4,665
Police Pension New	6,414	116,615	116,615	6,414
Sinclair Memorial Mausoleum	16,262	195	96	16,361
Cemetery Perpetual Maintenance	97,345	3,271	21,702	78,914
Payroll	-	2,994,999	2,994,999	-
PERF	60,411	209,716	224,080	46,047
Social Security Tax	-	285,675	285,675	-
Insurance	4,105	222,114	228,470	(2,251)
Solid Waste Disposal Utility	155,811	350,920	337,673	169,058
Wastewater Operating	49,988	1,304,457	1,322,824	31,621
Wastewater Bond And Interest	4	468,155	431,032	37,127
Wastewater Depreciation	26,809	74,251	46,327	54,733
Wastewater Customer Deposit	31,680	34,650	19,470	46,860
Wastewater Debt Service	293,574	110,960	-	404,534
Water Operating	43,634	1,847,449	1,846,484	44,599
Water Bond And Interest	(23,292)	281,800	258,333	175
Water Depreciation	18,744	79,201	76,097	21,848
Water Non-Reverting	22,539	15,140	27,683	9,996
Water Debt Service	204,000	46,500	-	250,500
Becks Mill Water Line Extension	609	-	-	609
Totals	\$ 3,745,918	\$ 14,282,973	\$ 14,318,084	\$ 3,710,807

The notes to the financial statement(s) are an integral part of this statement.

CITY OF SALEM
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF SALEM
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF SALEM
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF SALEM
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

CITY OF SALEM
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

CITY OF SALEM
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF.

Note 7. Subsequent Events

The Board of Works awarded a construction contract to Temple & Temple Excavating and Paving for the Storm Water Grant Project in the amount of \$796,006.

The Board of Works awarded a construction contract to Infrastructure Systems for the Highway 60 Bypass – Water and Sewer Line Relocation Grant Project in the amount of \$883,906.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Salem's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF SALEM
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Cemetery Operating	Aviation	Cemetery Stone Repair Donation	Airport Grant-Federal
Cash and investments - beginning	\$ 1,029,074	\$ 205,884	\$ 7,309	\$ 66,962	\$ 21,437	\$ 306	\$ 3
Receipts:							
Taxes	1,656,758	233,403	-	-	-	-	-
Licenses and permits	12,208	-	-	-	-	-	-
Intergovernmental	1,015,103	180,883	25,591	-	-	-	1,196,031
Charges for services	83,175	1,230	-	71,541	52,149	-	-
Fines and forfeits	6,027	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	104,228	17,972	-	3,415	1,600	-	-
Total receipts	<u>2,877,499</u>	<u>433,488</u>	<u>25,591</u>	<u>74,956</u>	<u>53,749</u>	<u>-</u>	<u>1,196,031</u>
Disbursements:							
Personal services	2,084,454	321,383	-	77,296	-	-	-
Supplies	145,308	38,398	-	14,717	38,615	-	-
Other services and charges	478,316	11,821	26,313	5,167	9,246	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	122,920	32,992	-	13,078	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	205,293	4,530	-	2,650	-	-	1,182,998
Total disbursements	<u>3,036,291</u>	<u>409,124</u>	<u>26,313</u>	<u>112,908</u>	<u>47,861</u>	<u>-</u>	<u>1,182,998</u>
Excess (deficiency) of receipts over disbursements	<u>(158,792)</u>	<u>24,364</u>	<u>(722)</u>	<u>(37,952)</u>	<u>5,888</u>	<u>-</u>	<u>13,033</u>
Cash and investments - ending	<u>\$ 870,282</u>	<u>\$ 230,248</u>	<u>\$ 6,587</u>	<u>\$ 29,010</u>	<u>\$ 27,325</u>	<u>\$ 306</u>	<u>\$ 13,036</u>

