

# City of Salem, Oregon

## Comprehensive Annual Financial Report

For Fiscal Year  
Ended June  
30, 2019





**CITY OF SALEM, OREGON**

**COMPREHENSIVE**

**ANNUAL**

**FINANCIAL**

**REPORT**

For the Fiscal Year Ended

June 30, 2019

Prepared by the Finance Department

**CITY OF SALEM, OREGON**  
**Comprehensive Annual Financial Report**  
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**Title VI Disclosure**

It is the City of Salem’s policy to assure that no person shall be discriminated against on the grounds of race, religion, color, sex, marital status, familial status, national origin, age, mental or physical disability, sexual orientation, gender identity, and source of income, as provided by Salem Revised Code Chapter 97. The City of Salem also fully complies with Title VI of the Civil Rights Act of 1964, and related statutes and regulations, in all programs and activities.

# Introductory Section

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City of Salem, Oregon  
Comprehensive Annual Financial Report  
For Fiscal Year Ended: June 30, 2019







555 Liberty St. SE, Room 230 Salem, OR 97301-3513  
(503) 588-6040 [finance@cityofsalem.net](mailto:finance@cityofsalem.net)

**December 19, 2019**

**Citizens of Salem  
The Honorable Mayor Bennett  
Members of the City Council**

The Finance Department is pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Salem, Oregon (City), for the fiscal year ended June 30, 2019. To the best of our knowledge, and in the opinion of the City's independent auditor, the basic financial statements present fairly, in all material respects, the financial position of the City and the results of operations of the various funds and the component unit in conformity with accounting principles generally accepted in the United States (GAAP).

The City is required by State law to undergo an annual audit and publish, within six months of the close of each fiscal year, a complete set of audited financial statements in conformity with the provisions of Oregon Revised Statutes. The City's basic financial statements have been audited by Grove, Mueller and Swank P.C., a firm of licensed certified public accountants. The independent auditor has issued an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2019. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting the above requirements, the audit was also designed to meet the special needs of federal grantor agencies as required by the Single Audit Act and the Office of Management and Budget's Uniform Guidance. These standards require the auditor to report on the fair presentation of the financial statements, as well as the City's internal controls and compliance with legal requirements, with emphasis on the administration of federal and state awards. The report on the City's Single Audit for the fiscal year ended June 30, 2019 indicates no instances of material weakness in the internal control structure and no violations of applicable laws and regulations. Information related to the Single Audit, including a Schedule of Expenditures of Federal Awards, the independent auditor's report on internal controls and compliance with applicable laws and regulations, and a Schedule of Findings and Questioned Costs is included in a separately issued Federal Grant Compliance Report.

GAAP requires 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 the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

The CAFR consists of management's representations concerning the financial position and activities of the City of Salem. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that assets are adequately safeguarded and that financial statements are free of any material misstatements. Disclosures necessary to enable the reader to understand the City's financial affairs have been included in the notes to the financial statements.

## **CITY PROFILE**

The City of Salem, incorporated in 1860, is the capital of the State of Oregon, and the seat of Marion County. It is located in Marion and Polk Counties in the Mid-Willamette Valley and is approximately 45 miles south of Portland, Oregon. Salem has a population of 165,265 and covers 49 square miles. The City operates under a home rule charter available at <http://www.cityofsalem.net/Pages/city-charter.aspx>. The Charter provides specific and general powers for conducting the City's business through an elected council and appointed city manager. The council-manager form of government separates legislative policy functions from administrative functions.

The mayor is the formal representative of the City, and is elected to a two-year term by the voters at-large on a non-partisan ballot. The City Council (Council) is composed of eight non-partisan members elected to four-year terms. One councilor is elected from each of the eight wards of the City, with half of the Council elected every two years. These nine officers comprise the Council who make the policy decisions for municipal activity and pass its ordinances and resolutions. The mayor and councilors' positions are part-time, without pay. The Council appoints a city manager who is responsible for the administration and execution of the City's policies and ordinances.

The City provides a full range of municipal services, including but not limited to: water, wastewater, and stormwater utilities; police; fire; municipal court; airport; operation and maintenance of the street system; economic development; community planning and development; parks and recreation; and library. For financial reporting purposes, the City includes all funds of the City subject to appropriation by the Council.

### **Reporting entity**

The financial statements include information for the City of Salem and its component unit. The notes to the financial statements provide additional detail describing the inclusion of the Urban Renewal Agency of the City of Salem as a blended component unit.

### **Budget process**

The Council and Urban Renewal Agency Board (Board) are each required to adopt a budget for the subsequent fiscal year no later than the close of the current fiscal year. These budgets are prepared at a fund and department level for all governmental and proprietary funds. Appropriation transfers between funds or departments require approval by the Council or Board as appropriate. Appropriation transfers between accounts within the same budget category (line items) within a department are made with a department request.

## **ECONOMIC CONDITIONS AND OUTLOOK**

### **Recent economic performance**

Employment levels in many industries improved in 2018, most notably in the areas of health care, state education, information, professional and business services, and transportation, warehousing and utilities. There were a few areas where employment levels shifted in the other direction, most notably in areas of nondurable goods, and state government. Nearly all other industries increased at least 2.5% over 2017.

In 2018, industries with the highest levels of employment in the Salem Metropolitan Statistical Area (MSA) were educational and health services (28,800 employees), state government (19,700), local government and schools (20,100), and retail trade (19,100).

The average unemployment rate for the Salem MSA remained virtually unchanged in 2018, from 4.3% to 4.4%. This level continues to exceed the State of Oregon (4.3%) rate. For the first time in several years the local and state rate are higher than the national (3.9%) rate.

From 2008 to 2018, nonfarm employment in the Salem MSA has increased from 152,200 to 168,500 (10.7%). During the same period, the civilian labor force residing within the Salem MSA has increased from 194,900 to 200,900 (3%).

Marion and Polk counties are key agricultural producers. Marion County routinely ranks highest among Oregon counties in agricultural sales, with Polk County often in the top ten. Approximately 40% of Marion County's land and 38% of Polk County's land is used for agricultural production. A similar portion of each county is dedicated to forestry. Marion County is a national leader in many crops including blackberries, raspberries, hazelnuts, hops, grass seed, and Christmas trees.

### **Long-term financial planning**

*Multi-year forecasting* – Five-year forecasting and the annual budget serve as the foundation for the City's financial planning and control. The multi-year forecast of the General fund is prepared annually as a tool to provide the Council and the budget committee with a preliminary look at the following year's budget in the context of a multi-year projection. The forecast provides a baseline to identify non-routine events that may affect a particular fiscal year, and reveals trends and underlying policy issues.

*Capital improvement financing strategy* – The Capital Improvement Program (CIP) plans for the acquisition or construction of capital improvements. The CIP is updated annually by staff and is made available for review and comment to neighborhood associations and through public hearings prior to Council adoption. This ongoing process identifies the capital needs of the community, the funding sources to pay for those needs, and schedules improvements according to the City's ability to pay. The primary result of the CIP is the identification and tracking of infrastructure needs, which consist of utility system, street, park, airport, and other needs such as municipal facilities and equipment. In addition to bonded debt and loans, other funding sources such as utility revenue and systems development charges (SDC's) also pay for capital improvements within the City.

Projects are prioritized for potential general obligation financing based on the input received throughout the review process. Improvements identified in this category are general citywide improvements that are funded exclusively from tax levies upon private property within the City limits.

*Economic impact of Oregon Public Employees Retirement System (PERS) future rates* –The City's PERS employer contribution rates continue to increase each biennium. City staff continue to monitor the PERS liability and discuss methodologies for meeting this economic challenge. More information on the current rates can be found on page 91 in the notes to the financial statements.

### **Relevant financial policies**

*Fund reserves* – City policy establishes a goal of maintaining approximately 15% of General fund budgeted revenues in contingencies and unappropriated General fund balance. Other funds seek to follow a similar guideline. However, based on circumstances, a given fund's combined reserve and contingency may differ from this level due to considerations such as operating reserves to meet business cycles, capital replacement needs, pending court decisions, or bond covenants. This practice strengthens the bond market's confidence in the City's ability to make scheduled debt service payments and meet operating expenditure obligations in an economic downturn.

## **Major initiatives**

In May 2017, Salem voters approved a \$61.8 million bond to fund a new police facility. During FY 2018, the land was purchased, design has been completed, and the initial site work is underway. During FY 2019, construction of the building moved forward on schedule, with an anticipated move in date during FY 2021. This new facility is expected to meet the long-term needs of the community.

In November 2017, Salem voters approved an \$18.6 million bond to fund seismic retrofitting at the Salem Public Library. During FY 2019, a suitable facility was leased to house library operations during the project. The relocation to the temporary location will occur in early FY 2020 and is anticipated that the project will be completed during FY 2021.

To ensure that services and programs represent the best use of available resources while delivering outcomes most desired by the community, the City initiated Priority Based Budgeting (PBB) in FY 2019. This initiative was one of several identified in the strategic plan within the goal area of Sustainable Service Delivery. PBB is an International City/County Management Association and Government Finance Officers Association (GFOA) identified best practice. Clearly identifying what is done, how much it costs, and how it helps to realize the City Council-defined results of Good Governance; Natural Environment Stewardship; Safe Community; Safe, Reliable, and Efficient Infrastructure; Strong and Diverse Economy; and Welcoming and Livable Community, was the focus of the first year of implementation. During the second year of implementation, the city will focus on identifying internal efficiencies and strategies to identify possible reallocation of existing resources to meet the strategic goals.

In 2019, the City began design on an ozone contact tank at the Geren Island Water Treatment Facility. The new treatment process will enhance the Cities ability to deliver high quality drinking water throughout the year. The construction cost of the new infrastructure will be financed by a combination of an Oregon State Grant and revenue bonds issued by the City during FY 2020.

In late 2019, the City Council adopted two resolutions that may increase general fund revenue. The first resolution established an operating fee that would be collected on the utility bills for all customers within the City limits. This new operating fee will generate approximately \$7 million in additional revenue annually. The second initiative will be placed on the May 2020 ballot to create an employee paid payroll tax to support public safety in the City General fund. If passed, the payroll tax would be implemented no sooner than July of 2022 and would generate approximately \$9 million in annual revenue.

## **OTHER INFORMATION**

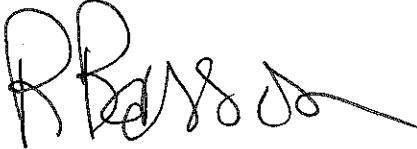
### **Certificate of Achievement**

The GFOA of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Salem, Oregon, for its CAFR for the fiscal year ended June 30, 2018. The City has received this award 21 times. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for one year. We believe our current report continues to meet the standards of the Certificate of Achievement Program, and we are submitting it to GFOA to determine its eligibility for certification.

**Acknowledgments**

The required financial reports were prepared by the City's Finance Department, including Anthony Turley, Jeremy Morgan, Denise John, Randal Chittenden, and Kimberli Blaylock. The Finance Division would like to thank all City personnel who contributed to these reports and the members of the City Council, Finance Committee, Budget Committee, and City Manager for their interest and support in the professional and progressive management of the financial operations of the City. Preparation of these reports would not have been successful without their support.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R Barron", with a long horizontal flourish extending to the right.

Robert Barron, CPFO  
Chief Financial Officer  
City of Salem, Oregon





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Salem  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

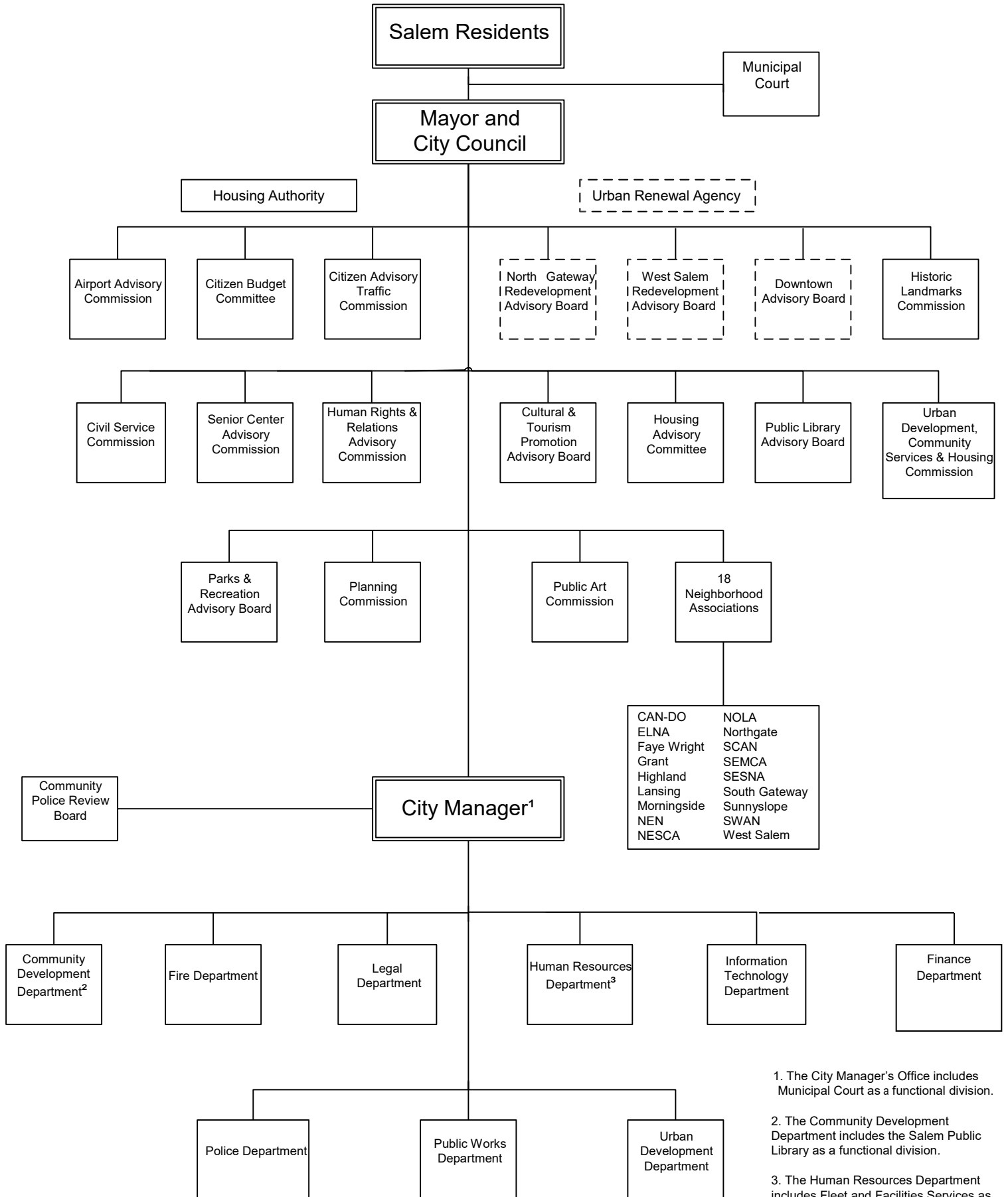
**June 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

# Organization of the City of Salem, Oregon

July 1, 2019



1. The City Manager's Office includes Municipal Court as a functional division.

2. The Community Development Department includes the Salem Public Library as a functional division.

3. The Human Resources Department includes Fleet and Facilities Services as functional divisions.



# CITY OF SALEM, OREGON

## CITY COUNCIL

<u>Ward No.</u>	<u>Name</u>	<u>Term Expires December 31,</u>
Mayor	Chuck Bennett	2022
1	Cara Kaser	2020
2	Tom Andersen	2022
3	Brad Nanke	2020
4	Jackie Leung	2022
5	Matt Ausec	2020
6	Chris Hoy	2022
7	Sally Cook	2020
8	Jim Lewis	2022

## ADMINISTRATIVE STAFF

*City Manager:* Steve Powers  
*Chief Financial Officer:* Robert Barron

All correspondence for persons listed above may be sent to:

City of Salem  
555 Liberty St SE, Room 220  
Salem, OR 97301-3513



# Financial Section





## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT***

Honorable Mayor and Council Members  
City of Salem  
555 Liberty Street SE  
Salem, Oregon 97301

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

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, Oregon (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***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, as of June 30, 2019, and the respective changes in financial position, budgetary comparisons for the General fund and major special revenue funds, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the defined benefit pension plan (PERS) schedule, the schedule of the changes in total other post-employment benefits liability and related ratios - implicit rate subsidy, and the defined benefit pension plan (RHIA) schedule be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management's discussion and analysis, PERS schedules and OPEB schedules described in the preceding paragraph 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 assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

### *Other Information*

The introductory section, other financial schedules, statistical section and SEC Rule 15c2-12 Disclosures have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Legal and Regulatory Requirements***


*Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Reporting Required by Oregon Minimum Standards*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 19, 2019, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

By:   
Katherine R Wilson, CPA, A Shareholder  
December 19, 2019





**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

This discussion and analysis of the City of Salem's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter (beginning on page 1), basic financial statements (beginning on page 33), and notes to the financial statements (beginning on page 65).

**FINANCIAL HIGHLIGHTS**

- The net position of the City at the close of FY 2019 is \$1.225 billion. Of this amount, negative \$19.8 million is unrestricted. This is negative due to pension and other post-employment benefits (OPEB) long-term liabilities.
- The increase in net position of \$57.8 million represents a \$32.7 million increase from governmental activities and a \$25.1 million increase from business-type activities.
- There was an increase in capital assets of \$38.5 million that represents an increase in governmental purposes for \$30.5 million and \$8.0 million for business-type activities. The governmental increase primarily represents increased streets infrastructure and additions to fleet inventory. The increase in business-type capital assets is the result of utility system infrastructure additions net of current year depreciation (see the Capital Asset discussion on page 25 for more details).
- Long-term liabilities decreased by \$18.5 million from the previous year. This represents a decrease in governmental liabilities of \$6.2 million and a decrease of \$12.3 million in business-type liabilities. The governmental decrease primarily reflects the paydown of debt with one small issuance from the Tax Allocation Debt fund. The business-type liabilities were decreased by pay downs of water and sewer revenue bonds.
- The government-wide statements reflect the financial aspects of pension liabilities and the resources available to pay them. The government-wide statements report a net pension liability of \$140.0 million, deferred outflows of \$54.1 million, and deferred inflows of \$10.9 million, with a net increase to expenses of \$11.3 million. See the PERS note on page 92 for more details.
- The government-wide statements also reflect the financial aspects of other post-employment benefit (OPEB) liabilities and the resources available to pay them. The government-wide statements report a net OPEB liability of \$13.8 million, deferred outflows of \$1.9 million, and deferred inflows of \$1.5 million, with a net increase to expenses of \$0.3 million. See the RHIA and OPEB note beginning on page 98 for more details.
- On a fund basis, governmental funds reported a combined ending fund balance of \$200.2 million. Of this amount, a total of \$39.0 million (19.5%) is either committed, assigned, or unassigned and available to fund ongoing activities. The remaining fund balance of \$161.2 million (80.5%) is either restricted or non-spendable, which represents a decrease of \$2.9 million, primarily funds used for construction. The overall decrease in fund balance of \$4.4 million is due to decreases of \$9.7 million in the Capital Improvement fund due to bond proceeds spend down for the new police station, \$2.4 million in the General fund due to increased public safety costs, and a \$0.5 million decrease in the Community Renewal fund. These decreases were offset by the following increases: \$3.8 million in the Tax Allocation Improvement fund due to lower spending than anticipated, \$3.5 million in nonmajor funds due to transfer of Urban Renewal duJour loan proceeds to the Tax Allocation Improvement fund, and \$0.9 million in the General Debt fund due to increased property tax receipts.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

- At year-end, the unassigned fund balance in the General fund was \$20.3 million, or 17.1% of total General fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following discussion and analysis serves as an introduction to the City's basic financial statements and other required supplementary information.

The City's basic financial statements are comprised of three components:

**Government-wide financial statements** (pages 33-35). The government-wide statements present the financial picture of the City from the economic resources measurement focus, using the accrual basis of accounting, which is similar to that used by private-sector companies.

The *Statement of Net Position* and the *Statement of Activities* report financial information about the City as a whole and about its activities. These statements include all assets and deferred outflows of the City as well as all liabilities and deferred inflows. These statements reflect all revenue and expense regardless of when the cash transaction occurs. Additionally, certain eliminations have occurred as prescribed by GASB Statement 34 in regards to interfund activity, payables, and receivables. These two statements report the City's net position, and the change in net position. Net position is the residual of assets and deferred outflows less liabilities and deferred inflows. Net position is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's infrastructure. These statements separate City activities as follows:

*Governmental activities* – The City reports most of its basic services in this category including General Government, Public Safety, Transportation Services, Community Development, Community Services, and the Library. Property taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

*Business-type activities* – The City reports water, wastewater, and stormwater utilities, emergency medical services, Willamette Valley Public Safety Communications Center, Police Regional Records System, and Salem Convention Center in this category. The City charges fees to users to cover all or most of the cost of these services.

**Fund financial statements** (pages 38-51 and 54-60). The fund financial statement section includes statements for each of the three basic fund types: governmental, proprietary, and fiduciary.

*Governmental funds* – The City reports most of its basic services in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These fund statements measure cash and all other financial assets that can readily be converted to cash using the modified accrual method of accounting. 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 measures the change in available financial resources to finance the City's programs in the near future. A reconciliation follows each of the governmental fund

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

financial statements to explain the differences between the statement and the corresponding government-wide statement created by the latter's integrated approach.

*Proprietary funds* – When the City charges customers for the services it provides, whether to outside customers (enterprise funds) or to other units of the City (internal service funds), these services are generally reported in proprietary funds. Proprietary funds report financial transactions on the same basis of accounting as the government-wide statements. The proprietary fund statements provide more detail and additional information, such as cash flow statements. The City's enterprise funds are the business-type activities reported in the government-wide statements. The internal service funds, with certain eliminations, are reported with governmental activities in the government-wide statements.

*Fiduciary funds* – The City is the trustee, or fiduciary, for funds held on behalf of individuals, other government entities, and non-public organizations. The Statement of Fiduciary Net Position reports the City's fiduciary activities, which consist of agency funds. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City has a fiduciary responsibility to use these assets for their designated purposes.

**Notes to the financial statements** (pages 62-104). The notes provide additional, essential information regarding the data provided in the government-wide and fund financial statements. For a fuller understanding of the financial statements, read the notes in conjunction with them.

In addition to the basic financial statements, a Comprehensive Annual Financial Report requires inclusion of two other sections with specific requirements.

**Required supplementary information (RSI)** (pages 105-107). This section presents information about the City's progress in funding its obligations to provide pension benefits and other post-employment benefits to its employees.

**Supplemental information** (pages 110-171). This section includes combining statements of nonmajor governmental funds, nonmajor business-type funds, internal service funds, and changes in assets and liabilities of agency funds, as well as budgetary comparison schedules not shown as part of the basic financial statements.

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

**Government-wide Financial Analysis**

The following paragraphs provide an analysis of the City's overall financial position and results of operations. The analysis presents dollars in millions to reduce the complexity. Insignificant rounding differences may exist between amounts presented here and amounts in the financial statements and the notes to the financial statements.

**Financial Position**

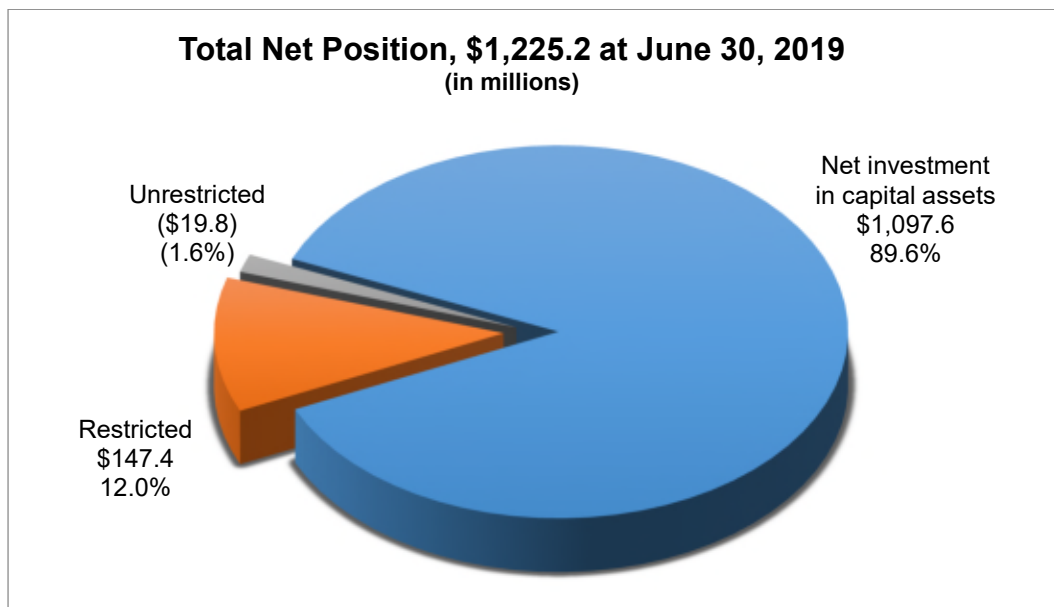
Net position, over time, is a useful indicator of a government's financial position. The following table shows a summary of the Statement of Net Position for the past two years.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

**Statement of Net Position as of June 30, 2019**  
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash and investments	\$ 244.0	\$ 245.4	\$ 90.9	\$ 81.1	\$ 334.9	\$ 326.5
Other assets	26.7	28.7	32.6	34.7	59.3	63.4
Capital assets	592.3	561.8	669.6	661.6	1,261.9	1,223.4
Total assets	<u>863.0</u>	<u>835.9</u>	<u>793.1</u>	<u>777.4</u>	<u>1,656.1</u>	<u>1,613.3</u>
Deferred outflows of resources	40.9	34.1	19.5	17.5	60.4	51.6
Other liabilities	13.3	11.4	8.1	5.3	21.4	16.7
Long-term liabilities	318.5	324.7	139.0	151.3	457.5	476.0
Total liabilities	<u>331.8</u>	<u>336.1</u>	<u>147.1</u>	<u>156.6</u>	<u>478.9</u>	<u>492.7</u>
Deferred inflows of resources	8.9	3.4	3.5	1.4	12.4	4.8
Net position:						
Net investment in capital assets	513.7	486.2	583.9	559.9	1,097.6	1,046.1
Restricted	109.7	101.3	37.7	31.4	147.4	132.7
Unrestricted	(60.2)	(57.0)	40.4	45.6	(19.8)	(11.4)
Total net position	<u>\$ 563.2</u>	<u>\$ 530.5</u>	<u>\$ 662.0</u>	<u>\$ 636.9</u>	<u>\$ 1,225.2</u>	<u>\$ 1,167.4</u>

See the Statement of Net Position (page 33) for more detailed information.



The City ended the year with a net position of \$1.225 billion. \$1,097.6 million, or 89.6% of this amount represents the City's net investment in capital assets. This includes all capital assets (land, buildings, infrastructure, improvements, and machinery and equipment, net of accumulated depreciation) plus related deferred inflows and less related outstanding debt used to acquire the assets. The City uses these capital assets to provide services to citizens and consequently they are not available for future spending. Although the City reports investment in capital assets as net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the assets themselves cannot be used to liquidate the liabilities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

An additional portion of net position, \$147.4 million, or 12.0%, represents resources that are subject to external restrictions on how they may be used, such as debt service or capital projects. The remaining balance of unrestricted net position totals a negative \$19.8 million, or -1.6%. The unrestricted net position is comprised of a negative \$60.2 million for governmental activities and a positive \$40.1 million for business type activities.

**Governmental Activities.** The total net position from governmental activities increased \$32.7 million, or 6.2%. The Statement of Net Position shows an increase of \$30.5 million in capital assets, \$6.8 million increase in deferred outflows of resources related to pensions and OPEB obligations, and \$6.3 million decrease in long-term debt.

**Business-type Activities.** The total net position of business-type activities increased \$25.1 million, or 3.9%. The most significant changes on the Statement of Net Position are an increase in cash and investments of \$9.8 million, a decrease in long-term debt of \$12.3 million, and an increase of deferred outflows of \$2.0 million due to changes related to pension and OPEB obligations.

**Unrestricted Net Position Commitments.** The information provided below provides additional information regarding the types of commitments applied to unrestricted net position.

The unrestricted net position balance measures the well-being of the City and its governmental and business-type activities in a corporate-style method. While the City Council and administration (City Manager and Department Heads) may have made varying commitments against these balances, these choices are subject to revision. The types of commitments shown as follows are the normal types:

- Encumbrances – Represents an existing contract to purchase or acquire an item or construct a capital project after the June 30 financial statement date.
- Project Commitment – Represents a tentative pre-contract commitment and a related project budget established, for a significant capital or maintenance effort (third party contractor not yet hired).
- Working Capital – Available monies set aside to ensure the normal and ordinary conduct of business (the payment of bills and salaries) given certain cyclical flows of revenue.
- Other – Various tentative commitments such as pending legislative/judicial decisions, future capital projects, or emergency reserves.

**Results of Operations**

In addition to the analysis of net position provided earlier, it is important to analyze the financial operations that took place during the year. The following table provides a summary of the Statement of Activities, which presents the changes in net position.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

**Statement of Activities for the fiscal year ended June 30,**  
**(in millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Program revenues						
Charge for services	\$ 45.4	\$ 43.2	\$ 119.4	\$ 115.9	\$ 164.8	\$ 159.1
Operating grants and contrib.	15.5	13.9	-	-	15.5	13.9
Capital grants and contrib.	23.1	17.6	16.9	16.9	40.0	34.5
General revenues						
Taxes and franchise fees	121.8	117.0	-	-	121.8	117.0
Shared state tax revenue	6.2	6.3	-	-	6.2	6.3
Interest	5.2	3.3	2.2	1.4	7.4	4.7
Other	2.4	1.9	1.4	4.8	3.8	6.7
Total revenues	<u>219.6</u>	<u>203.2</u>	<u>139.9</u>	<u>139.0</u>	<u>359.5</u>	<u>342.2</u>
Program expenses						
General government	23.8	23.3	-	-	23.8	23.3
Public safety	83.5	79.5	-	-	83.5	79.5
Community development	28.7	26.0	-	-	28.7	26.0
Community services	10.7	11.5	-	-	10.7	11.5
Transportation	27.9	30.7	-	-	27.9	30.7
Library services	4.4	4.2	-	-	4.4	4.2
Interest on long-term debt	7.9	7.6	-	-	7.9	7.6
Utility	-	-	97.6	94.6	97.6	94.6
Emergency services	-	-	0.7	0.7	0.7	0.7
WVPS communications center	-	-	11.0	10.9	11.0	10.9
Police Regional Records	-	-	0.3	0.3	0.3	0.3
Salem Convention Center	-	-	5.0	4.6	5.0	4.6
Total expenses	<u>186.9</u>	<u>182.8</u>	<u>114.6</u>	<u>111.1</u>	<u>301.5</u>	<u>293.9</u>
Excess before special items and transfers	32.7	20.4	25.3	27.9	58.0	48.3
Transfers	0.2	1.1	(0.2)	(1.1)	-	-
Change in net position	<u>32.9</u>	<u>21.5</u>	<u>25.1</u>	<u>26.8</u>	<u>58.0</u>	<u>48.3</u>
Net position - beginning	530.5	508.7	636.9	610.0	1,167.4	1,118.7
<i>Prior Period Adjustment</i>	<i>(0.2)</i>	<i>0.3</i>	<i>-</i>	<i>0.1</i>	<i>(0.2)</i>	<i>0.4</i>
Net position - ending	<u>\$ 563.2</u>	<u>\$ 530.5</u>	<u>\$ 662.0</u>	<u>\$ 636.9</u>	<u>\$ 1,225.2</u>	<u>\$ 1,167.4</u>

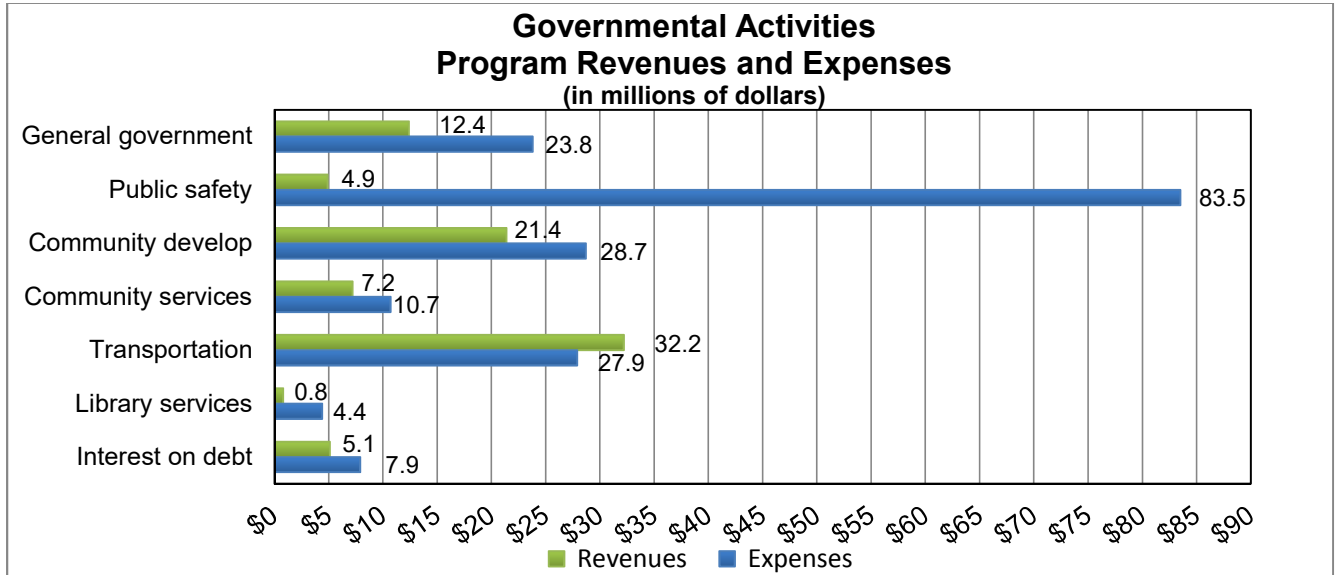
See the Statement of Activities (pages 34-35) for more detailed information.

**Governmental Activities.** The governmental net position increased by \$10.9 million more than it increased in the prior year, specifically: FY 2019's increase of \$32.7 million versus FY 2018's increase of \$21.8 million due primarily to the following:

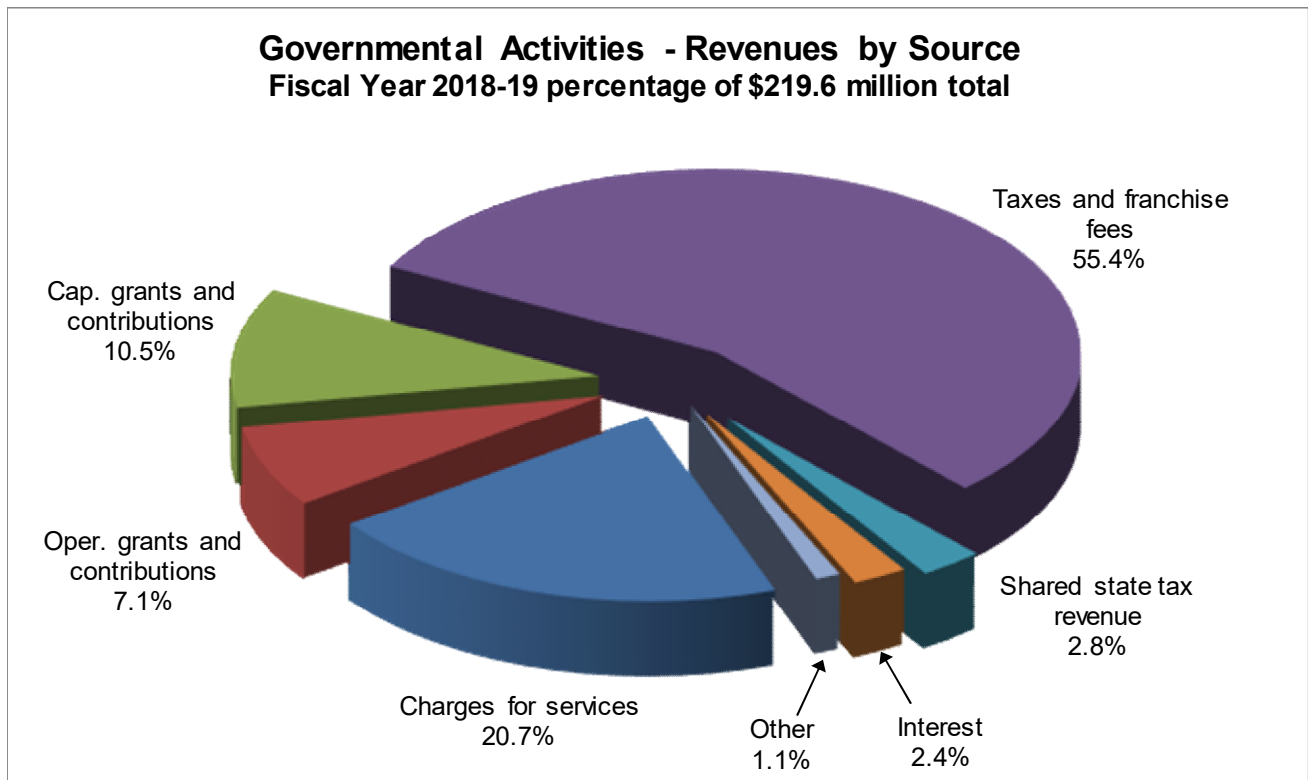
- Program revenues increased by \$9.3 million, primarily driven by a \$5.5 million increase in capital grants and contributions. There was also a \$2.2 million increases in charges for services related to increased use of service-related items, such as building and safety and a \$1.6 million increase in operating grants.
- General revenues increased \$7.1 million, mainly in property taxes, interest, and franchise fees. Property assessed value and the debt levy both increased. Funds held from bond issuance combined with increased interest rates have greatly improved investment income.
- Program expenses increased, offsetting the above revenue increases, by \$4.1 million. Increases were mainly in Public Safety, an increase of \$4.0 million.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

The following chart compares revenues generated by governmental activities and the related current year expense. As the chart reflects, most governmental programs generate less revenue than the cost of their operations, as a result, these programs require funding from other general revenues (shown on pages 34 and 35).



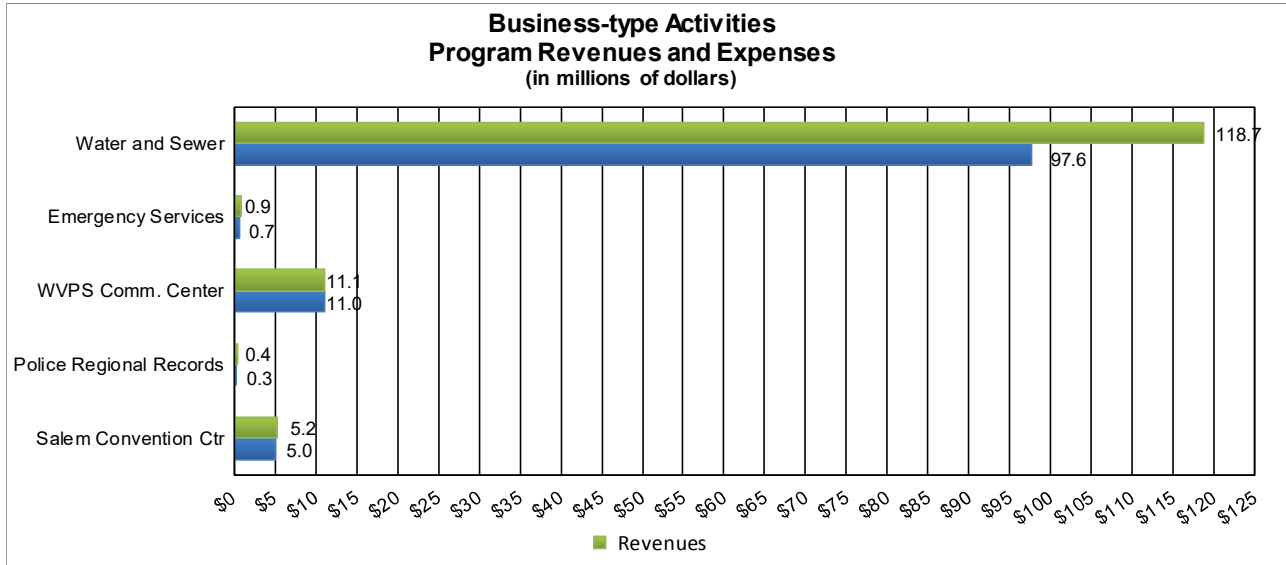
The following chart shows the percent of total revenue from each source supporting governmental activities.



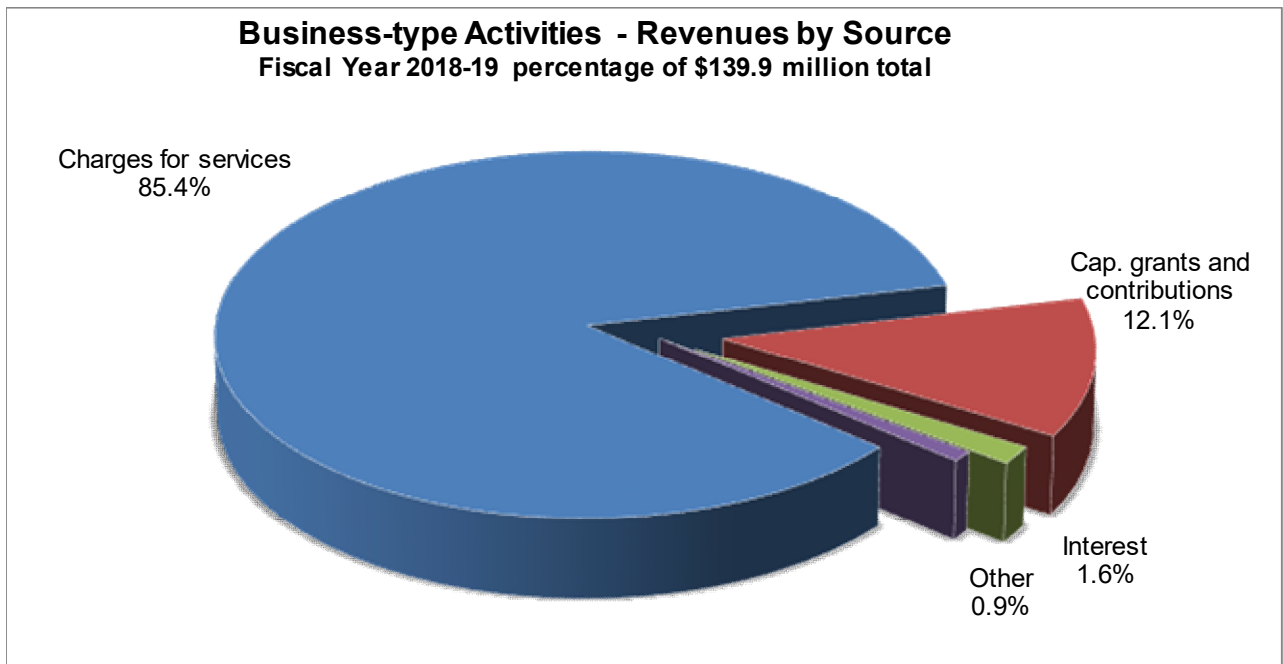
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

**Business-type Activities.** The table on page 20 shows the City's net position from business-type activities increased by \$25.1 million. This is primarily due to growing Utility infrastructure and increased rate revenue in the Utility fund anticipating major capital construction.

The following chart compares revenues and expenses of business-type activities. Revenues include capital grants and developer donated infrastructure. In comparison to governmental activities, business-type activities typically recover their operating, debt service, and capital costs through program revenues. Net utility revenue provides funds for utility infrastructure capital projects.



The following chart shows the percent of total revenue from each source supporting business-type activities.





**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

**Fund-based Financial Analysis**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is an analysis of the City's major governmental and proprietary funds. The financial statements of governmental funds show more detail than governmental activities in the government-wide statements, and focus on near-term inflows, outflows, and ending balances of spendable resources. The statements of proprietary funds show detail for each enterprise included in business-type activities, with the same focus used in government-wide reporting.

**Governmental Funds.** At June 30, 2019, the City's governmental funds reported combined ending fund balances of \$200.2 million, a decrease of \$4.4 million or 2.1%, from last year. The unassigned General fund balance of \$20.3 million or 10.1% of the total governmental fund balance, is available for spending at the City's discretion. The remainder of the balance is constrained as follows: restricted to capital projects, debt service, or with other donor or legal restrictions is \$161.1 million or 80.5%. Committed fund balance is \$17.3 million or 8.7%. Assigned fund balance, representing encumbrances, is \$1.3 million or 0.6%, and Nonspendable fund balance is \$0.2 million or 0.1% primarily in prepayments.

