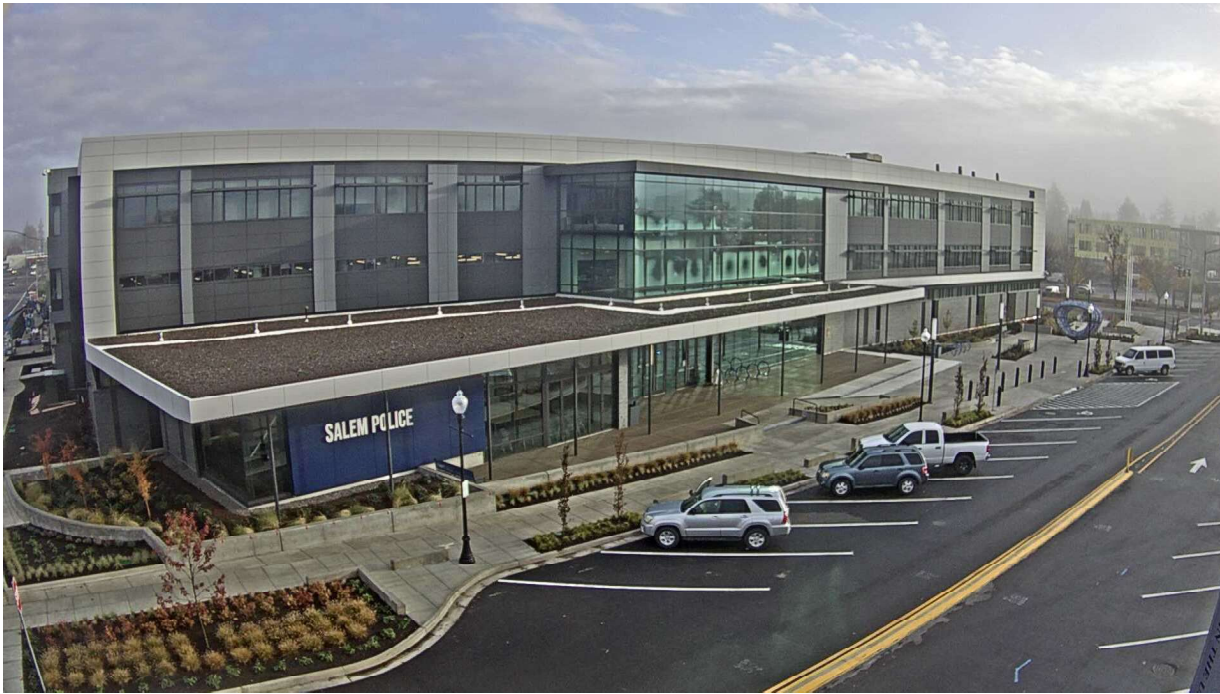


City of Salem, Oregon



View From Police Station Project Cam – November 12, 2020

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2020



Rendering of Salem's New Police Station

Realizing Progress and Preparing for the Future

**CITY OF SALEM,
OREGON**

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

For the Fiscal Year Ended

June 30, 2020

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



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

December 28, 2020

**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, 2020. 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 component units 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 opinion on the City's financial statements for the year ended June 30, 2020. 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, 2020 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 167,400 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 units. 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 and the Housing Authority of the City of Salem as a discretely presented 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

Oregon has regained more than a third of the jobs lost in March and April 2020 at the onset of the COVID-19 pandemic; however, returning to full employment depends on many unknowns. According to the Office of Economic Analysis' June 2020 Economic and Revenue Forecast, three recovery scenarios emerge: 1) as social distancing measures are lifted, consumers will be able to unleash pent-up demand, spending on services they previously could not, which is key to economic recovery, 2) widespread availability of a vaccine as announced in mid-November or improved medical treatment could further restore consumer confidence and lead to a more rapid recovery, and 3) a resurgence in the number of coronavirus cases like those experienced in October and November could trigger a second round of business closures throughout the state, leading to a deeper recession and slower recovery. It appears as if a combination of these scenarios is most likely and increases the uncertainty of the recovery's pace and duration.

The average unemployment rate for the Salem Metropolitan Statistical Area (MSA) in 2019 was 4.0% and in 2020 through September, 8.0%. The increase in unemployment peaked in April at 13.2% at the beginning of the COVID-19 pandemic and has steadily declined each month to 6.8% in September's preliminary release from the Bureau of Labor Statistics.

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 be a significant driver of personnel costs. 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

Investment in the City's infrastructure and future planning has been a priority for the last several years.