CITY OF SALEM
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Law Enforcement Continuing Education	Unsafe Building	Riverboat Revenue Sharing	Airport Grant-State	Park And Recreation	Cemetery Chapel Donations	City Hall Mural
Cash and investments - beginning	\$ 1,596	\$ 13,476	\$ 61,661	\$ -	\$ 100,684	\$ 1,300	\$ 4,250
Receipts:							
Taxes	-	-	-	-	121,139	-	-
Licenses and permits	2,190	1,090	-	-	850	-	-
Intergovernmental	-	-	38,625	21,701	10,765	-	-
Charges for services	624	-	-	-	56,209	-	-
Fines and forfeits	306	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	4,000	25,309	-	6,735	200	-
Total receipts	<u>3,120</u>	<u>5,090</u>	<u>63,934</u>	<u>21,701</u>	<u>195,698</u>	<u>200</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	123,642	-	-
Supplies	-	-	-	-	38,238	-	-
Other services and charges	1,148	-	105,145	-	9,521	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	2,593	-	1,900	-	10,648	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	2,803	15,463	1,200	-	4,250
Total disbursements	<u>3,741</u>	<u>-</u>	<u>109,848</u>	<u>15,463</u>	<u>183,249</u>	<u>-</u>	<u>4,250</u>
Excess (deficiency) of receipts over disbursements	<u>(621)</u>	<u>5,090</u>	<u>(45,914)</u>	<u>6,238</u>	<u>12,449</u>	<u>200</u>	<u>(4,250)</u>
Cash and investments - ending	<u>\$ 975</u>	<u>\$ 18,566</u>	<u>\$ 15,747</u>	<u>\$ 6,238</u>	<u>\$ 113,133</u>	<u>\$ 1,500</u>	<u>\$ -</u>

CITY OF SALEM
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Salem Sidewalk	Animal Shelter Donation	Salem Housing Rehabilitation	Salem Microloan	Police Grant	Rainy Day Fund	Fire Unappropriated Donation
Cash and investments - beginning	\$ 42	\$ 12,842	\$ 25,014	\$ 37,000	\$ 10	\$ 453,419	\$ 152
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	50,392	-	9,794	18,363	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	2,820	5,015	-	-	-	-	-
Total receipts	2,820	5,015	50,392	-	9,794	18,363	-
Disbursements:							
Personal services	-	-	-	-	10	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	9,794	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,848	494	75,392	37,000	-	-	152
Total disbursements	2,848	494	75,392	37,000	9,804	-	152
Excess (deficiency) of receipts over disbursements	(28)	4,521	(25,000)	(37,000)	(10)	18,363	(152)
Cash and investments - ending	\$ 14	\$ 17,363	\$ 14	\$ -	\$ -	\$ 471,782	\$ -

CITY OF SALEM
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Levy Excess	K-9 Program	Storm Water Plan Grant	Airport Improvement	Urban Beautification	Project Donation	Police Donation
Cash and investments - beginning	\$ -	\$ -	\$ 3,500	\$ 3,847	\$ 1,329	\$ -	\$ 125
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	2,500	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	6,678	-	-	48,359	150	2,500	-
Total receipts	6,678	2,500	-	48,359	150	2,500	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	2,500	3,300	46,575	-	-	125
Total disbursements	-	2,500	3,300	46,575	-	-	125
Excess (deficiency) of receipts over disbursements	6,678	-	(3,300)	1,784	150	2,500	(125)
Cash and investments - ending	\$ 6,678	\$ -	\$ 200	\$ 5,631	\$ 1,479	\$ 2,500	\$ -

CITY OF SALEM
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Police Seizures-Federal	Cumulative Capital Development	EDIT	Cumulative Capital Improvement	Self Insurance	Police Pension Old	Fire Pension Old
Cash and investments - beginning	\$ 8	\$ 28,086	\$ 369,209	\$ 12,736	\$ 20,846	\$ 172,096	\$ 78,219
Receipts:							
Taxes	-	70,429	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	6,258	275,723	18,071	-	-	117,971
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	271	47,957	-	117,457	337	188
Total receipts	-	76,958	323,680	18,071	117,457	337	118,159
Disbursements:							
Personal services	-	-	-	-	-	500	-
Supplies	-	-	-	-	-	-	27
Other services and charges	-	-	210,398	-	-	79,425	100,353
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	75,439	139,954	18,696	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	8	-	-	-	58,562	2,117	-
Total disbursements	8	75,439	350,352	18,696	58,562	82,042	100,380
Excess (deficiency) of receipts over disbursements	(8)	1,519	(26,672)	(625)	58,895	(81,705)	17,779
Cash and investments - ending	\$ -	\$ 29,605	\$ 342,537	\$ 12,111	\$ 79,741	\$ 90,391	\$ 95,998