General fund balance decreased \$2.4 million, from \$24.2 million to \$21.8 million. This is due to a \$2.0 million operating loss and an additional \$0.4 million of transfers out of the General fund. The General fund had \$118.4 million of expenditures which exceeded its \$116.4 million of revenue. Total expenditures increased \$6.6 million over the prior year, primarily in public safety personal services of \$4.8 million due to normal pay increases and continued operations, \$1.2 million in general government, and \$1.0 million in community development. There was an offsetting decrease of \$0.4 million in other governmental functions. Total revenues did however, increase by \$5.5 million or 5.0% due primarily to an increase of \$3.9 million from property taxes and \$1.2 million from sales, fees, licenses, permits and rents. The total ending fund balance is 16.9% of the FY 2020 budgeted fund revenues and complies with the ending fund balance/reserve policy adopted by the Council.

Capital Improvements fund balance decreased \$9.7 million, from \$91.6 million to \$81.9 million. This was primarily due to the usage of funds to construct the police facility, construction of co-generation facility and preparations for the library remodel.

Tax Allocation Improvements fund balance increased \$3.8 million. The change was primarily due to less project construction spending than previously projected. Construction and grant activity increased in the Riverfront/Downtown urban renewal area.

Community Renewal fund balance decreased \$0.5 million. This is due to the payment on the HUD note and the prior period adjustment discussed in note K.

The General Debt fund, which is a major fund for the first time this year due to the addition of the Police and Library bonds, increased fund balance by \$0.9 million. This is due to general obligation property tax levy receipts increasing more than the debt service required for the year.

**Proprietary Funds.** At June 30, 2019, the City's enterprise funds reported a combined net position of \$656.4 million (excluding the internal service consolidation adjustment), an increase of \$23.6 million primarily due to the Utility Fund. Internal service funds increased \$9.2 million to a net position of \$60.3 million.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

The Utility fund net position increased \$24.4 million, from \$607.4 million to \$631.8 million. This total net position is comprised of \$559.6 million of net investment in capital assets, \$37.7 million is restricted for capital projects, and \$34.5 million is unrestricted. The increase in net position is due to \$16.4 million in capital contributions and transfers and \$8.0 million of net income (revenues – expenses).

The Internal Service funds combined net position increased \$9.2 million. This increase was due to a \$7.5 million net income (revenues – expenses) and a net of \$1.7 million in capital contributions and transfers.

**Budgetary Highlights**

The following is a brief review of the changes from the originally adopted budget to the final amended budget, and differences between the final budget and actual activity for the General fund. See the budget and actual comparison on pages 47-48 for more detailed information.

**General Fund**

There were four changes from the original adopted budget to the final budget:

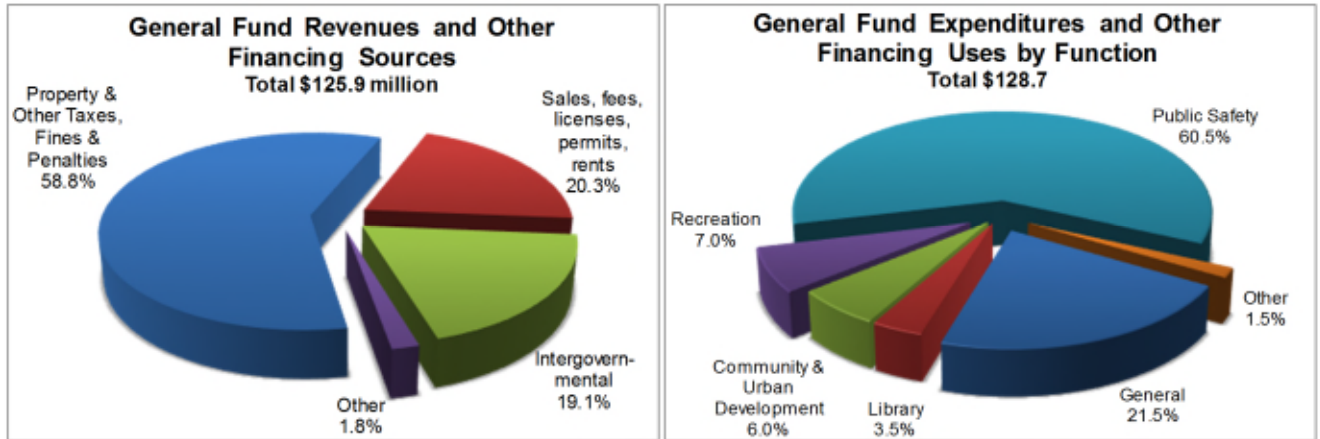
- Transfer of \$1,016,470 from non-departmental contingency to non-departmental capital outlay to replace 9-1-1 telephone system
- Transfer of \$300,000 from Library salaries and wages to Library interfund transfers to pay for audio-visual technology upgrades
- Transfer of \$120,000 from non-departmental contingency to non-departmental materials and services to pay for appellate attorney fees
- Transfers to ensure budgetary compliance:
  - \$100,000 from non-departmental contingency to Parks Operations for flood damage repair
  - \$270,000 from non-departmental contingency to non-departmental interfund transfers for new telephone contract
  - \$20,000 from non-departmental contingency to personal services for increase in unemployment claims

Differences between actual results and the final amended budget resulted in the General fund balance ending \$8.2 million greater than originally budgeted. This is primarily due to:

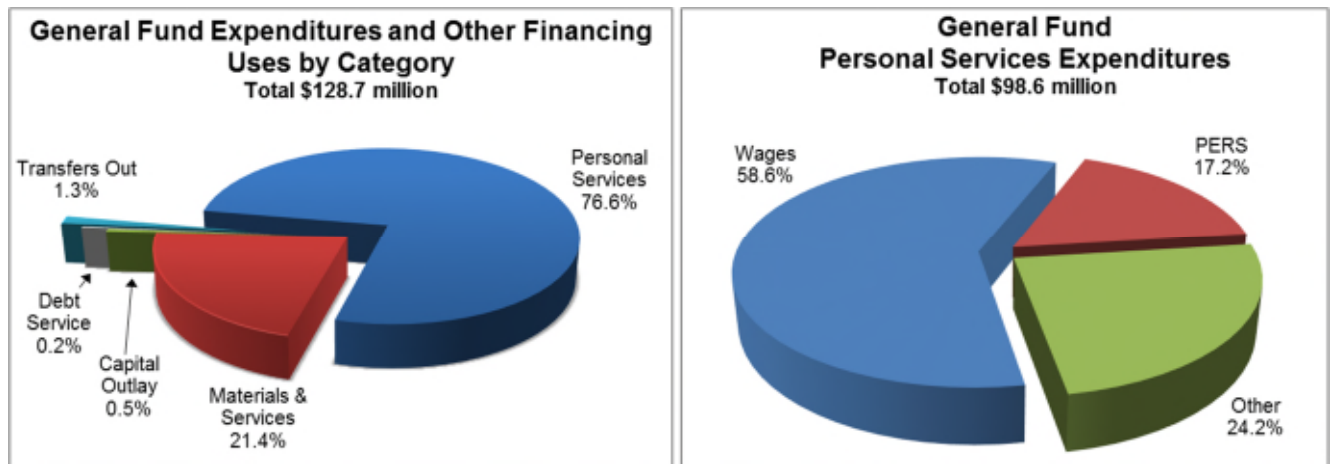
- \$1.2 million increase in property taxes greater than projected
- \$0.5 million higher in grants, none were projected
- \$4.2 million less than budgeted in personal services consisting of:
  - \$3.2 million in wages/salaries for temporarily unfilled positions
  - \$1.0 million in PERS savings from budget
- \$0.8 million less than budgeted in materials and services throughout the fund
- \$1.5 million in unspent contingency

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

The following charts show the current year revenues and expenditures, by function, of the General fund. The charts reflect that taxes are the primary source of revenue and public safety is the largest expenditure. Other revenue includes inter-fund loan payments and transfers in. General expenditures include all administrative, legal, and non-divisional costs. Other expenditures include capital outlay, debt service, and transfers out.



The following charts show the breakdown of General fund expenditures by category, which are primarily personnel related, and the breakdown of personnel into its basic components.



**Capital Assets**

As of June 30, 2019, the City had invested \$1.3 billion in capital assets, as summarized in the following table. This represents a net increase (including additions, deductions, and depreciation) of \$38.2 million, or 3.1%, from the prior year. Governmental assets increased \$30.4 million, primarily in streets infrastructure. The business-type increase of \$7.8 million is utility infrastructure additions exceeding depreciation.

Additional information on capital assets is in the notes to the financial statements (pages 78-79).

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

**Capital Assets (Net of Depreciation) as of June 30,**  
(in millions)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land, land improvements, and art	\$ 261.9	\$ 251.4	\$ 18.9	\$ 18.8	\$ 280.8	\$ 270.2
Buildings	37.6	38.9	21.8	22.5	59.4	61.4
Improvements	24.8	23.1	-	-	24.8	23.1
Equipment and machinery	7.8	6.0	1.1	0.6	8.9	6.6
Vehicles	17.3	14.5	-	-	17.3	14.5
Infrastructure	162.3	157.8	-	-	162.3	157.8
Utility systems	-	-	590.1	596.4	590.1	596.4
Work-in-progress	80.5	70.1	37.7	23.5	118.2	93.6
Total	<u>\$ 592.2</u>	<u>\$ 561.8</u>	<u>\$ 669.6</u>	<u>\$ 661.8</u>	<u>\$ 1,261.8</u>	<u>\$ 1,223.6</u>

The following table is a summarized reconciliation of the change in capital assets.

**Change in Capital Assets for the Fiscal Year Ended June 30, 2019**  
(in millions)

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Beginning balance	\$ 561.8	\$ 661.8	\$ 1,223.6
Additions	49.6	27.0	76.6
Retirement	(0.3)	0.0	(0.3)
Accumulated depreciation	<u>(18.9)</u>	<u>(19.2)</u>	<u>(38.1)</u>
Ending balance	<u>\$ 592.2</u>	<u>\$ 669.6</u>	<u>\$ 1,261.8</u>

The City depreciates all its capital assets except for land, land improvements, art, and work-in-progress. Land includes all land, easements, and rights-of-way owned by the City. Work-in-progress represents multi-year construction projects that are assigned to the appropriate category of capital assets when completed.

**Debt Outstanding**

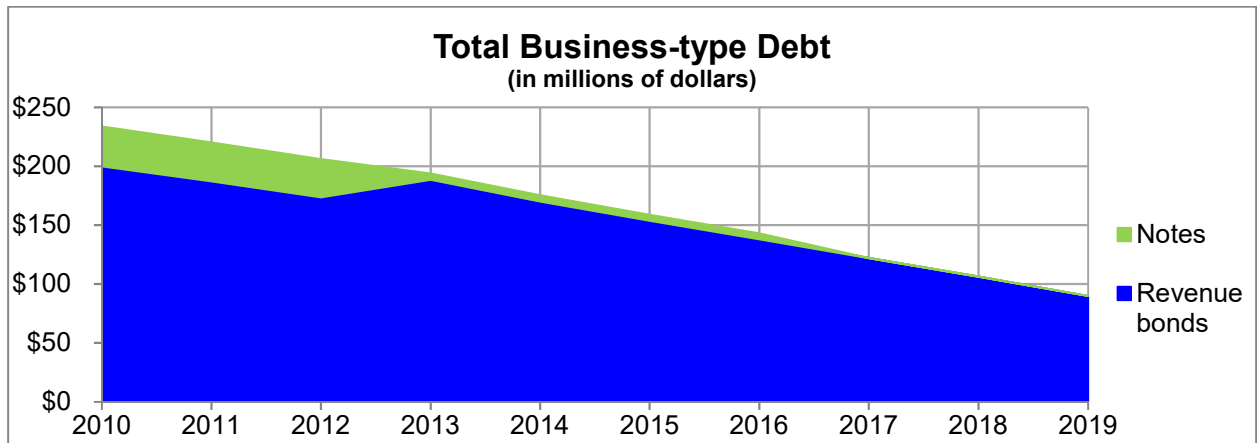
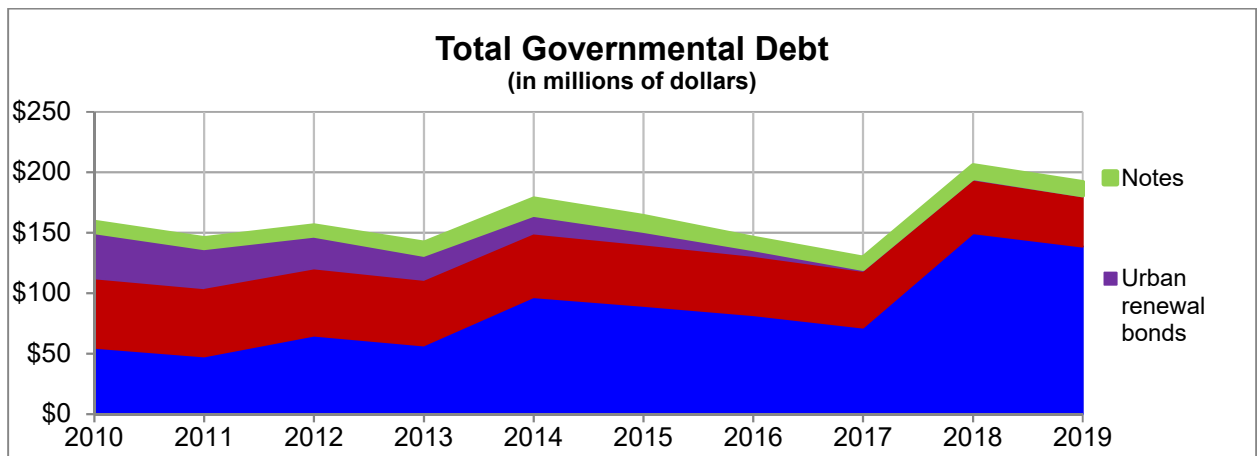
As of June 30, 2019, the City had a total of \$281.3 million in outstanding long-term debt, compared to \$302.2 million last year, a 10.2% net decrease, as illustrated in the following table.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

**Outstanding Debt as of June 30,**  
(in millions)

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Bonds:						
General obligation	\$ 138.8	\$ 149.9	\$ -	\$ -	\$ 138.8	\$ 149.9
Revenue	-	-	89.9	106.4	89.9	106.4
Pension obligation	41.3	44.2	-	-	41.3	44.2
Urban Renewal	1.5	1.7	-	-	1.5	1.7
Notes	9.8	9.5	-	-	9.8	9.5
<b>Total outstanding debt</b>	<b>\$ 191.4</b>	<b>\$ 205.3</b>	<b>\$ 89.9</b>	<b>\$ 106.4</b>	<b>\$ 281.3</b>	<b>\$ 311.7</b>

The following charts detail the composition of governmental and business-type debt over the last ten years.



Additional information on the City's debt is in the notes to the financial statements (pages 80-84) and supplemental information (pages 164-166).

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

*Debt Administration* – Since 1995, the City has had debt policies that provide guidance in the issuance of long and short-term indebtedness. These policies govern all types of indebtedness, including general obligations, revenue bonds, and lease purchase financings. Oregon Revised Statutes impose a limit on non-self-supporting general obligation (GO) debt of 3.0% of the real market value (RMV) of all taxable property within the City's boundaries. The City has adopted a more stringent limit of 1.5% of RMV. The actual level of GO debt on June 30, 2019 was 0.72% of RMV. The actual levy for GO debt was \$1.2700 per \$1,000 of assessed valuation for 2018-19.

The ratio of bonded debt to real market value and the amount of bonded debt per capita are indicators of the City's debt position and are of interest to management, citizens, creditors, and investors. The following table shows data for the City at the end of the fiscal year.

**Debt Per Capita, and as a Percent of Real Market Value (RMV)**  
**As of June 30, 2019**

	<u>Amount</u>	<u>Per Capita</u>	<u>Percent of RMV</u>
Population (2018)	165,265		
2018-19 Measure 5 RMV	\$ 17,807,968,607	\$ 107,754	-
Total bonded debt outstanding	254,026,208 *	1,537	1.43%
Net direct GO debt	128,934,208 *	780	0.72%
Net overlapping debt	472,864,092	2,861	2.66%
Net direct and overlapping debt	601,798,300	3,641	3.38%

\*Excludes issuance premium

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

*Fiscal year 2019-20 Adopted Budget* – The annual budget for fiscal year 2019-20 for all funds anticipates a personal services increase of 5.8%, materials and services increase of 5.1%, capital outlay decrease of 10.0%, debt service increase of 6.9%, transfers decrease of 27.3%, contingencies increase of 63.0%, and special payments decrease of 23.0%.

The personal services increase includes the addition of 1.45 positions over all funds. The most significant additions are in the Utility fund (5.2), Building and Safety (2), Transportation (1), and Municipal Court (1). There are decreases in positions in Information Technology (2) and one position in each of the following departments: City Manager's Office, Community Development, Legal, and Police. Cost increases also include salary changes for market adjustments, collective bargaining agreements, and merit pay increases, and an increase in health benefit costs.

The budget anticipates a 2.1% increase in property tax receipts on all funds. No additional bonds or levies were assessed in 2018-19. Sales, licenses, permits, fines, assessments and other service charges are projected to increase by 3.6%. This is primarily due to increased building permits and projected fines for the new photo red lights and speed on green initiatives.

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2019**

*Utility Fund* – The Council adopted a financial policy for the Utility fund to guide forecasting and rate proposals to maintain a fiscally healthy utility fund able to operate on a cash basis. The policy includes operating and debt reserves, debt coverage ratios, capital funding strategies, and parameters for rate development. This allows the City to minimize rate increases while continuing to fund debt service, operations, capital investments identified in the Capital Improvement Program, and reserves for operations and debt. In October 2018 the Council approved increases for City provided utilities that included 3% increases in January 2019 and 2020.

*Underlying Debt Rating* – The City has maintained a close relationship with the major credit rating agencies in conjunction with the City’s debt placement strategies. The following table indicates current bond ratings.

<u>Rating Agency</u>	<u>General Obligation</u>	<u>Utility Revenue</u>	<u>Full Faith and Credit</u>
Moody’s	Aa2	Aa2	-
Standard & Poor’s	AA	AA	AA

GO bond ratings were last affirmed by Moody’s in February 2018. Utility bonds were rated Aa2 in July 2017. Moody’s comments regarding the City’s strong GO bond ratings included the City’s:

- Large tax base that serves as the state capital and continues to diversify, and
- Stable financial operations with healthy reserve levels.

GO and Full Faith and Credit ratings were affirmed as AA/Stable by Standard & Poor’s in July 2016. Standard & Poor’s positive comments regarding these strong ratings include:

- Very strong management, with strong financial policies and practices, under S&P Financial Management Assessment (FMA) methodology
- Very strong budgetary flexibility due to available fund balance in fiscal 2015 of 25% of operating expenditures
- Very strong liquidity with total government available cash equal to 113.2% of total fund expenditures and 9.1 times governmental debt service, and strong access to external liquidity
- A strong economy and institutional framework
- Adequate budgetary performance.

Debt and contingent liabilities are factors that kept the rating from being higher.

**FINANCIAL CONTACT**

The City designs its financial statements to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City’s finances, and to demonstrate the City’s accountability. If you have questions about the report or need additional financial information, please contact the City’s Budget and Finance Division at 555 Liberty Street SE, Room 230, Salem, Oregon 97301.





# **Basic Financial Statements**



**City of Salem, Oregon**  
**Statement of Net Position**  
*June 30, 2019*

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current assets			
Cash and investments	\$ 240,145,041	\$ 48,510,148	\$ 288,655,189
Accounts receivable, net	28,933,359	14,536,761	43,470,120
Due from other governmental agencies	188,842	34,344	223,186
Internal balances	(6,879,565)	6,879,565	-
Inventories and prepayments	1,497,265	1,175,410	2,672,675
Total current assets	<u>263,884,942</u>	<u>71,136,228</u>	<u>335,021,170</u>
Noncurrent assets			
Restricted cash and investments	3,888,232	42,358,151	46,246,383
Notes receivable	-	6,308,673	6,308,673
Assessments receivable	2,305,371	3,397,056	5,702,427
Net OPEB asset	651,958	291,386	943,344
Capital assets:			
Land and construction in progress	342,448,521	56,526,126	398,974,647
Other capital assets, net	249,827,115	613,031,473	862,858,588
Total noncurrent assets	<u>599,121,197</u>	<u>721,912,865</u>	<u>1,321,034,062</u>
Total assets	<u>863,006,139</u>	<u>793,049,093</u>	<u>1,656,055,232</u>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	342,341	4,181,560	4,523,901
Deferred outflows related to OPEB	1,319,110	591,894	1,911,004
Deferred outflows related to pensions	39,278,857	14,785,306	54,064,163
Total deferred outflows of resources	<u>40,940,308</u>	<u>19,558,760</u>	<u>60,499,068</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	11,827,738	7,838,245	19,665,983
Interest payable	1,499,316	271,149	1,770,465
Due to other agencies	4,580	-	4,580
Claims and judgments due within one year	1,700,000	-	1,700,000
Long-term debt due within one year	15,155,649	14,806,000	29,961,649
Compensated absences due within one year	876,820	589,558	1,466,378
Total current liabilities	<u>31,064,103</u>	<u>23,504,952</u>	<u>54,569,055</u>
Noncurrent liabilities			
Security deposit payable	11,203	36,547	47,750
Unearned revenue	-	1,109,281	1,109,281
Developer reimbursement	2,305,371	2,157,377	4,462,748
Long-term debt	176,265,324	75,066,744	251,332,068
Net OPEB liability	10,172,227	4,590,544	14,762,771
Net pension liability	101,666,789	38,380,580	140,047,369
Claims and judgments payable	3,736,000	-	3,736,000
Compensated absences payable	6,647,273	2,291,377	8,938,650
Total noncurrent liabilities	<u>300,804,187</u>	<u>123,632,450</u>	<u>424,436,637</u>
Total liabilities	<u>331,868,290</u>	<u>147,137,402</u>	<u>479,005,692</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to OPEB	1,003,205	451,416	1,454,621
Deferred inflows related to pensions	7,897,746	3,042,237	10,939,983
Total deferred inflows of resources	<u>8,900,951</u>	<u>3,493,653</u>	<u>12,394,604</u>
<b>Net Position</b>			
Net investment in capital assets	513,764,853	583,866,415	1,097,631,268
Restricted for:			
Capital projects	75,133,183	37,671,221	112,804,404
Debt service	6,642,616	-	6,642,616
Community enhancement	13,094,933	-	13,094,933
Prepaid expenses	132,242	-	132,242
Community renewal	14,338,680	-	14,338,680
Permanent	268,652	-	268,652
Permanent - non-expendable	11,000	-	11,000
Unrestricted	(60,208,953)	40,439,162	(19,769,791)
Total net position	<u>\$ 563,177,206</u>	<u>\$ 661,976,798</u>	<u>\$ 1,225,154,004</u>

The notes to the financial statements are an integral part of this statement.

**City of Salem, Oregon**  
**Statement of Activities**  
*For the fiscal year ended June 30, 2019*

Functions/programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants/Contributions
<b>Governmental activities</b>			
General government	\$ 23,834,836	\$ 12,433,547	\$ 18,267
Public safety	83,490,651	4,054,512	835,693
Community development	28,676,371	15,116,452	2,008,159
Community services	10,749,116	3,276,041	102,577
Transportation	27,855,642	4,609,077	12,470,988
Library services	4,448,388	850,939	26,177
Interest on debt	7,890,417	5,091,950	-
<b>Total governmental activities</b>	<b>186,945,421</b>	<b>45,432,518</b>	<b>15,461,861</b>
<b>Business-type activities</b>			
Utilities	97,593,036	101,762,054	-
Emergency services	681,059	893,713	-
WVPS communications center	11,043,665	11,081,288	-
Police regional records system	301,791	396,750	-
Salem Convention Center	4,987,614	5,212,461	-
<b>Total business-type activities</b>	<b>114,607,165</b>	<b>119,346,266</b>	<b>-</b>
<b>Total</b>	<b>\$ 301,552,586</b>	<b>\$ 164,778,784</b>	<b>\$ 15,461,861</b>

**General revenues**

- Property tax
- Transient occupancy tax
- Other taxes
- Shared state revenue
- Franchise fees based on gross receipts
- Payment in lieu of taxes
- Investment earnings
- Gain on sale of assets
- Miscellaneous

**Transfers**

**Total general revenues and transfers**

**Change in net position**

**Total net position - beginning of year**

**Prior period adjustment**

**Net position - end of year**

Continued

**City of Salem, Oregon**  
**Statement of Activities**  
*For the fiscal year ended June 30, 2019*

Program Revenues	Net (Expense) Revenue and Changes in Net Position		
Capital Grants/ Contributions	Governmental Activities	Business-type Activities	Total
\$ -	\$ (11,383,022)	\$ -	\$ (11,383,022)
-	(78,600,446)	-	(78,600,446)
4,169,996	(7,381,764)	-	(7,381,764)
3,828,060	(3,542,438)	-	(3,542,438)
15,082,970	4,307,393	-	4,307,393
-	(3,571,272)	-	(3,571,272)
-	(2,798,467)	-	(2,798,467)
<u>23,081,026</u>	<u>(102,970,016)</u>	<u>-</u>	<u>(102,970,016)</u>
16,918,149	-	21,087,167	21,087,167
-	-	212,654	212,654
-	-	37,623	37,623
-	-	94,959	94,959
-	-	224,847	224,847
<u>16,918,149</u>	<u>-</u>	<u>21,657,250</u>	<u>21,657,250</u>
<u>\$ 39,999,175</u>	<u>(102,970,016)</u>	<u>21,657,250</u>	<u>(81,312,766)</u>
	98,789,963	-	98,789,963
	4,088,110	-	4,088,110
	1,004,285	-	1,004,285
	6,240,284	-	6,240,284
	17,857,777	-	17,857,777
	134,763	-	134,763
	5,182,765	2,228,266	7,411,031
	639,153	-	639,153
	1,749,388	1,282,898	3,032,286
	158,550	(158,550)	-
	<u>135,845,038</u>	<u>3,352,614</u>	<u>139,197,652</u>
	32,875,022	25,009,864	57,884,886
	530,437,563	636,966,934	1,167,404,497
	<u>(135,379)</u>	<u>-</u>	<u>(135,379)</u>
	<u>\$ 563,177,206</u>	<u>\$ 661,976,798</u>	<u>\$ 1,225,154,004</u>

Concluded

The notes to the financial statements are an integral part of this statement.



# FUND FINANCIAL STATEMENTS

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## Major Governmental Funds

Governmental funds generally account for activities financed primarily through taxes and fees. There are four different types of governmental funds: general, special revenue, debt service, and capital projects.

The columns presented in these statements consist of:

### ***General Operating Fund***

This fund combines the General fund and the Public Art fund for GAAP reporting purposes, as the Public Art fund does not qualify as a special revenue fund under GAAP. The General fund accounts for the financial operations of the City that are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, licenses and permits, state shared revenue, and administrative service charges received from other funds. Primary expenditures are for police and fire protection, community services, general government, information technology, community development, and library services. The Public Art fund accounts for the selection, acquisition and maintenance of public art. Financing for these activities is derived from the dedication of one-half of one percent of the total eligible costs of public improvement projects.

### ***Capital Improvement Fund***

This fund accounts for general construction projects, including street construction and improvements, park development, and other capital improvements. Financing is provided from debt issuance, grants, and interfund transfers.

### ***Tax Allocation Improvement Fund***

This fund accounts for Urban Renewal Area construction improvement projects. Financing is provided by debt issuance, grants, and interest income.

### ***Community Renewal Fund***

This fund accounts for public improvements, community planning, and special projects. Financing is provided primarily from community development block grants.

### ***General Debt***

This fund accounts for the accumulation of resources for, and payment of, general obligation bond principal and interest. Financing is provided primarily from property taxes.

### ***Other Governmental Funds***

The aggregate of nonmajor funds consists of transportation services, streetlights, airport, downtown parking, cultural/tourism, public art, parking leasehold, building and safety, community enhancement, permanent, general debt, tax allocation debt, extra capacity facilities, and development districts.

**City of Salem, Oregon**  
**Balance Sheet**  
**Governmental Funds**  
*June 30, 2019*

	<b>General Operating Fund</b>	<b>Capital Improvements</b>	<b>Tax Allocation Improvements</b>
<b>Assets</b>			
Cash and investments	\$ 22,810,857	\$ 85,588,327	\$ 39,769,082
Accounts receivable, net	7,239,377	754,698	3,515,805
Due from other funds	-	-	-
Due from other agencies	188,842	-	-
Prepayments	132,242	-	-
Assessments receivable	-	-	-
Total assets	<u>\$ 30,371,318</u>	<u>\$ 86,343,025</u>	<u>\$ 43,284,887</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 5,435,173	\$ 2,704,744	\$ 548,560
Due to other agencies	4,553	-	-
Advances from other funds	551,817	1,789,141	-
Security deposit payable	8,988	-	-
Developer reimbursement payable	-	-	-
Total liabilities	<u>6,000,531</u>	<u>4,493,885</u>	<u>548,560</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	<u>2,552,928</u>	<u>-</u>	<u>3,236,253</u>
<b>Fund balances</b>			
Nonspendable	132,242	-	-
Restricted	-	81,849,140	39,500,074
Committed	39,098	-	-
Assigned	1,337,900	-	-
Unassigned	20,308,619	-	-
Total fund balances	<u>21,817,859</u>	<u>81,849,140</u>	<u>39,500,074</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,371,318</u>	<u>\$ 86,343,025</u>	<u>\$ 43,284,887</u>

Continued



**City of Salem, Oregon**  
**Balance Sheet**  
**Governmental Funds**  
*June 30, 2019*

<b>Community Renewal</b>	<b>General Debt</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,558,256	\$ 1,691,060	\$ 52,061,037	\$ 203,478,619
13,230,937	568,711	3,579,379	28,888,907
-	-	887,317	887,317
-	-	-	188,842
-	-	3,960	136,202
-	-	2,305,371	2,305,371
<u>\$ 14,789,193</u>	<u>\$ 2,259,771</u>	<u>\$ 58,837,064</u>	<u>\$ 235,885,258</u>
\$ 450,513	\$ -	\$ 1,817,766	\$ 10,956,756
-	-	27	4,580
-	-	-	2,340,958
-	-	2,215	11,203
-	-	2,305,371	2,305,371
<u>450,513</u>	<u>-</u>	<u>4,125,379</u>	<u>15,618,868</u>
<u>12,635,045</u>	<u>415,986</u>	<u>1,209,193</u>	<u>20,049,405</u>
-	-	11,000	143,242
1,703,635	1,843,785	36,198,164	161,094,798
-	-	17,293,328	17,332,426
-	-	-	1,337,900
-	-	-	20,308,619
<u>1,703,635</u>	<u>1,843,785</u>	<u>53,502,492</u>	<u>200,216,985</u>
<u>\$ 14,789,193</u>	<u>\$ 2,259,771</u>	<u>\$ 58,837,064</u>	<u>\$ 235,885,258</u>

Concluded

The notes to the financial statements are an integral part of this statement.

**City of Salem, Oregon**  
**Reconciliation of the Balance Sheet**  
**of Governmental Funds to the Statement of Net Position**  
*June 30, 2019*

Total fund balances	\$	200,216,985
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and are therefore not reported in the funds (net of accumulated depreciation).		592,275,636
Other assets are not available to pay for current period expenditures and are therefore deferred in the funds:		
Notes receivable - earned but unavailable		17,273,163
Property taxes - earned but unavailable		2,776,241
Net OPEB asset		651,958
Deferred charge on refunding		342,341
Deferred outflows related to OPEB		1,319,110
Deferred outflows related to pensions		39,278,857
Internal service funds are used by management to charge the costs of fleet management, insurance, and other commonly utilized city services to individual funds. Assets, liabilities, and deferred inflows and outflows of the internal service funds are included in governmental activities in the Statement of Net Position.		30,227,263
Accrued interest payable		(1,499,316)
Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Long-term debt including bonds payable, bond premiums, and notes payable		(191,420,973)
Compensated absences payable		(7,524,093)
Net OPEB liability		(10,172,227)
Net pension liability		(101,666,789)
Deferred inflows related to OPEB		(1,003,205)
Deferred inflows related to pensions		(7,897,746)
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>563,177,206</u></b>

The notes to the financial statements are an integral part of this statement.



**City of Salem, Oregon**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**

*For the fiscal year ended June 30, 2019*

	<b>General Operating Fund</b>	<b>Capital Improvements</b>	<b>Tax Allocation Improvements</b>
<b>Revenues</b>			
Property taxes	\$ 70,028,752	\$ -	\$ -
Other taxes	1,004,285	-	-
Sales, fees, licenses, and permits	23,458,334	3,542	728
Special assessments	1,409	-	-
Rents	2,161,366	875	56,217
Grants	479,543	4,186,738	61,639
Intergovernmental	15,273,225	82,934	526,923
Fines and penalties	2,977,913	-	-
Interest on investments	768,071	1,435,731	659,404
Loan payments received	-	470,129	214,776
Other	186,730	73,907	-
Total revenues	<u>116,339,628</u>	<u>6,253,856</u>	<u>1,519,687</u>
<b>Expenditures</b>			
Current			
General government	19,086,955	-	-
Community development	7,665,838	-	-
Community service	9,007,427	-	-
Public safety	77,495,108	-	-
Transportation	-	-	-
Library	4,514,689	-	-
Capital outlay	579,588	20,725,693	15,637,141
Principal retirement	-	-	-
Interest and fiscal charges	20,829	-	-
Total expenditures	<u>118,370,434</u>	<u>20,725,693</u>	<u>15,637,141</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,030,806)</u>	<u>(14,471,837)</u>	<u>(14,117,454)</u>
<b>Other financing sources (uses)</b>			
Issuance of debt	-	-	905,808
Sale of property	-	-	509,038
Transfers in	1,335,470	4,803,530	16,550,000
Transfers out	(1,730,950)	(50,000)	-
Total other financing sources (uses)	<u>(395,480)</u>	<u>4,753,530</u>	<u>17,964,846</u>
Net change in fund balance	(2,426,286)	(9,718,307)	3,847,392
<b>Fund balances - beginning of year</b>	24,244,145	91,567,447	35,652,682
Prior period adjustment	-	-	-
<b>Fund balances - end of year</b>	<u>\$ 21,817,859</u>	<u>\$ 81,849,140</u>	<u>\$ 39,500,074</u>

Continued

The notes to the financial statements are an integral part of this statement.

**City of Salem, Oregon**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
*For the fiscal year ended June 30, 2019*

<b>Community Renewal</b>	<b>General Debt</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 16,175,501	\$ 14,692,542	\$ 100,896,795
-	-	4,088,110	5,092,395
2,000	-	14,893,314	38,357,918
-	-	467,793	469,202
-	-	2,398,678	4,617,136
1,938,725	-	2,425,130	9,091,775
-	5,091,950	14,703,924	35,678,956
-	-	3,235	2,981,148
28,406	193,258	1,299,607	4,384,477
1,136,717	-	3,222	1,824,844
-	-	870,948	1,131,585
<u>3,105,848</u>	<u>21,460,709</u>	<u>55,846,503</u>	<u>204,526,231</u>
-	-	56	19,087,011
3,040,112	-	9,598,646	20,304,596
-	-	91,585	9,099,012
-	-	261,318	77,756,426
-	-	15,088,642	15,088,642
-	-	139,748	4,654,437
-	-	6,696,957	43,639,379
379,000	12,847,211	470,994	13,697,205
27,946	7,693,399	289,974	8,032,148
<u>3,447,058</u>	<u>20,540,610</u>	<u>32,637,920</u>	<u>211,358,856</u>
<u>(341,210)</u>	<u>920,099</u>	<u>23,208,583</u>	<u>(6,832,625)</u>
-	-	-	905,808
-	-	50,684	559,722
-	-	1,737,500	24,426,500
-	-	(21,501,580)	(23,282,530)
-	-	(19,713,396)	2,609,500
<u>(341,210)</u>	<u>920,099</u>	<u>3,495,187</u>	<u>(4,223,125)</u>
2,180,224	923,686	50,007,305	204,575,489
<u>(135,379)</u>	<u>-</u>	<u>-</u>	<u>(135,379)</u>
<u>\$ 1,703,635</u>	<u>\$ 1,843,785</u>	<u>\$ 53,502,492</u>	<u>\$ 200,216,985</u>
Concluded			

The notes to the financial statements are an integral part of this statement.

**City of Salem, Oregon**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
*For the fiscal year ended June 30, 2019*

Net change in fund balances-total governmental funds	\$	(4,223,125)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay and capital construction costs as expenditures. However, in the government-wide statement of activities the costs of those assets are allocated over their estimated useful lives as depreciation expense. The amounts shown here represent capitalized capital outlay and change in construction in progress as well as the current year depreciation expense.		
Capital outlay		33,943,503
Depreciation		(16,383,086)
Various other transactions involving capital assets increase or decrease net position.		
Developer donated infrastructure and other donated assets		10,366,586
Book value of sold or disposed assets		(1,974,335)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred inflows for program revenue		(125,235)
Change in deferred inflows for general revenue		(2,106,836)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the insurance costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred or amortized in the Statement of Activities.		
Issuance of debt		(905,808)
Principal payments on long-term debt		13,697,204
Amortize bond premium		1,085,263
Net expense related to deferred charge on refunding		(19,019)
Debt forgiven for capital construction at Mill Creek URA		48,810
Accrued interest expense on long-term debt is reported in the government-wide Statement of Activities, but it does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in governmental funds.		
		141,731
Other post-employment benefits earned by current employees do not require the use of current financial resources and are not reported as expenditures in the governmental funds.		
Net expense related to net pension activity		(8,077,371)
Net expense related to net OPEB activity		(36,677)
Compensated absences earned in the current year but not used are reported in the Statement of Activities, but do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
		(358,817)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management to individual funds. The net revenue of the internal service funds is reported with governmental activities.		
		7,802,235
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>32,875,022</b>

The notes to the financial statements are an integral part of this statement.



**City of Salem, Oregon**  
**Combining Balance Sheet**  
**General Operating Fund**  
*June 30, 2019*

	<u>General Fund</u>	<u>Public Art Fund</u>	<u>Total General Operating Fund</u>
<b>Assets</b>			
Cash and investments	\$ 22,771,759	\$ 39,098	\$ 22,810,857
Accounts receivable, net	7,239,377	-	7,239,377
Due from other agencies	188,842	-	188,842
Prepayments	132,242	-	132,242
Total assets	<u>\$ 30,332,220</u>	<u>\$ 39,098</u>	<u>\$ 30,371,318</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 5,435,173	\$ -	\$ 5,435,173
Due to other agencies	4,553	-	4,553
Advances from other funds	551,817	-	551,817
Security deposit payable	8,988	-	8,988
Total liabilities	<u>6,000,531</u>	<u>-</u>	<u>6,000,531</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	<u>2,552,928</u>	<u>-</u>	<u>2,552,928</u>
<b>Fund balances</b>			
Nonspendable	132,242	-	132,242
Committed	-	39,098	39,098
Assigned	1,337,900	-	1,337,900
Unassigned	20,308,619	-	20,308,619
Total fund balances	<u>21,778,761</u>	<u>39,098</u>	<u>21,817,859</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,332,220</u>	<u>\$ 39,098</u>	<u>\$ 30,371,318</u>

The notes to the financial statements are an integral part of this statement.



**City of Salem, Oregon**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**General Operating Fund**  
*For the fiscal year ended June 30, 2019*

	<u>General Fund</u>	<u>Public Art Fund</u>	<u>Total General Operating Fund</u>
<b>Revenues</b>			
Property taxes	\$ 70,028,752	\$ -	\$ 70,028,752
Other taxes	1,004,285	-	1,004,285
Sales, fees, licenses, and permits	23,458,334	-	23,458,334
Special assessments	1,409	-	1,409
Rents	2,161,366	-	2,161,366
Grants	479,543	-	479,543
Intergovernmental	15,273,225	-	15,273,225
Fines and penalties	2,977,913	-	2,977,913
Interest on investments	767,042	1,029	768,071
Other	171,730	15,000	186,730
Total revenues	<u>116,323,599</u>	<u>16,029</u>	<u>116,339,628</u>
<b>Expenditures</b>			
Current			
General government	19,061,782	25,173	19,086,955
Community development	7,665,838	-	7,665,838
Community service	9,007,427	-	9,007,427
Public safety	77,495,108	-	77,495,108
Library	4,514,689	-	4,514,689
Capital outlay	579,588	-	579,588
Interest and fiscal charges	20,829	-	20,829
Total expenditures	<u>118,345,261</u>	<u>25,173</u>	<u>118,370,434</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,021,662)</u>	<u>(9,144)</u>	<u>(2,030,806)</u>
<b>Other financing sources (uses)</b>			
Transfers in	1,320,470	15,000	1,335,470
Transfers out	<u>(1,730,950)</u>	<u>-</u>	<u>(1,730,950)</u>
Total other financing sources (uses)	<u>(410,480)</u>	<u>15,000</u>	<u>(395,480)</u>
Net change in fund balance	(2,432,142)	5,856	(2,426,286)
<b>Fund balances - beginning of year</b>	<u>24,210,903</u>	<u>33,242</u>	<u>24,244,145</u>
<b>Fund balances - end of year</b>	<u>\$ 21,778,761</u>	<u>\$ 39,098</u>	<u>\$ 21,817,859</u>

The notes to the financial statements are an integral part of this statement.

**City of Salem, Oregon**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts Budgetary Basis</b>	<b>with Final Budget</b>
<b>Revenues</b>				
Property taxes	\$ 68,863,040	\$ 68,863,040	\$ 70,028,752	\$ (1,165,712)
Other taxes	723,630	723,630	1,004,285	(280,655)
Sales, fees, licenses, and permits	23,808,700	23,808,700	23,458,334	350,366
Special assessments	-	-	1,409	(1,409)
Rents	1,839,180	1,839,180	2,161,366	(322,186)
Grants	-	-	479,543	(479,543)
Intergovernmental	24,116,260	24,116,260	23,550,735	565,525
Fines and penalties	2,933,980	2,933,980	2,977,913	(43,933)
Interest on investments	413,360	413,360	767,042	(353,682)
Loan payments received	12,000	12,000	(126)	12,126
Other	249,060	249,060	171,856	77,204
Total revenues	<u>122,959,210</u>	<u>122,959,210</u>	<u>124,601,109</u>	<u>(1,641,899)</u>
<b>Expenditures</b>				
<b>Operations</b>				
City manager's office	5,370,360	5,370,360	4,923,803	446,557
Facilities services	4,179,490	4,179,490	4,140,814	38,676
Human resources	1,505,150	1,505,150	1,452,171	52,979
Information technology	8,611,500	8,611,500	8,289,045	322,455
Legal	2,337,860	2,337,860	2,183,213	154,647
Mayor and council	234,440	234,440	186,567	47,873
Municipal court	2,048,930	2,048,930	1,871,629	177,301
Non-departmental	4,312,060	5,468,530	4,596,053	872,477
Total general government	<u>28,599,790</u>	<u>29,756,260</u>	<u>27,643,295</u>	<u>2,112,965</u>
Community development	4,784,950	4,784,950	4,398,544	386,406
Urban development	5,012,780	5,012,780	3,286,488	1,726,292
Total community development	<u>9,797,730</u>	<u>9,797,730</u>	<u>7,685,032</u>	<u>2,112,698</u>

Continued

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts Budgetary Basis</b>	<b>with Final Budget</b>
Parks and recreation services	9,065,410	9,165,410	9,056,144	109,266
Library	4,917,720	4,617,720	4,514,689	103,031
Police	44,840,570	44,840,570	44,280,879	559,691
Fire	34,355,010	34,355,010	33,554,144	800,866
Total public safety	79,195,580	79,195,580	77,835,023	1,360,557
Debt service	282,520	282,520	282,519	1
Contingency	3,000,000	1,473,530	-	1,473,530
Total expenditures	134,858,750	134,288,750	127,016,702	7,272,048
<b>Excess (deficiency) of revenues over expenditures</b>	(11,899,540)	(11,329,540)	(2,415,593)	(8,913,947)
<b>Other financing sources (uses)</b>				
Transfers in	1,420,470	1,420,470	1,320,470	100,000
Transfers out	(1,430,950)	(2,000,950)	(1,730,950)	(270,000)
Total other financing sources (uses)	(10,480)	(580,480)	(410,480)	(170,000)
Net change in fund balance	(11,910,020)	(11,910,020)	(2,826,073)	(9,083,947)
Fund balances - beginning of year	25,879,730	25,879,730	25,024,409	855,321
Fund balances - end of year	<u>\$ 13,969,710</u>	<u>\$ 13,969,710</u>	22,198,336	<u>\$ (8,228,626)</u>
Reconciliation to generally accepted accounting principles:				
Adjustments for indirect cost allocation				
Revenues			8,277,510	
Expenditures:				
General government			(8,277,510)	
Prepaid Expenses			132,242	
Advance from Utility fund (page 155)			(551,817)	
Fund balance-end of year (modified accrual)			<u>\$ 21,778,761</u>	

Concluded

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Public Art**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Interest on investments	\$ 480	\$ 480	\$ 1,029	\$ (549)
Other	15,000	15,000	15,000	-
Total revenues	<u>15,480</u>	<u>15,480</u>	<u>16,029</u>	<u>(549)</u>
<b>Expenditures</b>				
Operations	<u>79,080</u>	<u>79,080</u>	<u>25,173</u>	<u>53,907</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(63,600)	(63,600)	(9,144)	(54,456)
<b>Other financing sources (uses)</b>				
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Fund balances - beginning of year	<u>48,600</u>	<u>48,600</u>	<u>33,242</u>	<u>15,358</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,098</u>	<u>\$ (39,098)</u>

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon  
Community Renewal  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 2,000	\$ (2,000)
Grants	4,144,060	4,580,450	1,938,725	2,641,725
Loan payments received	440,000	440,000	1,136,717	(696,717)
Total revenues	<u>4,584,060</u>	<u>5,020,450</u>	<u>3,077,442</u>	<u>1,943,008</u>
<b>Expenditures</b>				
Operations	<u>4,584,060</u>	<u>5,020,450</u>	<u>3,040,112</u>	<u>1,980,338</u>
<b>Excess (deficiency) of revenues over expenditures</b>	-	-	37,330	(37,330)
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>356,502</u>	<u>(356,502)</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>393,832</u>	<u>\$ (393,832)</u>
Reconciliation to generally accepted accounting principles:				
Deposits in escrow for HUD section 108 note repayment			<u>1,309,803</u>	
Fund balance - end of year (modified accrual)			<u>\$ 1,703,635</u>	

1 ( ) indicates revenue/expenditures in excess of budget



# FUND FINANCIAL STATEMENTS

## Major Proprietary Funds

Proprietary funds account for operations financed entirely or predominantly through user charges to customers. There are two different types of proprietary funds: enterprise and internal service.