In May 2017, Salem voters approved a \$61.8 million bond to fund a new police facility. Construction was completed in October of 2020 and the move of police operations from the Civic Center to the new facility was completed by the end of November. This new facility is expected to meet the long-term needs of the community by providing a secure building with ample space for operations, adequate parking, as well as community rooms for general use by Salem residents.

In November 2017, Salem voters approved an \$18.6 million bond to fund a seismic retrofitting at the Salem Public Library. Construction is anticipated to be complete in the spring of FY 2021. During the construction there has been no disruption in service as the library has continued to operate in a temporary leased space.

In 2019, the City began design on an ozone contact tank at the Geren Island Water Treatment Facility along with an aquifer storage and recovery system at Woodmansee Park. The new treatment process will enhance the City's ability to deliver high quality drinking water throughout the year while also providing resiliency and redundancy to the system. The construction cost of the new infrastructure will be financed by a combination of an Oregon State Grant and revenue bonds that were issued by the City in April of 2020.

The City continues to explore ways to increase general fund revenues.

In late 2019, the City Council adopted two resolutions intended to 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 began in January of 2020 has generated over \$3.5 million in additional revenue in the last half of FY 2020. The second initiative was an employee paid payroll tax scheduled as a ballot measure for the May of 2020 election; however, due to the adverse financial impact of the pandemic on Salem's businesses and residents, the City Council decided to postpone the ballot measure. The City remains committed to exploring general fund revenue options and efficiencies where possible.

The City is committed to helping our community through the COVID-19 pandemic.

The COVID-19 pandemic has impacted Salem's city operations, public health, and local businesses. Through retooling and reimagining the delivery of city services, Salem has continued to provide top level customer service to the community. It has increased its online and remote avenues for communications, payments and planning review. The unsheltered members of the community have been impacted particularly hard by the pandemic. During the 2020 fiscal year, City invested an additional \$593,000 in resources through transfers beyond what was initially budgeted to aid the unsheltered population. Additionally, a mid-year transfer of \$299,000 was made to help local small businesses and cultural and heritage sites who also were impacted by the pandemic. The City is currently updating its Strategic Economic Development Plan through the Urban Development department which will focus on economic stability and recovery during the COVID-19 pandemic.

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, 2019. The City has received this award 22 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

This CAFR was prepared by the City's Finance Department. The Finance Department 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 this report would not have been successful without their support.

Respectfully submitted,

A handwritten signature in black ink that reads "Robert Barron". The signature is written in a cursive style with a large, stylized initial "R".