CITY OF SALEM
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Fire Pension New	Police Pension New	Sinclair Memorial Mausoleum	Cemetery Perpetual Maintenance	Payroll	PERF	Social Security Tax
Cash and investments - beginning	\$ 4,859	\$ 6,414	\$ 16,262	\$ 97,345	\$ -	\$ 60,411	\$ -
Receipts:							
Taxes	64,790	90,959	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	19,825	25,656	195	3,271	2,994,999	209,716	285,675
Total receipts	<u>84,615</u>	<u>116,615</u>	<u>195</u>	<u>3,271</u>	<u>2,994,999</u>	<u>209,716</u>	<u>285,675</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	84,809	116,615	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	96	21,702	2,994,999	224,080	285,675
Total disbursements	<u>84,809</u>	<u>116,615</u>	<u>96</u>	<u>21,702</u>	<u>2,994,999</u>	<u>224,080</u>	<u>285,675</u>
Excess (deficiency) of receipts over disbursements	<u>(194)</u>	<u>-</u>	<u>99</u>	<u>(18,431)</u>	<u>-</u>	<u>(14,364)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,665</u>	<u>\$ 6,414</u>	<u>\$ 16,361</u>	<u>\$ 78,914</u>	<u>\$ -</u>	<u>\$ 46,047</u>	<u>\$ -</u>

CITY OF SALEM
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Insurance	Solid Waste Disposal Utility	Wastewater Operating	Wastewater Bond And Interest	Wastewater Depreciation	Wastewater Customer Deposit	Wastewater Debt Service
Cash and investments - beginning	\$ 4,105	\$ 155,811	\$ 49,988	\$ 4	\$ 26,809	\$ 31,680	\$ 293,574
Receipts:							
Taxes	-	160,438	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	14,257	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	169,770	1,260,261	-	-	-	-
Other receipts	222,114	6,455	44,196	468,155	74,251	34,650	110,960
Total receipts	222,114	350,920	1,304,457	468,155	74,251	34,650	110,960
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	431,032	-	-	-
Capital outlay	-	2,772	-	-	46,327	-	-
Utility operating expenses	-	266,620	738,269	-	-	-	-
Other disbursements	228,470	68,281	584,555	-	-	19,470	-
Total disbursements	228,470	337,673	1,322,824	431,032	46,327	19,470	-
Excess (deficiency) of receipts over disbursements	(6,356)	13,247	(18,367)	37,123	27,924	15,180	110,960
Cash and investments - ending	\$ (2,251)	\$ 169,058	\$ 31,621	\$ 37,127	\$ 54,733	\$ 46,860	\$ 404,534