The City of Salem uses eight proprietary funds made up of five enterprise funds and three internal service funds. Enterprise funds account for the acquisition, operation, and maintenance of a) water, wastewater, and stormwater facilities, b) ambulance services, c) 911 dispatch provided by the Willamette Valley Public Safety (WVPS) Communications Center, d) the Police Regional Records System, and e) the Salem Convention Center. Internal service funds account for the acquisition, operation, and maintenance of city services (such as fleet services, printing and reprographics, and communications), and self-insurance (risk management and employee benefits).

The columns presented in these statements consist of:

### ***Utility Fund***

This fund accounts for the operations, maintenance, construction, and debt service of the water, wastewater, and stormwater systems. Financing is provided primarily from user fees.

### ***Other Proprietary Funds***

The aggregate of nonmajor fund activity that includes Emergency Services, WVPS (911) Communications Center, Police Regional Records System, and Salem Convention Center.

### ***Governmental Activities Internal Service Funds***

The aggregate of internal service funds, consisting of city services, equipment replacement reserve, and self-insurance.

**City of Salem, Oregon**  
**Proprietary Funds**  
**Statement of Net Position**  
*June 30, 2019*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Utility Fund</b>	<b>Other Funds</b>	<b>Totals</b>	<b>Activities Internal Service Funds</b>
<b>Assets</b>				
Current assets				
Cash and investments	\$ 39,910,576	\$ 8,599,572	\$ 48,510,148	\$ 36,666,422
Accounts receivable, net	13,970,863	565,898	14,536,761	47,546
Due from other agencies	34,344	-	34,344	-
Inventories and prepayments	1,106,734	68,676	1,175,410	1,361,063
Advances to others funds	2,171,299	-	2,171,299	169,659
Total current assets	<u>57,193,816</u>	<u>9,234,146</u>	<u>66,427,962</u>	<u>38,244,690</u>
Noncurrent assets				
Restricted cash and investments	42,358,151	-	42,358,151	3,888,232
Note receivable	6,308,673	-	6,308,673	-
Assessments receivable	3,397,056	-	3,397,056	-
Net OPEB asset	235,379	56,007	291,386	21,671
Capital assets:				
Land and other construction in progress	54,627,212	1,898,914	56,526,126	8,739,469
Other capital assets, net	590,649,510	22,381,963	613,031,473	18,326,215
Total noncurrent assets	<u>697,575,981</u>	<u>24,336,884</u>	<u>721,912,865</u>	<u>30,975,587</u>
Total assets	<u>754,769,797</u>	<u>33,571,030</u>	<u>788,340,827</u>	<u>69,220,277</u>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	4,181,560	-	4,181,560	-
Deferred outflows related to pensions	11,445,747	3,339,559	14,785,306	1,096,260
Deferred outflows related to OPEB	479,957	111,937	591,894	45,273
Total deferred outflows of resources	<u>16,107,264</u>	<u>3,451,496</u>	<u>19,558,760</u>	<u>1,141,533</u>

Continued



**City of Salem, Oregon**  
**Proprietary Funds**  
**Statement of Net Position**  
*June 30, 2019*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Utility Fund</b>	<b>Other Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	7,137,942	700,303	7,838,245	874,076
Interest payable	271,149	-	271,149	-
Due to other funds	-	887,317	887,317	-
Claims and judgments payable	-	-	-	1,700,000
Long term debt - due within one year	14,806,000	-	14,806,000	-
Compensated absences	562,069	27,489	589,558	16,378
<b>Total current liabilities</b>	<b>22,777,160</b>	<b>1,615,109</b>	<b>24,392,269</b>	<b>2,590,454</b>
Noncurrent liabilities				
Security deposit payable	36,547	-	36,547	-
Unearned revenue	1,109,281	-	1,109,281	-
Developer reimbursement payable	2,157,377	-	2,157,377	-
Long-term debt	75,066,744	-	75,066,744	-
Net OPEB liability	3,742,858	847,686	4,590,544	365,157
Net pension liability	29,705,049	8,675,531	38,380,580	2,919,771
Claims and judgments payable	-	-	-	3,736,000
Compensated absences	1,748,689	542,688	2,291,377	133,056
<b>Total noncurrent liabilities</b>	<b>113,566,545</b>	<b>10,065,905</b>	<b>123,632,450</b>	<b>7,153,984</b>
<b>Total liabilities</b>	<b>136,343,705</b>	<b>11,681,014</b>	<b>148,024,719</b>	<b>9,744,438</b>
<b>Deferred inflows of resources:</b>				
Deferred inflows related to pensions	2,352,357	689,880	3,042,237	237,752
Deferred inflows related to OPEB	367,040	84,376	451,416	35,211
<b>Total deferred inflows of resources</b>	<b>2,719,397</b>	<b>774,256</b>	<b>3,493,653</b>	<b>272,963</b>
<b>Net position</b>				
Net investment in capital assets	559,585,538	24,280,877	583,866,415	27,065,684
Restricted for:				
Capital projects	37,671,221	-	37,671,221	3,497,458
Unrestricted	34,557,200	286,379	34,843,579	29,781,267
<b>Total net position</b>	<b>\$ 631,813,959</b>	<b>\$ 24,567,256</b>	<b>656,381,215</b>	<b>\$ 60,344,409</b>

Adjustment to reflect the consolidation of internal service fund  
activities related to enterprise funds

5,595,583  
\$ 661,976,798

Concluded

**City of Salem, Oregon**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
*June 30, 2019*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Utility Fund</b>	<b>Other Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>Operating revenues</b>				
Sales, fees, licenses, and permits	\$ 95,651,594	\$ 4,189,380	\$ 99,840,974	\$ 65,531
Assessments	23,011	-	23,011	-
Rents	24,586	1,806,020	1,830,606	1,795,169
Internal and intergovernmental	6,023,569	247,397	6,270,966	41,042,116
Member agencies	-	11,182,182	11,182,182	-
Fines and penalties	-	131,700	131,700	-
Other	39,294	27,533	66,827	1,643,652
Total operating revenues	<u>101,762,054</u>	<u>17,584,212</u>	<u>119,346,266</u>	<u>44,546,468</u>
<b>Operating expenses</b>				
Personal services	36,239,965	9,695,810	45,935,775	3,568,939
Materials and services	31,169,960	6,544,934	37,714,894	32,147,396
Depreciation	18,389,378	773,385	19,162,763	2,294,720
Total operating expenses	<u>85,799,303</u>	<u>17,014,129</u>	<u>102,813,432</u>	<u>38,011,055</u>
Operating income (loss)	<u>15,962,751</u>	<u>570,083</u>	<u>16,532,834</u>	<u>6,535,413</u>
<b>Non-operating revenues (expenses)</b>				
Interest on investments	2,078,715	149,553	2,228,268	826,692
Other revenue (expenses)	(5,798,729)	-	(5,798,729)	79,431
Interest on debt	(4,168,039)	-	(4,168,039)	-
Total non-operating revenues	<u>(7,888,053)</u>	<u>149,553</u>	<u>(7,738,500)</u>	<u>906,123</u>
Net income (loss) before capital contributions and transfers	8,074,698	719,636	8,794,334	7,441,536
Capital contributions	16,918,149	-	16,918,149	802,049
Transfers in	60,400	-	60,400	1,512,395
Transfers out	(618,285)	(1,575,000)	(2,193,285)	(523,480)
Change in net position	24,434,962	(855,364)	23,579,598	9,232,500
Total net position - beginning of year	<u>607,378,997</u>	<u>25,422,620</u>		<u>51,111,909</u>
Total net position - end of year	<u>\$ 631,813,959</u>	<u>\$ 24,567,256</u>		<u>\$ 60,344,409</u>
Adjustment to reflect the consolidation of internal service fund related to enterprise funds			1,430,266	
Change in net position of business-type activities			<u>\$ 25,009,864</u>	

The notes to the financial statements are an integral part of this statement.



**City of Salem, Oregon**  
**Proprietary Funds**  
**Statement of Cash Flows**  
*June 30, 2019*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Utility Fund</b>	<b>Other Funds</b>	<b>Totals</b>	<b>Activities Internal Service Funds</b>
<b>Cash Flow from Operating Activities:</b>				
Receipts from customers	\$ 98,164,968	\$ 6,265,299	\$ 104,430,267	\$ 3,532,533
Receipts from interfund services provided	6,010,763	247,397	6,258,160	41,042,116
Member agencies	-	11,182,182	11,182,182	-
Payments to suppliers	(32,100,101)	(6,557,744)	(38,657,845)	(34,093,179)
Payments to employees	(33,464,499)	(9,056,642)	(42,521,141)	(3,304,616)
Other receipts (payments)	(6,925,821)	-	(6,925,821)	-
Net cash provided (used) by operating activities	<u>31,685,310</u>	<u>2,080,492</u>	<u>33,765,802</u>	<u>7,176,854</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers received	521,116	-	521,116	1,054,843
Transfers paid	(618,285)	(687,683)	(1,305,968)	(523,480)
Net cash provided (used) by noncapital financing activities	<u>(97,169)</u>	<u>(687,683)</u>	<u>(784,852)</u>	<u>531,363</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Capital contributions	6,401,557	-	6,401,557	-
Acquisition and construction of capital assets	(12,800,996)	(79,804)	(12,880,800)	(5,531,222)
Principal paid on debt	(15,273,000)	-	(15,273,000)	-
Interest paid on debt	(3,666,289)	-	(3,666,289)	-
Sale of property	-	-	-	332,160
Net cash provided (used) by capital related financing activities	<u>(25,338,728)</u>	<u>(79,804)</u>	<u>(25,418,532)</u>	<u>(5,199,062)</u>
<b>Cash Flows from Investing Activities:</b>				
Interest on investments	<u>2,078,715</u>	<u>149,552</u>	<u>2,228,267</u>	<u>826,692</u>
Net increase (decrease) in cash and cash equivalents	8,328,128	1,462,557	9,790,685	3,335,847
<b>Cash and cash equivalents - beginning of year</b>	<u>73,940,599</u>	<u>7,137,015</u>	<u>81,077,614</u>	<u>37,218,807</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 82,268,727</u>	<u>\$ 8,599,572</u>	<u>\$ 90,868,299</u>	<u>\$ 40,554,654</u>

Continued

**City of Salem, Oregon**  
**Proprietary Funds**  
**Statement of Cash Flows**  
*June 30, 2019*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Utility Fund</b>	<b>Other Funds</b>	<b>Totals</b>	<b>Activities Internal Service Funds</b>
<b>Reconciliation of Operating Net Cash Provided by (Used for) Operating Activities</b>				
Operating income (loss)	\$ 15,962,751	\$ 570,083	\$ 16,532,834	\$ 6,535,413
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	18,389,378	773,385	19,162,763	2,294,719
Other income (expense)	(6,925,821)	-	(6,925,821)	-
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
Accounts receivable	2,314,774	110,666	2,425,440	27,911
Inventories and prepayments	(159,296)	(10,907)	(170,203)	(366,651)
Deferred outflows related to pensions	(1,641,906)	(480,246)	(2,122,152)	(151,927)
Deferred outflows related to OPEB	(380,486)	(86,172)	(466,658)	(37,120)
Accounts payable and accrued liabilities	(552,932)	(1,903)	(554,835)	84,046
Compensated absences payable	95,636	12,669	108,305	(29,082)
Claims reserve	-	-	-	(1,659,310)
Net pension liability	2,540,763	743,155	3,283,918	235,101
Net OPEB asset	(152,478)	(34,534)	(187,012)	(14,876)
Net OPEB liability	585,611	29,907	615,518	106,367
Deferred inflows related to pensions	1,441,074	421,505	1,862,579	133,346
Deferred inflows related to OPEB	168,242	32,884	201,126	18,917
Net cash provided (used) by operating activities	<u>\$ 31,685,310</u>	<u>\$ 2,080,492</u>	<u>\$ 33,765,802</u>	<u>\$ 7,176,854</u>
<b>Non-cash investing, capital, and financing activities</b>				
Contributions of capital assets	\$ 8,936,628	\$ -	\$ 8,936,628	\$ 2,297,609
Contribution of capital assets from governmental funds	1,974,335	-	1,974,335	16,835
				Concluded

The notes to the financial statements are an integral part of this statement.

**City of Salem, Oregon**  
**Statement of Fiduciary Net Position**  
**Agency Funds**  
*June 30, 2019*

**Assets:**

Cash and investments	\$ 1,807,605
Accounts receivable, net	<u>20,835</u>
Total assets	<u><u>\$ 1,828,440</u></u>

**Liabilities:**

Accounts payable and accrued liabilities	\$ 256,448
Amounts held in trust	<u>1,571,992</u>
Total liabilities	<u><u>\$ 1,828,440</u></u>

The notes to the financial statements are an integral part of this statement.



**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

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**City of Salem, Oregon**  
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*June 30, 2019*

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**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Salem, Oregon (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting standards.

### **Reporting entity**

The City of Salem was incorporated in 1860. The City is governed by an elected mayor and eight-member council (Council) in accordance with the Constitution and Laws of the State of Oregon and the Charter of the City of Salem.

The accompanying financial statements present the government and its component unit. The criteria used in making the determination for component unit reporting includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of these criteria as set forth in GASB Statement 61, the City is a primary government with one blended component unit.

*Blended component unit.* The Urban Renewal Agency (Agency) of the City of Salem is a public body corporate and politic created by Oregon statute and activated by the Council. The Council elected to have the Agency exercise its powers and engage in urban renewal activity within the boundaries of the City. The Council is designated as the Agency Board. The Agency develops urban renewal plans that are subject to approval by the Board and Council. The urban renewal plans define activities and boundaries of urban renewal areas. The tax increment resulting from the division of taxes under Oregon Revised Statutes (ORS) 457.420 is used to retire any debt incurred to finance urban renewal projects. The Agency is shown as a blended component unit based on sharing common management with the City, and meeting the financial benefit and burden criteria of GASB Statement 61. The Agency includes capital projects, debt service, and enterprise funds. The Agency's separate financial statements may be obtained from the City of Salem, Finance Department, 555 Liberty Street SE, Room 230, Salem, Oregon, or <https://www.cityofsalem.net/Pages/view-city-of-salem-financial-reports.aspx>.

### **A. Government-wide and fund financial statements**

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all non-fiduciary activities of the primary government and its component unit. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. *Governmental activities*, which are normally supported by taxes, franchise fees, and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges for services provided.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a specific function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental and enterprise funds are reported as separate columns in their respective fund financial statements. Nonmajor funds are consolidated into a single column within each fund type in the basic financial statements and are detailed in the supplemental information (starting on page 106).

The expenses reported by function on the Statement of Activities represent direct costs of those functions. Generally, interfund activities relating to indirect costs have been eliminated on the government-wide statements with two exceptions: a) charges between governmental and business-type activities, and b) the overhead component of direct costs between funds. Elimination of these charges would distort direct costs and program revenues reported for the various functions concerned.

Indirect expenses include general government, support services, and administration costs. These expenses are allocated based on a full-cost allocation approach, thereby allocating indirect expenses to functions with the objective of allocating all expenses. This allocation is done through the General fund and is included in direct program expenses of the various functional activities within individual funds.

**B. Measurement focus, basis of accounting, and financial statement presentation**

Measurement focus refers to what is being measured by a fund. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the financial statements.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of payment. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. The fiduciary fund statements include only agency funds, which have *no measurement focus*, but use the *accrual basis of accounting* to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period, which the City considers to be 60 days after the end of the fiscal year. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service, compensated absences, and claims and judgments expenditures are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues in the current period. Only the portion of special assessments receivable that is due within the current period is considered susceptible to accrual as revenue of the current period. All other revenues are considered measurable and available only as cash is received.

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

The City reports the following major governmental funds:

The *General Operating fund* contains the General Fund, which is the City's primary operating fund, as well as the Public Art fund, which must be combined with the General fund for GAAP reporting because it does not qualify as a special revenue fund type. It accounts for all financial resources of the general government except those required to be accounted for in other funds. Principal sources of revenue are property taxes, franchise fees, state shared revenue, and administrative service charges received from other funds.

The *Capital Improvements fund* accounts for general construction and acquisition projects, except those to be assessed to property owners or accounted for in proprietary funds. These include streets, parks, and other projects funded through bond proceeds, grants, or interfund transfers.

The *Tax Allocation Improvements fund* accounts for urban renewal construction projects. Principal financing is provided by debt issuance and grants.

The *Community Renewal fund* accounts for resources used to meet local housing needs. Financing is provided primarily from federal community development block grants.

The *General Debt fund* accounts for tax receipts and debt service expenditures related to general obligation bonds, as well as internal charges and debt service for the pension obligation bond.

The City reports one major proprietary fund:

The *Utility fund* accounts for the operations, maintenance, debt service, and capital construction projects for water, wastewater, and stormwater collection and treatment systems, which are funded through utility fees, construction fees, and debt proceeds.

Additionally, the City reports the following fund types:

*Internal service funds* account for printing and reprographics services, fleet management services, equipment acquisition, radio system services, and the self-insurance program provided to departments and component units of the City on a cost reimbursement basis.

*Agency funds* account for assets held in a trustee capacity. These include court assessments and building permit surcharges held on behalf of government agencies, monies received as restitution for crime victims, performance deposits from contractors, donations to assist low-income residents with payment of city utility bills, and the city cafeteria insurance plan. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's primary ongoing operations. The principal operating revenues of the City's proprietary funds are fees or charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

**C. Assets, liabilities, deferred outflows/inflows, and net position/fund balance**

**1. Deposits and investments**

The City maintains a common cash and investment pool that is available to all funds, including the Agency. Interest earned on the pooled cash and investments is allocated to funds monthly based on average balances of cash and investments as a proportion of the total.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

The City's investment policy is governed by ORS. The statutes authorize the City and component units to invest primarily in U.S. Treasury obligations, U.S. Government agency issues, U.S. Instrumentality debt, certain bonded obligations of municipalities, bank repurchase agreements, bankers' acceptances, high-grade corporate bonds and commercial paper, collateralized deposit accounts, and the State Treasurer's Local Government Investment Pool (LGIP).

It is the City's policy to report all short-term, highly liquid money market investments with a remaining maturity of one year or less at time of purchase at amortized cost, which approximates fair value. Investments with a remaining maturity at time of purchase of more than one year are valued at fair value in accordance with GASB Statements 31 and 72. The City's investment in the LGIP is stated at fair value.

**2. Receivables and payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (for the current portion of interfund loans) or "advances to/from other funds" (for the non-current portion of interfund loans). Any balances outstanding between governmental activities and business-type activities are reported in the government-wide statements as "internal balances." Property taxes collected within 60 days of fiscal year end are considered measurable and available and are recognized as revenue. All other property tax receivable is offset by deferred inflows and accordingly has not been recorded as revenue in the governmental fund statements. Property taxes are assessed and become a lien against property as of July 1 each year and are payable in three installments on November 15, February 15, and May 15. Taxes not collected by May 15 are considered delinquent.

The State of Oregon has two constitutional limits on property taxes:

Measure 5 limits the combined maximum allowable tax rate for all non-school general governments to \$10 per \$1,000 of real market value (RMV). When the combined tax rates result in a tax that exceeds the \$10 per \$1,000 of RMV, compression occurs. This results in proportionately reduced tax collections for each taxing district. The City of Salem was unable to levy \$403,288 for fiscal year 2018-19 as a result of compression.

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

Measure 50 set permanent tax rates for each taxing jurisdiction and limits maximum assessed value (MAV) to a growth rate of 3%, with certain exceptions. Every year, on the assessment date (July 1), the MAV and the RMV is established for each property and the lesser of the two values becomes the taxable assessed value used to calculate the property tax. While the City's permanent tax rate per \$1,000 does not change, annual growth in property tax receipts occurs through increases to assessed values up to the Measure 50 limitations and from new construction.

Assessment liens receivable are recorded as receivables at the time property owners are assessed for property improvements. All assessment liens receivable are offset by deferred inflows and accordingly have not been recorded as revenue in the governmental fund financial statements. Assessment interest receivable is recorded when earned; the revenue is recognized when it becomes measurable and available.

Receivables of proprietary fund types are recorded as revenue when earned, including services provided but not yet billed. Receivables for federal and state grants and intergovernmental revenues are recorded as revenue when earned.

### **3. Restricted assets**

Assets whose use is restricted by agreement or for acquisition of capital assets are segregated on the government-wide Statement of Net Position and on the appropriate fund balance sheet.

### **4. Inventories and prepaid items**

Inventories consist of expendable supplies held for consumption. Inventories are valued at weighted average cost using the first in, first out (FIFO) method, and accounted for with the consumption method.

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items and accounted for with the consumption method.

### **5. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure (e.g., roads, bridges, utility systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased; in the proprietary fund statements, they are capitalized and depreciated. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 (\$2,000 for the Convention Center) and an estimated useful life in excess of one year. Additions, improvements, and other capital outlays that significantly extend the useful life or increase the capacity of an asset are capitalized. Costs incurred for repairs and maintenance are expensed.

Depreciation of expendable assets is recorded at the program level in the Statement of Activities. The Statement of Net Position reflects the cost of expendable assets net of depreciation.

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

Depreciation is computed on the straight-line basis over estimated useful lives as shown in the following table:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	7-60
Improvements other than buildings	5-20
Machinery and equipment	4-10
Vehicles	5-25
Utility systems	20-67
Infrastructure	20-75

Construction-in-progress represents amounts expended to date on unfinished construction projects, which will be capitalized upon completion.

**6. Deferred outflows and inflows of resources**

The statements will sometimes report deferred outflows of resources and deferred inflows of resources. Items in these categories represent a consumption or acquisition of net position that applies to future periods.

**7. Compensated absences**

City employees can accumulate vacation, holiday, sick, administrative leave, and compensation time, to certain limits, in accordance with City policy and bargaining agreements. Accrued vacation, holiday, and compensation time are vested and may be paid upon termination of employment.

Accumulated vested benefits are accrued as earned and paid by funds as they become due. For governmental funds, the amount accrued represents a liability on the government-wide statements and is a reconciling item between the fund-level statements and the government-wide presentation. Proprietary fund statements reflect the accrued current and long-term liabilities.

**8. Long-term obligations**

In the government-wide and proprietary fund Statements of Net Position, long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums and discounts, and deferred charges related to refunding are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental funds recognize bond premiums, discounts, and issuance costs at the time of issuance. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures in the statements.



**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

**9. Fund equity**

Governmental fund balances are reported according to GASB Statement 54 as follows:

- Non-spendable – assets not in a spendable form, such as inventories, long-term receivables, or permanent fund principal.
- Restricted – legally constrained to specific purposes by external creditors, grantors, or state or federal law. These resources may not be spent in another manner without an act of the providers.
- Committed – committed by the City Council through passage of an ordinance. Committed amounts may only be modified or rescinded through passage of a new ordinance.
- Assigned – amounts management intends to use for specific purposes that are neither restricted nor committed. The City has not established a policy regarding the assignment of funds. However, the City reports reappropriated purchase orders as assigned.
- Unassigned – available for spending for any purpose. Under GASB 54, any “rainy day” funds that do not have formal criteria meeting the restricted or committed definitions must be reported in this category. Only the General fund can report a positive unassigned balance, though negative amounts could potentially appear in other governmental funds.

Restricted funds are spent first when spending restricted or unrestricted funds. When expenditures are incurred where amounts may be spent from committed, assigned, or unassigned fund balance categories, they are considered to be spent in that order.

**10. Fund reserves**

The City’s policy establishes a goal of 15% of budgeted General fund revenues in contingencies and unappropriated General fund balance.

**11. Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

**12. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS’s fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**13. Post-employment benefits other than pensions (OPEB)**

The City reports two components of post-employment benefits other than pensions (OPEB) - Oregon Public Employees Retirement System Retiree Health Insurance Account (OPERS RHIA) and a single-employer defined benefit post-employment health plan.

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

The City reports its proportionate share of the OPERS RHIA. A negative OPEB liability is reported as an OPEB asset. For purposes of measuring the City's OPEB liability or asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of OPERS RHIA, and additions to/deductions from OPERS RHIA's fiduciary net position have been determined on the same basis as they are reported by OPERS RHIA. For this purpose, the benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The City reports an OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the implicit subsidy arising from the City's single-employer defined benefit post-employment health plan. For the purpose of measuring the City's OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on an actuarial valuation.

## **II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budget policies and budgetary control**

Oregon Local Budget Law (in ORS 294) requires that annual budgets be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. Annual appropriations lapse at the fiscal year end.

The City begins its annual budgeting process for the next fiscal year by forming a Budget Committee (Committee) in the fall. The Committee consists of the City Council and an equal number of citizens (electors) appointed by the Council. Budget recommendations are developed by management and presented to the Committee in early spring. The Committee reviews the City Manager's recommended budget and modifies it as desired before approving and forwarding it to the Council in late spring. Public notices are generally published in May or June, and the Council public hearing is held in June. The Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. The Council resolution authorizing appropriations for each fund sets the level that expenditures cannot legally exceed. The City establishes budgetary control in the operations, contingencies, debt service, and all other requirements categories for all funds except the General fund, where budgetary control is established at the department level in the same categories listed for other funds.

Supplemental budget appropriations and appropriation transfers subsequent to budget adoption must be approved by the Council. Certain budget amounts reported in the financial statements were revised after the original budget was adopted. The Council approved the following supplemental budget appropriations or appropriation transfers in fiscal year 2018-19:

- Supplemental appropriation of \$436,390 in the Community Renewal fund to allow expenditure of federal grant revenue in excess of the amount in the original budget
- Transfer appropriation of \$1,500,000 from operations and \$2,400,000 from contingency to transfers in the Utility fund in order to transfer \$3,900,000 to the Capital Improvement fund for construction of additional water treatment and storage capacity
- Transfer appropriation of \$1,016,470 from contingency to operations in the General fund in order to facilitate payment for the City's 911 telephone system replacement
- Transfer appropriation of \$300,000 from operations to transfers in the General fund to upgrade Library audio-visual equipment
- Transfer appropriation of \$120,000 from contingency to operations in the General fund to pay for award of attorney fees to a third party

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

- Transfer appropriation of \$100,000 from contingency to operations in the General fund to repair flood damage in the Wallace Marine softball complex
- Transfer appropriation of \$270,000 from contingency to transfers in the General fund in order to transfer to the City Services fund for a technology service contract
- Transfer appropriation of \$20,000 from contingency to operations in the General fund to pay for unemployment claims in excess of the amount in the original budget
- Transfer appropriation of \$9,950,000 from operations to transfers in the self-insurance fund in order to transfer funds associated with risk financing to a newly created risk fund

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and investments

The City maintains a cash and investment pool for all funds and the Agency. Each fund's portion of the pool is displayed on the government-wide Statement of Net Position, the proprietary funds Statement of Net Position, the governmental funds Balance Sheet, and the Statement of Fiduciary Net Position as "Cash and investments" and "Restricted cash and investments."

Restricted cash and investments are obligated to construction projects. Cash and investments as of June 30, 2019 consisted of the following:

	Book Value
Cash on hand	\$ 11,605
Deposits with financial institutions	24,613,629
Investments	312,083,943
Total cash and investments	\$ 336,709,177

#### 1. Deposits

As of June 30, 2019, City bank deposits had a book balance of \$24,613,629 and a bank balance of \$28,454,061. The difference is due to transactions in transit. The Oregon Public Funds Collateralization Program covers City bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. As of June 30, 2019, \$500,000 of City deposits was insured by the FDIC. All City deposits are in qualified depository banks in compliance with ORS.

#### 2. Investments

As of June 30, 2019, the City held the following investments and maturities:

Investment Type	Fair Value	Weighted Avg. Maturity in Months	% of Investment Portfolio
Commercial paper	\$ 7,355,379	6.805	2.34%
Corporate bonds	23,784,751	17.699	7.57%
Local Government Investment Pool	76,551,842	0.033	24.37%
Municipal bonds	1,503,103	21.219	0.48%
U.S. Agency securities	35,552,886	8.144	11.32%
U.S. Instrumentality securities	972,328	2.704	0.31%
U.S. Treasury securities	168,353,975	15.452	53.61%
Total	\$ 314,074,264	10.822	100.00%

Weighted average maturity in months assumes that all investments are held to maturity.

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As a means of limiting its exposure to fair value losses caused by changing interest rates, the City's investment policy limits investments as shown in the following table.

Investment type	Maximum % <u>of portfolio</u>	Maximum <u>time to maturity</u>
Bankers' acceptances	20%	6 months
Certificates of deposit	25%	2 years
Commercial paper	} 35%	9 months
Corporate bonds		5 years
Local Government Investment Pool	100% *	N/A
Municipal bonds	10%	5 years
Repurchase agreements	10%	3 months
U.S. Agency securities	100%	5 years
U.S. Instrumentality securities	10%	5 years
U.S. Treasury securities	100%	5 years

\*Dollar amount limited by ORS 294.810

The City's policy limits are applied at each investment purchase (post-purchase percentages). As maturities occur, the composition of the portfolio can change slightly. If an investment type exceeds the policy maximum due to this development, the portfolio is reviewed, and a decision made to continue with the new composition or to rebalance with sales or purchases. The City's policy does not require automatic rebalancing. Future purchases will be made with respect to the composition at that time.

ORS 294.810 limits the amount that may be placed in the LGIP. The limit as of June 30, 2019 is \$49,500,000 per customer number. The limit is updated each September based on the U.S. City Average Consumer Price Index. The limit can be temporarily exceeded for ten business days if the excess is due to funds deposited on a pass-through basis. At June 30, 2019, the book value of the City's LGIP deposits totaled \$34,217,423 of City funds and \$41,840,045 of Agency funds.

The LGIP is a part of the Oregon Short Term Fund (OSTF). This fund is not registered with the U.S. Securities and Exchange Commission. Investment of OSTF funds is governed by ORS, the Oregon Investment Council, and the OSTF Board.

The City's policy for investing in individual issuers varies depending on the type of investment. Investments in a single financial institution shall not exceed the smallest of 33% of the City's total portfolio or 5% of the equity of the institution, with the exception of U.S. Treasury securities, which can be up to 100% of the City's portfolio. At June 30, 2019, the only issuers composing more than 5% of the City's portfolio are the U.S. Treasury with 53.7% of the City's total investments, and the Federal Home Loan Mortgage Corporation with 5.0%.

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As of June 30, 2019, the credit risk for the City's investments is as follows:

Investment type	Fair Value	Credit Risk
Corporate bonds:		
3M Company	\$ 2,497,303	AA-
Apple Inc	3,916,747	AA+
Berkshire Hathaway Inc	2,065,916	AA
Chevron Corporation	1,049,749	AA
Cisco Systems Inc	2,298,459	AA-
Google Inc	901,264	AA+
Johnson & Johnson	2,885,882	AAA
Microsoft Corp	1,412,399	AAA
Pfizer Inc	319,233	AA
Procter & Gamble Co	369,358	AA-
Toyota Motor Corp	3,148,063	AA-
Wal-Mart Stores Inc	2,920,378	AA
Commercial Paper:		
BNP Paribas	692,840	A-1
Mitsubishi UFJ Financial Group Inc	6,662,539	A-1
Local Government Investment Pool	76,551,842	Unrated
Municipal Bonds:		
State of California	1,503,103	AA-
U.S. Instrumentality securities:		
African Development Bank	972,328	AAA
U.S. Agency securities:		
Federal Home Loan Banks	5,121,269	AA+
Federal Home Loan Mortgage Corporation	15,759,735	AA+
Federal National Mortgage Association	14,671,882	AA+
U.S. Treasury:		
U.S. Treasury bonds	118,682,160	AA+
U.S. Treasury notes	49,671,815	A-1+
Total	<u>\$ 314,074,264</u>	

The City's policy, which follows Oregon law, limits investment purchases to certain minimum credit ratings. Municipal issuers within Oregon must have a long-term rating of A or better by Standard and Poor's, Moody's, or other nationally recognized rating organization. Allowed municipal issuers outside Oregon and all other investments must be rated AA/Aa (long-term) or A-1/P-1 (short-term) or better. If the rating of an owned security falls below these standards, the security will be reviewed, and a decision made to continue holding the security or sell it. The City's policy does not require automatic sale of securities that fall below the credit requirement for purchase.

The City categorizes fair value measurements within the hierarchy established by GASB Statement 72. The hierarchy is based on the inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical instruments. The City considers US Treasury obligations to be level 1. Level 2 inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-derived valuations in which all significant inputs are observable. The City considers all other investments other than the LGIP to be level 2. The LGIP is not required to be categorized.

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Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires broker/dealers to meet certain qualifications and that all investments are delivered to and held by a third-party custodian in the City's name. All investments except for the investment in the LGIP, which is not evidenced by securities, are held by a third-party custodian in the City's name.

**B. Receivables**

Receivables as of June 30, 2019 for governmental funds, net of allowance for uncollectible accounts, are as follows:

	General Operating Fund	Capital Improvement	Tax Allocation Improvement	Community Renewal	General Debt	Other Funds	Total
Accounts	\$ 3,899,495	\$ 576,484	\$ 279,552	\$ 595,892	\$ 568,711	\$ 1,659,325	\$ 7,579,459
Property Taxes	2,657,015	-	-	-	-	1,107,264	3,764,279
Interest	676,729	178,214	6,974	357,658	-	31,525	1,251,100
Assessments	6,138	-	-	-	-	781,265	787,403
Loans and notes	-	-	3,229,279	12,277,387	-	-	15,506,666
<b>Total</b>	<b>\$ 7,239,377</b>	<b>\$ 754,698</b>	<b>\$ 3,515,805</b>	<b>\$ 13,230,937</b>	<b>\$ 568,711</b>	<b>\$ 3,579,379</b>	<b>\$ 28,888,907</b>

Approximately \$15.8 million in assessments, loans, and notes is not expected to be received within the next year.

Property tax levies for the year beginning July 1, 2019 are as follows:

- The City's permanent property tax rate for General fund operations is \$5.8315 per \$1,000 assessed value as limited by the Oregon Constitution.
  - The Urban Renewal Agency of the City of Salem will tax as follows:
  - Riverfront/Downtown and North Gateway plan areas will use 100 percent of the amount of their authority under option one of ORS 457.435(2)(a) as selected by the Agency for the retirement of debt obligations.
  - West Salem plan area will use 100 percent of the amount of its authority under the standard rate plan of ORS 457.445(2) as selected by the Agency for the retirement of debt obligations.
  - Mill Creek Industrial Park, McGilchrist, and South Waterfront plan areas will use 100 percent of the amount of their authority under the reduced rate plan of ORS 457.445(1) as selected by the Agency for the retirement of debt obligations.
- In addition, the City will levy \$15,522,440 for retirement of general obligation long-term debt due in fiscal year 2019-20.

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In accordance with GASB Statement 65, governmental funds report deferred inflows of resources in connection with receivables for revenues that are not available to liquidate liabilities of the current period. As of June 30, 2019, the various components of deferred inflows of financial resources reported in the governmental funds are as follows:

	Deferred Inflows
Assessments	\$ 592,733
Community Development Block Grant loans	12,635,045
Property taxes (General fund)	1,963,358
Property taxes (Debt service funds)	812,883
System development charges	809,133
Urban renewal loans	3,236,253
Total deferred inflows of resources	\$ 20,049,405

Receivables as of June 30, 2019 for proprietary funds, net of allowance for uncollectible accounts, are as follows:

	Utility	Other Funds	Total Enterprise	Internal Services
Accounts	\$ 13,317,389	\$ 568,334	\$ 13,885,723	\$ 47,546
Assessments	955,654	-	955,654	-
Interest	74,514	-	74,514	-
Less: Allowance for uncollectible accounts	(376,694)	(2,436)	(379,130)	-
Total	\$ 13,970,863	\$ 565,898	\$ 14,536,761	\$ 47,546

Due from other agencies as of June 30, 2019 are as follows:

Agency	Fund	Amount
Salem Housing Authority	General Fund	\$ 188,842
City of Turner	Utility Fund	34,344
Total due from other agencies		\$ 223,186

**City of Salem, Oregon**  
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**C. Capital assets**

**1. Capital asset activity for governmental activities for the year ended June 30, 2019 is as follows:**

<u>Governmental activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Land, land improvements, and art	\$ 251,386,298	\$ 10,545,123	\$ (10,642)	\$ 261,920,779
Construction work-in-progress	70,072,208	36,295,394	(25,839,860)	80,527,742
Total non-depreciable	<u>321,458,506</u>	<u>46,840,517</u>	<u>(25,850,502)</u>	<u>342,448,521</u>
Buildings and building improvements	72,235,340	31,343	-	72,266,683
Other improvements	50,256,447	3,438,835	-	53,695,282
Motor pool	30,126,868	5,306,705	(2,276,387)	33,157,186
Equipment and machinery	36,196,999	3,587,241	-	39,784,240
Infrastructure	440,918,965	16,230,449	(186,480)	456,962,934
Total depreciable	<u>629,734,619</u>	<u>28,594,573</u>	<u>(2,462,867)</u>	<u>655,866,325</u>
Accumulated depreciation				
Buildings and building improvements	(33,370,634)	(1,277,501)	-	(34,648,135)
Other improvements	(27,179,215)	(1,676,553)	-	(28,855,768)
Motor pool	(15,643,269)	(2,214,297)	2,023,658	(15,833,908)
Equipment and machinery	(30,149,429)	(1,882,767)	-	(32,032,196)
Infrastructure	(283,042,515)	(11,813,168)	186,480	(294,669,203)
Total accumulated depreciation	<u>(389,385,062)</u>	<u>(18,864,286)</u>	<u>2,210,138</u>	<u>(406,039,210)</u>
Governmental activities capital assets, net	<u>\$ 561,808,063</u>	<u>\$ 56,570,804</u>	<u>\$ (26,103,231)</u>	<u>\$ 592,275,636</u>

**2. Depreciation expense for governmental activities is charged to functions as follows:**

General government	\$ 906,621
Community development	980,177
Community service	1,223,158
Public safety	1,346,784
Transportation	11,895,390
Library	217,436
Capital assets held by the City's internal service funds are charged to the various funds based on their usage of the assets	<u>2,294,720</u>
Total depreciation expense for governmental activities	<u>\$ 18,864,286</u>



**City of Salem, Oregon**  
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**3. Capital asset activity for business-type activities for the year ended June 30, 2019 is as follows:**

<u>Business-type activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land, land improvements, and art	\$ 18,826,820	\$ 37,000	\$ -	\$ 18,863,820
Construction work-in-progress	23,495,416	15,037,234	(870,344)	37,662,306
Total non-depreciable	<u>42,322,236</u>	<u>15,074,234</u>	<u>(870,344)</u>	<u>56,526,126</u>
Buildings and building improvements	31,305,571	-	-	31,305,571
Equipment and machinery	6,261,824	652,984	(22,000)	6,892,808
Water and sewer system	921,354,641	12,305,821	(17,278)	933,643,184
Total depreciable	<u>958,922,036</u>	<u>12,958,805</u>	<u>(39,278)</u>	<u>971,841,563</u>
Accumulated depreciation				
Buildings and building improvements	(8,773,890)	(665,902)		(9,439,792)
Equipment and machinery	(5,655,579)	(122,944)		(5,778,523)
Water and sewer system	(325,235,136)	(18,373,917)	17,278	(343,591,775)
Total accumulated depreciation	<u>(339,664,605)</u>	<u>(19,162,763)</u>	<u>17,278</u>	<u>(358,810,090)</u>
Business-type activities capital assets, net	<u>\$ 661,579,667</u>	<u>\$ 8,870,276</u>	<u>\$ (892,344)</u>	<u>\$ 669,557,599</u>

**4. Depreciation expense for business-type activities is charged to functions as follows:**

Utility	\$ 18,389,378
Emergency Medical Services	22,240
WVPS Communications Center	13,555
Salem Convention Center	737,590
Total depreciation expense for business-type activities	<u>\$ 19,162,763</u>

**D. Deferred outflows of resources and deferred inflows of resources**

In governmental activities, refunding of general obligation bonds in fiscal year 2017-18 resulted in a difference between the reacquisition price and the net carrying value of old debt that was deferred and will be amortized over the life of the bonds. The balance on June 30, 2019 is \$342,341 and is reported as a deferred outflow of resources.

In business-type activities, refunding of revenue bonds in fiscal years 2012-13 and 2017-18 resulted in differences between the reacquisition price and the net carrying value of old debt that was deferred and will be amortized over the life of the bonds. The balance on June 30, 2019 is \$4,181,560 and is reported as a deferred outflow of resources.

Deferred outflows and inflows of resources related to pensions and OPEB are reported in both business-type and governmental activities. Balances on June 30, 2019 are as follows. Governmental deferred outflows are \$39,278,857 for pensions and \$1,319,110 for OPEB, and deferred inflows are \$7,897,746 for pensions and \$1,003,205 for OPEB. Business-type deferred outflows are \$14,785,306 for pensions and \$591,894 for OPEB, and deferred inflows are \$3,042,237 for pensions and \$451,416 for OPEB. More information can be found in note IV. C., Defined benefit pension plan (PERS). More information on OPEB related amounts can be found in note IV. E., Postemployment benefits other than pensions (OPEB).

**City of Salem, Oregon**  
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**E. Interfund receivables, payables, advances, and transfers**

**1. Advances**

An interfund loan of \$594,200 was made from the Community Enhancement fund to the Capital Improvements fund in fiscal year 2012-13 for airport improvements. This is a ten-year loan with a variable interest rate equal to the City's investment portfolio rate of return plus 0.50%. The receivable was transferred to the City Services fund in fiscal year 2017-18. The balance as of June 30, 2019 is \$169,659.

An interfund loan of up to \$1,500,000 was approved from the Utility fund to the General fund in fiscal year 2014-15 for purchase of parking meter equipment for the downtown Capitol Mall parking area. In 2014-15, \$940,000 was borrowed, and in 2015-16 \$560,000 was borrowed. This is a six-year loan with a variable interest rate equal to the City's investment portfolio rate of return plus 0.50%. The balance as of June 30, 2019 is \$551,817.

An interfund loan of \$2,000,000 was made from the Utility fund to the Capital Improvements fund in fiscal year 2016-17 for new and replacement streetlights. This is a ten-year loan with a variable interest rate equal to the City's investment portfolio rate of return plus 0.50%. The balance as of June 30, 2019 is \$1,619,482.

**2. Transfers**

Transfers are used to: 1) move revenues from the fund with collection authority to the fund in which the expenditure is required by budget or statute or, 2) move unrestricted revenues to finance programs accounted for in other funds in accordance with budgetary authorization. The following table is based on the fund financial statements with intra-fund transfers eliminated.