CITY OF SALEM
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Operating	Water Bond And Interest	Water Depreciation	Water Non-Reverting	Water Debt Service	Becks Mill Water Line Extension	Totals
Cash and investments - beginning	\$ 43,634	\$ (23,292)	\$ 18,744	\$ 22,539	\$ 204,000	\$ 609	\$ 3,745,918
Receipts:							
Taxes	-	-	-	-	-	-	2,397,916
Licenses and permits	-	-	-	-	-	-	16,338
Intergovernmental	-	-	-	-	-	-	3,002,028
Charges for services	-	-	-	-	-	-	264,928
Fines and forfeits	-	-	-	-	-	-	6,333
Utility fees	1,825,835	-	-	-	-	-	3,255,866
Other receipts	21,614	281,800	79,201	15,140	46,500	-	5,339,564
Total receipts	1,847,449	281,800	79,201	15,140	46,500	-	14,282,973
Disbursements:							
Personal services	-	-	-	-	-	-	2,607,285
Supplies	-	-	-	-	-	-	275,303
Other services and charges	-	-	-	-	-	-	1,238,277
Debt service - principal and interest	-	258,333	-	-	-	-	689,365
Capital outlay	-	-	76,097	-	-	-	553,210
Utility operating expenses	1,451,988	-	-	135	-	-	2,457,012
Other disbursements	394,496	-	-	27,548	-	-	6,497,632
Total disbursements	1,846,484	258,333	76,097	27,683	-	-	14,318,084
Excess (deficiency) of receipts over disbursements	965	23,467	3,104	(12,543)	46,500	-	(35,111)
Cash and investments - ending	\$ 44,599	\$ 175	\$ 21,848	\$ 9,996	\$ 250,500	\$ 609	\$ 3,710,807

CITY OF SALEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,529,073
Infrastructure	6,536,750
Buildings	903,214
Improvements other than buildings	947,718
Machinery and equipment	1,657,271
Construction in progress	95,786
Total governmental activities, capital assets not being depreciated	\$ 11,669,812
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 833,132
Construction in progress	4,947
Buildings	151,878
Improvements other than buildings	2,463,128
Machinery and equipment	3,692,831
Total Water Utility capital assets	7,145,916
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	159,265
Buildings	4,914,233
Improvements other than buildings	2,972,131
Machinery and equipment	1,958,058
Total Wastewater Utility capital assets	10,003,687
Solid Waste Utility:	
Capital assets, not being depreciated:	
Buildings	10,722
Machinery and equipment	229,505
Total Solid Waste Utility capital assets	240,227
Total business-type activities capital assets	\$ 17,389,830

CITY OF SALEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2004 City Hall	\$ 1,180,000	\$ 118,969
Cemetery backhoe	<u>19,892</u>	<u>5,000</u>
Total governmental activities debt	<u>\$ 1,199,892</u>	<u>\$ 123,969</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2006 Waterworks improvements	\$ 3,180,000	\$ 258,330
Wastewater Utility:		
Revenue bonds:		
1998 Sewage expansion	545,000	82,605
2005 Sewage improvements	2,200,000	199,820
2006 Sewage refunding	<u>745,000</u>	<u>151,227</u>
Total Wastewater Utility	<u>3,490,000</u>	<u>433,652</u>
Total business-type activities debt	<u>\$ 6,670,000</u>	<u>\$ 691,982</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF SALEM, WASHINGTON COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Salem (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal program is the responsibility of the City's management. 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 contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion 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 expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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.

This report is intended solely for the information and use of the City's management, the Board of Public Works, the Common Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 23, 2011

CITY OF SALEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs (OCRA) CDBG - State Administered Small Cities Program Cluster Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	PL-08-003	\$ 37,000
Pass-Through Indiana Housing and Community Development Authority CDBG - State Administered Small Cities Program Cluster Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	HD-008-009	<u>50,392</u>
Total for cluster			<u>87,392</u>
Total for federal grantor agency			<u>87,392</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant Bulletproof Vest Partnership Program	16.607	FY 2009 BVP	<u>1,294</u>
Pass-Through Indiana Criminal Justice Institute ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	03208JJBX001803	<u>8,500</u>
Total for federal grantor agency			<u>9,794</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant Airport Improvement Program	20.106	AIP 3-18-0075-1010	<u>1,182,998</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1795	<u>24,946</u>
Total federal awards expended			<u>\$ 1,305,130</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF SALEM
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Salem (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF SALEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF SALEM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF SALEM
EXIT CONFERENCE

The contents of this report were discussed on June 23, 2011, with David L. Bower, Mayor; Patricia E. Persinger, Clerk-Treasurer; and Lesle Leis, President of the Common Council. Our audit disclosed no material items that warrant comment at this time.