Transfers out	Transfers in						Total Transfers Out
	General Operating Fund	Capital Improvement	Tax Allocation Improvement	Nonmajor Governmental	Utility	Internal Services	
General	\$ -	\$1,579,200	\$ -	\$ 12,500	\$ -	\$ 139,250	\$ 1,730,950
Capital Improvement	-	-	-	50,000	-	-	50,000
Nonmajor governmental	1,335,470	3,014,043	16,550,000	75,000	27,067	500,000	21,501,580
Utility	-	120,140	-	-	-	498,145	618,285
Nonmajor business	-	-	-	1,500,000	-	75,000	1,575,000
Internal services	-	90,147	-	100,000	33,333	300,000	523,480
Total transfers in	<u>\$1,335,470</u>	<u>\$4,803,530</u>	<u>\$16,550,000</u>	<u>\$1,737,500</u>	<u>\$60,400</u>	<u>\$1,512,395</u>	<u>\$25,999,295</u>

**F. Leases**

**1. Operating leases**

The City leases building and office facilities under operating leases with renewable options up to five years. The costs for such leases were \$771,627 for the fiscal year ended June 30, 2019. Future minimum lease payments are as follows:

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Fiscal Year Ending June 30	Lease Payments Due
2020	\$ 778,627
2021	785,689
2022	792,816
2023	800,008
2024	807,265
2025-29	4,147,500
Total	\$ 8,111,905

The following table gives information about the City's two parkades that have leased office and retail space. The percentages shown indicate the amount of leasable space as a proportion of the entire square footage of each structure. The dollar amounts are the corresponding amounts of cost, accumulated depreciation, and book value of the leased space as a proportion of the total for each structure.

Facility Name	Leased space as a percentage of:		
	Original Cost	Accumulated Depreciation	Book Value
Chemeketa parkade, 8.2% leased	\$ 348,927	\$ 331,480	\$ 17,447
Liberty parkade, 6.4% leased	147,663	140,280	7,383
	\$ 496,590	\$ 471,760	\$ 24,830

Lessor revenues of \$1,890,541 were received by the City for leased office and retail space in two of its parkades, and leases for the airport. Lease contracts are for five-year terms with options for renewal.

As of June 30, 2019, future minimum rents contractually due from operating leases are as follows:

Fiscal Year Ending June 30	Lease Payments
2020	\$ 1,907,690
2021	1,924,994
2022	1,942,456
2023	1,960,076
2024	1,977,855
2025-29	10,161,667
Total	\$ 19,874,738

**G. Due to other agencies**

\$4,580 in unclaimed property is due to the Oregon Division of State Lands or other state agencies.

**City of Salem, Oregon**  
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**H. Compensated absences**

In prior years, compensated absences have been liquidated primarily by the General, Transportation Services, and Utility funds. Changes in compensated absences are as follows:

	Balance July 1, 2018	Leave Earned	Leave Taken	Balance June 30, 2019	Due Within One Year
Governmental activities	\$ 7,194,358	\$ 6,989,405	\$ 6,659,670	\$ 7,524,093	\$ 876,820
Business-type activities	2,772,630	2,676,202	2,567,897	2,880,935	589,558
Total	<u>\$ 9,966,988</u>	<u>\$ 9,665,607</u>	<u>\$ 9,227,567</u>	<u>\$ 10,405,028</u>	<u>\$ 1,466,378</u>

**I. Debt**

**1. Direct borrowings and placements**

The City issues various types of debt to finance capital activities. One of these methods is direct borrowings. The City has taken advantage of low interest loan programs with the US Department of Housing and Urban Development and Business Oregon (formerly known as Oregon Economic and Community Development Department). These arrangements include the HUD section 108 note and OECD L06001 series loans. The City has also entered into direct placement agreements for bond sales to finance City infrastructure and capital project needs.

The following tables provide details on the year's activities for each of the City's direct debt issuances, by governmental and business-type activities. Tables indicating future debt maturities for governmental and business-type activities are also provided, with balances as of June 30, 2019. The City's tax-exempt debt remains in compliance with all Internal Revenue Service arbitrage regulations.

**a. Changes in direct placement debt – governmental activities**

	Original Amount	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
<b>General obligation bonds:</b>						
Refunding & Streets-Bridges, 2009 (3.60%)	\$34,480,000	\$ 2,185,000	\$ -	\$ 2,185,000	\$ -	\$ -
Streets-Bridges, 2012 (2.62%)	25,000,000	10,385,000	-	1,090,000	9,295,000	1,145,000
Refunding Fire, 2012 (2.25%)	18,289,298	3,946,418	-	2,117,210	1,829,208	1,829,208
Subtotal general obligation bonds		16,516,418	-	5,392,210	11,124,208	2,974,208
<b>Urban renewal bonds:</b>						
Riverfront/Downtown, Ser. 2009 (4.35%)	3,660,000	1,730,000	-	260,000	1,470,000	270,000
<b>Notes:</b>						
HUD Sec108, 2015A (2.80%)	2,730,000	1,593,000	-	379,000	1,214,000	379,000
OECD L06001A, Mill Creek, 2007 (4.41%)	3,999,999	3,979,208	-	210,994	3,768,214	220,299
OECD L06001B, Mill Creek, 2007 (4.41%)	1,000,000	234,630	-	48,810	185,820	-
OECD L06001C, Mill Creek, 2007 (5.00%)	3,772,081	3,772,081	905,808	-	4,677,889	257,142
Subtotal notes		9,578,919	905,808	638,804	9,845,923	856,441
Total		<u>\$ 27,825,337</u>	<u>\$ 905,808</u>	<u>\$ 6,291,014</u>	<u>\$ 22,440,131</u>	<u>\$ 4,100,649</u>

**City of Salem, Oregon**  
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**b. Changes in direct placement debt – business-type activities**

	Original Amount	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
<u>Revenue bonds - water and sewer:</u>						
Full Faith & Credit, 2009 (4.07%)	\$ 100,075,000	\$ 4,660,000	\$ -	\$ 4,660,000	\$ -	\$ -
Series 2012 A refunding (2.22%)	63,360,000	38,745,000	-	9,083,000	29,662,000	8,351,000
Total		<u>\$ 43,405,000</u>	<u>\$ -</u>	<u>\$ 13,743,000</u>	<u>\$ 29,662,000</u>	<u>\$ 8,351,000</u>

**2. Changes in other debt**

The City issues various types of debt to finance capital activities. Another method of debt financing is competitively bid bond issuances.

The following tables provide details on the year's activities for each of the City's other debt issuances, by governmental and business-type activities. Tables indicating future debt maturities for governmental and business-type activities are also provided, with balances as of June 30, 2019. The City's tax-exempt debt remains in compliance with all Internal Revenue Service arbitrage regulations.

**a. Changes in other debt – governmental activities**

	Original Amount	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
<u>General obligation bonds:</u>						
Streets-Bridges, 2013 (2.83%)	\$43,665,000	\$ 30,400,000	\$ -	\$ 3,110,000	\$ 27,290,000	\$ 3,365,000
Police Facility, 2017 (2.71%)	74,775,000	73,375,000	-	985,000	72,390,000	3,755,000
Library, 2018 (2.68%)	18,600,000	18,600,000	-	470,000	18,130,000	700,000
Subtotal general obligation bonds		<u>122,375,000</u>	<u>-</u>	<u>4,565,000</u>	<u>117,810,000</u>	<u>7,820,000</u>
Limited tax pension obligation, 2005 (5.04%)	61,685,000	44,180,000	-	2,890,000	41,290,000	3,235,000
Total governmental activities long-term debt		<u>\$ 166,555,000</u>	<u>\$ -</u>	<u>\$ 7,455,000</u>	<u>\$ 159,100,000</u>	<u>\$ 11,055,000</u>

**b. Changes in other debt – business-type activities**

	Original Amount	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
<u>Revenue bonds - water and sewer:</u>						
Series 2017 refunding (1.74%)	\$ 55,990,000	\$ 54,200,000	\$ -	\$ 1,530,000	\$ 52,670,000	\$ 6,455,000

**3. Governmental activity general obligation bonds**

General obligation bonds are direct obligations that pledge the full faith and credit of the City and are payable from proceeds of ad valorem debt service levy. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets. The City's outstanding general obligation bonds represent funding primarily for transportation and public safety improvement projects.

At June 30, 2019, defeased general obligation bonds are as follows:

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<u>General Long-Term Debt</u>	<u>Defeased Debt Outstanding</u>
Streets and bridges series 2009	\$ 14,010,000

The defeased debt has been legally turned over to an escrow agent with funding (principal received combined with earnings during the time the agent holds the funds) to allow the agent to pay off the debt as it matures. Defeased debt is no longer a liability of the City.

**4. Limited tax pension obligation**

On September 23, 2005, twelve local governments issued a combined \$186,945,000 limited-tax pension obligation bonds. The City of Salem's portion was \$61,685,000 and was used to make a lump sum payment toward its unfunded pension liability with OPERS.

**5. Governmental activity urban renewal bonds**

Urban renewal bonds are special obligations of the Urban Renewal Agency and are payable solely from tax increment revenues. The Agency issues bonds to provide funds for urban renewal projects within designated project areas.

In accordance with bond covenants, the Agency has established a reserve of \$335,255 within its debt service fund for the 2009 Riverfront/Downtown URA bond.

**6. Governmental activity notes**

The Agency issues notes to provide funds for the acquisition and construction of capital assets. The Agency's currently outstanding notes represent funding primarily for projects associated with economic development and wetland mitigation in the Mill Creek urban renewal area. Mill Creek tax increment revenues are pledged to repay the notes. In the event of default, Business Oregon could demand payment on all outstanding note balances as of the date of default. The outstanding balance as of June 30, 2019 is \$8,631,923. Note L06001B is potentially forgivable based on job creation in the Mill Creek urban renewal area. To date, \$814,180 of the original \$1,000,000 has been forgiven.

In July 2003, the City executed a contract with the U.S. Department of Housing and Urban Development (HUD) for Section 108 loan guarantee funds in the amount of \$7.2 million as part of the funding needed to construct the Salem Convention Center. The loan term is twenty years. The outstanding balance was refinanced at a lower interest rate in May 2015 with all other terms remaining the same. The four sources of funds in priority order for repayment of the loan are 1) Riverfront-Downtown commercial loan repayments, 2) Community Development Block Grant (CDBG) program income, 3) available Riverfront-Downtown urban renewal funds, and 4) CDBG entitlement funds. The City was required to pledge as security its yearly allocation of CDBG entitlement funds. In order to only use those funds as a last resort, the other three sources of income were identified. While the annual entitlement of CDBG funds varies, the amount spent during fiscal year 2018-19 was \$1,715,964. No entitlement funds have been used for loan repayment. The scheduled debt payment for fiscal year 2018-19 was \$406,946. In the event of default, HUD can accelerate the note.

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
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**7. Governmental activity future maturities of long-term debt**

**a. Direct placement debt**

Fiscal Year	Notes		Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019-20	\$ 856,441	\$ 403,758	\$ 3,244,208	\$ 336,840	\$ 4,100,649	\$ 740,598
2020-21	891,421	384,844	1,480,000	265,730	2,371,421	650,574
2021-22	912,710	355,349	1,555,000	222,110	2,467,710	577,459
2022-23	631,885	327,791	1,630,000	176,265	2,261,885	504,056
2023-24	579,986	303,744	1,705,000	128,283	2,284,986	432,027
2024-29	3,276,599	1,136,983	2,980,000	118,031	6,256,599	1,255,014
2029-34	2,696,881	386,733	-	-	2,696,881	386,733
	<u>\$9,845,923</u>	<u>\$3,299,202</u>	<u>\$ 12,594,208</u>	<u>\$ 1,247,259</u>	<u>\$ 22,440,131</u>	<u>\$ 4,546,461</u>

**b. Other debt**

Fiscal Year	Bonds	
	Principal	Interest
2019-20	\$ 11,055,000	\$ 6,759,961
2020-21	14,205,000	6,305,647
2021-22	15,595,000	5,805,378
2022-23	16,955,000	5,227,869
2023-24	12,435,000	4,536,442
2024-29	45,485,000	15,033,259
2029-34	26,640,000	8,966,800
2034-39	16,730,000	4,424,575
	<u>\$ 159,100,000</u>	<u>\$ 57,059,931</u>

**8. Business-type activity revenue bonds**

Revenue bonds are obligations of the City's Utility fund and are payable solely from the net revenues derived from this enterprise. The City issues revenue bonds to provide funds for improvements to and rehabilitation of the City's utility systems.

Amidst the 2009 global financial crisis, the City's utility system was forced to convert its short-term commercial paper debt into long-term bonds. Due to coverage ratio constraints in the utility system at that time, these bonds were issued with a full faith and credit pledge. In 2012, when the utility system refunded its existing debt, a pledge of all net utility revenues needed to fully service the 2009 full faith and credit bond was formalized.

At June 30, 2019, defeased water and sewer revenue bonds are as follows:

Utility Debt	Defeased Debt in Escrow
Series 2003	\$ 6,225,000
Series 2005	9,340,000
Series 2009	60,725,000
Total defeased debt in escrow	<u>\$ 76,290,000</u>

**City of Salem, Oregon**  
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The defeased debt has been legally turned over to an escrow agent with funding (principal received combined with earning during the time the agent holds the funds) to allow the agent to pay off the debt as it matures. Defeased debt is no longer a liability of the City.

**9. Business-type activity future maturities of long-term debt**

**a. Direct placement debt**

Year	Bonds	
	Principal	Interest
2019-20	\$ 8,351,000	\$ 658,496
2020-21	5,323,000	473,104
2021-22	5,423,000	354,934
2022-23	5,543,000	234,543
2023-24	3,927,000	111,488
2024-25	1,095,000	24,309
	<u>\$ 29,662,000</u>	<u>\$ 1,856,874</u>

**b. Other debt**

Year	Bonds	
	Principal	Interest
2019-20	\$ 6,455,000	\$ 2,543,250
2020-21	6,775,000	2,220,500
2021-22	7,115,000	1,881,750
2022-23	7,470,000	1,526,000
2023-24	7,845,000	1,152,500
2024-2028	17,010,000	1,111,250
	<u>\$ 52,670,000</u>	<u>\$ 10,435,250</u>

**10. Changes in short-term debt**

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
<b>Governmental activities debt</b>				
<u>Short-term borrowing:</u>				
Riverfront URA	\$ -	\$ 7,000,000	\$ 7,000,000	\$ -
North Gateway URA	-	3,500,000	3,500,000	-
West Salem URA	-	3,500,000	3,500,000	-
Mill Creek URA	-	900,000	900,000	-
McGilchrist URA	-	900,000	900,000	-
South Waterfront URA	-	750,000	750,000	-
Total governmental activity short-term debt	<u>\$ -</u>	<u>\$ 16,550,000</u>	<u>\$ 16,550,000</u>	<u>\$ -</u>



**City of Salem, Oregon**  
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**J. Conduit debt obligations**

Conduit obligations are defined as those issued with approval of the City for the benefit of eligible third parties that provide health care or senior citizen use facilities. They are not a part of the City's financial reporting entity. At June 30, 2019, the following issues are outstanding.

Date Issued	Purpose	Original Amount	Outstanding Balance June 30, 2019
<u>Capital Manor, Inc.</u>			
06/2012	Revenue Bonds, Series 2012 Pay off outstanding balances of 2004 Bonds, 2006 bonds and swap agreements.	\$ 50,135,000	\$ 46,250,000
10/2018	Revenue Bonds, Series 2018 New development project.	37,030,000	37,030,000
<u>Salem Health</u>			
11/2016	Revenue Bonds, Series 2016A Refinance a portion of the 2013, 2008 and 2006 bonds.	197,685,000	183,105,000
11/2008	Revenue Bonds, Series 2008B Refinance a portion of the 2008 taxable line of credit and provide financing for various capital projects.	75,000,000	75,000,000
		<u>\$ 359,850,000</u>	<u>\$ 341,385,000</u>

These outstanding bond issues and tax-exempt obligations are not debts of the City and have not been reported in the accompanying financial statements.

**City of Salem, Oregon**  
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**K. Fund balance**

Fund balances for governmental funds as of June 30, 2019 are as follows:

	General Operating	Capital Improvement	Tax Allocation Improvement	Community Renewal	General Debt	Other Governmental Funds	Total
<b><u>Nonspendable:</u></b>							
Prepaid Items	\$ 132,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,242
Permanent fund principal	-	-	-	-	-	11,000	11,000
Total nonspendable	132,242	-	-	-	-	11,000	143,242
<b><u>Restricted:</u></b>							
Capital projects	-	81,849,140	39,500,074	-	-	17,349,317	138,698,531
Community renewal	-	-	-	1,703,635	-	-	1,703,635
Debt service	-	-	-	-	1,843,785	5,485,262	7,329,047
Permanent funds	-	-	-	-	-	268,652	268,652
General government	-	-	-	-	-	63,751	63,751
Community development:							
SCC Gain/Loss	-	-	-	-	-	6,220,008	6,220,008
Other	-	-	-	-	-	71,384	71,384
Community services	-	-	-	-	-	861,324	861,324
Library services	-	-	-	-	-	40,129	40,129
Public safety	-	-	-	-	-	1,410,551	1,410,551
Transportation services	-	-	-	-	-	4,427,786	4,427,786
Total restricted	-	81,849,140	39,500,074	1,703,635	1,843,785	36,198,164	161,094,798
<b><u>Committed:</u></b>							
Transportation services	-	-	-	-	-	4,129,460	4,129,460
Airport	-	-	-	-	-	1,185,564	1,185,564
Downtown parking	-	-	-	-	-	186,451	186,451
Cultural/Tourism	-	-	-	-	-	660,962	660,962
Public art	39,098	-	-	-	-	-	39,098
Parking leasehold	-	-	-	-	-	534,107	534,107
Building & safety	-	-	-	-	-	9,591,755	9,591,755
Community services	-	-	-	-	-	38,647	38,647
Library services	-	-	-	-	-	957,913	957,913
Public safety	-	-	-	-	-	8,469	8,469
Total committed	39,098	-	-	-	-	17,293,328	17,332,426
<b><u>Assigned:</u></b>							
General government	1,043,150	-	-	-	-	-	1,043,150
Community development	174,060	-	-	-	-	-	174,060
Public safety	120,690	-	-	-	-	-	120,690
Total assigned	1,337,900	-	-	-	-	-	1,337,900
<b><u>Unassigned:</u></b>							
	20,308,619	-	-	-	-	-	20,308,619
Total fund balances	\$21,817,859	\$81,849,140	\$39,500,074	\$1,703,635	\$1,843,785	\$ 53,502,492	\$ 200,216,985

**City of Salem, Oregon**  
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**L. Net position**

The government-wide and proprietary fund statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets reflects the portion of net position invested in capital assets less any outstanding balances of related debt, plus related deferred outflows. The related debt is the debt less any unspent proceeds.

Restricted net position represents liquid assets that have third party (statutory, bond covenant, or grantor) limitations on their use. The City typically uses restricted assets first, as appropriate, but reserves the right to defer the use thereof to a future project or acquisition. The following table presents the calculation of net position and components thereof.

**Calculation of Net Position**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net investment in capital assets:			
Capital assets	\$ 592,275,636	\$ 669,557,599	\$ 1,261,833,235
Capital asset related debt			
Outstanding debt	(150,130,973)	(89,872,744)	(240,003,717)
Deferred outflows related to capital debt	342,341	4,181,560	4,523,901
Unexpended proceeds	71,277,849	-	71,277,849
Net capital asset related debt	(78,510,783)	(85,691,184)	(164,201,967)
Net investment in capital assets	513,764,853	583,866,415	1,097,631,268
Restricted:			
Capital projects			
Capital improvements	85,516,255	37,671,221	123,187,476
Extra capacity facilities	14,396,520	-	14,396,520
Tax allocation improvements	42,736,327	-	42,736,327
Development district	3,761,930	-	3,761,930
Unexpended proceeds moved to investment in capital assets	(71,277,849)	-	(71,277,849)
Total capital projects	75,133,183	37,671,221	112,804,404
Debt service			
General debt	1,698,522	-	1,698,522
Tax allocation debt	4,954,559	-	4,954,559
Comm renewal	(10,465)	-	(10,465)
Total debt service	6,642,616	-	6,642,616
Other purposes			
Community enhancement	13,094,933	-	13,094,933
Permanent	268,652	-	268,652
Permanent - non-expendable	11,000	-	11,000
Prepaid	132,242	-	132,242
Community renewal	14,338,680	-	14,338,680
Total other purposes	27,845,507	-	27,845,507
Total restricted	109,621,306	37,671,221	147,292,527

Continued

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
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	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Unrestricted:			
General	24,199,447	-	24,199,447
Special revenue			
Transportation services	3,050,369	-	3,050,369
Streetlights	1,082,254	-	1,082,254
Airport	1,185,564	-	1,185,564
Downtown parking	186,451	-	186,451
Cultural and tourism	660,962	-	660,962
Public art	39,098	-	39,098
Parking leasehold	534,107	-	534,107
Building and safety	9,591,755	-	9,591,755
Community enhancement	1,005,029	-	1,005,029
Internal service	26,560,146	-	26,560,146
Enterprise			
Utility	-	66,469,762	66,469,762
Emergency services	-	3,497,350	3,497,350
WVPS communications center	-	2,557,379	2,557,379
Police regional records system	-	1,359,310	1,359,310
Salem Convention Center	-	232,487	232,487
Net pension liability	(101,666,789)	(38,380,580)	(140,047,369)
Pension obligation bond	(41,290,000)	-	(41,290,000)
Net OPEB liability	(9,520,269)	(4,299,158)	(13,819,427)
Compensated absences	(7,524,093)	(2,880,935)	(10,405,028)
Deferred inflows/outflows related to pensions	31,381,111	11,743,069	43,124,180
Deferred inflows/outflows related to OPEB	315,905	140,478	456,383
Total unrestricted	<u>(60,208,953)</u>	<u>40,439,162</u>	<u>(19,769,791)</u>
Total net position	<u>\$ 563,177,206</u>	<u>\$ 661,976,798</u>	<u>\$ 1,225,154,004</u>
			Concluded

## IV. OTHER INFORMATION

### A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; employment practices; injuries to employees; and natural disasters. The City operates a self-insurance program to account for and finance its uninsured risk of loss. Resources to pay claims are derived from various City funds and are recorded as revenues in the Self-Insurance fund and expenditures in the funds charged. During the past four years, claims costs have not exceeded the self-insured retention.

The City provides medical benefits for all eligible participants. The monthly member (employee only) medical premiums paid are \$600 for the Kaiser Permanente HMO plan, \$702 for the Preferred Provider Organization (PPO) plan, and \$503 for the High Deductible Health Plan. Additional premiums for vision and dental benefits are also paid, as elected by the employee, up to a maximum of \$2,268 for all medical, vision, and dental plan premiums per employee (including dependents), except as otherwise provided in accordance with collective bargaining agreements.

**City of Salem, Oregon**  
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Specific claim stop-loss coverage is purchased for individual claims exceeding \$200,000. During fiscal year 2018-19, total medical, vision, and dental claims expense of \$17,600,239 was incurred.

The City self-insures workers compensation risk up to \$500,000 per occurrence. Additional coverage up to \$25 million per occurrence is purchased from a commercial carrier. The State of Oregon annually audits workers compensation reserves based on the open claims and actuarial report.

The City's property is insured through a commercial carrier. The coverage provides a per occurrence limit of \$400 million. Deductibles vary depending on the type of loss, but generally are \$25,000. The City retains the first \$500,000 of all liability claims. An excess liability insurance policy purchased from a commercial carrier provides coverage for liability claims in excess of \$500,000, up to \$10 million per occurrence.

The changes in the aggregate liability (reserves) for workers compensation and general liability/casualty claims for fiscal years 2017-18 and 2018-19 are as follows:

<u>Workers Compensation</u>					
Fiscal year ended June 30,	Claims payable July 1,	Claims incurred	Claims paid	Changes to prior year estimates	Claims payable June 30,
2018	\$ 5,121,300	\$ 470,523	\$ (792,235)	\$ 629,662	\$ 5,429,250
2019	5,429,250	583,174	(642,297)	(1,575,127)	3,795,000

<u>Liability/Casualty</u>					
Fiscal year ended June 30,	Claims payable July 1,	Claims incurred	Claims paid	Changes to prior year estimates	Claims payable June 30,
2018	\$ 1,978,670	\$ 58,342	\$ (356,697)	\$ (14,255)	\$ 1,666,060
2019	1,666,060	219,806	(172,635)	(72,231)	1,641,000

An independent actuarial study is done every two years for both categories. Each study is used as the basis for determining future liability, including incurred but not reported claims. Reported claims are reserved based on reasonable anticipated expenses and ultimate probable cost. The estimate of the claims liability does not include claims adjustment expenses, whether incremental or non-incremental, but does anticipate recoveries and subrogation. All prior and current year claims are fully reserved and have not been discounted. The City does not currently utilize annuity contracts from commercial insurers.

**B. Commitments and contingencies**

**1. Grants**

Grants receivable and grant receipts are subject to audit adjustment by grantor agencies, principally the federal government. Any disallowed claims, including claims already collected, could become a liability of the City.

**City of Salem, Oregon**  
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**2. Litigation matters**

The City is presently involved in certain litigation matters arising from the normal course of business. In the opinion of management and the City's legal counsel, adverse disposition of any such legal matter will not have a material effect on the City's financial position. At June 30, 2019, reserves have been established to provide for the estimated liability in such cases.

**3. Construction commitments**

The City entered into contracts for construction of various capital projects expected to be completed in fiscal year 2019-20. The reappropriated budget for these projects is \$3,613,190.

**C. Defined benefit pension plan (PERS)**

**1. Plan description**

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. The Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The pension program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at:  
<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

**2. Benefits provided**

***a. Tier One/Tier Two retirement benefit ORS Chapter 238 Pension benefits***

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 defined benefit pension plan is closed to new members hired on or after August 29, 2003.

**City of Salem, Oregon**  
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**Death benefits**

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- The member was employed by a PERS employer at time of death,
- The member died within 120 days after termination of PERS-covered employment,
- The member died as a result of injury while employed in a PERS-covered job, or
- The member was on official leave of absence from a PERS-covered job at time of death.

**Disability benefits**

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

**Benefit changes**

Members that choose to continue participation in a variable equities investment account after retiring may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

***b. Oregon Public Service Retirement Plan (OPSRP) defined benefit pension program***

**Pension benefits**

The pension program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

*Police and fire:* 1.8% is multiplied by the number of years of service and final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

*General service:* 1.5% is multiplied by the number of years of service and final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

**City of Salem, Oregon**  
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**Death benefits**

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member.

**Disability benefits**

A member with 10 or more years of retirement credit before the becoming disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

***c. OPSRP Individual Account Program (IAP)***

**Pension benefits**

An IAP member becomes vested on the date the employee account is established or the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment, or in equal installments over a 5, 10, 15, or 20 year period, or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

**Death benefits**

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

**Record keeping**

OPERS contracts with Voya Financial to maintain IAP participant records.

**3. Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS defined benefit plan and the other postemployment benefit plans. Employer contribution rates during the period were based on the December 31, 2016 actuarial valuation. The rates first became effective July 1, 2017. Employer contributions for the year ended June 30, 2019 were \$14,870,738, excluding amounts to fund employer specific liabilities. The rates for the pension plan in effect for the fiscal year ended June 30, 2019 were 20.57% for all Tier One/Tier Two members, 11.54% for OPSRP general service members, 16.31% for OPSRP police and fire members, and 6% for OPSRP IAP.



**City of Salem, Oregon**  
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**4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions**

At June 30, 2019, the City reported a liability of \$140,047,369 for its proportionate share of the net pension liability. This liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the City's proportion was 0.92448545%, a slight decrease from its proportion as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$11,318,234. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,763,993	\$ -
Changes in assumptions	32,560,747	-
Net difference between projected and actual earnings on investments	-	6,218,895
Changes in proportionate share	-	4,338,237
Difference between employer contributions and employer's proportionate share of system contributions	1,868,685	382,851
City contributions subsequent to the measurement date	14,870,738	N/A
<b>Total</b>	<b>\$ 54,064,163</b>	<b>\$ 10,939,983</b>

\$14,870,738 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2019	\$ 16,476,845
2020	11,467,492
2021	(1,954,614)
2022	1,473,281
2023	790,438
<b>Total</b>	<b>\$ 28,253,442</b>

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

**5. Actuarial methods and assumptions**

The employer contribution rates effective July 1, 2017 through June 30, 2019 were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS defined benefit plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP pension program component of the PERS defined benefit plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2016 rolled forward to June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Investment Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

**6. Long-term expected rate of return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2016 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The following table shows Milliman's assumptions for each of the asset classes in which the plans were invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.13%	7.45%
Non-US Small Cap Equities	1.87%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.87%	5.62%
Farmland	1.87%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.50%

**7. Discount rate**

The discount rate used to measure the total pension liability was 7.2% for the defined benefit pension plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the defined benefit pension plan was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

**8. Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate**

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 234,045,611	\$ 140,047,369	\$ 62,459,513

**9. Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

**D. Defined benefit pension plan (RHIA)**

**1. Plan description**

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

**2. Benefits provided**

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

**3. Contributions**

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The City's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's total for the year ended June 30, 2018 contributions was \$405,623.

**4. OPEB assets, liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB**

At June 30, 2019, the City reported an asset of \$943,344 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2018, the City's proportionate share was 0.84508478%, which is a decrease from 0.81930652% as of June 30, 2017.

For the year ended June 30, 2019, the City recognized a credit to OPEB expense from this plan of \$503,154. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Net difference between projected and actual earnings	\$ -	\$ 53,462
Changes of assumptions	-	2,993
Net difference between projected and actual earnings on investments	-	203,383
Change in proportionate share	682	4,025
Contributions subsequent to the measurement date	416,833	-
<b>Total</b>	<b>\$ 417,515</b>	<b>\$ 263,863</b>

Deferred outflows of resources related to OPEB of \$416,833 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	
2019	\$ (86,949)
2020	(87,070)
2021	(68,944)
2022	(20,218)
<b>Total</b>	<b>\$ (263,181)</b>

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

**5. Actuarial methods and assumptions**

See PERS pension plan note for information on actuarial assumptions and methods, the long-term expected rate of return, and the discount rate.

**6. Sensitivity of the proportionate share of the net OPEB liability (asset) to changes in the discount rate**

The following presents the City's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.20%, as well as what it would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Net OPEB liability (asset)	\$ (549,561)	\$ (943,344)	\$ (1,278,788)

**7. OPEB plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

**E. Postemployment benefits other than pensions (OPEB)**

**1. General information about the OPEB Plan**

The City administers a single-employer defined benefit healthcare plan. Benefit provisions are established through negotiations between the City and collective bargaining units. The plan provides post-retirement medical, dental, and vision coverage for eligible retirees, their spouses, domestic partners, and dependents. Premiums are paid by the retiree.

The level of benefits provided by the plan is the same as that afforded to active employees. Coverage is provided to retirees, spouses, and domestic partners until they become eligible for Medicare, typically age 65, and eligible dependents until age 26. The City's post-retirement healthcare plan was established in accordance with ORS 243.303. ORS stipulate that for establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs (which, because of the effect of age, is generally higher in comparison to all plan members) and the amount of retiree healthcare premiums represents the City's implicit rate subsidy.

*Employees covered by benefit terms.* At June 30, 2019, the following employees were covered by the benefit terms:

Retired employees or beneficiaries currently receiving benefits	73
Active employees	1,170
Total	1,243

**2. Total OPEB liability**

The City's total OPEB liability of \$14,762,771 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	3.50%
Salary increases, average, including inflation	3.50%
Discount rate	3.51%
Healthcare cost trend rates, FY 2019, decreasing 0.5% per year, to an ultimate rate of 4.50% in 2027 and beyond.	8.00%
Retirees' share of benefit-related costs	100.00%

The discount rate is based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The index used is the *Bond Buyer 20-Year GO Municipal Bond Index*.

Employer funding policy is the Pay-as-you-go cash basis.

Mortality rates were based on the RTH-2018 Total Dataset Mortality Table, Fully Generational, using scale MP-2018.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2015.

**3. Changes in the total OPEB liability**

	<b>Total OPEB Liability</b>
Balance at June 30, 2018	<u>\$ 13,022,350</u>
Changes for the year:	
Service cost	840,781
Interest	524,551
Differences between expected and actual experience	1,262,401
Changes in assumptions or other inputs	(263,711)
Benefit payments	<u>(623,601)</u>
Net changes	1,740,421
Balance at June 30, 2019	<u>\$ 14,762,771</u>

Changes in assumptions reflect a change in the discount rate from 3.87% in 2018 to 3.51% in 2019.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the City, as well as what it would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current discount rate:

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB liability	<u>\$ 15,950,667</u>	<u>\$ 14,762,771</u>	<u>\$ 13,636,515</u>

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease (7.5% decreasing to 4%)	(8.5% decreasing to 5%)	1% Increase (9.5% increasing to 6%)
Total OPEB liability	\$ 13,004,734	\$ 14,762,771	\$ 16,840,075

**4. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB**

For the year ended June 30, 2019, the City recognized OPEB expense of \$1,399,695. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,493,489	\$ 463,196
Changes of assumptions or other inputs	-	727,562
Total	\$ 1,493,489	\$ 1,190,758

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2020	\$ 34,363
2021	34,363
2022	34,363
2023	34,363
2024	34,363
Thereafter	130,916
Total	\$ 302,731

**F. Outstanding encumbrances**

At June 30, 2019, the City has encumbered the following commitments that required reappropriation in the 2019-20 fiscal year budget:

Fund	Amount
General	\$ 1,337,900
Capital improvements	98,890
Community Renewal	43,850
Non-major governmental	123,480
Utility	771,920
Willamette Valley Communications Center	39,190
Total	\$ 2,415,230



**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

**G. Deficit net position**

The Willamette Valley Communications Center fund has a deficit net position of \$4,346,079 at June 30, 2019, which is caused by the pension and OPEB reporting requirements of GASB Statements 68 and 75. However, the fund has a positive fund balance of \$2,021,688.

**H. Tax abatement disclosure**

As of June 30, 2019, the City of Salem and its blended component unit entered into an agreement for one tax abatement program: Multiple-Unit Housing ORS 307.600 to 307.637 which reduce property tax revenues.

Per City of Salem’s Resolution 2014-8, this is a full tax abatement. To be eligible for this abatement, the structure needs to contain at least two dwelling units, construction started prior to January 2012 and completed on or before January 2022, and it needs to be located in the core area designated by the City. The program requires that the project must include at least one design element benefitting the public as outlined in SRC 2.815, and the applicant identified eight public benefits. Based on the findings above, the application from Pringle Square South, LLC was approved for a period of ten years as provided in ORS 307.612. This resolution was signed and adopted on January 27, 2017.

In addition, there were agreements entered into by Polk County and the State of Oregon for four tax abatement programs: Historical Property ORS 307.630, Charitable Low Income Rental Housing Full Exemption ORS Chapter 307.515, Enterprise Zone Full Exempt ORS Chapter 285C, and Enterprise Zone Partial Exempt ORS Chapter 285C, which also reduced the City’s property tax revenues.

The only impact on the City’s financial statements as a result of the implementation of GASB Statement 77 is this note disclosure.

Government	Company	Purpose	Agreement Date	Percentage of Property Taxes Abated	Taxes Abated during Fiscal Year 2019
City of Salem	Pringle Square South LLC	Multiple Unit Housing	3/12/2014	100%	\$ 137,745
State of Oregon		Historical Property	Various	100%	107,811
		Low Income Housing	Various	100%	38,126
		Enterprise Zone	Various	100%	184,920
		Enterprise Zone	Various	Partial	358,939
Polk County		Enterprise Zone	2014	29%-51%	14,602
Total					<u>\$ 842,143</u>

**City of Salem, Oregon**  
**Notes to the Financial Statements**  
*June 30, 2019*

**I. Related party transactions**

The Housing Authority of the City of Salem (Authority) governing board includes eight City Councilors and one other member. Although the Authority is not a component unit of the City under GASB standards, transactions with the Authority are disclosed. The City provides certain administrative services to the Authority on a fee basis, such as legal, human resource, and payroll processing services. The City also grants funds on a reimbursement basis to the Authority related to the Community Development Block Grant (CDBG) and Home Investments Partnerships (HOME) programs and administration of the City's Homeless Rental Assistance Program (HRAP). In fiscal year 2018-19, \$571,794 was reimbursed for the CDBG/HOME programs and \$1,157,154 was reimbursed for the HRAP program.

The City participates in the Mid-Willamette Valley Cable Regulatory Commission (MWVCRC), a jointly governed organization between the City of Salem and Marion County. The MWVCRC is responsible for monitoring and enforcing the provisions of franchise agreements with local cable companies and providing cable access for public purposes within the Salem Urban Growth Boundary. The City, under a renewable annual agreement, funds the MWVCRC based upon the amount of cable franchise fees collected by the City. For fiscal year 2018-19, the City paid \$703,189 to the MWVCRC. Separate financial statements for the MWVCRC may be obtained at:

Mid-Willamette Valley Cable Regulatory Commission  
555 Court Street NE, Suite 4247  
Salem, OR 97301

**J. New pronouncements**

The City has implemented GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement requires governments to disclose more information related to debt than previously required, and requires information for direct borrowings and direct placements to be shown separately from other debt.

**K. Prior period adjustment**

In the Community Renewal fund, a prior period adjustment has been made reducing beginning fund balance by \$135,379 due to an invoice created in error during fiscal year 2017-18.

**City of Salem, Oregon**  
**Required Supplementary Information**  
*June 30, 2019*

**1. Defined benefit pension plan (PERS)**

**Schedule of The Proportionate Share of the Net Pension Liability (PERS)**  
**For the last six fiscal years**

Year Ended June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.92448545%	\$ 140,047,369	\$ 78,129,106	179.25%	82.10%
2018	0.94775487%	127,757,715	76,521,581	166.96%	83.10%
2017	0.97424987%	146,257,527	76,037,921	192.35%	80.50%
2016	1.00664356%	57,796,051	77,123,538	74.94%	91.90%
2015	1.02590270%	(23,254,287)	75,971,067	-30.61%	103.60%
2014	1.02590270%	52,353,318	73,561,041	71.17%	91.97%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

**Schedule of Contributions (PERS)**  
**For the last six fiscal years**

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2019	\$ 14,870,738	\$ 14,870,738	\$ -	\$ 80,370,324	18.50%
2018	14,450,480	14,450,480	-	78,129,106	18.50%
2017	10,099,278	10,099,278	-	76,521,581	13.20%
2016	9,918,275	9,918,275	-	76,037,921	13.04%
2015	9,662,055	9,662,055	-	77,123,538	12.53%
2014	10,237,304	10,237,304	-	75,971,067	13.48%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**City of Salem, Oregon**  
**Required Supplementary Information**  
*June 30, 2019*

**2. Schedule of changes in total other post-employment benefit liabilities and related ratios – implicit rate subsidy**

**Schedule of changes in the City's total OPEB liability and related ratios  
For the last three fiscal years**

Year Ended June 30,	Service Cost	Interest	Changes in benefit terms	Differences between expected and actual experience	Changes in assumptions or other inputs	Benefit payments	Total OPEB Liability
2019	\$840,781	\$524,551	\$ -	\$ 1,262,401	\$ (263,711)	\$ (623,601)	\$ 14,762,771
2018	884,521	491,630	-	(332,489)	(617,596)	(652,351)	13,022,350
2017	833,406	355,158	(42,568)	586,322	(373,074)	(543,183)	13,248,635

*Changes in benefit terms.* The City's other post-employment benefits include retiree healthcare. The actuarial cost method for retiree healthcare benefits is the projected unit credit method. The last actuarial valuation completed was as of June 30, 2019.

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

2019	3.51%
2018	3.87%
2017	3.56%

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**City of Salem, Oregon**  
**Required Supplementary Information**  
*June 30, 2019*

**3. Defined benefit pension plan (RHIA)**

**Schedule of the proportionate share of the net OPEB liability/(asset) (RHIA)**  
**For the last three years**

Year Ended June 30,	City's proportion of the net OPEB liability (asset) (a)	City's proportionate share of the net OPEB liability (asset) (b)	City's covered payroll (c)	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll (b/c)	Plan fiduciary net position as a percentage of the total OPEB liability
2019	0.84508478%	\$ (943,344)	\$78,129,106	-1.21%	124.0%
2018	0.81930652%	(341,930)	76,521,581	-0.45%	108.9%
2017	0.81384084%	221,009	76,037,921	0.29%	94.2%

**Schedule of contributions (RHIA)**  
**For the last three years**

Year Ended June 30,	Statutorily required contribution (a)	Contributions in relation to the statutorily required contribution (b)	Contribution deficiency (excess) (a-b)	City's covered payroll (c)	Contributions as a percent of covered payroll (b/c)
2019	\$ 405,623	\$ 405,623	\$ -	\$ 80,370,324	0.50%
2018	409,193	409,193	-	78,129,106	0.52%
2017	407,896	407,896	-	76,521,581	0.53%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.



# **Supplemental Information**

# COMBINING STATEMENTS

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## Nonmajor Governmental Funds

### **Special Revenue Funds**

Special revenue funds account for specific revenues that are restricted to expenditures for particular purposes.

#### ***Transportation Services***

This fund accounts for the operation and maintenance of the city's transportation infrastructure. The major revenue sources are highway funds and reimbursements from other City funds.

#### ***Streetlights***

This fund accounts for the operation and maintenance of streetlights. Financing is provided by a utility fee.

#### ***Airport***

This fund accounts for the operations and maintenance of the Salem Municipal Airport. Financing is provided primarily from user fees.

#### ***Downtown Parking***

This fund accounts for operations and maintenance of City-owned parkades and enforcement within the Downtown Parking District. Financing is provided primarily from parking permits and district assessments.

#### ***Cultural/Tourism***

This fund accounts for improvements to or operations of tourist attractions and cultural facilities, Salem Convention Center marketing, and promotion of Salem for conventions and tourism. Financing is provided primarily from transient occupancy taxes.

#### ***Parking Leasehold***

This fund accounts for maintenance of retail rental space located within the City-owned parking structures. Financing is provided primarily from tenant rent.

#### ***Building and Safety***

This fund accounts for licensing and permits, new construction, multi-unit housing inspections, and code enforcement. The major revenue source is fees.

#### ***Community Enhancement***

This fund accounts for donations, seizures, state funds, grants, and fees that are specifically designated for library, parks and recreation, public safety, or community and economic development. The principal may be expended.

#### ***Permanent***

These funds account for gifts donated for specified purposes (currently park maintenance and library materials) and interest earnings. Only the interest earnings may be expended for those specified purposes.



### **Debt Service Funds**

Debt service funds are used for the accumulation of resources for the payment of general obligation and urban renewal debt including principal, interest, and related costs.

#### ***Tax Allocation Bond Debt***

This fund accounts for the accumulation of resources for, and payment of, urban renewal bond and long-term note principal and interest. Financing is provided primarily from property taxes.

### **Capital Projects Funds**

Capital project funds are used to account for the acquisition and construction of major capital assets other than those financed by proprietary funds and special revenue funds.

#### ***Extra Capacity Facilities***

This fund accounts for street expansion, and parks development and expansion. Financing is provided primarily from systems development charges levied against developing properties.

#### ***Development Districts***

This fund accounts for approved infrastructure improvements. Financing is provided primarily from development district fees.

**City of Salem, Oregon**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
*June 30, 2019*

	<b>Special Revenue Funds</b>						
	<b>Trans- portation Services</b>	<b>Street- lights</b>	<b>Airport</b>	<b>Downtown Parking</b>	<b>Cultural/ Tourism</b>	<b>Parking Leasehold</b>	<b>Building and Safety</b>
<b>Assets</b>							
Cash and investments	\$ 2,411,361	\$ 847,306	\$ 1,176,726	\$ 208,353	\$ 508,286	\$ 506,218	\$ 9,483,237
Accounts receivable, net	1,142,280	343,637	32,172	2,228	385,756	35,849	175,176
Due from other funds	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	3,960
Assessments receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 3,553,641</u>	<u>\$ 1,190,943</u>	<u>\$ 1,208,898</u>	<u>\$ 210,581</u>	<u>\$ 894,042</u>	<u>\$ 542,067</u>	<u>\$ 9,662,373</u>
<b>Liabilities</b>							
Accounts payable and accrued liabilities	\$ 502,057	\$ 108,689	\$ 23,334	\$ 24,130	\$ 233,080	\$ 6,960	\$ 70,591
Due to other agencies	-	-	-	-	-	-	27
Security deposit payable	1,215	-	-	-	-	1,000	-
Developer reimbursement payable	-	-	-	-	-	-	-
Total liabilities	<u>503,272</u>	<u>108,689</u>	<u>23,334</u>	<u>24,130</u>	<u>233,080</u>	<u>7,960</u>	<u>70,618</u>
<b>Deferred inflows of resources</b>							
Unavailable revenue	3,163	-	-	-	-	-	-
<b>Fund balances</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	3,047,206	1,082,254	1,185,564	186,451	660,962	534,107	9,591,755
Total fund balances	<u>3,047,206</u>	<u>1,082,254</u>	<u>1,185,564</u>	<u>186,451</u>	<u>660,962</u>	<u>534,107</u>	<u>9,591,755</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,553,641</u>	<u>\$ 1,190,943</u>	<u>\$ 1,208,898</u>	<u>\$ 210,581</u>	<u>\$ 894,042</u>	<u>\$ 542,067</u>	<u>\$ 9,662,373</u>

Continued

**City of Salem, Oregon**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
*June 30, 2019*

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>		<b>Total Nonmajor Governmental Funds</b>
	<b>Community Enhancement</b>	<b>Permanent</b>	<b>Tax Allocation Bond Debt</b>		<b>Extra Capacity Facilities</b>	<b>Development Districts</b>	
<b>Assets</b>							
Cash and investments	\$ 13,425,696	\$ 279,652	\$ 5,343,111	\$ 14,104,113	\$ 3,766,978	\$ 52,061,037	
Accounts receivable, net	7,992	-	539,048	915,241	-	3,579,379	
Due from other funds	887,317	-	-	-	-	887,317	
Prepayments	-	-	-	-	-	3,960	
Assessments receivable	-	-	-	687,291	1,618,080	2,305,371	
Total assets	<u>\$ 14,321,005</u>	<u>\$ 279,652</u>	<u>\$ 5,882,159</u>	<u>\$ 15,706,645</u>	<u>\$ 5,385,058</u>	<u>\$ 58,837,064</u>	
<b>Liabilities</b>							
Accounts payable and accrued liabilities	\$ 221,043	\$ -	\$ -	\$ 622,834	\$ 5,048	\$ 1,817,766	
Due to other agencies	-	-	-	-	-	27	
Security deposit payable	-	-	-	-	-	2,215	
Developer reimbursement payable	-	-	-	687,291	1,618,080	2,305,371	
Total liabilities	<u>221,043</u>	<u>-</u>	<u>-</u>	<u>1,310,125</u>	<u>1,623,128</u>	<u>4,125,379</u>	
<b>Deferred inflows of resources</b>							
Unavailable revenue	-	-	396,897	809,133	-	1,209,193	
<b>Fund balances</b>							
Nonspendable	-	11,000	-	-	-	11,000	
Restricted	13,094,933	268,652	5,485,262	13,587,387	3,761,930	36,198,164	
Committed	1,005,029	-	-	-	-	17,293,328	
Total fund balances	<u>14,099,962</u>	<u>279,652</u>	<u>5,485,262</u>	<u>13,587,387</u>	<u>3,761,930</u>	<u>53,502,492</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,321,005</u>	<u>\$ 279,652</u>	<u>\$ 5,882,159</u>	<u>\$ 15,706,645</u>	<u>\$ 5,385,058</u>	<u>\$ 58,837,064</u>	

Concluded

**City of Salem, Oregon**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
*For the fiscal year ended June 30, 2019*

	Special Revenue Funds						
	Transportation Services	Streetlights	Airport	Downtown Parking	Cultural/ Tourism	Parking Leasehold	Building & Safety
<b>Revenues</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	4,088,110	-	-
Sales, fees, licenses, and permits	221,290	1,883,121	41,007	12,684	-	3,168	6,422,465
Special assessments	4,743	-	-	422,739	-	-	-
Rents	2,036	-	1,212,936	608,956	-	521,938	-
Grants	312,464	-	-	-	-	-	-
Intergovernmental	14,561,175	-	-	-	7,539	-	135,210
Fines and penalties	-	-	-	-	-	-	-
Interest on investments	59,508	12,737	14,242	12,046	10,965	14,872	163,057
Loan payments received	636	-	-	-	-	-	-
Other	9,735	121,190	-	3,383	17,000	-	-
Total revenues	<u>15,171,587</u>	<u>2,017,048</u>	<u>1,268,185</u>	<u>1,059,808</u>	<u>4,123,614</u>	<u>539,978</u>	<u>6,720,732</u>
<b>Expenditures</b>							
Current							
General government	-	-	-	-	-	-	-
Community development	-	-	1,039,863	1,081,542	2,440,578	453,281	4,318,841
Community service	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Transportation	14,006,757	1,067,121	-	-	-	-	-
Library	-	-	-	-	-	-	-
Capital outlay	589,350	-	-	-	-	-	-
Debt service							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	33,744	3,883	-	-	-	-
Total expenditures	<u>14,596,107</u>	<u>1,100,865</u>	<u>1,043,746</u>	<u>1,081,542</u>	<u>2,440,578</u>	<u>453,281</u>	<u>4,318,841</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>575,480</u>	<u>916,183</u>	<u>224,439</u>	<u>(21,734)</u>	<u>1,683,036</u>	<u>86,697</u>	<u>2,401,891</u>
<b>Other financing sources (uses)</b>							
Sale of property	-	-	-	-	-	-	-
Transfers in	75,000	-	-	-	-	-	-
Transfers out	(1,525,490)	(559,027)	(175,593)	(100,000)	(1,811,470)	(200,000)	(500,000)
Total other financing sources (uses)	<u>(1,450,490)</u>	<u>(559,027)</u>	<u>(175,593)</u>	<u>(100,000)</u>	<u>(1,811,470)</u>	<u>(200,000)</u>	<u>(500,000)</u>
Net change in fund balance	(875,010)	357,156	48,846	(121,734)	(128,434)	(113,303)	1,901,891
<b>Fund balances - beginning of year</b>	<u>3,922,216</u>	<u>725,098</u>	<u>1,136,718</u>	<u>308,185</u>	<u>789,396</u>	<u>647,410</u>	<u>7,689,864</u>
<b>Fund balances - end of year</b>	<u>\$ 3,047,206</u>	<u>\$ 1,082,254</u>	<u>\$ 1,185,564</u>	<u>\$ 186,451</u>	<u>\$ 660,962</u>	<u>\$ 534,107</u>	<u>\$ 9,591,755</u>

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**City of Salem, Oregon**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
*For the fiscal year ended June 30, 2019*

	Special Revenue Funds		Debt Service Funds	Capital Project Funds		Total Governmental Nonmajor Funds
	Community Enhancement	Permanent	Tax Allocation Bond Debt	Extra Capacity Facilities	Development Districts	
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ 14,692,542	\$ -	\$ -	\$ 14,692,542
Other taxes	-	-	-	-	-	4,088,110
Sales, fees, licenses, and permits	244,443	-	-	5,076,507	988,629	14,893,314
Special assessments	8,302	-	-	32,009	-	467,793
Rents	2,187	-	-	50,625	-	2,398,678
Grants	76,600	-	-	2,036,066	-	2,425,130
Intergovernmental	-	-	-	-	-	14,703,924
Fines and penalties	3,235	-	-	-	-	3,235
Interest on investments	288,345	5,624	359,221	292,584	66,406	1,299,607
Loan payments received	2,586	-	-	-	-	3,222
Other	705,573	-	-	14,067	-	870,948
<b>Total revenues</b>	<b>1,331,271</b>	<b>5,624</b>	<b>15,051,763</b>	<b>7,501,858</b>	<b>1,055,035</b>	<b>55,846,503</b>
<b>Expenditures</b>						
Current						
General government	56	-	-	-	-	56
Community development	264,541	-	-	-	-	9,598,646
Community service	91,585	-	-	-	-	91,585
Public safety	261,318	-	-	-	-	261,318
Transportation	14,764	-	-	-	-	15,088,642
Library	137,444	2,304	-	-	-	139,748
Capital outlay	10,000	-	-	5,628,576	469,031	6,696,957
Debt service						
Principal retirement	-	-	470,994	-	-	470,994
Interest and fiscal charges	-	-	252,347	-	-	289,974
<b>Total expenditures</b>	<b>779,708</b>	<b>2,304</b>	<b>723,341</b>	<b>5,628,576</b>	<b>469,031</b>	<b>32,637,920</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>551,563</b>	<b>3,320</b>	<b>14,328,422</b>	<b>1,873,282</b>	<b>586,004</b>	<b>23,208,583</b>
<b>Other financing sources (uses)</b>						
Sale of property	-	-	-	50,684	-	50,684
Transfers in	1,612,500	50,000	-	-	-	1,737,500
Transfers out	(5,000)	-	(16,550,000)	(75,000)	-	(21,501,580)
<b>Total other financing sources (uses)</b>	<b>1,607,500</b>	<b>50,000</b>	<b>(16,550,000)</b>	<b>(24,316)</b>	<b>-</b>	<b>(19,713,396)</b>
<b>Net change in fund balance</b>	<b>2,159,063</b>	<b>53,320</b>	<b>(2,221,578)</b>	<b>1,848,966</b>	<b>586,004</b>	<b>3,495,187</b>
<b>Fund balances - beginning of year</b>	<b>11,940,899</b>	<b>226,332</b>	<b>7,706,840</b>	<b>11,738,421</b>	<b>3,175,926</b>	<b>50,007,305</b>
<b>Fund balances - end of year</b>	<b>\$ 14,099,962</b>	<b>\$ 279,652</b>	<b>\$ 5,485,262</b>	<b>\$ 13,587,387</b>	<b>\$ 3,761,930</b>	<b>\$ 53,502,492</b>

Concluded

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## **COMBINING STATEMENTS**

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### **Nonmajor Proprietary Funds**

#### **Enterprise Funds**

Enterprise funds account for operations that are financed and operated in a manner similar to private enterprises – where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the periodic determination of net income is appropriate for accountability purposes.

#### ***Emergency Services***

This fund accounts for the operations of the Advanced Life Support (ALS) and ambulance transportation services. Financing is provided primarily from user fees.

#### ***Willamette Valley Public Safety (WVPS) Communications Center***

This fund accounts for the operations of an enhanced 9-1-1 emergency telephone reporting system and provides regional dispatching services for police, fire, and emergency medical services. Financing is provided primarily from membership fees paid by participating public safety agencies.

#### ***Police Regional Records System***

This fund accounts for the operations of an automated police records management system. The system manages crime reports, citations, field interview reports, and other files through a shared name database. Financing is provided primarily from user fees.

#### ***Salem Convention Center***

This fund accounts for operations and maintenance of the Convention Center. Financing is provided primarily from user fees.

**City of Salem, Oregon**  
**Combining Statement of Net Position**  
**Nonmajor Business-type Funds**  
*June 30, 2019*

	<b>Emergency Services</b>	<b>WVPS Communications Center</b>	<b>Police Regional Records System</b>	<b>Salem Convention Center</b>	<b>Totals Nonmajor Business-type Funds</b>
<b>Assets</b>					
Current assets					
Cash and investments	\$ 3,471,657	\$ 2,593,298	\$ 1,359,776	\$ 1,174,841	\$ 8,599,572
Accounts receivable, net	37,917	136,198	-	391,783	565,898
Inventories and prepayments	-	-	-	68,676	68,676
Total current assets	3,509,574	2,729,496	1,359,776	1,635,300	9,234,146
Noncurrent assets					
Net OPEB asset	1,607	54,400	-	-	56,007
Capital assets:					
Land and other construction in progress	-	-	240,000	1,658,914	1,898,914
Other capital assets, net	436,026	112,275	3,213	21,830,449	22,381,963
Total noncurrent assets	437,633	166,675	243,213	23,489,363	24,336,884
Total assets	3,947,207	2,896,171	1,602,989	25,124,663	33,571,030
<b>Deferred outflows of resources</b>					
Deferred outflows related to pensions	156,978	3,182,581	-	-	3,339,559
Deferred outflows related to OPEB	3,304	108,633	-	-	111,937
Total deferred outflows of resources	160,282	3,291,214	-	-	3,451,496

Continued



**City of Salem, Oregon**  
**Combining Statement of Net Position**  
**Nonmajor Business-type Funds**  
*June 30, 2019*

	<b>Emergency Services</b>	<b>WVPS Communications Center</b>	<b>Police Regional Records System</b>	<b>Salem Convention Center</b>	<b>Totals Nonmajor Business-type Funds</b>
<b>Liabilities</b>					
Current liabilities					
Accounts payable and accrued liabilities	12,224	172,117	466	515,496	700,303
Due to other funds	-	-	-	887,317	887,317
Compensated absences due within one year	-	27,489	-	-	27,489
Total current liabilities	12,224	199,606	466	1,402,813	1,615,109
Noncurrent liabilities					
Net OPEB liability	26,083	821,603	-	-	847,686
Net pension liability	411,294	8,264,237	-	-	8,675,531
Compensated absences	34,486	508,202	-	-	542,688
Total noncurrent liabilities	471,863	9,594,042	-	-	10,065,905
Total liabilities	484,087	9,793,648	466	1,402,813	11,681,014
<b>Deferred inflows of resources:</b>					
Deferred inflows related to pensions	31,898	657,982	-	-	689,880
Deferred inflows related to OPEB	2,542	81,834	-	-	84,376
Total deferred inflows of resources	34,440	739,816	-	-	774,256
<b>Net Position</b>					
Net investment in capital assets	436,026	112,275	243,213	23,489,363	24,280,877
Unrestricted	3,152,936	(4,458,354)	1,359,310	232,487	286,379
Total net position	<u>\$ 3,588,962</u>	<u>\$ (4,346,079)</u>	<u>\$ 1,602,523</u>	<u>\$ 23,721,850</u>	<u>\$ 24,567,256</u>

Concluded



**City of Salem, Oregon**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Business-type Funds**

*For the fiscal year ended June 30, 2019*

	<b>Emergency Services</b>	<b>WVPS Communi- cations Center</b>	<b>Police Regional Records System</b>	<b>Salem Convention Center</b>	<b>Total Nonmajor Business-type Funds</b>
<b>Operating revenues</b>					
Sales, fees, licenses, and permits	\$ 750,913	\$ 21,914	\$ -	\$ 3,416,553	\$ 4,189,380
Rents	-	16,650	-	1,789,370	1,806,020
Internal and intergovernmental	10,244	8,163	228,990	-	247,397
Member agencies	-	11,014,422	167,760	-	11,182,182
Fines and penalties	131,700	-	-	-	131,700
Other	856	20,139	-	6,538	27,533
Total operating revenues	<u>893,713</u>	<u>11,081,288</u>	<u>396,750</u>	<u>5,212,461</u>	<u>17,584,212</u>
<b>Operating expenses</b>					
Personal services	414,939	9,280,871	-	-	9,695,810
Materials and services	243,880	1,749,239	301,791	4,250,024	6,544,934
Depreciation	22,240	13,555	-	737,590	773,385
Total operating expenses	<u>681,059</u>	<u>11,043,665</u>	<u>301,791</u>	<u>4,987,614</u>	<u>17,014,129</u>
Operating income (loss)	<u>212,654</u>	<u>37,623</u>	<u>94,959</u>	<u>224,847</u>	<u>570,083</u>
<b>Non-operating revenues (expenses)</b>					
Interest on investments	73,416	46,806	29,331	-	149,553
Net income (loss) before capital contributions and transfers	286,070	84,429	124,290	224,847	719,636
Transfers out	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>(1,500,000)</u>	<u>(1,575,000)</u>
Change in net position	211,070	84,429	124,290	(1,275,153)	(855,364)
Total net position - beginning of year	<u>3,377,892</u>	<u>(4,430,508)</u>	<u>1,478,233</u>	<u>24,997,003</u>	<u>25,422,620</u>
Total net position - end of year	<u>\$ 3,588,962</u>	<u>\$ (4,346,079)</u>	<u>\$ 1,602,523</u>	<u>\$ 23,721,850</u>	<u>\$ 24,567,256</u>

**City of Salem, Oregon**  
**Combining Statement of Cash Flows**  
**Nonmajor Business-type Funds**  
*For the fiscal year ended June 30, 2019*

	<b>Emergency Services</b>	<b>WVPS Communi- cations Center</b>	<b>Police Regional Records System</b>	<b>Salem Convention Center</b>	<b>Totals Nonmajor Business-type Funds</b>
<b>Cash Flow from Operating Activities:</b>					
Receipts from customers	\$ 946,577	\$ 107,396	\$ -	\$ 5,211,326	\$ 6,265,299
Receipts from interfund services provided	10,244	8,163	228,990	-	247,397
Member agencies	-	11,014,422	167,760	-	11,182,182
Payments to suppliers	(241,400)	(1,754,599)	(309,855)	(4,251,890)	(6,557,744)
Payments to employees	(387,421)	(8,669,221)	-	-	(9,056,642)
Net cash provided (used) by operating activities	<u>328,000</u>	<u>706,161</u>	<u>86,895</u>	<u>959,436</u>	<u>2,080,492</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers paid	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>(612,683)</u>	<u>(687,683)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	<u>-</u>	<u>(31,901)</u>	<u>-</u>	<u>(47,903)</u>	<u>(79,804)</u>
<b>Cash Flows from Investing Activities:</b>					
Interest on investments	<u>73,415</u>	<u>46,806</u>	<u>29,331</u>	<u>-</u>	<u>149,552</u>
Net increase (decrease) in cash and cash equivalents	326,415	721,066	116,226	298,850	1,462,557
<b>Cash and cash equivalents - beginning of year</b>	<u>3,145,242</u>	<u>1,872,232</u>	<u>1,243,550</u>	<u>875,991</u>	<u>7,137,015</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 3,471,657</u>	<u>\$ 2,593,298</u>	<u>\$ 1,359,776</u>	<u>\$ 1,174,841</u>	<u>\$ 8,599,572</u>

Continued

**City of Salem, Oregon**  
**Combining Statement of Cash Flows**  
**Nonmajor Business-type Funds**  
*For the fiscal year ended June 30, 2019*

	<u>Emergency Services</u>	<u>WVPS Communi- cations Center</u>	<u>Police Regional Records System</u>	<u>Salem Convention Center</u>	<u>Totals Nonmajor Business-type Funds</u>
<b>Reconciliation of Operating Net Cash Provided by (Used for) Operating Activities</b>					
Operating income (loss)	\$ 212,654	\$ 37,623	\$ 94,959	\$ 224,847	\$ 570,083
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	22,240	13,555	-	737,590	773,385
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
Accounts receivable	63,108	48,693	-	(1,135)	110,666
Inventories and prepayments	-	-	-	(10,907)	(10,907)
Deferred outflows related to pensions	(24,223)	(456,023)	-	-	(480,246)
Deferred outflows related to OPEB	(2,652)	(83,520)	-	-	(86,172)
Accounts payable and accrued liabilities	2,480	(5,360)	(8,064)	9,041	(1,903)
Compensated absences payable	(9,905)	22,574	-	-	12,669
Net pension liability	37,483	705,672	-	-	743,155
Net OPEB asset	(1,607)	(54,400)	-	-	(56,007)
Net OPEB liability	5,923	45,457	-	-	51,380
Deferred inflows related to pensions	21,261	400,244	-	-	421,505
Deferred inflows related to OPEB	1,238	31,646	-	-	32,884
Net cash provided (used) by operating activities	<u>\$ 328,000</u>	<u>\$ 706,161</u>	<u>\$ 86,895</u>	<u>\$ 959,436</u>	<u>\$ 2,080,492</u>
					Concluded



## **COMBINING STATEMENTS**

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### **Internal Service Funds**

Internal Service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government, and to other government units, on a cost reimbursement basis.

The aggregation on the major proprietary funds financial statements is comprised of the following funds:

#### ***City Services***

This fund accounts for the operations of printing, microfilm, mail, copier services, maintenance of equipment and vehicle fleets, and maintenance of the radio systems for all City departments. Financing is provided primarily from user fees.

#### ***Equipment Replacement Reserve***

This fund accounts for replacement of equipment and vehicles and will be accounted for on an asset-by-asset basis. Financing is provided primarily from user departments.

#### ***Self-Insurance***

This fund accounts for the City's self-insurance program including health, dental, casualty, and workers' compensation coverages. An actuarial valuation is the basis for recording the liability for incurred as well as incurred but not reported claims. Financing is provided primarily from user fees (City departments and employee-paid premiums) based on actual experience or an estimate, depending on the nature of the insurance.

**City of Salem, Oregon**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
*June 30, 2019*

	<u>City Services</u>	<u>Equipment Replacement Reserve</u>	<u>Self Insurance</u>	<u>Totals</u>
<b>Assets</b>				
Current assets				
Cash and investments	\$ 6,705,021	\$ 9,507,429	\$ 20,453,972	\$ 36,666,422
Accounts receivable, net	13,194	34,082	270	47,546
Inventories and prepayments	1,335,083	-	25,980	1,361,063
Advances to others funds	169,659	-	-	169,659
	<u>8,222,957</u>	<u>9,541,511</u>	<u>20,480,222</u>	<u>38,244,690</u>
Total current assets				
Noncurrent assets				
Restricted cash and investments	3,888,232	-	-	3,888,232
Net OPEB asset	16,050	-	5,621	21,671
Capital assets:				
Land and other construction in progress	8,406,512	332,957	-	8,739,469
Other capital assets, net	910,164	17,415,401	650	18,326,215
	<u>13,220,958</u>	<u>17,748,358</u>	<u>6,271</u>	<u>30,975,587</u>
Total noncurrent assets				
	<u>21,443,915</u>	<u>27,289,869</u>	<u>20,486,493</u>	<u>69,220,277</u>
Total assets				
<b>Deferred outflows of resources</b>				
Deferred outflows related to pensions	904,976	-	191,284	1,096,260
Deferred outflows related to OPEB	33,710	-	11,563	45,273
	<u>938,686</u>	<u>-</u>	<u>202,847</u>	<u>1,141,533</u>
Total deferred outflows of resources				

Continued



**City of Salem, Oregon**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
*June 30, 2019*

	<b>City Services</b>	<b>Equipment Replacement Reserve</b>	<b>Self Insurance</b>	<b>Totals</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	722,338	75,087	76,651	874,076
Claims and judgments payable	-	-	1,700,000	1,700,000
Compensated absences due within one year	13,987	-	2,391	16,378
Total current liabilities	<u>736,325</u>	<u>75,087</u>	<u>1,779,042</u>	<u>2,590,454</u>
Noncurrent liabilities				
Net OPEB liability	273,868	-	91,289	365,157
Net pension liability	2,367,004	-	552,767	2,919,771
Claims and judgments payable	-	-	3,736,000	3,736,000
Compensated absences	87,647	-	45,409	133,056
Total noncurrent liabilities	<u>2,728,519</u>	<u>-</u>	<u>4,425,465</u>	<u>7,153,984</u>
Total liabilities	<u>3,464,844</u>	<u>75,087</u>	<u>6,204,507</u>	<u>9,744,438</u>
<b>Deferred inflows of resources:</b>				
Deferred inflows related to pensions	178,322	-	59,430	237,752
Deferred inflows related to OPEB	26,313	-	8,898	35,211
Total deferred inflows of resources	<u>204,635</u>	<u>-</u>	<u>68,328</u>	<u>272,963</u>
<b>Net Position</b>				
Net investment in capital assets	9,316,676	17,748,358	650	27,065,684
Restricted for:				
Capital projects	3,497,458	-	-	3,497,458
Unrestricted	5,898,988	9,466,424	14,415,855	29,781,267
Total net position	<u>\$ 18,713,122</u>	<u>\$ 27,214,782</u>	<u>\$ 14,416,505</u>	<u>\$ 60,344,409</u>
				Concluded



**City of Salem, Oregon**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
*June 30, 2019*

	City Services	Equipment Replacement Reserve	Self Insurance	Totals
<b>Operating revenues</b>				
Sales, fees, licenses, and permits	\$ 6,624	\$ 58,307	\$ 600	\$ 65,531
Rents	1,795,169	-	-	1,795,169
Internal and intergovernmental	8,621,933	3,853,000	28,567,183	41,042,116
Other	53,143	102,378	1,488,131	1,643,652
Total operating revenues	<u>10,476,869</u>	<u>4,013,685</u>	<u>30,055,914</u>	<u>44,546,468</u>
<b>Operating expenses</b>				
Personal services	2,490,655	-	1,078,284	3,568,939
Materials and services	7,207,270	27,226	24,912,900	32,147,396
Depreciation	72,272	2,222,448	-	2,294,720
Total operating expenses	<u>9,770,197</u>	<u>2,249,674</u>	<u>25,991,184</u>	<u>38,011,055</u>
Operating income (loss)	<u>706,672</u>	<u>1,764,011</u>	<u>4,064,730</u>	<u>6,535,413</u>
<b>Non-operating revenues (expenses)</b>				
Interest on investments	271,643	179,030	376,019	826,692
Other revenue (expenses)	-	79,431	-	79,431
Total non-operating revenues	<u>271,643</u>	<u>258,461</u>	<u>376,019</u>	<u>906,123</u>
Net income (loss) before capital contributions and transfers	978,315	2,022,472	4,440,749	7,441,536
Capital contributions	-	802,049	-	802,049
Transfers in	-	1,512,395	-	1,512,395
Transfers out	(350,000)	(73,480)	(100,000)	(523,480)
Change in net position	628,315	4,263,436	4,340,749	9,232,500
Total net position - beginning of year	<u>18,084,807</u>	<u>22,951,346</u>	<u>10,075,756</u>	<u>51,111,909</u>
Total net position - end of year	<u>\$ 18,713,122</u>	<u>\$ 27,214,782</u>	<u>\$ 14,416,505</u>	<u>\$ 60,344,409</u>

**City of Salem, Oregon**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
*June 30, 2019*

	<b>City Services</b>	<b>Equipment Replacement Reserve</b>	<b>Self Insurance</b>	<b>Total</b>
<b>Cash Flow from Operating Activities:</b>				
Receipts from customers	\$ 1,858,658	\$ 151,893	\$ 1,521,982	\$ 3,532,533
Receipts from interfund services provided	8,621,933	3,853,000	28,567,183	41,042,116
Payments to suppliers	(7,532,790)	5,193	(26,565,582)	(34,093,179)
Payments to employees	(2,293,094)	-	(1,011,522)	(3,304,616)
Net cash provided (used) by operating activities	654,707	4,010,086	2,512,061	7,176,854
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers received	40,593	1,014,250	-	1,054,843
Transfers paid	(350,000)	(73,480)	(100,000)	(523,480)
Net cash provided (used) by noncapital related financing activities	(309,407)	940,770	(100,000)	531,363
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(1,808,147)	(3,723,075)	-	(5,531,222)
Sale of property	-	332,160	-	332,160
Net cash provided (used) by capital related financing activities	(1,808,147)	(3,390,915)	-	(5,199,062)
<b>Cash Flows from Investing Activities:</b>				
Interest on investments	271,643	179,030	376,019	826,692
Net increase (decrease) in cash and cash equivalents	(1,191,204)	1,738,971	2,788,080	3,335,847
<b>Cash and cash equivalents - beginning of year</b>	<b>11,784,457</b>	<b>7,768,458</b>	<b>17,665,892</b>	<b>37,218,807</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 10,593,253</b>	<b>\$ 9,507,429</b>	<b>\$ 20,453,972</b>	<b>\$ 40,554,654</b>

Continued

**City of Salem, Oregon**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
*June 30, 2019*

	<u>City Services</u>	<u>Equipment Replacement Reserve</u>	<u>Self Insurance</u>	<u>Total</u>
<b>Reconciliation of Operating Net Cash Provided by (Used for) Operating Activities</b>				
Operating income (loss)	\$ 706,672	\$ 1,764,011	\$ 4,064,730	\$ 6,535,413
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	72,271	2,222,448	-	2,294,719
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
Accounts receivable	3,722	(8,792)	32,981	27,911
Inventories and prepayments	(399,638)	-	32,987	(366,651)
Deferred outflows related to pensions	(116,666)	-	(35,261)	(151,927)
Deferred outflows related to OPEB	(27,840)	-	(9,280)	(37,120)
Accounts payable and accrued liabilities	77,716	32,419	(26,089)	84,046
Compensated absences payable	(35,425)	-	6,343	(29,082)
Claims reserve	-	-	(1,659,310)	(1,659,310)
Net pension liability	180,535	-	54,566	235,101
Net OPEB asset	(11,158)	-	(3,718)	(14,876)
Net OPEB liability	87,540	-	18,827	106,367
Deferred inflows related to pensions	102,397	-	30,949	133,346
Deferred inflows related to OPEB	14,581	-	4,336	18,917
Net cash provided (used) by operating activities	<u>\$ 654,707</u>	<u>\$ 4,010,086</u>	<u>\$ 2,512,061</u>	<u>\$ 7,176,854</u>
<b>Non-cash investing, capital, and financing activities</b>				
Contributions of capital assets	\$ -	\$ 2,297,609	\$ -	\$ 2,297,609
Contributions of capital assets from governmental funds	-	16,835	-	16,835
				Concluded



## **COMBINING STATEMENT**

### **Agency Funds**

Agency funds account for assets held by the City in a trustee capacity. These include court assessments, federal forfeitures, state forfeitures, city civil forfeitures, building permit surcharges held on behalf of other government agencies, money received as restitution for victims of crimes, performance deposits from contractors, donations to assist low-income residents with City utility bills, and the City's cafeteria plan.

**City of Salem, Oregon**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
*For the Fiscal Year Ended June 30, 2019*

	<b>Balances July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2019</b>
<b><u>Court Restitution</u></b>				
Assets				
Cash and investments	\$ 5,772	\$ -	\$ 1,039	\$ 4,733
Liabilities				
Amount held in trust	\$ 5,772	\$ -	\$ 1,039	\$ 4,733
<b><u>Unitary Assessments</u></b>				
Assets				
Cash and investments	\$ 49,650	\$ -	\$ 5,711	\$ 43,939
Liabilities				
Accounts payable	\$ 49,650	\$ -	\$ 5,711	\$ 43,939
<b><u>County Corrections</u></b>				
Assets				
Cash and investments	\$ 14,829	\$ -	\$ 2,269	\$ 12,560
Liabilities				
Accounts payable	\$ 14,829	\$ -	\$ 2,269	\$ 12,560
<b><u>Police Evidence Hold</u></b>				
Assets				
Cash and investments	\$ 263,979	\$ -	\$ 59,365	\$ 204,614
Liabilities				
Amount held in trust	\$ 263,979	\$ -	\$ 59,365	\$ 204,614
<b><u>Performance Deposits</u></b>				
Assets				
Cash and investments	\$ 725,468	\$ 488,159	\$ -	\$ 1,213,627
Liabilities				
Accounts payable	\$ 10,136	\$ -	\$ 2,759	\$ 7,377
Amount held in trust	715,332	490,918	-	1,206,250
Total liabilities	\$ 725,468	\$ 490,918	\$ 2,759	\$ 1,213,627

Continued



**City of Salem, Oregon**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
*For the Fiscal Year Ended June 30, 2019*

	<b>Balances July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2019</b>
<b><u>Assistance Programs</u></b>				
Assets				
Cash and investments	\$ 10,284	\$ -	\$ 633	\$ 9,651
Receivables	152	-	60	92
Total assets	<u>\$ 10,436</u>	<u>\$ -</u>	<u>\$ 693</u>	<u>\$ 9,743</u>
Liabilities				
Amount held in trust	<u>\$ 10,436</u>	<u>\$ -</u>	<u>\$ 693</u>	<u>\$ 9,743</u>
<b><u>Building Permit Surcharge</u></b>				
Assets				
Cash and investments	\$ 28,735	\$ 16,863	\$ -	\$ 45,598
Receivables	7,940	12,803	-	20,743
Total assets	<u>\$ 36,675</u>	<u>\$ 29,666</u>	<u>\$ -</u>	<u>\$ 66,341</u>
Liabilities				
Accounts payable	\$ 32,290	\$ 34,051	\$ -	\$ 66,341
Due to other agencies	4,385	-	4,385	-
Total liabilities	<u>\$ 36,675</u>	<u>\$ 34,051</u>	<u>\$ 4,385</u>	<u>\$ 66,341</u>
<b><u>Law Enforcement Medical Liability Assessment</u></b>				
Assets				
Cash and investments	<u>\$ 187</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 112</u>
Liabilities				
Accounts payable	<u>\$ 187</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 112</u>
<b><u>Reimbursement Districts</u></b>				
Assets				
Cash and investments	<u>\$ 173,001</u>	<u>\$ -</u>	<u>\$ 26,349</u>	<u>\$ 146,652</u>
Liabilities				
Amount held in trust	<u>\$ 173,001</u>	<u>\$ -</u>	<u>\$ 26,349</u>	<u>\$ 146,652</u>
Total liabilities	<u>\$ 173,001</u>	<u>\$ -</u>	<u>\$ 26,349</u>	<u>\$ 146,652</u>

Continued

**City of Salem, Oregon**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
*For the Fiscal Year Ended June 30, 2019*

	<b>Balances July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2019</b>
<b><u>Cafeteria Plan Benefits</u></b>				
Assets				
Cash and investments	\$ 95,277	\$ 30,842	\$ -	\$ 126,119
Liabilities				
Payroll payable	\$ 95,277	\$ 30,842	\$ -	\$ 126,119
<b><u>Total - All Agency Funds</u></b>				
Assets				
Cash and investments	\$ 1,367,182	\$ 535,864	\$ 95,441	\$ 1,807,605
Receivables	8,092	12,803	60	20,835
Total assets	\$ 1,375,274	\$ 548,667	\$ 95,501	\$ 1,828,440
Liabilities				
Accounts payable	\$ 107,091	\$ 34,051	\$ 10,814	\$ 130,329
Payroll payable	95,277	30,842	-	126,119
Amount held in trust	1,168,520	490,918	87,446	1,571,992
Due to other agencies	4,386	-	4,385	-
Total liabilities	\$ 1,375,274	\$ 555,811	\$ 102,645	\$ 1,828,440
				Concluded

## BUDGETARY COMPARISON SCHEDULES

The City's General Operating fund (which consists of the General fund and Public Art fund) and Community Renewal fund are presented in the basic governmental fund financial statements. All other fund budgetary comparisons are in the following pages as supplemental information.

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

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#### Governmental Funds

##### Major Governmental Funds

- *Capital Improvements*
- *Tax Allocation Improvements*
- *General Debt*

##### Nonmajor Governmental Funds

##### Special Revenue Funds

- *Transportation Services*
- *Streetlights*
- *Airport*
- *Downtown Parking*
- *Cultural / Tourism*
- *Parking Leasehold*
- *Building and Safety*
- *Community Enhancement*
- *Permanent*

##### Debt Service Funds

- *Tax Allocation Bond Debt*

##### Capital Projects Funds

- *Extra Capacity Facilities*
- *Development Districts*

#### Proprietary Funds

##### Major Business-type Fund

- *Utility*

##### Nonmajor Business-type Funds

- *Emergency Services*
- *Willamette Valley Public Safety (WVPS) Communications Center*
- *Police Regional Records System*
- *Salem Convention Center*

##### Internal Service Funds

- *City Services*
- *Equipment Replacement Reserve*
- *Self-Insurance*

**City of Salem, Oregon**  
**Capital Improvements**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 3,542	\$ (3,542)
Rents	-	-	875	(875)
Grants	-	-	4,313,247	(4,313,247)
Intergovernmental	26,056,610	26,056,610	565,344	25,491,266
Interest on investments	7,000	7,000	2,041,816	(2,034,816)
Loan payments received	36,310	36,310	470,129	(433,819)
Other	60,000	60,000	75,502	(15,502)
Total revenues	<u>26,159,920</u>	<u>26,159,920</u>	<u>7,470,455</u>	<u>18,689,465</u>
<b>Expenditures</b>				
Operations	168,468,890	172,368,890	42,048,290	130,320,600
<b>Excess (deficiency) of revenues over expenditures</b>	(142,308,970)	(146,208,970)	(34,577,835)	(111,631,135)
<b>Other financing sources (uses)</b>				
Transfers in	21,828,910	25,728,910	26,013,910	(285,000)
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	<u>21,778,910</u>	<u>25,678,910</u>	<u>25,963,910</u>	<u>(285,000)</u>
Net change in fund balance	(120,530,060)	(120,530,060)	(8,613,925)	(111,916,135)
Fund balances - beginning of year	<u>120,530,060</u>	<u>120,530,060</u>	<u>118,207,234</u>	<u>2,322,826</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>109,593,309</u>	<u>\$ (109,593,309)</u>
Reconciliation to generally accepted accounting principles:				
Transfer of net activity and fund balance to Utility fund (page 155)			(22,457,570)	
Advance from Utility fund (page 155)			(1,619,482)	
Transfer of net activity and fund balance to City Services fund (page 160)			(3,497,458)	
Advance from City Services fund			(169,659)	
Fund balance - end of year (modified accrual)			<u>\$ 81,849,140</u>	

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Tax Allocation Improvements**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts Budgetary Basis</b>	<b>with Final Budget</b>
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 728	\$ (728)
Rents	-	-	56,217	(56,217)
Grants	-	-	294,352	(294,352)
Intergovernmental	4,575,280	4,575,280	294,210	4,281,070
Interest on investments	156,000	156,000	659,404	(503,404)
Loan payments received	78,240	78,240	214,776	(136,536)
Other	294,210	294,210	-	294,210
Total revenues	<u>5,103,730</u>	<u>5,103,730</u>	<u>1,519,687</u>	<u>3,584,043</u>
<b>Expenditures</b>				
Operations	<u>60,541,970</u>	<u>60,541,970</u>	<u>15,637,141</u>	<u>44,904,829</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(55,438,240)	(55,438,240)	(14,117,454)	(41,320,786)
<b>Other financing sources (uses)</b>				
Loan proceeds	427,920	427,920	905,808	(477,888)
Proceeds of long-term debt	16,550,000	16,550,000	16,550,000	-
Sale of property	-	-	509,038	(509,038)
Total other financing sources (uses)	<u>16,977,920</u>	<u>16,977,920</u>	<u>17,964,846</u>	<u>(986,926)</u>
Net change in fund balance	(38,460,320)	(38,460,320)	3,847,392	(42,307,712)
Fund balances - beginning of year	<u>38,460,320</u>	<u>38,460,320</u>	<u>35,652,682</u>	<u>2,807,638</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,500,074</u>	<u>\$ (39,500,074)</u>

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**General Debt**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 15,798,470	\$ 15,798,470	\$ 16,175,501	\$ (377,031)
Intergovernmental	5,091,950	5,091,950	5,091,950	-
Interest on investments	-	-	193,258	(193,258)
Total revenues	<u>20,890,420</u>	<u>20,890,420</u>	<u>21,460,709</u>	<u>(570,289)</u>
<b>Expenditures</b>				
Debt service	<u>20,542,710</u>	<u>20,542,710</u>	<u>20,540,610</u>	<u>2,100</u>
<b>Excess (deficiency) of revenues over expenditures</b>	347,710	347,710	920,099	(572,389)
Fund balances - beginning of year	<u>544,710</u>	<u>544,710</u>	<u>923,686</u>	<u>(378,976)</u>
Fund balances - end of year	<u>\$ 892,420</u>	<u>\$ 892,420</u>	<u>\$ 1,843,785</u>	<u>\$ (951,365)</u>

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Transportation Services**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts Budgetary Basis</b>	<b>with Final Budget</b>
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ 185,700	\$ 185,700	\$ 221,290	\$ (35,590)
Special assessments	9,000	9,000	4,743	4,257
Rents	2,100	2,100	2,036	64
Grants	210,430	210,430	312,464	(102,034)
Intergovernmental	14,575,670	14,575,670	14,561,175	14,495
Interest on investments	50,000	50,000	59,508	(9,508)
Other	2,000	2,000	10,371	(8,371)
Total revenues	<u>15,034,900</u>	<u>15,034,900</u>	<u>15,171,587</u>	<u>(136,687)</u>
<b>Expenditures</b>				
Operations	15,759,240	15,759,240	14,596,107	1,163,133
Contingency	500,000	500,000	-	500,000
Total expenditures	<u>16,259,240</u>	<u>16,259,240</u>	<u>14,596,107</u>	<u>1,663,133</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(1,224,340)	(1,224,340)	575,480	(1,799,820)
<b>Other financing sources (uses)</b>				
Transfers in	75,000	75,000	75,000	-
Transfers out	(1,525,490)	(1,525,490)	(1,525,490)	-
Total other financing sources (uses)	<u>(1,450,490)</u>	<u>(1,450,490)</u>	<u>(1,450,490)</u>	<u>-</u>
Net change in fund balance	(2,674,830)	(2,674,830)	(875,010)	(1,799,820)
Fund balances - beginning of year	<u>3,027,450</u>	<u>3,027,450</u>	<u>3,922,216</u>	<u>(894,766)</u>
Fund balances - end of year	<u>\$ 352,620</u>	<u>\$ 352,620</u>	<u>\$ 3,047,206</u>	<u>\$ (2,694,586)</u>

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Streetlights**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ 1,856,000	\$ 1,856,000	\$ 1,883,121	\$ (27,121)
Interest on investments	3,000	3,000	12,738	(9,738)
Other	-	-	121,190	(121,190)
Total revenues	<u>1,859,000</u>	<u>1,859,000</u>	<u>2,017,049</u>	<u>(158,049)</u>
<b>Expenditures</b>				
Operations	1,104,470	1,104,470	1,067,121	37,349
Debt service	232,780	232,780	232,772	8
Contingency	200,000	200,000	-	200,000
Total expenditures	<u>1,537,250</u>	<u>1,537,250</u>	<u>1,299,893</u>	<u>237,357</u>
<b>Excess (deficiency) of revenues over expenditures</b>	321,750	321,750	717,156	(395,406)
<b>Other financing sources (uses)</b>				
Transfers out	<u>(360,000)</u>	<u>(360,000)</u>	<u>(360,000)</u>	<u>-</u>
Net change in fund balance	(38,250)	(38,250)	357,156	(395,406)
Fund balances - beginning of year	<u>788,830</u>	<u>788,830</u>	<u>725,098</u>	<u>63,732</u>
Fund balances - end of year	<u><u>\$ 750,580</u></u>	<u><u>\$ 750,580</u></u>	<u><u>\$ 1,082,254</u></u>	<u><u>\$ (331,674)</u></u>

1 ( ) indicates revenue/expenditures in excess of budget



**City of Salem, Oregon**  
**Airport**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ 46,660	\$ 46,660	\$ 41,007	\$ 5,653
Rents	1,119,590	1,119,590	1,212,936	(93,346)
Interest on investments	12,000	12,000	14,242	(2,242)
Total revenues	<u>1,178,250</u>	<u>1,178,250</u>	<u>1,268,185</u>	<u>(89,935)</u>
<b>Expenditures</b>				
Operations	1,307,880	1,307,880	1,039,863	268,017
Debt service	44,500	44,500	44,476	24
Contingency	787,030	787,030	-	787,030
Total expenditures	<u>2,139,410</u>	<u>2,139,410</u>	<u>1,084,339</u>	<u>1,055,071</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(961,160)	(961,160)	183,846	(1,145,006)
<b>Other financing sources (uses)</b>				
Transfers out	(135,000)	(135,000)	(135,000)	-
Net change in fund balance	(1,096,160)	(1,096,160)	48,846	(1,145,006)
Fund balances - beginning of year	<u>1,096,160</u>	<u>1,096,160</u>	<u>1,136,718</u>	<u>(40,558)</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,185,564</u>	<u>\$ (1,185,564)</u>

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Downtown Parking**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ 9,750	\$ 9,750	\$ 12,684	\$ (2,934)
Rents	1,090,060	1,090,060	1,031,695	58,365
Interest on investments	10,000	10,000	12,046	(2,046)
Other	5,000	5,000	3,383	1,617
Total revenues	<u>1,114,810</u>	<u>1,114,810</u>	<u>1,059,808</u>	<u>55,002</u>
<b>Expenditures</b>				
Operations	1,158,710	1,158,710	1,081,542	77,168
Contingency	200,470	200,470	-	200,470
Total expenditures	<u>1,359,180</u>	<u>1,359,180</u>	<u>1,081,542</u>	<u>277,638</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(244,370)	(244,370)	(21,734)	(222,636)
<b>Other financing sources (uses)</b>				
Transfers out	(100,000)	(100,000)	(100,000)	-
Net change in fund balance	(344,370)	(344,370)	(121,734)	(222,636)
Fund balances - beginning of year	<u>344,370</u>	<u>344,370</u>	<u>308,185</u>	<u>36,185</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,451</u>	<u>\$ (186,451)</u>

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Cultural/Tourism**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Other taxes	\$ 4,443,500	\$ 4,443,500	\$ 4,088,110	\$ 355,390
Intergovernmental	5,800	5,800	7,539	(1,739)
Interest on investments	4,100	4,100	10,965	(6,865)
Other	12,000	12,000	17,000	(5,000)
Total revenues	<u>4,465,400</u>	<u>4,465,400</u>	<u>4,123,614</u>	<u>341,786</u>
<b>Expenditures</b>				
Operations	2,725,300	2,725,300	2,440,578	284,722
Contingency	120,000	120,000	-	120,000
Total expenditures	<u>2,845,300</u>	<u>2,845,300</u>	<u>2,440,578</u>	<u>404,722</u>
<b>Excess (deficiency) of revenues over expenditures</b>	1,620,100	1,620,100	1,683,036	(62,936)
<b>Other financing sources (uses)</b>				
Transfers out	<u>(1,826,470)</u>	<u>(1,826,470)</u>	<u>(1,811,470)</u>	<u>(15,000)</u>
Net change in fund balance	(206,370)	(206,370)	(128,434)	(77,936)
Fund balances - beginning of year	<u>662,000</u>	<u>662,000</u>	<u>789,396</u>	<u>(127,396)</u>
Fund balances - end of year	<u>\$ 455,630</u>	<u>\$ 455,630</u>	<u>\$ 660,962</u>	<u>\$ (205,332)</u>

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Parking Leasehold**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 3,168	\$ (3,168)
Rents	528,070	528,070	521,938	6,132
Interest on investments	9,500	9,500	14,872	(5,372)
Total revenues	<u>537,570</u>	<u>537,570</u>	<u>539,978</u>	<u>(2,408)</u>
<b>Expenditures</b>				
Operations	788,750	788,750	453,281	335,469
Contingency	354,380	354,380	-	354,380
Total expenditures	<u>1,143,130</u>	<u>1,143,130</u>	<u>453,281</u>	<u>689,849</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(605,560)	(605,560)	86,697	(692,257)
<b>Other financing sources (uses)</b>				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	(805,560)	(805,560)	(113,303)	(692,257)
Fund balances - beginning of year	<u>805,560</u>	<u>805,560</u>	<u>647,410</u>	<u>158,150</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,107</u>	<u>\$ (534,107)</u>

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Building & Safety**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ 4,819,410	\$ 4,819,410	\$ 6,422,465	\$ (1,603,055)
Intergovernmental	135,210	135,210	135,210	-
Interest on investments	73,880	73,880	163,057	(89,177)
Total revenues	<u>5,028,500</u>	<u>5,028,500</u>	<u>6,720,732</u>	<u>(1,692,232)</u>
<b>Expenditures</b>				
Operations	4,620,010	4,620,010	4,322,801	297,209
Contingency	300,000	300,000	-	300,000
Total expenditures	<u>4,920,010</u>	<u>4,920,010</u>	<u>4,322,801</u>	<u>597,209</u>
<b>Excess (deficiency) of revenues over expenditures</b>	108,490	108,490	2,397,931	(2,289,441)
<b>Other financing sources (uses)</b>				
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net change in fund balance	(391,510)	(391,510)	1,897,931	(2,289,441)
Fund balances - beginning of year	<u>7,409,060</u>	<u>7,409,060</u>	<u>7,689,864</u>	<u>(280,804)</u>
Fund balances - end of year	<u>\$ 7,017,550</u>	<u>\$ 7,017,550</u>	9,587,795	<u>\$ (2,570,245)</u>
Reconciliation to generally accepted accounting principles:				
Prepayments			<u>3,960</u>	
Net position at end of year			<u>\$ 9,591,755</u>	

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Community Enhancement**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ 205,000	\$ 205,000	\$ 244,443	\$ (39,443)
Special assessments	-	-	8,302	(8,302)
Rents	-	-	2,187	(2,187)
Grants	30,000	30,000	76,600	(46,600)
Fines and penalties	7,000	7,000	3,235	3,765
Interest on investments	165,740	165,740	288,345	(122,605)
Other	1,553,330	1,553,330	708,159	845,171
Total revenues	<u>1,961,070</u>	<u>1,961,070</u>	<u>1,331,271</u>	<u>629,799</u>
<b>Expenditures</b>				
Operations	<u>3,398,530</u>	<u>3,398,530</u>	<u>779,708</u>	<u>2,618,822</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(1,437,460)	(1,437,460)	551,563	(1,989,023)
<b>Other financing sources (uses)</b>				
Transfers in	1,612,500	1,612,500	1,612,500	-
Transfers out	<u>105,000</u>	<u>105,000</u>	<u>(5,000)</u>	<u>110,000</u>
Total other financing sources (uses)	<u>1,717,500</u>	<u>1,717,500</u>	<u>1,607,500</u>	<u>110,000</u>
Net change in fund balance	280,040	280,040	2,159,063	(1,879,023)
Fund balances - beginning of year	<u>11,643,560</u>	<u>11,643,560</u>	<u>11,940,899</u>	<u>(297,339)</u>
Fund balances - end of year	<u>\$ 11,923,600</u>	<u>\$ 11,923,600</u>	<u>\$ 14,099,962</u>	<u>\$ (2,176,362)</u>

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Permanent**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Interest on investments	\$ 1,880	\$ 1,880	\$ 5,624	\$ (3,744)
Other	5,000	5,000	-	5,000
Total revenues	<u>6,880</u>	<u>6,880</u>	<u>5,624</u>	<u>1,256</u>
<b>Expenditures</b>				
Operations	<u>5,510</u>	<u>5,510</u>	<u>2,304</u>	<u>3,206</u>
<b>Excess (deficiency) of revenues over expenditures</b>	1,370	1,370	3,320	(1,950)
<b>Other financing sources (uses)</b>				
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	51,370	51,370	53,320	(1,950)
Fund balances - beginning of year	<u>218,000</u>	<u>218,000</u>	<u>226,332</u>	<u>(8,332)</u>
Fund balances - end of year	<u><u>\$ 269,370</u></u>	<u><u>\$ 269,370</u></u>	<u><u>\$ 279,652</u></u>	<u><u>\$ (10,282)</u></u>

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Tax Allocation Bond Debt**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts Budgetary Basis</b>	<b>with Final Budget</b>
<b>Revenues</b>				
Property taxes	\$ 13,872,330	\$ 13,872,330	\$ 14,692,542	\$ (820,212)
Interest on investments	141,000	141,000	359,221	(218,221)
Total revenues	<u>14,013,330</u>	<u>14,013,330</u>	<u>15,051,763</u>	<u>(1,038,433)</u>
<b>Expenditures</b>				
Debt service	<u>17,782,780</u>	<u>17,782,780</u>	<u>17,273,341</u>	<u>509,439</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(3,769,450)	(3,769,450)	(2,221,578)	(1,547,872)
Fund balances - beginning of year	<u>7,773,830</u>	<u>7,773,830</u>	<u>7,706,840</u>	<u>66,990</u>
Fund balances - end of year	<u>\$ 4,004,380</u>	<u>\$ 4,004,380</u>	<u>\$ 5,485,262</u>	<u>\$ (1,480,882)</u>

1 ( ) indicates revenue/expenditures in excess of budget



**City of Salem, Oregon**  
**Extra Capacity Facilities**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts Budgetary Basis</b>	<b>with Final Budget</b>
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ 5,828,000	\$ 5,828,000	\$ 10,511,270	\$ (4,683,270)
Special assessments	-	-	92,027	(92,027)
Rents	-	-	50,625	(50,625)
Intergovernmental	4,161,930	4,161,930	2,036,066	2,125,864
Interest on investments	-	-	572,815	(572,815)
Other	-	-	14,067	(14,067)
Total revenues	<u>9,989,930</u>	<u>9,989,930</u>	<u>13,276,870</u>	<u>(3,286,940)</u>
<b>Expenditures</b>				
Operations	<u>32,788,580</u>	<u>32,788,580</u>	<u>8,379,454</u>	<u>24,409,126</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(22,798,650)	(22,798,650)	4,897,416	(27,696,066)
<b>Other financing sources (uses)</b>				
Sale of property	-	-	50,684	(50,684)
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(24,316)</u>	<u>(50,684)</u>
Net change in fund balance	(22,873,650)	(22,873,650)	4,873,100	(27,746,750)
Fund balances - beginning of year	<u>22,873,650</u>	<u>22,873,650</u>	<u>23,927,938</u>	<u>(1,054,288)</u>
Fund balances - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>28,801,038</u>	<u><u>\$ (28,801,038)</u></u>
Reconciliation to generally accepted accounting principles:				
Transfer of net activity and fund balance to Utility fund (page 155)			<u>(15,213,651)</u>	
Fund balance - end of year (modified accrual)			<u><u>\$ 13,587,387</u></u>	

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Development Districts**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ 3,472,970	\$ 3,472,970	\$ 988,629	\$ 2,484,341
Interest on investments	15,000	15,000	66,406	(51,406)
Total revenues	<u>3,487,970</u>	<u>3,487,970</u>	<u>1,055,035</u>	<u>2,432,935</u>
<b>Expenditures</b>				
Operations	<u>7,057,640</u>	<u>7,057,640</u>	<u>469,031</u>	<u>6,588,609</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(3,569,670)	(3,569,670)	586,004	(4,155,674)
Fund balances - beginning of year	<u>3,569,670</u>	<u>3,569,670</u>	<u>3,175,926</u>	<u>393,744</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,761,930</u>	<u>\$ (3,761,930)</u>

1 ( ) indicates revenue/expenditures in excess of budget



**City of Salem, Oregon**  
**Utility**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
*For the fiscal year ended June 30, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>with</u> <u>Final</u> <u>Budget</u>
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ 93,434,500	\$ 93,434,500	\$ 95,651,594	\$ (2,217,094)
Special assessments	5,570	5,570	23,011	(17,441)
Rents	17,990	17,990	24,586	(6,596)
Intergovernmental	6,164,810	6,164,810	6,023,569	141,241
Interest on investments	539,930	539,930	1,322,020	(782,090)
Loan payments received	562,500	562,500	602,887	(40,387)
Other	163,400	163,400	215,456	(52,056)
Total revenues	<u>100,888,700</u>	<u>100,888,700</u>	<u>103,863,123</u>	<u>(2,974,423)</u>
<b>Expenditures</b>				
Operations	76,532,140	75,032,140	66,806,932	8,225,208
Debt service	18,939,290	18,939,290	18,939,289	1
Contingency	3,000,000	600,000	-	600,000
Total expenditures	<u>98,471,430</u>	<u>94,571,430</u>	<u>85,746,221</u>	<u>8,825,209</u>
<b>Excess (deficiency) of revenues over expenditures</b>	2,417,270	6,317,270	18,116,902	(11,799,632)
<b>Other financing sources (uses)</b>				
Sale of property	2,686,200	2,686,200	2,686,200	-
Transfers in	110,400	110,400	60,400	50,000
Transfers out	(17,670,140)	(21,570,140)	(21,570,140)	-
Total other financing sources (uses)	<u>(14,873,540)</u>	<u>(18,773,540)</u>	<u>(18,823,540)</u>	<u>50,000</u>
Net change in fund balance	(12,456,270)	(12,456,270)	(706,638)	(11,749,632)
Fund balances - beginning of year	<u>49,716,690</u>	<u>49,716,690</u>	<u>46,252,552</u>	<u>3,464,138</u>
Fund balances - end of year	<u>\$ 37,260,420</u>	<u>\$ 37,260,420</u>	45,545,914	<u>\$ (8,285,494)</u>

Continued

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Utility**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
*For the fiscal year ended June 30, 2019*

Reconciliation to generally accepted accounting principles:

Utility ending fund balance (page 154)	\$ 45,545,914
Net activity and fund balance from Capital Improvement fund (page 138)	22,457,570
Net activity and fund balance from Extra Capacity Facilities fund (page 151)	15,213,651
Prepaid expenses	210,000
Inventories	847,972
Advance to General fund (page 48)	551,817
Advances to Capital Improvements fund (page 138)	1,619,482
Note receivable	8,058,600
Net OPEB asset	235,379
Capital assets	645,276,722
Deferred charge on refunding	4,181,560
Deferred outflows related to pension	11,445,747
Deferred outflows related to OPEB	479,957
Interest payable	(271,149)
Long-term obligations	(89,872,744)
Net OPEB liability	(3,742,858)
Net pension liability	(29,705,049)
Deferred inflows related to pension	(2,352,357)
Deferred inflows related to OPEB	(367,040)
Accrued revenue from deferred inflows	2,000,785
Net position at end of year (page 55)	<u>\$ 631,813,959</u>

Concluded

**City of Salem, Oregon**  
**Emergency Services**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ 720,460	\$ 720,460	\$ 750,913	\$ (30,453)
Intergovernmental	-	-	10,244	(10,244)
Fines and penalties	64,000	64,000	131,700	(67,700)
Interest on investments	25,000	25,000	73,416	(48,416)
Other	1,000	1,000	856	144
Total revenues	<u>810,460</u>	<u>810,460</u>	<u>967,129</u>	<u>(156,669)</u>
<b>Expenditures</b>				
Operations	740,280	740,280	621,396	118,884
Contingency	60,000	60,000	-	60,000
Total expenditures	<u>800,280</u>	<u>800,280</u>	<u>621,396</u>	<u>178,884</u>
<b>Excess (deficiency) of revenues over expenditures</b>	10,180	10,180	345,733	(335,553)
<b>Other financing sources (uses)</b>				
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net change in fund balance	(64,820)	(64,820)	270,733	(335,553)
Fund balances - beginning of year	<u>2,989,350</u>	<u>2,989,350</u>	<u>3,192,131</u>	<u>(202,781)</u>
Fund balances - end of year	<u><u>\$ 2,924,530</u></u>	<u><u>\$ 2,924,530</u></u>	<u>3,462,864</u>	<u><u>\$ (538,334)</u></u>
Reconciliation to generally accepted accounting principles:				
Capital assets			436,026	
Deferred outflows related to pensions			156,978	
Deferred outflows related to OPEB			3,304	
Deferred inflows related to pensions			(31,898)	
Deferred inflows related to OPEB			(2,542)	
Net OPEB asset			1,607	
Net pension liability			(411,294)	
Net OPEB liability			<u>(26,083)</u>	
Net position at end of year			<u><u>\$ 3,588,962</u></u>	

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Willamette Valley Public Safety (WVPS) Communications Center**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts Budgetary Basis</b>	<b>with Final Budget</b>
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ 22,000	\$ 22,000	\$ 21,914	\$ 86
Rents	16,650	16,650	16,650	-
Intergovernmental	13,400	13,400	8,163	5,237
Member agencies	11,009,540	11,009,540	11,014,422	(4,882)
Interest on investments	23,000	23,000	46,806	(23,806)
Other	-	-	20,139	(20,139)
<b>Total revenues</b>	<b>11,084,590</b>	<b>11,084,590</b>	<b>11,128,094</b>	<b>(43,504)</b>
<b>Expenditures</b>				
Operations	11,019,010	11,019,010	10,472,935	546,075
Contingency	440,000	440,000	-	440,000
<b>Total expenditures</b>	<b>11,459,010</b>	<b>11,459,010</b>	<b>10,472,935</b>	<b>986,075</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(374,420)</b>	<b>(374,420)</b>	<b>655,159</b>	<b>(1,029,579)</b>
Fund balances - beginning of year	1,142,920	1,142,920	1,366,529	(223,609)
Fund balances - end of year	<u>\$ 768,500</u>	<u>\$ 768,500</u>	2,021,688	<u>\$ (1,253,188)</u>
Reconciliation to generally accepted accounting principles:				
Capital assets			112,275	
Deferred outflows related to pensions			3,182,581	
Deferred outflows related to OPEB			108,633	
Deferred inflows related to pensions			(657,982)	
Deferred inflows related to OPEB			(81,834)	
Net OPEB asset			54,400	
Net pension liability			(8,264,237)	
Net OPEB liability			(821,603)	
Net position at end of year			<u>\$ (4,346,079)</u>	

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Police Regional Records System**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ 228,990	\$ 228,990	\$ 228,990	\$ -
Member agencies	167,510	167,510	167,760	(250)
Interest on investments	12,170	12,170	29,331	(17,161)
Total revenues	<u>408,670</u>	<u>408,670</u>	<u>426,081</u>	<u>(17,411)</u>
<b>Expenditures</b>				
Operations	1,271,530	1,271,530	301,791	969,739
Contingency	127,100	127,100	-	127,100
Total expenditures	<u>1,398,630</u>	<u>1,398,630</u>	<u>301,791</u>	<u>1,096,839</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(989,960)	(989,960)	124,290	(1,114,250)
Fund balances - beginning of year	<u>1,216,990</u>	<u>1,216,990</u>	<u>1,235,020</u>	<u>(18,030)</u>
Fund balances - end of year	<u>\$ 227,030</u>	<u>\$ 227,030</u>	1,359,310	<u>\$ (1,132,280)</u>
Reconciliation to generally accepted accounting principles:				
Capital assets			<u>243,213</u>	
Net position at end of year			<u>\$ 1,602,523</u>	

1 ( ) indicates revenue/expenditures in excess of budget



**City of Salem, Oregon**  
**Salem Convention Center**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ 4,055,660	\$ 4,055,660	\$ 3,416,553	\$ 639,107
Rents	2,176,800	2,176,800	1,789,370	387,430
Intergovernmental	450,000	450,000	-	450,000
Other	294,210	294,210	6,538	287,672
Total revenues	<u>6,976,670</u>	<u>6,976,670</u>	<u>5,212,461</u>	<u>1,764,209</u>
<b>Expenditures</b>				
Operations	5,385,820	5,385,820	4,297,927	1,087,893
Contingency	897,300	897,300	-	897,300
Total expenditures	<u>6,283,120</u>	<u>6,283,120</u>	<u>4,297,927</u>	<u>1,985,193</u>
<b>Excess (deficiency) of revenues over expenditures</b>	693,550	693,550	914,534	(220,984)
<b>Other financing sources (uses)</b>				
Transfers out	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>-</u>
Net change in fund balance	(806,450)	(806,450)	(585,466)	(220,984)
Fund balances - beginning of year	<u>806,450</u>	<u>806,450</u>	<u>817,953</u>	<u>(11,503)</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	232,487	<u>\$ (232,487)</u>
Reconciliation to generally accepted accounting principles:				
Capital assets			<u>23,489,363</u>	
Net position at end of year			<u>\$ 23,721,850</u>	

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**City Services**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
*For the fiscal year ended June 30, 2019*

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 6,624	\$ (6,624)
Rents	1,738,870	1,738,870	1,795,169	(56,299)
Intergovernmental	8,601,100	8,601,100	8,621,933	(20,833)
Interest on investments	38,840	38,840	142,023	(103,183)
Loan payments received	42,840	42,840	44,476	(1,636)
Other	25,500	25,500	49,260	(23,760)
Total revenues	<u>10,447,150</u>	<u>10,447,150</u>	<u>10,659,485</u>	<u>(212,335)</u>
<b>Expenditures</b>				
Operations	<u>10,969,150</u>	<u>11,239,150</u>	<u>9,913,052</u>	<u>1,326,098</u>
<b>Excess (deficiency) of revenues over expenditures</b>				
	(522,000)	(792,000)	746,433	(1,538,433)
<b>Other financing sources (uses)</b>				
Transfers in	-	270,000	-	270,000
Transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>(350,000)</u>	<u>(50,000)</u>
Total other financing sources (uses)	<u>(400,000)</u>	<u>(130,000)</u>	<u>(350,000)</u>	<u>220,000</u>
Net change in fund balance	(922,000)	(922,000)	396,433	(1,318,433)
Fund balances - beginning of year	<u>5,593,040</u>	<u>5,593,040</u>	<u>6,611,189</u>	<u>(1,018,149)</u>
Fund balances - end of year	<u>\$ 4,671,040</u>	<u>\$ 4,671,040</u>	<u>7,007,622</u>	<u>\$ (2,336,582)</u>
Reconciliation to generally accepted accounting principles:				
Transfer of net activity and fund balance from Capital Improvements (page 138)			3,497,458	
Advances to Capital Improvements fund for IT construction (page 138)				
Advance From Capital Improvements fund (page 138)			169,659	
Inventories			612,478	
Capital assets			9,316,676	
Deferred outflows related to pensions			904,976	
Deferred outflows related to OPEB			33,710	
Net OPEB Liability			(257,818)	
Net pension liability			(2,367,004)	
Deferred inflows related to OPEB			(26,313)	
Deferred inflows related to pensions			(178,322)	
Net position at end of year			<u>\$ 18,713,122</u>	

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Equipment Replacement Reserve**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>with</u> <u>Final</u> <u>Budget</u>
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 58,307	\$ (58,307)
Intergovernmental	3,023,000	3,023,000	3,853,000	(830,000)
Interest on investments	42,020	42,020	179,030	(137,010)
Other	100,000	100,000	102,378	(2,378)
Total revenues	<u>3,165,020</u>	<u>3,165,020</u>	<u>4,192,715</u>	<u>(1,027,695)</u>
<b>Expenditures</b>				
Operations	<u>10,530,300</u>	<u>10,530,300</u>	<u>3,750,301</u>	<u>6,779,999</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(7,365,280)	(7,365,280)	442,414	(7,807,694)
<b>Other financing sources (uses)</b>				
Sale of property	139,670	139,670	332,160	(192,490)
Transfers in	1,014,250	1,014,250	1,014,250	-
Transfers out	<u>(73,480)</u>	<u>(73,480)</u>	<u>(73,480)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,080,440</u>	<u>1,080,440</u>	<u>1,272,930</u>	<u>(192,490)</u>
Net change in fund balance	(6,284,840)	(6,284,840)	1,715,344	(8,000,184)
Fund balances - beginning of year	<u>6,424,510</u>	<u>6,424,510</u>	<u>7,751,080</u>	<u>(1,326,570)</u>
Fund balances - end of year	<u>\$ 139,670</u>	<u>\$ 139,670</u>	9,466,424	<u>\$ (9,326,754)</u>
Reconciliation to generally accepted accounting principles:				
Capital assets			<u>17,748,358</u>	
Net position at end of year			<u>\$ 27,214,782</u>	

1 ( ) indicates revenue/expenditures in excess of budget

**City of Salem, Oregon**  
**Self Insurance**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

*For the fiscal year ended June 30, 2019*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts Budgetary Basis</b>	<b>with Final Budget</b>
<b>Revenues</b>				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 600	\$ (600)
Intergovernmental	26,620,420	26,620,420	28,567,183	(1,946,763)
Interest on investments	81,800	81,800	376,019	(294,219)
Other	550,000	550,000	1,488,131	(938,131)
<b>Total revenues</b>	<b>27,252,220</b>	<b>27,252,220</b>	<b>30,431,933</b>	<b>(3,179,713)</b>
<b>Expenditures</b>				
Operations	43,263,300	33,313,300	27,590,075	5,723,225
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(16,011,080)</b>	<b>(6,061,080)</b>	<b>2,841,858</b>	<b>(8,902,938)</b>
<b>Other financing sources (uses)</b>				
Transfers out	(100,000)	(10,050,000)	(100,000)	(9,950,000)
<b>Net change in fund balance</b>	<b>(16,111,080)</b>	<b>(16,111,080)</b>	<b>2,741,858</b>	<b>(18,852,938)</b>
Fund balances - beginning of year	16,111,080	16,111,080	17,613,913	(1,502,833)
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	20,355,771	<u>\$ (20,355,771)</u>
Reconciliation to generally accepted accounting principles:				
Capital assets			650	
Deferred outflows related to pensions			191,284	
Deferred outflows related to OPEB			11,563	
Net OPEB asset			5,621	
Net OPEB liability			(91,289)	
Net pension liability			(552,767)	
Claims and judgments			(5,436,000)	
Deferred inflows related to OPEB			(8,898)	
Deferred inflows related to pensions			(59,430)	
Net position at end of year			<u>\$ 14,416,505</u>	

1 ( ) indicates revenue/expenditures in excess of budget

# **Other Financial Schedules**

**City of Salem, Oregon**  
**Schedule of Bond Principal and Bond Interest Transactions**  
*For the fiscal year ended June 30, 2019*

	<u>Issued/ Maturity Date</u>	<u>True Interest Cost</u>	<u>Original Amount</u>	<u>Principal Balance June 30, 2018</u>	<u>Additions</u>
<b><u>Governmental activity</u></b>					
General obligation bonds					
Refunding and Streets-Bridges, Series 2009	6/01/09-24	3.60	\$ 34,480,000	\$ 2,185,000	\$ -
Streets-Bridges, Series 2012	1/26/12-26	2.62	25,000,000	10,385,000	-
Refunding Fire Bond, Series 2012	4/25/12-21	2.25	18,289,298	3,946,418	-
Streets-Bridges, Series 2013	8/20/13-24	2.83	43,665,000	30,400,000	-
Police Facility, Series 2017	8/24/17-37	2.71	74,775,000	73,375,000	-
Library, Series 2018	3/22/18-31	2.68	18,600,000	18,600,000	-
Subtotal general obligation bonds				138,891,418	-
Premium				10,966,105	-
Total general obligation bonds				149,857,523	-
Limited tax pension obligation, Series 2005	9/23/05-28	5.04	61,685,000	44,180,000	-
Urban renewal bonds					
Riverfront/Downtown, Series 2009	9/17/09-24	4.35	3,660,000	1,730,000	-
Total governmental bonds				195,767,523	-
Notes					
HUD Sec 108, Series 2015A	5/28/15-23	2.80	2,730,000	1,593,000	-
OECD L06001A, Mill Creek, Series 2007	6/23/11-35	4.41	3,999,999	3,979,208	-
OECD L06001B, Mill Creek, Series 2007	10/20/10-21	4.41	1,000,000	234,630	-
OECD L06001C, Mill Creek, Series 2007	10/17/13-33	5.00	3,772,081	3,772,081	905,808
Total notes				9,578,919	905,808
Total governmental activity long-term debt				\$ 205,346,442	\$ 905,808
<b><u>Business-type activity</u></b>					
Revenue bonds - water and sewer					
Full Faith and Credit, Series 2009	5/12/09-29	4.07	100,075,000	\$ 4,660,000	\$ -
Series 2012 A refunding	10/16/12-25	2.22	63,360,000	38,745,000	-
Series 2017 refunding	7/8/17-27	1.74	55,990,000	54,200,000	-
Subtotal revenue bonds				97,605,000	-
Premium				8,756,286	-
Total revenue bonds				106,361,286	-
Total business-type activity long-term debt				\$ 106,361,286	\$ -
Total long-term debt				\$ 311,707,728	\$ 905,808

Continued

**City of Salem, Oregon**  
**Schedule of Bond Principal and Bond Interest Transactions**  
*For the fiscal year ended June 30, 2019*

Refunding/ Reductions	Principal Paid	Principal Balance June 30, 2019	Interest Paid	Total Principal and Interest Paid	Current Portion	
					Principal	Interest
\$ -	\$ 2,185,000	\$ -	\$ 109,250	\$ 2,294,250	\$ -	\$ -
-	1,090,000	9,295,000	272,087	1,362,087	1,145,000	243,529
-	2,117,210	1,829,208	76,006	2,193,216	1,829,208	29,366
-	3,110,000	27,290,000	1,183,900	4,293,900	3,365,000	1,028,400
-	985,000	72,390,000	2,890,550	3,875,550	3,755,000	2,841,300
-	470,000	18,130,000	1,015,658	1,485,658	700,000	828,800
-	9,957,210	128,934,208	5,547,451	15,504,661	10,794,208	4,971,395
-	1,085,263	9,880,842	-	1,085,263	-	-
-	11,042,473	138,815,050	5,547,451	16,589,924	10,794,208	4,971,395
-	2,890,000	41,290,000	2,201,886	5,091,886	3,235,000	2,061,461
-	260,000	1,470,000	75,255	335,255	270,000	63,945
-	14,192,473	181,575,050	7,824,592	22,017,065	14,299,208	7,096,801
-	379,000	1,214,000	27,946	406,946	379,000	21,863
-	210,994	3,768,214	175,483	386,477	220,299	166,178
48,810	-	185,820	-	-	-	-
-	-	4,677,889	-	-	257,142	215,717
48,810	589,994	9,845,923	203,429	793,423	856,441	403,758
<u>\$ 48,810</u>	<u>\$ 14,782,467</u>	<u>\$ 191,420,973</u>	<u>\$ 8,028,021</u>	<u>\$ 22,810,488</u>	<u>\$ 15,155,649</u>	<u>\$ 7,500,559</u>
\$ -	\$ 4,660,000	\$ -	\$ 186,400	\$ 4,846,400	\$ -	\$ -
-	9,083,000	29,662,000	860,139	9,943,139	8,351,000	658,496
-	1,530,000	52,670,000	2,619,750	4,149,750	6,455,000	2,543,250
-	15,273,000	82,332,000	3,666,289	18,939,289	14,806,000	3,201,746
-	1,215,542	7,540,744	-	1,215,542	-	-
-	16,488,542	89,872,744	3,666,289	20,154,831	14,806,000	3,201,746
<u>\$ -</u>	<u>\$ 16,488,542</u>	<u>\$ 89,872,744</u>	<u>\$ 3,666,289</u>	<u>\$ 20,154,831</u>	<u>\$ 14,806,000</u>	<u>\$ 3,201,746</u>
<u>\$ 48,810</u>	<u>\$ 31,271,009</u>	<u>\$ 281,293,717</u>	<u>\$ 11,694,310</u>	<u>\$ 42,965,319</u>	<u>\$ 29,961,649</u>	<u>\$ 10,702,305</u>

Concluded

**City of Salem, Oregon**  
**Schedule of Future Long-term Debt Service Requirements**  
*June 30, 2019*

<b>Governmental Activities</b>						
<b>Fiscal Year</b>	<b>Notes</b>		<b>General Obligation, Urban Renewal, &amp; Limited Tax Pension Obligation Bonds</b>		<b>Totals</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2019-20	\$ 856,441	\$ 403,758	\$ 14,299,208	\$ 7,096,801	\$ 15,155,649	\$ 7,500,559
2020-21	891,421	384,844	15,685,000	6,571,377	16,576,421	6,956,221
2021-22	912,710	355,349	17,150,000	6,027,488	18,062,710	6,382,837
2022-23	631,885	327,791	18,585,000	5,404,134	19,216,885	5,731,925
2023-24	579,986	303,744	14,140,000	4,664,725	14,719,986	4,968,469
2024-25	603,050	279,667	10,860,000	4,032,772	11,463,050	4,312,439
2025-26	628,116	254,600	11,855,000	3,528,186	12,483,116	3,782,786
2026-27	654,230	228,486	11,315,000	2,983,995	11,969,230	3,212,481
2027-28	681,432	201,284	8,720,000	2,443,487	9,401,432	2,644,771
2028-29	709,771	172,946	5,715,000	2,162,850	6,424,771	2,335,796
2029-30	739,291	143,427	6,160,000	2,044,350	6,899,291	2,187,777
2030-31	746,661	112,675	6,635,000	1,885,300	7,381,661	1,997,975
2031-32	787,026	81,670	4,295,000	1,745,550	5,082,026	1,827,220
2032-33	423,903	48,961	4,625,000	1,679,050	5,048,903	1,728,011
2033-34	-	-	4,925,000	1,612,550	4,925,000	1,612,550
2034-35	-	-	5,245,000	1,539,550	5,245,000	1,539,550
2035-36	-	-	5,570,000	1,466,550	5,570,000	1,466,550
2036-37	-	-	5,915,000	1,418,475	5,915,000	1,418,475
<b>Totals</b>	<b>\$ 9,845,923</b>	<b>\$ 3,299,202</b>	<b>\$ 171,694,208</b>	<b>\$ 58,307,190</b>	<b>\$ 181,540,131</b>	<b>\$ 61,606,392</b>

<b>Fiscal Year</b>	<b>Business-type Activities Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2019-20	\$ 14,806,000	\$ 3,201,746
2020-21	12,098,000	2,693,604
2021-22	12,538,000	2,236,684
2022-23	13,013,000	1,760,543
2023-24	11,772,000	1,263,988
2024-25	9,330,000	784,559
2025-26	8,650,000	348,500
2026-27	125,000	2,500
<b>Totals</b>	<b>\$ 82,332,000</b>	<b>\$ 12,292,124</b>





**City of Salem, Oregon**  
**Schedule of Internal Service Funds Adjustments**  
**for Preparation of Government-wide**  
**Statement of Net Position**  
*June 30, 2019*

**Assets**

Current assets

Cash and investments	\$	36,666,422
Accounts receivable, net		47,546
Inventories and prepayments		1,361,063
Advances to other funds		169,659
		38,244,690

Total current assets

Noncurrent assets

Restricted cash		3,888,232
Net OPEB asset		21,671
Capital assets:		
Land and construction in progress		8,739,469
Other capital assets, net		18,326,215

Total noncurrent assets

Total assets

30,975,587

69,220,277

**Deferred outflows of resources:**

Deferred outflows related to OPEB		45,273
Deferred outflows related to pensions		1,096,260
Total deferred outflows of resources		1,141,533

**City of Salem, Oregon**  
**Schedule of Internal Service Funds Adjustments**  
**for Preparation of Government-wide**  
**Statement of Net Position**  
*June 30, 2019*

**Liabilities**

Current liabilities

Accounts payable and accrued liabilities	874,076
Claims and judgments due within one year	1,700,000
Compensated absences due within one year	16,378
	2,590,454

Noncurrent liabilities

Net OPEB liability	365,157
Net pension liability	2,919,771
Claims and judgments payable	3,736,000
Compensated absences payable	133,056
	7,153,984

Total noncurrent liabilities	7,153,984
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Total liabilities	9,744,438
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**Deferred inflows of resources:**

Deferred inflows related to OPEB	35,211
Deferred inflows related to pensions	237,752
	272,963

**Net position**

Net investment in capital assets	27,065,684
Restricted for capital projects	3,497,458
Unrestricted	29,781,267
	\$ 60,344,409

Tie to Government-wide statement

Total net position	\$ 60,344,409
Back out:	
Amount reflected in capital assets	(27,065,684)
Deferred outflows	(1,141,533)
Add in:	
Amount due from (to) Business-type funds, June 30, 2018	(4,165,317)
Amount due from (to) Business-type funds for current year	(1,430,266)
Compensated absences	149,434
Net OPEB liability	343,486
Net pension liability	2,919,771
Deferred inflows	272,963
	\$ 30,227,263

**City of Salem, Oregon**  
**Schedule of Internal Service Funds Adjustments**  
**for Preparation of Government-wide**  
**Statement of Activities**  
*For the fiscal year ended June 30, 2019*

	Internal Service Funds	Governmental Funds	Business-type Funds
<b>Operating revenues</b>			
Sales, fees, licenses, and permits	\$ 65,531	\$ 41,726	\$ 19,160
Rents	1,795,169	1,143,058	524,876
Internal and intergovernmental	41,042,116	26,133,198	12,000,004
Other revenue	1,643,652	-	-
Total operating revenues	<u>44,546,468</u>	<u>27,317,982</u>	<u>12,544,040</u>
<b>Operating expenses</b>			
Personal services	3,568,939	2,272,490	1,043,496
Materials and services	32,147,396	20,469,565	9,399,342
Depreciation	2,294,720	1,461,142	670,936
Allocated to programs in governmental activities			
Business type	-	-	-
General governmental	-	-	-
Community development	-	-	-
Community services	-	-	-
Public safety	-	-	-
Transportation	-	-	-
Library	-	-	-
Total operating expenses	<u>38,011,055</u>	<u>24,203,197</u>	<u>11,113,774</u>
Operating income (loss)	<u>6,535,413</u>	<u>3,114,785</u>	<u>1,430,266</u>
<b>Non-Operating revenues (expenses)</b>			
Interest on investments	826,692	-	-
Other revenue (expenses)	79,431	-	-
Total non-operating revenues (expenses)	<u>906,123</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	7,441,536	-	-
Capital contributions	802,049	-	-
Transfers in	1,512,395	-	-
Transfers out	<u>(523,480)</u>	<u>-</u>	<u>-</u>
Change in net position	9,232,500	-	-
Total net position - beginning of year	<u>51,111,909</u>	<u>-</u>	<u>-</u>
Total net position - end of year	<u>\$ 60,344,409</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

**City of Salem, Oregon**  
**Schedule of Internal Service Funds Adjustments**  
**for Preparation of Government-wide**  
**Statement of Activities**

*For the fiscal year ended June 30, 2019*

Other Outside	Allocation Of Loss / Gain To Programs	Governmental Government- wide Statement	Business-type Government- wide Statement
\$ 4,645	\$ -	\$ 4,645	\$ -
127,235	-	127,235	-
2,908,914	-	2,908,914	-
1,643,652	-	1,643,652	-
4,684,446	-	4,684,446	-
252,953	-	252,953	-
2,278,489	-	2,278,489	-
162,642	-	162,642	-
-	-	-	(1,430,266)
-	(715,466)	(715,466)	-
-	(235,789)	(235,789)	-
-	(237,035)	(237,035)	-
-	(1,463,327)	(1,463,327)	-
-	(392,463)	(392,463)	-
-	(70,706)	(70,706)	-
2,694,084	(3,114,786)	(420,702)	(1,430,266)
1,990,362	3,114,786	5,105,148	1,430,266
-	-	826,692	-
-	-	79,431	-
-	-	906,123	-
-	-	6,011,271	1,430,266
-	-	802,049	-
-	-	1,512,395	-
-	-	(523,480)	-
-	-	7,802,235	1,430,266
-	-	51,111,909	-
\$ -	\$ -	\$ 58,914,144	\$ 1,430,266

Concluded



# Statistical Section





## STATISTICAL STATEMENTS

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This part of the City of Salem’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 government’s overall financial health.

### Contents

#### Financial trends – Schedules 1-5

*These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.*

#### Revenue capacity – Schedules 6-7

*These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.*

#### Debt capacity – Schedules 8-13

*These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.*

#### Demographic and economic information – Schedules 14-16

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.*

#### Operating information – Schedules 17-18

*These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.*

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

**SCHEDULE 1**

**City of Salem, Oregon  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)**

<b>As of June 30</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Governmental activities</b>					
Net investment in capital assets	\$ 398,944,555	\$ 415,079,585	\$ 421,436,571	\$ 427,554,634	\$ 435,779,633
Restricted	83,633,922	77,974,325	77,665,043	78,206,939	79,809,835
Unrestricted <sup>1</sup>	<u>31,944,930</u>	<u>39,973,858</u>	<u>39,406,449</u>	<u>41,659,637</u>	<u>46,783,853</u>
<b>Total governmental activities net position</b>	<u>514,523,407</u>	<u>533,027,768</u>	<u>538,508,063</u>	<u>547,421,210</u>	<u>562,373,321</u>
<b>Business-type activities</b>					
Net investment in capital assets	468,759,084	464,074,289	472,165,125	474,358,737	487,328,016
Restricted	31,495,476	27,122,086	22,901,553	10,592,627	11,344,749
Unrestricted	<u>32,080,141</u>	<u>32,760,968</u>	<u>35,778,358</u>	<u>53,878,267</u>	<u>51,883,370</u>
<b>Total business-type activities net position</b>	<u>532,334,701</u>	<u>523,957,343</u>	<u>530,845,036</u>	<u>538,829,631</u>	<u>550,556,135</u>
<b>Primary government</b>					
Net investment in capital assets	867,703,639	879,153,874	893,601,696	901,913,371	923,107,649
Restricted	115,129,398	105,096,411	100,566,596	88,799,566	91,154,584
Unrestricted	<u>64,025,071</u>	<u>72,734,826</u>	<u>75,184,807</u>	<u>95,537,904</u>	<u>98,667,223</u>
<b>Total primary government net position</b>	<u>\$ 1,046,858,108</u>	<u>\$ 1,056,985,111</u>	<u>\$ 1,069,353,099</u>	<u>\$ 1,086,250,841</u>	<u>\$ 1,112,929,456</u>

Continued

**SCHEDULE 1**

**City of Salem, Oregon  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)**

<b>As of June 30</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Governmental activities</b>					
Net investment in capital assets	\$ 446,247,364	\$ 461,124,572	\$ 469,688,116	\$ 486,192,364	\$ 513,764,853
Restricted	87,107,980	88,589,657	90,895,275	101,208,199	109,621,306
Unrestricted <sup>1</sup>	<u>(15,683,375)</u>	<u>(38,572,412)</u>	<u>(51,923,202)</u>	<u>(56,962,990)</u>	<u>(60,208,953)</u>
<b>Total governmental activities net position</b>	<u>517,671,969</u>	<u>511,141,817</u>	<u>508,660,189</u>	<u>530,437,573</u>	<u>563,177,206</u>
<b>Business-type activities</b>					
Net investment in capital assets	502,345,165	515,232,134	541,522,659	559,922,636	583,866,415
Restricted	16,242,400	15,955,649	21,197,516	31,438,499	37,671,221
Unrestricted	<u>46,486,440</u>	<u>40,847,394</u>	<u>47,348,468</u>	<u>45,605,799</u>	<u>40,439,162</u>
<b>Total business-type activities net position</b>	<u>565,074,005</u>	<u>572,035,177</u>	<u>610,068,643</u>	<u>636,966,934</u>	<u>661,976,798</u>
<b>Primary government</b>					
Net investment in capital assets	948,592,529	976,356,706	1,011,210,775	1,046,115,000	1,097,631,268
Restricted	103,350,380	104,545,306	112,092,791	132,646,698	147,292,527
Unrestricted	<u>30,803,065</u>	<u>2,274,982</u>	<u>(4,574,734)</u>	<u>(11,357,191)</u>	<u>(19,769,791)</u>
<b>Total primary government net position</b>	<u>\$ 1,082,745,974</u>	<u>\$ 1,083,176,994</u>	<u>\$ 1,118,728,832</u>	<u>\$ 1,167,404,507</u>	<u>\$ 1,225,154,004</u>
					Concluded

Source: City of Salem, OR Comprehensive Annual Financial Report, *Net Position by Component*

\*Salem Housing Authority was included as a blended component unit for FYE 2010. It is discretely presented from FYE 2011 to 2016. As of 2017 it is neither a blended component unit nor discretely presented.

Notes: 1 . Negative unrestricted net position beginning in 2015 due to pension and OPEB liability under GASB Statements 68 & 75.

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SCHEDULE 2

City of Salem, Oregon  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

As of June 30	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
General government	\$ 10,662,002	\$ 17,240,091	\$ 21,514,149	\$ 21,296,860	\$ 23,128,615	\$ 19,569,966	\$ 25,795,167	\$ 21,541,066	\$ 23,284,124	\$ 23,834,836
Public safety	53,685,252	56,509,443	59,245,778	58,805,455	60,447,533	48,297,656	83,670,810	76,681,588	79,538,208	83,490,651
Community development	27,700,099	23,810,219	23,353,314	20,991,991	22,641,646	25,640,012	25,365,523	28,815,600	25,993,916	28,676,371
Community services	7,217,375	7,939,666	8,077,160	7,903,455	8,315,343	7,413,884	10,845,896	10,130,824	11,484,088	10,749,116
Transportation	26,271,205	24,500,538	26,825,997	27,175,114	20,886,835	21,531,878	30,036,926	33,579,815	30,745,887	27,855,642
Library services	4,358,817	4,441,873	4,490,150	4,535,827	4,525,863	3,357,157	5,766,700	4,951,828	4,159,416	4,448,388
Interest on debt	7,944,547	7,541,629	7,014,742	6,699,240	8,005,607	7,063,013	6,267,919	5,494,769	7,560,950	7,890,417
Total governmental activities	137,839,297	141,983,459	150,521,290	147,407,942	147,951,442	132,873,566	187,748,941	181,195,490	182,766,589	186,945,421
Business-type activities:										
Water and sewer	69,447,251	67,304,246	67,641,644	72,271,694	78,156,729	70,951,961	90,890,450	88,133,117	94,629,758	97,593,037
Housing Authority	22,869,199	-	-	-	-	-	-	-	-	-
Emergency services	1,483,101	987,118	1,055,673	1,294,706	1,093,116	860,417	928,245	765,666	675,440	681,058
WVPS communications center	6,490,525	6,846,721	7,075,463	8,875,249	8,869,085	7,329,036	12,533,464	10,847,295	10,866,965	11,043,665
Police regional records system	247,214	239,432	309,859	249,368	239,226	168,121	149,157	260,572	355,390	301,791
Salem Convention Center	3,535,376	3,879,670	3,551,405	3,763,233	3,876,195	4,114,169	4,002,023	4,540,244	4,567,157	4,987,614
Total business-type activities	104,072,666	79,257,187	79,634,044	86,454,250	92,234,351	83,423,704	108,503,339	104,546,894	111,094,710	114,607,165
Total expenses	\$ 241,911,963	\$ 221,240,646	\$ 230,155,334	\$ 233,862,192	\$ 240,185,793	\$ 216,297,270	\$ 296,252,280	\$ 285,742,384	\$ 293,861,299	\$ 301,552,586
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 9,890,857	\$ 9,636,473	\$ 8,416,253	\$ 9,051,015	\$ 9,727,451	\$ 9,721,341	\$ 8,489,920	\$ 10,762,231	\$ 11,484,550	\$ 12,433,547
Public safety	3,276,484	2,597,900	2,702,450	2,954,822	3,036,252	3,122,368	3,296,684	3,457,819	3,694,160	4,054,512
Community development	13,057,525	9,935,284	8,647,772	9,913,422	13,035,916	10,758,042	14,672,898	11,308,266	12,344,210	15,116,452
Community services	624,081	1,180,119	4,963,753	4,720,655	5,453,282	5,711,620	2,181,302	2,955,417	2,641,432	3,276,041
Transportation	8,465,378	8,398,305	8,702,792	8,673,693	3,086,927	3,437,418	7,924,516	4,796,272	7,212,753	4,609,077
Library services	871,213	833,995	842,339	845,041	839,415	826,307	857,018	869,078	909,075	850,939
Interest on debt	2,875,690	2,844,620	2,804,660	2,757,900	2,469,450	4,353,300	4,529,500	4,707,090	4,897,030	5,091,950
Operating grants and contributions	12,115,403	13,352,583	12,395,767	11,438,240	13,339,534	13,840,258	12,551,092	14,032,904	13,933,773	15,461,861
Capital grants and contributions	13,029,362	13,301,390	7,004,622	7,854,947	10,630,480	12,487,837	14,084,952	11,302,693	17,559,819	23,081,026
Total governmental activities	64,205,993	62,080,669	56,480,408	58,209,735	61,618,707	64,258,491	68,587,882	64,191,770	74,676,802	83,975,405
Business-type activities:										
Charges for services										
Water and sewer	70,711,576	72,440,296	71,066,622	74,458,723	84,279,309	88,106,019	90,920,920	94,173,227	99,448,400	101,762,054
Housing Authority	1,668,943	-	-	-	-	-	-	-	-	-
Emergency services	1,446,292	1,170,744	1,119,374	1,117,833	858,984	862,363	726,734	775,125	909,589	893,713
WVPS communications center	6,299,390	6,576,751	6,789,803	8,479,940	8,377,806	8,785,249	9,775,246	10,094,981	10,529,057	11,081,288
Police regional records system	367,308	383,900	318,694	324,853	311,775	322,900	348,058	359,880	377,870	396,750
Salem Convention Center	2,970,073	3,642,622	3,216,611	3,425,715	3,476,830	3,739,372	3,729,105	4,631,840	4,652,705	5,212,461
Operating grants and contributions	17,735,354	56,066	48,828	111,221	62,804	-	-	-	-	-
Capital grants and contributions	10,694,759	4,795,965	3,372,399	5,568,746	5,527,869	6,247,189	10,050,339	18,221,138	16,965,678	16,918,149
Total business-type activities	111,893,695	89,066,344	85,932,331	93,487,031	102,895,377	108,063,092	115,550,402	128,256,191	132,883,299	136,264,415
Total program revenues	\$ 176,099,688	\$ 151,147,013	\$ 142,412,739	\$ 151,696,766	\$ 164,514,084	\$ 172,321,583	\$ 184,138,284	\$ 192,447,961	\$ 207,560,101	\$ 220,239,820
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (73,633,304)	\$ (79,902,790)	\$ (94,040,882)	\$ (89,198,207)	\$ (86,332,735)	\$ (68,615,075)	\$ (119,161,059)	\$ (117,003,720)	\$ (108,089,787)	\$ (102,970,016)
Business-type activities	7,821,029	9,809,157	6,298,287	7,032,781	10,661,026	24,639,388	7,047,063	23,709,297	21,788,589	21,657,250
Total net expense	\$ (65,812,275)	\$ (70,093,633)	\$ (87,742,595)	\$ (82,165,426)	\$ (75,671,709)	\$ (43,975,687)	\$ (112,113,996)	\$ (93,294,423)	\$ (86,301,198)	\$ (81,312,766)

Continued

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SCHEDULE 2

**City of Salem, Oregon**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

As of June 30	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues</b>										
Governmental activities:										
Property tax	\$ 74,042,268	\$ 75,711,745	\$ 77,131,275	\$ 77,692,414	\$ 77,784,406	\$ 82,194,991	\$ 84,316,404	\$ 87,593,537	\$ 94,348,418	\$ 98,789,963
Transient occupancy tax	2,138,196	2,215,001	2,239,286	2,445,339	2,730,822	3,125,123	3,612,596	3,943,285	3,922,627	4,088,110
Other taxes	-	-	-	-	-	-	-	121,502	758,247	1,004,285
Shared state revenue	3,936,080	4,048,300	4,349,029	4,494,802	4,686,535	4,821,232	4,805,808	5,175,176	6,277,293	6,240,284
Franchise fees based on gross receipts	13,831,430	13,697,602	14,452,337	15,403,281	15,401,430	16,142,631	16,565,567	16,991,335	17,833,089	17,857,777
Payment in lieu of taxes	108,901	97,143	97,194	94,504	102,646	99,835	96,571	106,006	117,226	134,763
Investment earnings	1,330,733	611,855	759,531	692,002	776,162	1,024,656	1,354,500	1,901,542	3,339,012	5,182,765
Gain on sale of assets	1,233,877	-	-	3,490	13,160	48,197	166,457	239,594	23,640	639,153
Miscellaneous	889,903	555,015	501,675	269,034	217,028	593,905	869,803	1,478,317	1,851,020	1,749,388
Transfers in (out)	(857,975)	1,470,490	(9,150)	(2,983,512)	(427,343)	(585,500)	911,634	625,778	1,104,688	158,550
<b>Total governmental activities</b>	<b>96,653,413</b>	<b>98,407,151</b>	<b>99,521,177</b>	<b>98,111,354</b>	<b>101,284,846</b>	<b>107,465,070</b>	<b>112,699,340</b>	<b>118,176,072</b>	<b>129,575,260</b>	<b>135,845,038</b>
Business-type activities:										
Investment earnings	467,557	238,610	258,335	238,187	315,511	383,525	529,852	791,230	1,385,091	2,228,266
Gain or (loss) on sale of assets	45,270	4,121	6,358	16,818	8,150	13,049	-	16,217,200	872,567	-
Miscellaneous	535,878	400,629	315,563	284,196	314,474	795,832	295,891	308,438	3,899,140	1,282,898
Transfers in (out)	857,975	(1,470,490)	9,150	2,983,512	427,343	585,500	(911,634)	(625,778)	(1,104,688)	(158,550)
<b>Total business-type activities</b>	<b>1,906,680</b>	<b>(827,130)</b>	<b>589,406</b>	<b>3,522,713</b>	<b>1,065,478</b>	<b>1,777,906</b>	<b>(85,891)</b>	<b>16,691,090</b>	<b>5,052,110</b>	<b>3,352,614</b>
<b>Total primary government</b>	<b>\$ 98,560,093</b>	<b>\$ 97,580,021</b>	<b>\$ 100,110,583</b>	<b>\$ 101,634,067</b>	<b>\$ 102,350,324</b>	<b>\$ 109,242,976</b>	<b>\$ 112,613,449</b>	<b>\$ 134,867,162</b>	<b>\$ 134,627,370</b>	<b>\$ 139,197,652</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 23,020,109	\$ 18,504,361	\$ 5,480,295	\$ 8,913,147	\$ 14,952,111	\$ 38,849,995	\$ (6,461,719)	\$ 1,172,352	\$ 21,485,473	\$ 32,875,022
Business-type activities	9,727,709	8,982,027	6,887,693	10,555,494	11,726,504	26,417,294	6,961,172	40,400,387	26,840,699	25,009,864
<b>Total</b>	<b>\$ 32,747,818</b>	<b>\$ 27,486,388</b>	<b>\$ 12,367,988</b>	<b>\$ 19,468,641</b>	<b>\$ 26,678,615</b>	<b>\$ 65,267,289</b>	<b>\$ 499,453</b>	<b>\$ 41,572,739</b>	<b>\$ 48,326,172</b>	<b>\$ 57,884,886</b>

Concluded

Source: City of Salem, OR Comprehensive Annual Financial Report, *Statement of Activities*

\*Salem Housing Authority was included as a blended component unit for FYE 2010. It is discretely presented from FYE 2011 to 2016. As of 2019 it is neither a blended component unit nor discretely presented.

**SCHEDULE 3**

**City of Salem, Oregon**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

As of June 30	2010	2011	2012	2013	2014
<b>General fund</b>					
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ 409	\$ 420	\$ 452
Long-term receivable	1,078	733	373	-	-
Restricted for:					
Library services	15	9	10	-	-
Assigned to:					
General government	-	-	-	-	-
Community development	-	-	-	-	-
Community services	-	-	-	-	-
Public safety	-	-	-	-	-
Unassigned	17,567	18,257	17,779	20,379	20,545
<b>Total General Fund</b>	<b>\$ 18,660</b>	<b>\$ 18,999</b>	<b>\$ 18,571</b>	<b>\$ 20,799</b>	<b>\$ 20,997</b>
<b>All other governmental funds</b>					
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ 87	\$ 87	\$ 63
Permanent fund principal	11	11	11	11	11
Restricted for:					
Capital projects	59,667	45,818	54,021	32,438	69,176
Community renewal	14	-	-	35	25
Debt service	15,811	16,499	17,550	17,604	17,121
Permanent funds - spendable	202	213	217	232	240
General government	178	178	179	179	181
Community development-SCC Gain/Loss	2,903	3,285	3,827	3,980	4,065
Community development-Other	66	66	-	67	67
Community services	610	590	612	685	733
Library services	35	24	28	28	39
Public safety	471	476	582	497	405
Engineering/Streets	1,397	1,803	1,792	1,701	1,549
Committed for:					
Transportation services	2,589	3,099	2,495	1,687	2,024
Capital projects	1,578	-	-	-	-
Airport	334	457	531	564	631
Downtown parking	445	429	516	326	376
Economic improvement	184	-	77	183	173
Cultural/Tourism	465	655	557	882	1,266
Public Art	-	1	1	1	4
Parking leasehold	346	421	500	548	573
Building & safety	4,747	4,397	3,555	3,748	4,789
General government-replace phone system	1,330	1,481	1,652	1,692	1,704
Community services	104	236	-	43	45
Library services	941	914	950	975	881
Public safety	76	14	22	15	16
<b>Total all other governmental funds</b>	<b>\$ 94,504</b>	<b>\$ 81,067</b>	<b>\$ 89,762</b>	<b>\$ 68,208</b>	<b>\$ 106,157</b>

Continued

**SCHEDULE 3**

**City of Salem, Oregon**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

As of June 30	2015	2016	2017	2018	2019
<b>General fund</b>					
Nonspendable:					
Prepaid items	\$ 484	\$ 517	\$ 9	\$ -	\$ 132
Long-term receivable	-	-	-	-	-
Restricted for:					
Library services	-	-	-	-	-
Assigned to:					
General government	-	-	299	242	1,043
Community development	-	-	302	816	174
Community services	-	-	35	-	-
Public safety	-	-	372	186	121
Unassigned	23,516	26,264	24,728	22,967	20,309
<b>Total General Fund</b>	<b>\$ 24,000</b>	<b>\$ 26,781</b>	<b>\$ 25,745</b>	<b>\$ 24,211</b>	<b>\$ 21,779</b>
<b>All other governmental funds</b>					
Nonspendable:					
Prepaid items	\$ 64	\$ 48	\$ -	\$ -	\$ -
Permanent fund principal	11	11	11	11	11
Restricted for:					
Capital projects	65,503	58,916	48,447	142,135	138,699
Community renewal	47	15	284	2,180	1,704
Debt service	16,331	17,729	19,198	8,631	7,329
Permanent funds - spendable	245	248	201	216	269
General government	59	58	58	64	64
Community development-SCC Gain/Loss	4,217	4,305	4,397	4,872	6,220
Community development-Other	68	68	69	70	71
Community services	676	634	565	670	861
Library services	36	40	48	37	40
Public safety	544	528	706	1,022	1,410
Engineering/Streets	1,448	1,648	1,627	4,237	4,428
Committed for:					
Transportation services	3,208	5,557	4,880	4,647	4,129
Capital projects	-	-	-	-	-
Airport	683	952	921	1,137	1,186
Downtown parking	622	935	669	308	186
Economic improvement	99	33	-	-	-
Cultural/Tourism	1,216	1,219	546	789	661
Public Art	1	32	43	33	38
Parking leasehold	783	669	748	647	534
Building & safety	4,987	5,359	6,156	7,690	9,592
General government-replace phone system	1,683	1,502	1,545	-	-
Community services	25	30	42	24	39
Library services	924	970	937	939	958
Public safety	16	17	6	5	8
<b>Total all other governmental funds</b>	<b>\$ 103,496</b>	<b>\$ 101,523</b>	<b>\$ 92,104</b>	<b>\$ 180,364</b>	<b>\$ 178,438</b>
					Concluded

Source: City of Salem, OR Comprehensive Annual Financial Report, *Balance Sheet, Governmental Funds*

SCHEDULE 4

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

As of June 30	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Property taxes	\$ 73,308,330	\$ 74,888,230	\$ 77,310,933	\$ 77,798,977	\$ 78,604,201	\$ 82,717,374	\$ 84,241,245	\$ 87,742,137	\$ 92,645,504	\$ 100,896,795
Other taxes	2,187,338	2,268,440	2,292,159	2,500,211	2,788,858	3,177,422	3,612,596	4,064,787	4,680,874	5,092,395
Sales, fees, licenses, and permits	25,807,215	22,457,234	22,154,528	24,878,758	27,040,176	25,511,801	33,693,610	32,589,112	39,613,747	38,357,918
Fines and penalties	3,586,829	3,452,573	3,067,266	2,547,538	2,712,724	2,772,139	3,023,850	2,973,024	502,411	2,981,148
Special assessments	210,759	62,135	678,843	618,003	767,990	476,972	514,942	487,167	3,899,954	469,202
Interest on investments	1,048,597	649,822	636,903	577,575	642,954	855,930	1,116,741	1,575,317	5,173,757	4,384,477
Grants	7,122,044	7,615,558	5,823,954	4,773,444	8,631,220	8,140,701	6,837,612	7,084,125	34,253,598	9,618,698
Intergovernmental	29,604,924	29,762,148	35,150,303	35,784,928	32,002,982	38,282,094	32,524,245	30,743,901	2,897,346	35,152,033
Rents	2,969,490	3,185,058	2,922,831	3,222,814	3,281,528	3,552,864	3,518,821	4,235,080	2,917,512	4,617,136
Loan payments received	1,039,133	775,791	979,261	888,884	1,723,421	1,608,618	2,694,311	2,305,210	963,207	1,824,844
Other	1,763,737	1,658,861	1,298,618	1,114,307	1,026,446	946,805	1,297,748	1,164,904	1,753,005	1,131,585
<b>Total revenues</b>	<b>148,648,396</b>	<b>146,775,850</b>	<b>152,315,599</b>	<b>154,705,439</b>	<b>159,222,500</b>	<b>168,042,720</b>	<b>173,075,721</b>	<b>174,964,764</b>	<b>189,300,915</b>	<b>204,526,231</b>
<b>Expenditures</b>										
General government	12,248,432	12,699,597	17,072,868	17,044,104	18,640,507	19,637,379	17,018,725	16,759,280	17,870,705	19,087,011
Community development	18,090,131	17,902,814	16,239,064	15,490,499	16,418,121	17,661,782	16,373,289	17,285,934	17,151,459	20,304,596
Community service	6,226,902	6,703,357	7,038,423	6,550,095	7,055,808	7,059,393	7,812,249	8,461,793	9,433,816	9,099,012
Public safety	52,973,430	54,709,814	57,952,163	57,116,459	59,453,631	60,321,502	61,933,220	68,442,395	73,199,690	77,756,426
Transportation	14,679,516	14,982,329	16,745,253	16,563,872	10,692,492	10,193,376	12,004,928	13,804,079	15,003,447	15,088,642
Library	4,167,415	4,122,063	4,232,024	4,260,510	4,386,708	4,356,433	4,433,093	4,842,454	4,748,270	4,654,437
Capital outlay	23,126,615	27,023,802	28,361,412	35,162,576	32,666,666	27,065,092	29,581,071	33,768,435	35,218,713	43,639,379
Debt service										
Principal retirement	12,643,046	14,170,379	15,530,579	16,535,545	15,754,955	14,016,503	23,068,458	16,197,993	12,957,373	13,697,205
Interest and fiscal charges	7,876,030	7,694,560	6,976,146	6,669,810	7,886,344	6,777,542	6,502,290	5,486,003	6,843,051	8,032,148
<b>Total expenditures</b>	<b>152,031,517</b>	<b>160,008,715</b>	<b>170,147,932</b>	<b>175,393,470</b>	<b>172,955,232</b>	<b>167,089,002</b>	<b>178,727,323</b>	<b>185,048,366</b>	<b>192,426,524</b>	<b>211,358,856</b>
Excess (deficiency) of revenues over (under) expenditures	(3,383,121)	(13,232,865)	(17,832,333)	(20,688,031)	(13,732,732)	953,718	(5,651,602)	(10,083,602)	(3,125,609)	(6,832,625)
<b>Other financing sources (uses)</b>										
Transfers in	7,326,962	12,616,741	7,565,121	6,780,093	7,494,154	11,899,729	12,729,116	14,398,749	30,047,440	24,426,500
Issuance of debt	3,660,000	857,055	26,283,080	2,335,090	49,461,855	-	6,130,000	-	93,375,000	905,808
Issuance of refunding bonds	-	-	18,289,298	-	-	-	-	-	-	-
Bond issuance premium	-	-	-	-	2,928,425	-	-	-	9,485,781	-
Payments to refunded bond escrow agents	-	-	(18,289,298)	-	-	-	-	-	(14,933,756)	-
Sale of capital assets	1,697,190	75,848	34,056	25,000	17,329	6,247	166,347	210,397	18,623	559,722
Transfers out	(7,747,524)	(13,414,877)	(7,782,861)	(7,777,958)	(8,022,063)	(12,517,834)	(12,496,891)	(14,980,843)	(30,121,091)	(23,282,530)
<b>Total other financing sources (uses)</b>	<b>4,936,628</b>	<b>134,767</b>	<b>26,099,396</b>	<b>1,362,225</b>	<b>51,879,700</b>	<b>(611,858)</b>	<b>6,528,572</b>	<b>(371,697)</b>	<b>87,871,997</b>	<b>2,609,500</b>
<b>Net change in fund balances</b>	<b>\$ 1,553,507</b>	<b>\$ (13,098,098)</b>	<b>\$ 8,267,063</b>	<b>\$ (19,325,806)</b>	<b>\$ 38,146,968</b>	<b>\$ 341,860</b>	<b>\$ 876,970</b>	<b>\$ (10,455,299)</b>	<b>\$ 84,746,388</b>	<b>\$ (4,223,125)</b>
Debt service as a percentage of noncapital expenditures	14.97%	15.85%	15.06%	15.51%	16.05%	13.65%	18.25%	12.75%	11.61%	12.25%

Source: City of Salem, OR Comprehensive Annual Financial Report, *Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds*



SCHEDULE 5

**City of Salem, Oregon**  
**Assessed Value and Estimated Real Market Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

<b>Fiscal Year Ended June 30</b>	<b>Residential Property</b>	<b>Farm Property</b>	<b>Commercial Property<sup>1</sup></b>	<b>Industrial Property<sup>1</sup></b>	<b>Personal Property</b>	<b>Utility Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Measure 5 Taxable RMV</b>	<b>Estimated Real Market Value</b>	<b>Assessed Value as a Percentage of Est. Real Market Value</b>
2010	\$ 6,099,347	\$ 9,869	\$ 2,324,963	\$ 686,402	\$ 334,752	\$ 343,793	\$ 9,799,126	7.82	\$ 13,960,557	\$ 17,271,564	56.74%
2011	6,294,093	12,233	2,390,664	685,623	331,581	352,705	10,066,899	7.78	13,414,743	16,905,161	59.55%
2012	6,445,378	11,802	2,492,669	721,290	324,688	293,778	10,289,605	7.80	12,756,685	16,259,047	63.29%
2013	6,452,158	15,708	3,050,982	259,270	329,907	276,354	10,384,379	7.82	12,267,502	15,967,484	65.03%
2014	6,589,878	16,044	3,223,771	134,585	324,092	270,290	10,558,660	7.71	12,243,883	16,055,929	65.76%
2015	6,942,528	16,764	3,300,222	108,190	320,313	276,310	10,964,327	7.77	12,917,229	16,845,667	65.09%
2016	7,250,682	16,588	3,191,346	333,536	332,086	296,494	11,420,732	7.61	13,697,349	17,708,784	64.49%
2017	7,554,460	16,767	3,309,878	369,023	351,886	331,795	11,933,809	7.60	14,782,422	18,870,599	63.24%
2018	7,861,190	15,652	3,401,610	350,969	363,044	346,130	12,338,596	7.75	16,198,654	20,375,366	60.56%
2019	8,191,263	15,076	3,547,737	344,476	369,725	407,284	12,875,560	7.69	17,807,969	22,106,668	58.24%

Sources: Marion County Assessor's Office  
 Polk County Assessor's Office

Note: 1. In 2013 there was a change in the law on how to calculate the Change Property Ratio for industrial and commercial accounts.

**SCHEDULE 6**

**City of Salem, Oregon  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$1,000 of assessed value)**

<b>Fiscal Year Ended June 30</b>	<b>City Direct Rates</b>				<b>Salem/Keizer School District</b>	<b>Marion County</b>	<b>Other Agencies</b>	<b>Total</b>
	<b>Basic Rate</b>	<b>General Obligation Rate</b>	<b>Urban Renewal Rate</b>	<b>Total Direct</b>				
2010	\$ 5.53	\$ 0.97	\$ 1.32	\$ 7.82	\$ 6.20	\$ 2.85	\$ 1.98	\$ 18.85
2011	5.53	0.92	1.33	7.78	5.99	2.85	1.88	18.50
2012	5.53	0.96	1.31	7.80	6.11	2.85	1.97	18.73
2013	5.52	0.96	1.34	7.82	6.35	2.85	1.98	19.00
2014	5.54	0.95	1.22	7.71	6.38	2.86	1.96	18.91
2015	5.54	0.97	1.26	7.77	6.12	2.86	1.99	18.74
2016	5.54	1.00	1.07	7.61	6.26	2.86	2.02	18.75
2017	5.54	1.00	1.06	7.60	5.61	2.86	2.05	18.12
2018	5.53	1.14	1.08	7.75	5.81	2.86	2.04	18.46
2019	5.50	1.26	1.18	7.94	7.06	2.84	2.02	19.86

Source: Marion County Summary of Tax Roll

**SCHEDULE 7**

**City of Salem, Oregon  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

<b>Property Taxpayers</b>	<b>2019</b>			<b>2010</b>		
	<b>Taxable Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Valuation</b>	<b>Taxable Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total County Taxable Assessed Valuation</b>
Portland General Electric Company	\$ 94,487,370	1	0.73%	\$ 75,089,650	2	0.76%
CenturyLink	85,667,000	2	0.67%			
Northwest Natural Gas Company	80,652,000	3	0.63%	72,397,400	3	0.74%
Comcast Corporation	66,326,700	4	0.52%	87,352,200	1	0.89%
Lancaster Development Company	52,736,010	5	0.41%	56,708,450	4	0.58%
Metropolitan Life Insurance Company	47,767,540	6	0.37%	37,551,500	6	0.38%
State Investments LLC	38,846,168	7	0.30%			
Wal-Mart Real Estate Business	36,530,160	8	0.28%	29,331,880	7	0.30%
HD Salem OR Landlord LLC	35,441,080	9	0.28%			
State Accident Insurance Fund	29,903,360	10	0.23%	26,241,440	8	0.27%
Qwest Corporation (US West Comm)				53,574,300	5	0.55%
PPG Industries, Inc				22,442,583	10	0.23%
Misscom LLC				25,511,230	9	0.26%
All other taxpayers	12,307,202,841		95.58%	9,312,925,014		95.04%
<b>Total</b>	<b>\$ 12,875,560,229</b>		<b>100.00%</b>	<b>\$ 9,799,125,647</b>		<b>100.00%</b>

Sources: Marion County Assessor's Office  
Polk County Assessor's Office

SCHEDULE 8

**City of Salem, Oregon**  
**Property Tax Levies and Collections**  
**Last Seven Fiscal Years<sup>1</sup>**  
**(Includes Urban Renewal Tax Increment)**

Fiscal Year of Levy	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments and Discounts	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections, Discounts, and Adjustments in Subsequent Years	Total Collections to Date	
				Amount Collected	Percent of Original Levy		Amount	Percent of Adjusted Levy
2011-12	\$ 79,314,605	\$ 2,342,806	\$ 76,971,799	\$ 73,998,354	93.30%	\$ 2,821,660	\$ 76,820,014	99.80%
2012-13	79,624,242	2,322,020	77,302,222	74,456,966	93.51%	2,814,810	77,271,776	99.96%
2013-14	80,026,048	2,328,202	77,697,846	75,270,772	94.06%	2,390,293	77,661,065	99.95%
2014-15	84,192,771	2,433,706	81,759,065	79,532,985	94.47%	2,167,496	81,700,481	99.93%
2015-16	86,416,824	2,413,221	84,003,603	81,875,741	94.75%	1,942,281	83,818,022	99.78%
2016-17	90,160,345	2,718,367	87,441,978	85,404,556	94.73%	1,561,949	86,966,505	99.46%
2017-18	95,271,746	2,665,202	92,606,544	90,442,603	94.93%	1,356,772	91,799,375	99.13%
2018-19	101,644,856	2,862,986	98,781,870	96,762,295	95.20%	-	96,762,295	97.96%

Sources: Marion County Assessor's Office  
 Polk County Assessor's Office

Note: 1 Marion County schedule, Summary of Property Tax Collections by Fiscal Year Ending, shows the collections by levy for the last seven levies. All prior levies are combined, so the detail is not available beyond seven years.

SCHEDULE 9

**City of Salem, Oregon**  
**Ratios of Outstanding Debt by Type<sup>1</sup>**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	General Government				Business-type Activities				Percent of Total Personal Income <sup>3</sup>	Per Capita <sup>3</sup>
	General Obligation Bonds <sup>4</sup>	Limited Tax Pension Obligation Bonds	Urban Renewal Bonds	Notes	Water/Sewer Revenue Bonds	Water/Sewer Revenue / Full Faith and Credit Bonds	Notes	Total		
2010 <sup>2</sup>	\$ 55,027,980	\$ 57,440,000	\$ 38,765,000	\$ 7,276,887	\$ 103,136,612	\$ 96,895,000	\$ 35,555,422	\$ 394,096,901	7.77%	\$ 2,511
2011	47,694,890	56,570,000	33,475,000	7,330,112	93,782,958	93,390,000	32,925,377	365,168,337	6.92%	2,319
2012	65,054,925	55,510,000	27,470,000	7,661,036	83,979,304	89,780,000	32,139,966	361,595,231	6.85%	2,322
2013	56,850,076	54,240,000	21,230,000	9,048,890	102,609,214	86,060,000	5,287,907	335,326,087	6.19%	2,143
2014	96,754,845	52,750,000	15,956,000	12,330,992	88,081,263	82,230,000	5,130,308	353,233,408	6.37%	2,239
2015	89,597,612	51,015,000	11,527,000	11,280,992	75,569,312	78,285,000	4,966,743	322,241,659	5.72%	2,023
2016	82,108,916	49,020,000	5,975,000	8,305,501	63,970,361	74,180,000	4,797,035	288,356,813	4.83%	1,794
2017	71,650,013	46,750,000	2,128,000	8,445,555	48,980,000	73,145,410	-	251,098,978	4.07%	1,549
2018	149,857,523	44,180,000	1,730,000	9,578,919	101,701,286	4,660,000	-	311,707,728	4.67%	1,907
2019	138,815,050	41,290,000	1,470,000	9,845,923	89,872,744	-	-	281,293,717	N/A	1,702

Source: City of Salem Finance Division

Notes:

1. Details regarding the City's outstanding debt can be found in the notes to the financial statements.
2. Salem Housing Authority is included as a blended component unit for FYE 2010.
3. See Statistical Schedule 14 *Demographic and Economic Statistics* for total personal income and population.
4. Matches general obligation bonds plus premium found in the notes to the financial statements.

**SCHEDULE 10**

**City of Salem, Oregon**  
**Ratios of General Bonded Debt Outstanding<sup>1,3</sup>**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Population</b>	<b>Assessed Value</b>	<b>General Obligation Bonds<sup>2</sup></b>	<b>Full Faith and Credit backed revenue bonds<sup>3</sup></b>	<b>Less: Amounts Available in General Debt Service Fund<sup>4</sup></b>	<b>Total<sup>3</sup></b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>General Bonded Debt Per Capita</b>
2010	156,955	\$ 9,799,125,647	\$ 55,027,980	\$ 98,895,000	\$ 738,810	\$ 153,184,170	1.56%	\$ 976
2011	157,460	10,066,899,077	47,694,890	93,390,000	425,307	140,659,583	1.40%	893
2012	155,710	10,289,605,321	65,054,925	89,780,000	448,927	154,385,998	1.50%	991
2013	156,455	10,384,378,954	56,850,076	86,060,000	129,392	142,780,684	1.37%	913
2014	157,770	10,558,660,293	96,754,845	82,230,000	307,721	178,677,124	1.69%	1,133
2015	159,265	10,964,326,873	89,597,612	78,285,000	693,010	167,189,602	1.52%	1,050
2016	160,690	11,420,731,864	82,108,916	74,180,000	1,680,942	154,607,974	1.35%	962
2017	162,060	11,933,809,181	71,650,013	69,870,000	533,726	140,986,287	1.18%	870
2018	163,480	12,338,595,882	149,857,523	4,660,000	851,050	153,666,473	1.25%	940
2019	165,265	12,875,560,229	138,815,050	-	1,732,365	137,082,685	1.06%	829

Sources: Marion County Assessor's Office  
 Polk County Assessor's Office  
 Portland State University, Population Research Center estimate as of July 1 each year.

- Notes:
1. Details regarding the City's outstanding debt can be found in the notes to the financial statements.
  2. Matches general obligation bonds plus premium found in the notes to the financial statements.
  3. The Full Faith and Credit, Series 2009 bond and Full Faith and Credit, Series 2017 Refunding is payable solely from the revenues of the water/sewer utility per the 2012 Master Water and Sewer system Revenue Bond Declaration.
  4. These amounts are only applicable to governmental general obligation bonds.

**SCHEDULE 11**

**City of Salem, Oregon  
Computation of Direct and Overlapping Debt  
As of June 30, 2019  
(dollars in thousands)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>1</sup>	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Chemeketa Community College	\$ 102,785	20.1804%	\$ 20,742
Marion County	59,420	9.9401%	5,906
Marion County School District 24J	726,176	61.0527%	443,350
Marion County School District 5	20,953	0.0401%	8
Polk County	1,690	23.8821%	404
Willamette ESD	20,810	11.7899%	2,453
Subtotal, overlapping debt			<u>472,863</u>
General obligation bonds <sup>2</sup>			138,815
Limited tax pension obligation bonds <sup>3</sup>			41,290
Urban renewal bonds <sup>4</sup>			1,470
Notes <sup>5</sup>			<u>9,846</u>
Subtotal, City direct debt <sup>6</sup>			<u>191,421</u>
			<u><u>\$ 664,284</u></u>

Sources: City of Salem Finance Division  
Oregon State Treasury

Notes:

Overlapping governments are those with taxing boundaries that intersect with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Salem. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

1. For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

2. Direct, general obligations of the City. Includes issuance premium.

3. The limited tax pension obligation bond is funded by all City departments that have personnel.

4. Urban renewal bonds are not obligations of the City. They are solely payable by tax increment revenues.

5. All governmental activities notes. These are currently all Urban Renewal Agency notes and therefore are not obligations of the City.

6. "City direct debt" on this schedule includes all governmental activities debt, including notes and Urban Renewal Agency debt per GASB statement 44. Urban Renewal Agency debt is not a general obligation of the City of Salem under Oregon Revised Statutes. Notes are also not general obligations of the City. Includes unamortized premiums on City debt schedules.

**SCHEDULE 12**

**City of Salem, Oregon  
Legal Debt Margin Information  
General Obligation Bonded Debt  
Last Ten Fiscal Years**

<b>As of June 30,</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Real market value (RMV)	\$ 13,960,557,368	\$ 13,414,742,906	\$ 12,756,684,966	\$ 12,267,501,849	\$ 12,243,883,002
Legal debt margin:					
Debt limit (3% of RMV) <sup>1</sup>	418,816,721	402,442,287	382,700,549	368,025,055	367,316,490
Debt applicable to limit:					
General Obligation Bonds	55,027,980	47,694,890	65,054,925	56,850,076	96,754,845
Less:					
Funds applicable to the payment of principal <sup>2</sup>	(738,810)	(425,307)	(448,927)	(129,392)	(307,721)
Premium received on Refunding, Streets-Bridges, Police Facility, and Library Facility Series 2009, 2013, 2017, and 2018	(1,771,569)	(1,645,028)	(1,518,487)	(1,391,946)	(4,003,673)
Total net debt applicable to limit	<u>52,517,601</u>	<u>45,624,555</u>	<u>63,087,511</u>	<u>55,328,738</u>	<u>92,443,451</u>
Legal debt margin <sup>3</sup>	<u>\$ 366,299,120</u>	<u>\$ 356,817,732</u>	<u>\$ 319,613,038</u>	<u>\$ 312,696,317</u>	<u>\$ 274,873,039</u>
Total net debt applicable to limit as a percentage of limit	<u>12.54%</u>	<u>11.34%</u>	<u>16.48%</u>	<u>15.03%</u>	<u>25.17%</u>

Continued



**SCHEDULE 12**

**City of Salem, Oregon  
Legal Debt Margin Information  
General Obligation Bonded Debt  
Last Ten Fiscal Years**

<b>As of June 30,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Real market value (RMV)	\$ 12,917,229,291	\$ 13,697,349,090	\$ 14,782,421,957	\$ 16,198,654,069	\$ 17,807,968,607
Legal debt margin:					
Debt limit (3% of RMV) <sup>1</sup>	387,516,879	410,920,473	443,472,659	485,959,622	534,239,058
Debt applicable to limit:					
General Obligation Bonds	89,597,612	82,108,916	71,650,013	149,857,523	138,815,050
Less:					
Funds applicable to the payment of principal <sup>2</sup>	(693,010)	(1,680,942)	(533,726)	(851,050)	(1,732,365)
Premium received on Refunding, Streets-Bridges, Police Facility, and Library Facility Series 2009, 2013, 2017, and 2018	(3,648,943)	(3,294,213)	(2,818,866)	(10,966,105)	(9,880,842)
Total net debt applicable to limit	<u>85,255,659</u>	<u>77,133,761</u>	<u>68,297,421</u>	<u>138,040,368</u>	<u>127,201,843</u>
Legal debt margin <sup>3</sup>	<u>\$ 302,261,220</u>	<u>\$ 333,786,712</u>	<u>\$ 375,175,238</u>	<u>\$ 347,919,254</u>	<u>\$ 407,037,215</u>
Total net debt applicable to limit as a percentage of limit	<u>22.00%</u>	<u>18.77%</u>	<u>15.40%</u>	<u>28.41%</u>	<u>23.81%</u>
					<u>Concluded</u>

Sources: City of Salem Finance Division  
Marion County Assessor's Office  
Polk County Assessor's Office

- Notes: 1. Oregon Revised Statutes 287A.050 sets a debt limit on general obligation bonds at 3% of the real market value of all taxable property within City of Salem boundaries.  
2. Funds applicable to the payment of principal are calculated in accordance with the provisions of ORS 287A.195(1)(d)(A).  
3. The legal debt margin is the difference between the debt limit and the City's net outstanding general obligation debt.

**SCHEDULE 13**

**City of Salem, Oregon  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(dollars in thousands)**

**Water and Sewer Revenue Bonds**

<b>Fiscal Year Ended June 30</b>	<b>Utility Service Charges<sup>2</sup></b>	<b>Less: Operating Expenses<sup>3</sup></b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage<sup>1</sup></b>
				<b>Principal<sup>4</sup></b>	<b>Interest</b>	
2010	\$ 73,121	\$ 42,454	\$ 30,667	\$ 8,695	\$ 4,846	2.26
2011	73,462	43,372	30,090	9,060	4,503	2.22
2012	69,291	45,073	24,218	9,510	4,093	1.78
2013	75,489	45,698	29,791	14,479	1,178	1.90
2014	85,322	53,515	31,807	14,255	1,708	1.99
2015	89,213	55,242	33,971	12,239	1,570	2.46
2016	91,241	55,663	35,578	11,326	1,451	2.78
2017	94,762	62,001	32,761	11,442	1,341	2.56
2018	100,502	65,657	34,845	12,025	3,443	2.25
2019	103,334	65,365	37,969	10,613	3,480	2.69

Source: City of Salem Finance Division

Notes:

1. The minimum required coverage for parity obligations is 1.25.
2. Revenue does not include sale of assets, assessments, grants, loan principal, or proceeds.
3. Expenses do not include capital improvement costs, interest expense, or debt service.
4. Excludes defeased debt.

**SCHEDULE 14**

**City of Salem, Oregon  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Population<sup>1</sup></b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Total Personal Income (dollars in thousands)</b>	<b>Area (square miles)<sup>3</sup></b>	<b>Average density (persons/ square mile)</b>	<b>Average Unemployment<sup>4</sup></b>
2010	156,955	\$ 32,320	\$ 5,072,786	49	3,203	10.3%
2011	157,460	33,516	5,277,429	49	3,213	11.3%
2012	155,710	33,731	5,252,254	49	3,178	9.5%
2013	156,455	34,643	5,420,071	49	3,193	9.8%
2014	157,770	35,133	5,542,933	49	3,220	8.2%
2015	159,265	35,360	5,631,610	49	3,250	7.4%
2016	160,690	37,121	5,964,973	49	3,279	6.1%
2017	162,060	38,099	6,174,324	49	3,307	5.1%
2018	163,480	40,869	6,681,264	49	3,336	4.3%
2019	165,265	N/A	N/A	49	3,373	4.4%

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Sources: <sup>1</sup>Portland State University Population Research Center estimate as of July 1 of each year.  
<sup>2</sup>U.S. Department of Commerce, Bureau of Economic Analysis - Salem, OR (MSA)  
- includes Marion and Polk Counties.  
<sup>3</sup>City of Salem Public Works, Engineering Division through 2012-13.  
City of Salem Geographical Information System 2013-14 through current fiscal year.  
<sup>4</sup>U.S. Department of Labor, Bureau of Labor Statistics - Salem, OR (MSA)  
- includes Marion and Polk Counties.

N/A = Information not available.

**SCHEDULE 15**

**City of Salem, Oregon  
Major Area Employers  
Current Year and Nine Years Ago**

Employer	2019			2010		
	Number of Employees	Rank	Percentage of Salem (MSA) Labor Force <sup>1</sup>	Number of Employees	Rank	Percentage of Salem (MSA) Labor Force <sup>2</sup>
State of Oregon	20,100	1	24.73%	22,000	1	28.90%
Salem-Keizer School District <sup>3</sup>	4,925	2	6.06%	4,983	2	6.55%
Salem Health/Salem Hospital <sup>3</sup>	4,900	3	6.03%	4,000	3	5.26%
Marion County <sup>3</sup>	1,548	4	1.90%	1,584	6	2.08%
Federal Government	1,500	5	1.85%	2,300	4	3.02%
Chemeketa Community College <sup>3</sup>	1,412	6	1.74%	1,599	5	2.10%
City of Salem <sup>3,4</sup>	1,330	7	1.64%	1,436	8	1.89%
Norpac Foods Incorporated <sup>3</sup>	1,200	8	1.48%	1,550	7	2.04%
State Accident Insurance Fund (SAIF)	1,024	9	1.26%	842	10	1.11%
Wal-Mart	761	10	0.94%			
May Trucking Company				900	9	1.18%
<b>Total</b>	<b>38,700</b>		<b>47.63%</b>	<b>41,194</b>		<b>54.13%</b>

Sources: Oregon Employment Department ([www.qualityinfo.org](http://www.qualityinfo.org))  
 Salem Health ([www.salemhealth.org](http://www.salemhealth.org))  
 Salem-Keizer Public Schools ([www.salkeiz.k12.or.us](http://www.salkeiz.k12.or.us))  
 Marion County ([www.co.marion.or.us](http://www.co.marion.or.us))  
 City of Salem, Human Resources  
 SAIF Corporation ([www.saif.com](http://www.saif.com))  
 Chemeketa Community College ([www.chemeketa.edu](http://www.chemeketa.edu))  
 U.S. Department of Labor, Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov))

- Notes: 1. U.S. Department of Labor, Bureau of Labor, Salem, OR (MSA) - The average labor force for fiscal year 2018-19 was 80,987.  
 2. U.S. Department of Labor, Bureau of Labor, Salem, OR (MSA) - The average labor force for fiscal year 2010 was 76,112  
 3. Includes full and part-time positions.  
 4. City of Salem included Salem Housing Authority employees for year 2010.

**SCHEDULE 16**

**City of Salem, Oregon**  
**Full-time Equivalent City Government Employees by Function/Program and Entity**  
**Last Ten Fiscal Years**

Function / Program	2010 <sup>1</sup>	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
General government										
City manager's office <sup>5</sup>	16	17	16	9	9	37	36	12	7	8
Human resources	8	8	8	8	8	8	8	35	36	36
Legal	14	14	14	13	13	15	15	15	15	15
Administrative services	37	35	35	33	33	33	33	30	32	32
Municipal court	11	13	13	13	14	14	14	14	14	14
City services	38	37	36	32	29	29	29	29	29	26
Self insurance	7	7	7	7	7	7	7	7	8	9
Information technology <sup>5</sup>	61	61	61	60	62	37	40	42	47	50
Public safety										
Police	234	234	237	227	228	228	228	230	233	234
Fire	163	169	168	160	154	152	152	164	165	177
Community development										
Administrative/planning	36	36	36	30	30	30	30	31	31	34
Airport	4	4	4	5	5	5	4	4	4	4
Building and safety	21	22	19	19	21	22	21	23	25	25
Urban development	46	45	45	32	30	29	33	33	33	32
Community services										
Transportation <sup>3,4,6</sup>	132	135	134	126	77	73	48	53	53	56
Library services	48	46	48	45	45	45	45	45	44	43
Recreation services <sup>3,6</sup>	-	-	-	10	10	10	42	49	50	50
<b>Business-type activities</b>										
Utility <sup>4</sup>	242	248	244	246	296	294	300	304	310	317
Salem Housing Authority <sup>2</sup>	54	-	-	-	-	-	-	-	-	-
Emergency services	5	5	5	6	6	2	2	2	2	2
WVPS center	60	60	60	60	70	70	73	73	73	73
<b>Total</b>	<b>1,237</b>	<b>1,196</b>	<b>1,190</b>	<b>1,141</b>	<b>1,147</b>	<b>1,140</b>	<b>1,160</b>	<b>1,195</b>	<b>1,211</b>	<b>1,237</b>
<b>Entity</b>										
City of Salem	1,183	1,196	1,190	1,141	1,147	1,140	1,160	1,195	1,211	1,237
Salem Housing Authority <sup>2</sup>	54	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,237</b>	<b>1,196</b>	<b>1,190</b>	<b>1,141</b>	<b>1,147</b>	<b>1,140</b>	<b>1,160</b>	<b>1,195</b>	<b>1,211</b>	<b>1,237</b>

Source: City of Salem Budget

Notes:

1. Changes are due to City-wide restructuring and elimination of positions.
2. Salem Housing Authority was included as a blended component unit for FY 2010.
3. Recreation services separated from Public Works (Engineering & streets) in FY 2013.
4. Engineering services moved from Public Works (Engineering & streets) to Utility fund in FY 2014.
5. Facilities Services was under Information Technology until FY 2014, was part of City Manager's Office in FY 2015 and 2016, and has been part of Human Resources from FY 2017 onward.
6. Parks maintenance moved from Public Works (Engineering and streets) to Recreation services in FY 2016.

SCHEDULE 17

**City of Salem, Oregon**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**  
**As of June 30, 2019**

Function / Program	2010	2011	2012	2013	2014
Public safety					
Police					
F.B.I. Index Crimes reported <sup>1</sup>	7,059	6,680	6,671	7,482	7,476
F.B.I. Index Crimes cleared by arrest	1,732	1,615	1,790	2,021	1,831
Citations and warnings issued	34,848	33,357	30,145	25,773	25,224
Fire					
Emergency & non-emergency responses	16,980	16,825	17,124	16,723	17,960
Fires extinguished	415	380	390	434	401
Inspections-buildings, hazardous use, etc	1,530	1,469	1,066	1,435	1,344
Community development					
Plan checks	3,461	2,750	2,992	3,254	3,858
Inspections completed	22,707	20,297	21,233	19,957	22,487
Building permits issued	1,586	1,506	1,556	1,726	1,892
Community services					
Recreation participant/registrations <sup>2</sup>	207,481	202,038	216,970	217,121	220,005
Special activities permits issued <sup>3</sup>	784	780	757	613	893
Senior Center average daily attendance	746	766	708	726	742
Ball fields and gymnasiums (hrs used) <sup>6</sup>	47,395	49,587	54,530	53,917	55,148
Transportation					
Street cut permit inspections	121	226	325	357	533
Street resurfacing (miles)	2	11	8	8	3
Potholes repaired	1,908	2,072	2,844	1,522	1,638
Library services					
Volumes in collection	517,266	528,518	477,873	481,393	404,617
Items in circulation	1,331,922	1,411,186	1,421,544	1,336,215	1,226,379
Utility					
Citizens served-water	188,353	189,008	187,863	188,443	189,829
Water utility accounts	50,758	50,449	50,232	51,532	51,491
New water connections	417	193	192	249	327
Water lines repaired	458	334	401	213	235
Average daily consumption	29	25	26	27	26
Citizens served-sewer	227,820	228,475	227,775	228,188	229,666
Sewer utility accounts	61,582	61,150	60,850	61,772	61,988
New sewer connections	469	183	44	67	88
Sewer lines repaired	361	335	375	330	322
Average daily sewage treatment (ccf)	54,545	59,919	54,177	38,770	48,342
Salem Housing Authority <sup>5</sup>					
HUD Public housing units	292	-	-	-	-
Section 8 vouchers issued	2,811	-	-	-	-
Emergency services					
Total medical aid responses	12,746	12,805	13,018	12,566	13,503
Billings <sup>4,7</sup>	\$ 915,399	\$ 327,332	\$ 239,057	\$ 199,304	\$ 177,296
WVPS communications center <sup>8</sup>					
Emergency calls taken	165,503	147,935	138,771	140,773	145,899
Dispatches issued	276,702	257,500	262,743	292,492	300,580

Continued

Source: Various City of Salem departments

Notes: Indicators are not available for the general government function.

1. F.B.I. Index Crimes include:

- a. the violent crimes of murder, forcible rape, robbery and aggravated assault, and
- b. the property crimes of burglary, larceny-theft, motor vehicle theft, and arson.

2. Program registrations from Recreation, Teen Programs, and Center 50+.

3. Permits issued for public use of city parks, streets, senior center, and open spaces.

4. Ambulance transport services are contracted to a private company.

**SCHEDULE 17**

**City of Salem, Oregon  
Operating Indicators by Function/Program  
Last Ten Fiscal Years  
As of June 30, 2019**

Function / Program	2015	2016	2017	2018	2019
Public safety					
Police					
F.B.I. Index Crimes reported <sup>1</sup>	7,684	7,417	7,386	8,596	8,081
F.B.I. Index Crimes cleared by arrest	1,935	1,882	1,832	1,861	1,773
Citations and warnings issued	25,059	30,785	30,913	32,202	28,205
Fire					
Emergency & non-emergency responses	19,592	20,927	22,862	24,093	26,311
Fires extinguished	476	477	468	565	564
Inspections-buildings, hazardous use, etc	1,312	1,201	1,965	479	907
Community development					
Plan checks	3,807	4,262	4,791	5,161	5,310
Inspections completed	22,372	22,097	24,884	26,980	28,791
Building permits issued	1,814	1,979	2,135	2,294	2,356
Community services					
Recreation participant/registrations <sup>2, 6</sup>	238,583	246,390	251,091	253,663	269,972
Special activities permits issued <sup>3,6</sup>	963	1,174	1,562	1,734	1,056
Senior Center average daily attendance	806	856	851	854	904
Ball fields and gymnasiums (hrs used) <sup>7</sup>	55,719	59,324	65,351	58,281	30,437
Transportation					
Street cut permit inspections	406	477	523	519	520
Street resurfacing (miles)	4	3	3	4	3
Potholes repaired	1,388	1,764	2,868	1,531	2,510
Library services					
Volumes in collection	376,016	341,088	337,373	323,808	314,724
Items in circulation	1,235,209	1,203,686	1,226,790	1,334,705	1,351,684
Utility					
Citizens served-water	191,388	192,835	194,440	196,050	197,500
Water utility accounts	52,107	52,725	52,895	55,446	55,931
New water connections	278	308	420	407	478
Water lines repaired	223	267	154	83	122
Average daily consumption	26	26	26	29	28
Citizens served-sewer	231,152	232,855	234,820	237,040	238,905
Sewer utility accounts	62,649	63,320	63,547	65,229	65,925
New sewer connections	40	79	95	122	131
Sewer lines repaired	785	244	442	292	245
Average daily sewage treatment (ccf)	49,719	55,614	64,856	52,403	47,797
Salem Housing Authority <sup>5</sup>					
HUD Public housing units	-	-	-	-	-
Section 8 vouchers issued	-	-	-	-	-
Emergency services					
Total medical aid responses	14,638	15,490	17,214	17,840	19,588
Billings <sup>4,8</sup>	\$ 219,841	\$ 42,844	\$ 56,151	\$ 84,262	\$ 94,089
WVPS communications center <sup>9</sup>					
Emergency calls taken	181,789	182,487	214,040	217,788	214,267
Dispatches issued	312,108	331,356	325,628	334,012	342,162
Concluded					

Source: Various City of Salem departments

5. Average units occupied and average vouchers issued for the fiscal year ending September 30. Salem Housing Authority was included as a blended component unit for FY 2010.
6. Includes use of Soap Box Derby track, cross country meets, and tennis courts.
7. Reduction in FY 2011 is due to changes in renewed contract and lower reimbursements from Medicare and auto insurance companies.
8. WVPSCC served Marion and Polk counties through FY 2012. Lincoln County added in FY 2013.

**SCHEDULE 18**

**City of Salem, Oregon  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years  
As of June 30, 2019**

<b>Function / Program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	52	52	50	50	50
Fire					
Fire stations	11	11	11	11	11
Fire trucks <sup>1</sup>	17	17	17	17	17
Community services					
Parks and recreation areas <sup>2</sup>	93	93	93	93	93
Parks and recreation acreage <sup>2</sup>	1,846	1,903	1,903	1,903	1,903
Senior community centers	1	1	1	1	1
Transportation					
Streets (miles) <sup>5</sup>	560	560	688	633	639
Bridges	57	57	57	57	57
Street lights	10,487	10,503	10,578	11,478	11,500
Traffic signals	268	259	255	259	266
Library services					
Buildings	2	2	2	2	2
Utility					
Water main (miles)	720	727	737	750	749
Fire hydrants	4,763	4,882	4,863	4,885	4,930
Water storage capacity (ccf)	185,294	180,479	180,749	180,481	181,818
Sanitary sewer lines (miles)	785	801	799	800	800
Storm sewer (miles) <sup>6</sup>	606	603	607	618	620
Treatment capacity winter (ccf)	274,064	274,064	274,064	274,064	274,064
Salem Housing Authority <sup>3</sup>					
Apartment complexes	11	-	-	-	-
Triplexes - 2 & 3 bedrooms	3	-	-	-	-
Duplexes - 2 & 3 bedrooms	12	-	-	-	-
Houses - 2, 3 & 4 bedrooms	51	-	-	-	-
Emergency services					
Ambulances - reserve <sup>4</sup>	4	4	4	3	3
WVPS communications center					
Mobiles	10	10	10	10	10
Base stations	3	3	3	3	3

Continued

Source: Various City of Salem departments

Notes: No capital asset indicators are available for the general government function.

1. Includes staffed and unstaffed engines and ladder trucks, including reserves.

2. Includes developed and undeveloped parks (neighborhood, community, large urban), special use facilities, historic areas, natural areas, and connector trails.



**SCHEDULE 18**

**City of Salem, Oregon  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years  
As of June 30, 2019**

<b>Function / Program</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	53	53	48	48	54
Fire					
Fire stations	11	11	11	11	11
Fire trucks <sup>1</sup>	17	17	17	17	17
Community services					
Parks and recreation areas <sup>2</sup>	93	93	93	94	94
Parks and recreation acreage <sup>2</sup>	2,238	2,265	2,265	2,310	2,310
Senior community centers	1	1	1	1	1
Transportation					
Streets (miles) <sup>5</sup>	663	637	640	645	646
Bridges	57	57	57	57	57
Street lights	11,543	11,626	11,453	11,408	11,422
Traffic signals	266	259	261	266	266
Library services					
Buildings	2	2	2	2	2
Utility					
Water main (miles)	754	758	761	765	767
Fire hydrants	4,963	4,963	5,056	5,136	5,182
Water storage capacity (ccf)	181,818	181,818	181,818	181,818	181,818
Sanitary sewer lines (miles)	785	796	799	802	811
Storm sewer (miles) <sup>6</sup>	611	633	662	651	651
Treatment capacity winter (ccf)	274,064	274,064	274,064	274,064	274,064
Salem Housing Authority <sup>3</sup>					
Apartment complexes	-	-	-	-	-
Triplexes - 2 & 3 bedrooms	-	-	-	-	-
Duplexes - 2 & 3 bedrooms	-	-	-	-	-
Houses - 2, 3 & 4 bedrooms	-	-	-	-	-
Emergency services					
Ambulances - reserve <sup>4</sup>	2	2	2	2	2
WVPS communications center					
Mobiles	10	10	10	10	12
Base stations	3	3	3	1	1
				<b>Concluded</b>	

3. Salem Housing Authority was shown as a blended component unit for FYE 2010.

4. Ambulance transport services are contracted to a private company. City provides backup services with reserve ambulances.

5. Street measurement method was improved in 2016.

6. Includes storm pipe, ditches, stream channels, detention pipes, and culverts.



# **SEC Rule 15c2-12 Disclosures**





**SCHEDULE A**

**GENERAL INFORMATION**  
**General Obligation Bonds**

*In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"), the City will provide annually the type of information presented in the tables of this section to all NRMSIRs and SIDs, if any. In addition to this information, the City will provide an annual audited financial statement. (See Appendix B, "Form of Continuing Disclosure Certificate" in Master Resolution).*

**BASIS OF ACCOUNTING**

The City's governmental fund types are reported on the modified accrual basis of accounting. The proprietary and agency fund types are accounted for using the accrual basis of accounting. The City's accounting practices conform to generally accepted accounting principles.

**FISCAL YEAR**

July 1 through June 30.

**AUDITS**

The Oregon Municipal Audit Law (ORS 297.405 – 297.555) requires an audit and examination to be made of the accounts and financial affairs of every municipal corporation at least once a year. Unless the municipality elects to have the audit performed by the State Division of Audits, the audit is to be conducted by accountants whose names are included on the roster prepared by the State Board of Accountancy.

The City's audit for fiscal year 2018-19 was performed by Grove, Mueller and Swank, Salem, Oregon, Certified Public Accountants. The auditors did not review the statistical tables or the information provided in the SEC 15c2-12 disclosure section, and therefore offer no opinion regarding this information. A complete copy of the City's annual financial statements is available on the City of Salem website, [www.cityofsalem.net](http://www.cityofsalem.net).

**DEBT INFORMATION – AS OF JUNE 30, 2019**

Debt Summary

Outstanding debt

Long-term:

Gross bonded debt (certain debt with a general obligation pledge, excluding issuance premium)	\$ 128,934,208
Net direct debt (debt paid in whole or in part by taxes)	128,934,208
Net overlapping debt	472,864,092
Total net direct and overlapping debt	\$ 601,798,300

Debt Ratio

	<u>Values</u>	<u>Per Capita</u>	<u>Percent of RMV</u>
2018 estimated population	165,265		
2018-19 real market value	\$ 17,807,968,607	\$ 107,754	
Net direct debt (G.O. debt excluding issuance premium)	\$ 128,934,208	\$ 780	0.72%
Net overlapping debt	472,864,092	2,861	2.66%
Net direct debt (G.O.) and overlapping debt	\$ 601,798,300	\$ 3,641	3.38%

Continued

**SCHEDULE A**

**Debt Limitations**

ORS 287A.050(2) limits the general obligation (G.O.) debt which an Oregon city may have outstanding at any time to three percent of the real market value (RMV) of the city. This limitation does not apply to general obligation bonds issued for certain local improvements or to finance capital construction or improvements for water supply, treatment, or distribution; sanitary or storm sewage collection or treatment; hospitals or infirmaries; gas, power, or lighting; or off street motor vehicle parking facilities. Applicable bonded debt is net of funds on hand at June 30 restricted for general obligation debt service.

Debt Limitation	
2018-19 RMV	\$ 17,807,968,607
Debt limitation (3.00 % of RMV)	\$ 534,239,058
Applicable bonded debt	127,201,843
Debt margin	\$ 407,037,215
Percent of limit issued	24%

**Debt Management**

The City has not defaulted on any debt or lease obligation and has not used bond proceeds for operational purposes.

CUSIP numbers by general obligation bond series are as follows (794454\_\_ \_\_):

2013	2017	2018
S90	T81	W38
T24	T99	W46
T32	U22	W53
T40	U30	W61
T57	U48	W79
	U55	W87
	U63	W95
	U71	X29
	U89	X37
	U97	X45
	V21	X52
	V39	
	V47	
	V54	
	V62	
	V70	
	V88	
	V96	

Concluded

**SCHEDULE B**

**TAX COLLECTION RECORD**

Fiscal Year	Assessed Value			Percent change	Total Levy <sup>1</sup>	Tax Rate Per \$1000	Percent Collected Year of Levy	Percent Collected to Date <sup>2</sup>
	Marion County	Polk County	Total					
2010	\$ 8,196,929,014	\$1,602,196,633	\$ 9,799,125,647	5.01%	\$63,522,643	6.48	92.97%	N/A
2011	8,417,665,718	1,649,233,359	10,066,899,077	2.73%	64,605,619	6.42	93.10%	N/A
2012	8,601,970,661	1,687,634,660	10,289,605,321	2.21%	66,220,745	6.44	93.30%	N/A
2013	8,673,851,504	1,710,527,450	10,384,378,954	0.92%	66,271,177	6.38	93.51%	99.96%
2014	8,829,264,169	1,729,396,124	10,558,660,293	1.68%	67,531,726	6.40	94.06%	99.95%
2015	9,169,796,837	1,794,530,036	10,964,326,873	3.84%	70,769,411	6.45	94.47%	99.93%
2016	9,536,890,110	1,883,841,574	11,420,731,684	4.16%	74,406,467	6.52	94.75%	99.78%
2017	9,930,071,244	2,003,737,937	11,933,809,181	4.49%	77,766,683	6.52	94.73%	99.46%
2018	10,250,553,534	2,088,042,348	12,338,595,882	3.39%	82,193,282	6.66	97.66%	99.13%
2019	10,733,515,398	2,142,044,831	12,875,560,229	4.35%	86,852,570	6.75	97.96%	97.96%

1. These figures exclude urban renewal tax increments.
2. Levy information more than seven years past is reported in aggregate, so individual year percentages are not available for the oldest three years shown.

N/A = Information not available



**SCHEDULE C**

Representative Consolidated Tax Rate By County  
Per \$1,000 of assessed valuation

*2018-19 REPRESENTATIVE CONSOLIDATED  
TAX RATE FOR MARION COUNTY CODE AREA  
924-01-00-0*

Municipal Corporation	Tax Rate For Operations	Tax Rate For Bonds	Total
Schools	\$ 5.1349	\$ 3.0671	\$ 8.2020
Local government	9.2250	1.2632	10.4882
Urban Renewal Special Levy	1.1750	0.0000	1.1750
Totals	<u>\$ 15.5349</u>	<u>\$ 4.3303</u>	<u>\$ 19.8652</u>

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Source: Marion County Assessor's Office

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*2018-19 REPRESENTATIVE CONSOLIDATED  
TAX RATE FOR POLK COUNTY CODE AREA  
3201*

Municipal Corporation	Tax Rate For Operations	Tax Rate For Bonds	Total
Schools	\$ 5.1349	\$ 3.0671	\$ 8.2020
Local government	8.3960	1.2632	9.6592
Urban Renewal Special Levy	1.0580	0.0000	1.0580
Totals	<u>\$ 14.5889</u>	<u>\$ 4.3303</u>	<u>\$ 18.9192</u>

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Source: Polk County Assessor's Office

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**SCHEDULE D****FIVE-YEAR GENERAL FUND CONSECUTIVE BALANCE SHEETS (Modified Accrual)**

As of June 30,	2015	2016	2017	2018	2019
<b>Assets</b>					
Cash and investments	\$ 26,416,270	\$ 30,157,311	\$ 27,588,352	\$ 25,754,571	\$ 22,771,759
Receivables	6,235,693	6,606,393	6,675,314	8,611,652	7,239,377
Due from other funds	-	83,209	-	-	-
Due from other agencies	127,889	136,502	103,402	117,758	188,842
Prepaid items	484,422	517,256	8,767	-	132,242
<b>Total assets</b>	<b>\$ 33,264,274</b>	<b>\$ 37,500,671</b>	<b>\$ 34,375,835</b>	<b>\$ 34,483,981</b>	<b>\$ 30,332,220</b>
<b>Liabilities</b>					
Accounts payable	\$ 719,443	\$ 969,272	\$ 1,228,851	\$ 1,734,544	\$ 1,509,967
Accrued payroll liabilities	5,100,141	5,592,844	3,695,382	3,756,799	3,925,206
Due to other funds	940,000	1,344,805	1,076,426	813,506	4,553
Due to other agencies	71,565	66,341	5,634	5,424	551,817
Security deposit payable	6,449	6,600	10,600	10,035	8,988
Unearned revenue	-	78,956	-	-	-
<b>Total liabilities</b>	<b>6,837,598</b>	<b>8,058,818</b>	<b>6,016,893</b>	<b>6,320,308</b>	<b>6,000,531</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	2,426,521	2,660,726	2,614,111	3,952,770	2,552,928
<b>Fund balance</b>					
Nonspendable	484,422	517,256	8,767	-	132,242
Assigned	-	-	1,008,040	1,244,020	1,337,900
Unassigned	23,515,733	26,263,871	24,728,024	22,966,883	20,308,619
<b>Total fund balance</b>	<b>24,000,155</b>	<b>26,781,127</b>	<b>25,744,831</b>	<b>24,210,903</b>	<b>21,778,761</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 33,264,274</b>	<b>\$ 37,500,671</b>	<b>\$ 34,375,835</b>	<b>\$ 34,483,981</b>	<b>\$ 30,332,220</b>

Source: Derived from audited annual financial statements.

**SCHEDULE E**

## FIVE-YEAR GENERAL FUND CONSECUTIVE STATEMENT OF REVENUES AND EXPENDITURES (Modified accrual)

For fiscal year ending June 30,	2015	2016	2017	2018	2019
<b>Revenues</b>					
Property taxes	\$ 59,053,072	\$ 61,290,361	\$ 63,986,373	\$ 66,128,401	\$ 70,028,752
Franchise fees	16,378,032	16,809,874	17,323,953	18,001,644	18,003,359
Other taxes	44,565	-	121,502	758,247	1,004,285
Licenses and permits	716,558	833,001	983,431	1,069,803	1,522,440
Fees	1,087,717	1,199,928	1,152,094	1,270,388	1,186,425
Fines and forfeitures	2,772,139	3,023,850	2,963,967	2,891,761	2,977,913
Special assessments	-	-	-	-	1,409
Rents	1,254,898	1,278,003	1,807,586	1,619,906	2,161,366
Charges for services	2,004,622	2,282,858	2,499,466	2,472,631	2,746,109
Other revenues	273,408	310,191	337,952	221,416	171,856
Intergovernmental	6,359,276	6,430,503	7,250,602	8,827,876	8,476,183
Federal grants	920,336	777,561	1,270,677	558,579	458,039
State grants	34,577	36,443	40,374	3,500	21,504
Intrafund reimbursements	3,644,382	5,216,515	5,264,853	6,493,026	6,797,043
Loan payments received	1,384	1,413	18,226	9,625	(126)
Interest on investments	171,231	248,276	395,561	510,207	767,042
<b>Total revenues</b>	<b>94,716,197</b>	<b>99,738,777</b>	<b>105,416,617</b>	<b>110,837,010</b>	<b>116,323,599</b>
<b>Expenditures</b>					
Personal services	76,075,932	81,435,677	85,900,025	93,170,801	98,596,858
Materials and services	15,501,719	15,545,084	18,522,995	17,929,128	19,147,985
Capital outlay	439,148	256,780	280,882	610,969	579,588
Debt service	-	6,794	10,151	15,566	20,829
<b>Total expenditures</b>	<b>92,016,799</b>	<b>97,244,335</b>	<b>104,714,053</b>	<b>111,726,463</b>	<b>118,345,260</b>
Excess (deficiency) of revenues over expenditures	2,699,398	2,494,442	702,564	(889,453)	(2,021,661)
<b>Other financing sources (uses)</b>					
Sale of capital assets	-	27,492	-	2,417	-
Transfers in	1,145,000	1,179,350	1,250,800	1,075,947	1,320,470
Transfers out	(841,490)	(920,312)	(2,989,660)	(1,722,840)	(1,730,950)
<b>Total other financing sources (uses)</b>	<b>303,510</b>	<b>286,530</b>	<b>(1,738,860)</b>	<b>(644,476)</b>	<b>(410,480)</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	3,002,908	2,780,972	(1,036,296)	(1,533,928)	(2,432,141)
Fund balance - beginning of year	20,997,247	24,000,155	26,781,127	25,744,831	24,210,902
<b>Fund balance - end of year</b>	<b>\$ 24,000,155</b>	<b>\$ 26,781,127</b>	<b>\$ 25,744,831</b>	<b>\$ 24,210,902</b>	<b>\$ 21,778,761</b>

Source: Derived from audited annual financial statements.

**SCHEDULE F**

FIVE-YEAR GENERAL DEBT SERVICE FUND CONSECUTIVE BALANCE SHEETS (Modified accrual)

As of June 30,	2015	2016	2017	2018	2019
<b>Assets</b>					
Cash and investments	\$ 556,153	\$ 1,588,661	\$ 464,421	\$ 780,171	\$ 1,691,060
Receivables	585,363	549,236	529,615	804,800	568,711
Total assets	<u>\$ 1,141,516</u>	<u>\$ 2,137,897</u>	<u>\$ 994,036</u>	<u>\$ 1,584,971</u>	<u>\$ 2,259,771</u>
<b>Liabilities</b>					
Payables	\$ -	\$ -	\$ -	\$ 400	\$ -
<b>Deferred inflows of resources</b>					
Unavailable revenue	420,251	419,569	409,595	660,885	415,986
<b>Fund balance</b>					
Restricted for debt service	721,265	1,718,328	584,441	923,686	1,843,785
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,141,516</u>	<u>\$ 2,137,897</u>	<u>\$ 994,036</u>	<u>\$ 1,584,971</u>	<u>\$ 2,259,771</u>

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Source: Derived from audited annual financial statements.

**SCHEDULE G**

FIVE-YEAR GENERAL DEBT SERVICE FUND  
 CONSECUTIVE STATEMENT OF REVENUES AND EXPENDITURES  
 (Modified accrual)

For fiscal year ending June 30,	2015	2016	2017	2018	2019
<b>Revenues</b>					
Property taxes	\$ 10,487,759	\$ 11,205,901	\$ 11,670,914	\$ 13,787,258	\$ 16,175,501
Interest on investments	31,091	47,055	79,399	106,173	193,258
Intergovernmental	4,353,300	4,529,500	4,707,090	4,897,039	5,091,950
Total revenues	<u>14,872,150</u>	<u>15,782,456</u>	<u>16,457,403</u>	<u>18,790,470</u>	<u>21,460,709</u>
<b>Expenditures</b>					
Debt service	<u>14,480,733</u>	<u>14,785,393</u>	<u>17,591,290</u>	<u>18,451,225</u>	<u>20,540,610</u>
Excess (deficiency) of revenues over expenditures	<u>391,417</u>	<u>997,063</u>	<u>(1,133,887)</u>	<u>339,245</u>	<u>920,099</u>
Fund balance - beginning of year	<u>329,848</u>	<u>721,265</u>	<u>1,718,328</u>	<u>584,441</u>	<u>923,686</u>
Fund balance - end of year	<u>\$ 721,265</u>	<u>\$ 1,718,328</u>	<u>\$ 584,441</u>	<u>\$ 923,686</u>	<u>\$ 1,843,785</u>

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Source: Derived from audited annual financial statements.

**SCHEDULE H**

**INVESTMENTS**

ORS 294 authorizes the City to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances, commercial paper, repurchase agreements, State of Oregon Local Government Investment Pool, and various municipal bonds.

The City's investment objectives are a) preservation and protection of investment principal, b) conformance with federal and state statutes and the City's investment policy, c) maintenance of sufficient liquidity to meet operating requirements, d) diversification to avoid unreasonable risks, and e) attainment of an investment return appropriate for the portfolio. Investments are limited to the instruments allowed by ORS. The combination of certificates of deposit, bankers' acceptances, and commercial paper may not exceed 33 percent with any single financial institution.

***INVESTMENTS HELD BY THE CITY AS OF JUNE 30, 2019***

	<u>Book Value</u>
Commercial Paper	\$ 7,355,462
Corporate Bonds	23,582,074
Local Government Investment Pool	76,057,469
Municipal Bonds	1,480,026
U.S. Agencies	35,620,766
U.S. Instrumentalities	974,923
U.S. Treasury	<u>167,013,223</u>
Total	<u>\$ 312,083,943</u>

**SCHEDULE I**

**ANNUAL DISCLOSURE INFORMATION**

*In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"), the City will provide annually the type of information presented in the tables of this section to all NRMSIRs and SIDs, if any. (See Appendix C, "Form of Continuing Disclosure Certificate" in Master Resolution).*

**BASIS OF ACCOUNTING**

The City's governmental fund types are reported on the modified accrual basis of accounting. The proprietary and agency fund types are accounted for using the accrual basis of accounting. The City's accounting practices conform to generally accepted accounting principles.

**FISCAL YEAR**

July 1 through June 30.

**AUDITS**

The Oregon Municipal Audit Law (ORS 297.405 - 297.555) requires an audit and examination to be made of the accounts and financial affairs of every municipal corporation at least once a year. Unless the municipality elects to have the audit performed by the State Division of Audits, the audit is to be conducted by accountants whose names are included on the roster prepared by the State Board of Accountancy.

The City's audit for fiscal year 2018-19 was performed by Grove, Mueller and Swank, Salem, Oregon, Certified Public Accountants. The auditors did not review the statistical tables or the information provided in the SEC 15c2-12 disclosure section, and therefore offer no opinion regarding this information. A complete copy of the City's annual financial statements is available on the City of Salem website [www.cityofsalem.net](http://www.cityofsalem.net).

**COST OF SERVICE RATE STUDY**

City Council has been following a cost of service model as the method of establishing utility rates for the past 20 years. Salem provides services to various customer classes and areas inside and outside of Salem city limits. Under a cost of service methodology, the costs to provide treated drinking water, remove and treat wastewater, and collect and convey stormwater to the Willamette River are analyzed, and relevant costs are assigned to the groups of customers in proportion to the service provided. Salem's Cost of Service Analysis (COSA) was updated and adopted by Council in October 2018. Changes in the rate structure resulting from the update were reflected in rates beginning January 1, 2019, and reflect industry standard technical approaches, as well as the local policy framework. Assumptions for the financial planning model were updated in 2018 and are reviewed at least annually.

**CUSIP NUMBERS BY BOND SERIES:**

<b>794481</b>	<b>___</b>
2017	
JX0	
JY8	
JZ5	
KA8	
KB6	
KC4	
KD2	
KE0	

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Source: City of Salem

**SCHEDULE J**

**THE WATER SYSTEM**

**Service Area and Customers**

The system provides water service to a total population of approximately 197,500. The total number of accounts was 55,931 at the end of the fiscal year 2018-19, including customers within the City of Salem, the City of Turner, Suburban East Salem Water District, the Jan Ree Area, and Orchard Heights Water District. Average base water use is 28 million gallons, and peak water use is 48 million gallons.

**Water Rates**

The City reviews its water rates and charges periodically to determine if they are sufficient to cover annual operation and maintenance, capital expenditures, and debt coverage requirements. The most recent change in rates took effect January 1, 2019. The adopted rates for inside-city customers are shown on the facing page. The rates for outside-city customers vary depending on the level of service received.

*Five-Year Water System Billed Consumption (cubic feet by customer class)*

Customer Class	2014-15	2015-16	2016-17	2017-18	2018-19
1. Residential	400,420,800	395,093,100	410,790,100	429,997,200	439,616,600
2. Multiple dwellings	166,210,500	164,372,800	185,310,000	187,068,500	196,655,900
3. Commercial	140,486,209	146,258,800	146,954,000	151,515,700	146,079,300
4. Industrial	57,163,800	52,071,100	50,490,900	47,104,300	43,458,000
5. Institutional	45,440,500	43,860,000	43,488,500	45,480,500	41,953,900
6. Wholesale <sup>1</sup>	80,530,000	82,328,000	75,044,300	75,678,800	78,504,300
7. Irrigation	48,427,900	49,516,900	40,682,800	44,575,200	51,819,700
8. Public building	17,636,100	18,369,100	19,834,400	18,874,400	18,011,300
Total	<u>956,315,809</u>	<u>951,869,800</u>	<u>972,595,000</u>	<u>1,000,294,600</u>	<u>1,016,099,000</u>

1. East Salem, Orchard Heights, and Turner.

Continued



**SCHEDULE J**

*Five-Year Historical and Current Monthly Water Rates by Customer Class Inside the City*

	Fiscal Year						Council
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Adopted
Rates Implemented on:	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	
<u>Customer Class:</u>							
Residential, Single Family							
Base Rate - 5/8 - 3/4" Meter	\$ 6.32	\$ 6.51	\$ 7.72	\$ 9.18	\$ 10.15	\$ 11.38	
Volume rate - per ccf <sup>1</sup>	2.58	2.65	2.63	2.62	2.56	2.54	
Monthly Bill @ 11 ccf	34.70	35.66	36.65	38.00	38.31	39.32	
Multiple Dwellings							
Base Rate - 1" Meter	6.90	7.11	8.42	10.02	12.83	12.83	
Volume rate - per ccf	2.08	2.14	2.13	2.12	2.16	2.14	
Complex @ 82 ccf	177.46	182.59	183.08	183.86	189.95	188.31	
Cost Per Unit	17.74	18.26	18.31	18.39	19.00	18.83	
Commercial							
Base Rate - 2" Meter	15.75	16.22	19.23	22.87	32.24	40.23	
Volume rate - per ccf	2.12	2.19	2.17	2.16	2.26	2.24	
Monthly Bill @ 65 ccf	153.55	158.57	160.28	163.27	179.14	185.83	
Number of Customers	52,107	52,725	52,895	55,446	55,931		

1. Billing volumes are examples for each customer class and include both a fixed and variable charge. The variable fee is charged per one hundred cubic feet (ccf) of metered water. The fixed component is based on meter size and billing.

*Ten Largest Water System Customers*

Customer	2018-19 Annual Revenue	Percent of Total Gross Water System Revenue*
Suburban East Salem Water	\$ 735,925	2.5%
State of Oregon Corrections	696,125	2.3%
Salem-Keizer School District	495,867	1.7%
Creekside Golf Course LLC	232,283	0.8%
Salem Hospital	198,966	0.7%
Oregon Cherry Growers Inc.	133,681	0.4%
City of Turner	99,019	0.3%
Marion County Business Services	97,057	0.3%
Truitt Bros Inc.	89,923	0.3%
Oregon State Hospital	89,736	0.3%
	<u>\$ 2,132,656</u>	<u>7.1%</u>

\*Total gross water system revenue \$ 29,969,242

Concluded

**SCHEDULE K**

**WASTEWATER SYSTEM**

**Service Area and Customers**

The system provides wastewater service to a population of approximately 238,905, including customers in the City of Salem, the City of Keizer, the City of Turner, Labish Village Sewer District, Eola-Chatnika Sewer District, and the East Salem Service District. The total number of wastewater accounts billed in fiscal year 2018-19 was 65,925, which includes the City of Keizer, which billed 11,442, and the City of Turner, which billed 930.

**Wastewater Rates**

The City reviews its wastewater rates and charges periodically to determine if they are sufficient to cover expenses of operations and maintenance as well as debt service coverage. The most recent change in rates took effect January 1, 2019. The following table shows historical and current rates, by customer class, within the City. Industrial and institutional customers are monitored and flows are measured. These customers pay a base rate as well as charges for volume and strength. Volumes for other classifications are set annually based on individual customer's average winter water usage.

*Five-Year Historical and Current Monthly Wastewater Rates by Customer Class Inside the City*

	Fiscal Year					Council
	2014-15	2015-16	2016-17	2017-18	2018-19	Adopted
	Rates implemented on:					2019-20
	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020
<b>Customer Class:</b>						
<b>Residential, Single Family</b>						
Base Rate - per account	\$ 16.59	\$ 13.68	\$ 14.02	\$ 14.44	\$ 14.88	\$ 15.01
Volume Rate - per ccf <sup>1</sup>	3.23	3.23	3.31	3.41	3.49	3.60
Monthly Bill @ 6.5 ccf <sup>1</sup>	37.59	34.68	35.54	36.61	37.57	38.41
<b>Multiple Dwellings</b>						
Base Rate - per account	33.79	18.44	18.90	19.46	19.97	20.12
Additional Base Rate - per unit over five	1.41	1.19	1.22	1.26	1.27	1.28
Volume Rate - per ccf <sup>1</sup>	3.23	3.23	3.31	3.41	3.49	3.60
Monthly Billing for 10 unit @ 82 ccf <sup>1</sup>	305.70	289.25	296.42	305.38	312.50	321.72
Cost Per Unit	30.57	28.93	29.64	30.54	31.25	32.17
<b>Commercial</b>						
Base Rate - per account	23.17	20.49	21.00	21.63	21.91	22.45
Volume Rate - per ccf <sup>1</sup>	4.42	4.45	4.56	4.70	4.80	4.95
Monthly Bill @ 65 ccf <sup>1</sup>	310.47	289.74	317.40	327.13	333.91	344.20
Number of Customers	62,649	63,320	63,550	65,229	65,925	

1. Water volumes are measured in cubic feet. One unit of water is one hundred cubic feet (ccf). Wastewater volumes are estimated based on water meter readings from November through February.

Continued

**SCHEDULE K**

*Ten Largest Wastewater System Customers*

Customer	2018-19 Annual Revenue	Percent of Total Gross Wastewater Revenue <sup>1</sup>
City of Keizer	\$ 5,643,564	12.5%
State of Oregon Corrections	1,704,418	3.8%
Oregon Cherry Growers	1,061,601	2.4%
Kerr Concentrates	347,246	0.8%
Yamasa	326,156	0.7%
Salem-Keizer School District	311,033	0.7%
NORPAC	294,828	0.7%
Salem Hospital	292,389	0.6%
City of Turner	230,138	0.5%
Kettle	212,802	0.5%
Totals	\$ 10,424,174	23.1%
<sup>1</sup> Total gross wastewater revenue	\$ 45,099,130	

1. Total gross wastewater revenue does not include hauled waste or septic waste.

Concluded

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Source: City of Salem

**SCHEDULE L**

**STORMWATER RATES**

The City began separation of the stormwater and wastewater rates January 1, 2013 with full implementation effective January 1, 2016. Stormwater rates are set at a level sufficient to cover annual operation and maintenance, capital expenditures, and debt coverage requirements of the stormwater system. The adopted rates for inside-city customers are shown below. The City of Salem provides stormwater services to 44,508 stormwater accounts inside the Salem City limits. Of these, 40,111 are single family residential accounts and 4,397 are commercial, public, industrial, institutional, or multi-family accounts. Stormwater fees are not applied to accounts outside the city limits.

	Fiscal Year					Council Adopted
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Rates implemented on:	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020
<u>Customer Class:</u>						
Residential, Single Family						
Base Rate - per account	\$ 7.34	\$ 9.79	\$ 10.08	\$ 10.39	\$ 10.63	\$ 11.09
Volume Rate - per EDU	3.80	5.07	5.22	5.38	5.76	6.08
Monthly Bill @ 1 EDU	11.14	14.86	15.30	15.77	16.39	17.17
All Other Classes (Commercial, Multifamily, Industrial, Institutional)						
Base Rate - per account	7.34	9.79	10.08	10.39	10.63	11.09
Volume Rate - per EDU	3.80	5.07	5.22	5.38	5.76	6.08
Monthly Bill @ 20 EDU	83.34	111.79	114.48	117.99	125.83	132.69
Number of Customers	42,879	43,625	43,627	44,048	44,508	

*Ten Largest Stormwater System Customers*

Customer	2018-19 Annual Revenue	Percent of Total Gross Stormwater Revenue
Salem-Keizer School District	\$ 221,682	1.7%
State of Oregon, Department of Corrections	109,962	0.9%
Oregon State Fair	80,458	0.6%
State of Oregon, Military Department	52,968	0.4%
Oregon State Hospital	48,870	0.4%
State of Oregon, Dept. of Administrative Services	46,780	0.4%
Lancaster Development Co.	45,501	0.4%
River Bend Sand and Gravel	44,282	0.3%
Amazon	39,749	0.3%
Home Depot	33,769	0.3%
Totals	<u>\$ 724,022</u>	<u>5.7%</u>
Total gross stormwater revenue	<u>\$ 12,770,962</u>	

Source: City of Salem

**SCHEDULE M****FIVE-YEAR UTILITY FUND CONSECUTIVE NET POSITION**

As of June 30,	2015	2016	2017	2018	2019
<b>Assets</b>					
<b>Current assets</b>					
Cash and investments	\$ 32,751,441	\$ 40,615,347	\$ 38,917,405	\$ 41,646,988	\$ 39,910,576
Accounts receivable, net	11,427,270	9,838,385	12,714,741	13,875,778	13,970,863
Due from other agencies	80,128	68,682	57,236	45,790	34,344
Inventories and prepayments	1,082,680	1,183,464	1,012,475	947,438	1,106,734
Advances to other funds	940,000	1,344,805	3,076,426	2,632,016	2,171,299
Total current assets	<u>46,281,519</u>	<u>53,050,683</u>	<u>55,778,283</u>	<u>59,148,010</u>	<u>57,193,816</u>
<b>Noncurrent assets</b>					
Restricted cash and investments <sup>1</sup>	17,151,907	17,252,849	22,165,185	32,293,611	42,358,151
Notes receivable	1,345,768	1,271,638	11,877,069	9,085,917	6,308,673
Deferred assessments	3,037,130	3,578,888	3,391,917	3,167,855	3,397,056
Net pension asset	5,013,624	-	-	82,901	235,379
<b>Capital assets:</b>					
Land and construction in progress	68,206,252	38,844,189	37,256,164	40,471,112	54,627,212
Other capital assets, net	561,392,705	589,116,802	597,454,393	596,134,097	590,649,510
Total noncurrent assets	<u>656,147,386</u>	<u>650,064,366</u>	<u>672,144,728</u>	<u>681,235,493</u>	<u>697,575,981</u>
Total assets	<u>702,428,905</u>	<u>703,115,049</u>	<u>727,923,011</u>	<u>740,383,503</u>	<u>754,769,797</u>
<b>Deferred outflows of resources</b>					
Deferred outflows related to OPEB	-	-	134,111	99,471	479,957
Deferred outflows related to pensions	2,129,735	2,846,797	15,924,949	9,803,841	11,445,747
Deferred charge on refunding	4,873,776	4,264,554	3,655,332	4,704,255	4,181,560
Total deferred outflows of resources	<u>7,003,511</u>	<u>7,111,351</u>	<u>19,714,392</u>	<u>14,607,567</u>	<u>16,107,264</u>
Total assets and deferred outflows of resources	<u>\$ 709,432,416</u>	<u>\$ 710,226,400</u>	<u>\$ 747,637,403</u>	<u>\$ 754,991,070</u>	<u>\$ 770,877,061</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 2,193,348	\$ 2,288,044	\$ 4,093,685	\$ 4,254,262	\$ 7,137,942
Interest payable	543,857	515,443	350,958	292,094	271,149
Long-term debt-due within one year	15,600,708	15,927,896	14,720,000	15,273,000	14,806,000
Compensated absences-due within one year	440,460	452,637	489,311	474,051	562,069
Total current liabilities	<u>18,778,373</u>	<u>19,184,020</u>	<u>19,653,954</u>	<u>20,293,407</u>	<u>22,777,160</u>
<b>Noncurrent liabilities</b>					
Security deposit payable	36,597	136,597	36,597	36,572	36,547
Unearned revenue	1,173,345	1,169,108	1,148,793	1,108,489	1,109,281
Developer reimbursement payable <sup>2</sup>	1,749,238	2,277,063	2,093,239	1,912,634	2,157,377
Long-term debt	143,220,347	127,019,500	107,405,410	91,088,286	75,066,744
Net OPEB obligation/liability	1,395,998	1,231,182	3,263,493	3,157,247	3,742,858
Net pension liability	-	12,460,829	31,008,547	27,164,286	29,705,049
Compensated absences payable	1,262,034	1,407,965	1,442,467	1,741,071	1,748,689
Total noncurrent liabilities	<u>148,837,559</u>	<u>145,702,244</u>	<u>146,398,546</u>	<u>126,208,585</u>	<u>113,566,545</u>
Total liabilities	<u>167,615,932</u>	<u>164,886,264</u>	<u>166,052,500</u>	<u>146,501,992</u>	<u>136,343,705</u>
<b>Deferred inflows of resources</b>					
Deferred inflows related to OPEB	-	-	85,334	198,798	367,040
Deferred inflows related to pensions	9,674,264	2,942,783	695,103	911,283	2,352,357
Total deferred inflows of resources	<u>9,674,264</u>	<u>2,942,783</u>	<u>780,437</u>	<u>1,110,081</u>	<u>2,719,397</u>
<b>Net position</b>					
Net investment in capital assets	475,651,678	489,278,149	516,240,479	534,948,178	559,585,538
Restricted for:					
Capital projects	16,242,400	15,955,649	21,197,516	31,438,499	37,671,221
Unrestricted					
Water and sewer rate stabilization	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000
Other unrestricted	33,348,142	30,263,555	36,466,471	34,092,320	27,657,200
Total net position	<u>532,142,220</u>	<u>542,397,353</u>	<u>580,804,466</u>	<u>607,378,997</u>	<u>631,813,959</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 709,432,416</u>	<u>\$ 710,226,400</u>	<u>\$ 747,637,403</u>	<u>\$ 754,991,070</u>	<u>\$ 770,877,061</u>

1. Amount represents bond proceeds, system development charges, and rate payer funds set aside specifically for capital projects.

2. Deferred development - connections for water and sewer.

Source: Derived from audited annual financial statements.

**SCHEDULE N**

**FIVE-YEAR UTILITY FUND HISTORICAL OPERATING RESULTS**

Reported in Accordance with Bond Master Resolution<sup>1</sup>

For fiscal year ending June 30,	2015	2016	2017	2018	2019
Gross Revenues	\$ 89,212,723	\$ 91,241,114	\$ 94,761,786	\$ 100,502,165	\$ 103,334,021
Operating Expenses	55,241,733	55,662,580	62,000,484	65,656,871	65,365,081
Net Revenues	33,970,990	35,578,534	32,761,302	34,845,294	37,968,940
<i>Annual Debt Service</i>					
<i>Parity Obligations</i>					
Series 2012 Bonds A & B (Refinance)	13,808,949	12,777,230	12,783,368	11,322,356	9,943,139
Series 2017 Bonds (Refinance 2009 Full Faith & Credit bond)	-	-	-	4,145,542	4,149,750
Total Parity Annual Debt Service	13,808,949	12,777,230	12,783,368	15,467,898	14,092,889
Parity Debt Service Coverage <sup>1</sup>	2.46	2.78	2.56	2.25	2.69
Net Revenues less Parity Debt Service	\$ 20,162,041	\$ 22,801,304	\$ 19,977,934	\$ 19,377,396	\$ 23,876,051
<i>Subordinate Obligations</i>					
OECD	\$ 401,599	\$ 401,200	\$ 5,192,283	\$ -	\$ -
Full Faith and Credit Bond	7,798,225	7,800,425	7,800,175	4,850,800	4,846,400
Total Subordinate Debt Service	\$ 8,199,824	\$ 8,201,625	\$ 12,992,458	\$ 4,850,800	\$ 4,846,400
Debt Service Coverage (incl. RSA Transfer) <sup>2</sup>	2.46	2.78	1.54	3.99	4.93

1. The Master Resolution requires the debt coverage ratio on Parity Obligations (Net Revenues/Annual Debt Service on Parity Debt) be equal to or greater than 1.25.
2. Subordinate Debt Service Coverage Ratio (Net Revenues Less Parity Debt Service/Total Subordinate Debt Service) is not required by the Master Resolution.

Source: City of Salem

# **Auditor's Comments and Disclosures**







## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS***

The Honorable Mayor and City Council  
City of Salem  
555 Liberty Street SE  
Salem, Oregon 97301

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Salem, Oregon (the City) as of and for the year ended June 30, 2019 and have issued our report thereon dated December 19, 2019.

#### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials – no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

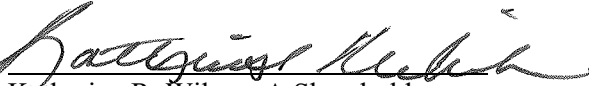
***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

***Restriction on Use***

This report is intended solely for the information and use of the Honorable Mayor, City Council and management of the City of Salem, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
Katherine R. Wilson, A Shareholder  
December 19, 2019