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

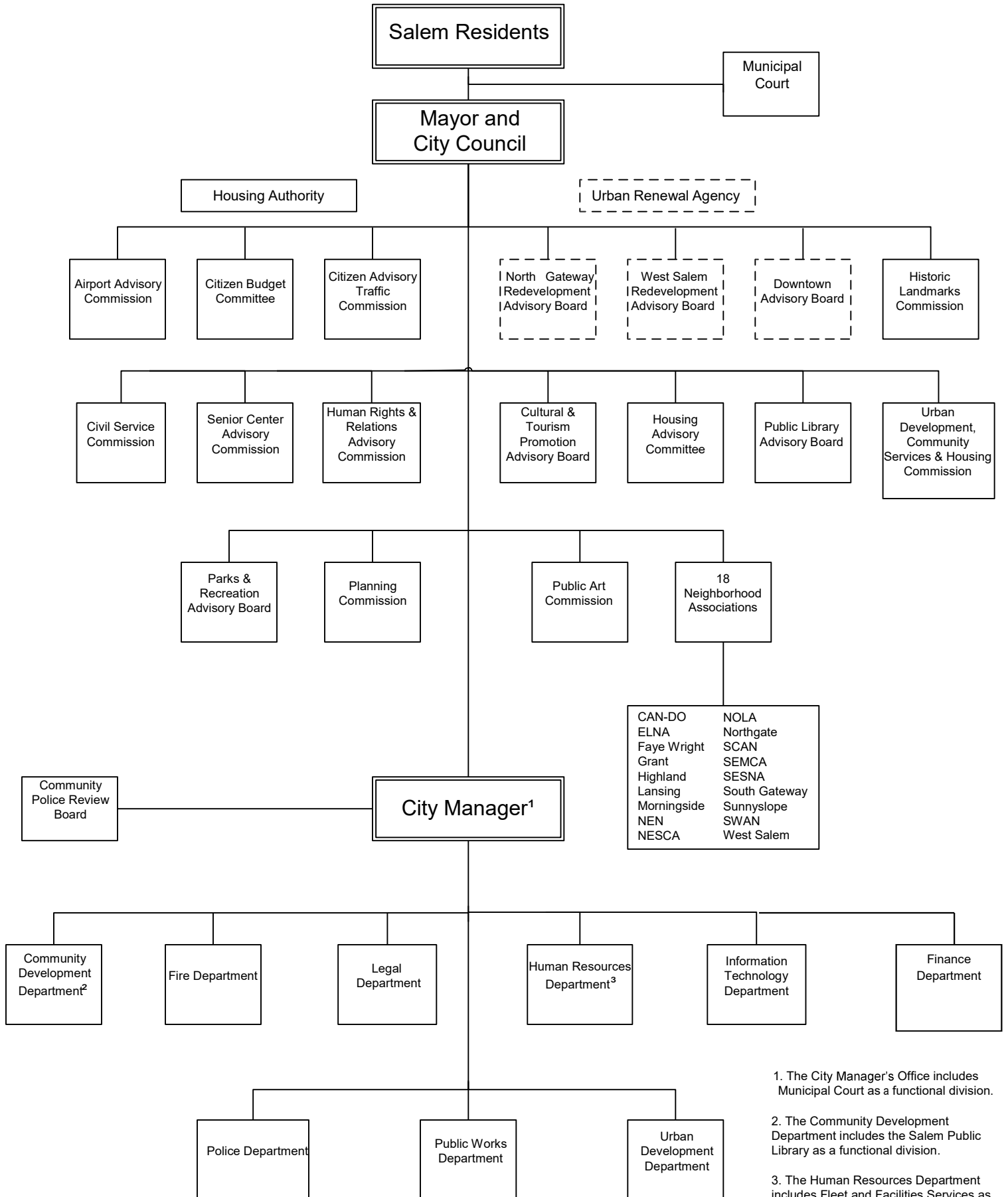
June 30, 2019

Christopher P. Morill

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	Vanessa Nordyke	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

www.gmscpa.com

(503) 581-7788 • FAX (503) 581-0152

475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

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, aggregate discretely presented component unit, 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, 2020, 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 did not audit the financial statements of the Salem Housing Authority, which represent 2 percent each of the assets, net position and revenue of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Salem, Oregon, as of June 30, 2020, 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.

Supplemental 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

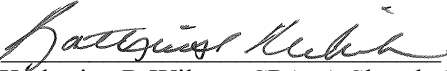
Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2020 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 28, 2020, 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 28, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

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, 2020. 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 62).

FINANCIAL HIGHLIGHTS

- The net position of the City at the close of FY 2020 is \$1,268.9 million. Of this amount, negative \$28.9 million is unrestricted. This is negative due to long-term liabilities related to pension and other post-employment benefits (OPEB).
- The increase in net position of \$43.7 million represents a \$16.7 million increase from governmental activities and a \$27.0 million increase from business-type activities.
- There was an increase in capital assets of \$61.8 million that represents an increase in governmental activities for \$38.6 million and \$23.2 million for business-type activities. The governmental increase primarily represents increased in work in process for ongoing projects, such as the new police building and the Salem Library upgrade. The increase in business-type capital assets is, also, the result of work in process for projects like the Geren Island Facility Improvements and the Willow Lake Cogeneration Facility.
- Noncurrent liabilities increased by \$53.9 million from the previous year. This represents an increase of \$1.0 million in governmental activities and \$52.9 million in business-type activities. The governmental increase primarily reflects the increase in net pension liability. The business-type increase primarily reflects the issuance of revenue bonds in March 2020 for water system improvements.
- The government-wide statements include the financial impact of pension liabilities. The government-wide statements report a net pension liability of \$162.6 million, deferred outflows of \$53.3 million, and deferred inflows of \$8.6 million, with a net increase to expenses of \$21.0 million. See the PERS note on page 91 for more details.
- The government-wide statements also include the financial impact of other post-employment benefit (OPEB) liabilities. The government-wide statements report an overall net OPEB liability of \$14.3 million, deferred outflows of \$2.2 million, and deferred inflows of \$2.0 million, with a net increase to expenses of \$0.7 million. See the RHIA and OPEB notes beginning on page 97 for more details.
- On a fund basis, governmental funds reported a combined ending fund balance of \$177.1 million. Of this amount, \$44.4 million (25.1%) is either committed, assigned, or unassigned and available to fund ongoing activities. The remaining fund balance of \$132.7 million (74.9%) is either restricted or non-spendable, which represents a decrease of \$28.6 million, primarily funds used for construction. The overall decrease in fund balance of \$23.1 million is due to decreases of \$30.6 million in the Capital Improvements fund due to bond proceeds spend down for the new police station and library improvements, \$2.5 million decrease in the Tax Allocation Improvements fund due to additional capital outlay expenditures, and \$0.9 decrease in the other major funds. These decreases were offset by the following increases: \$3.2 million in the General fund due to the new City Operations fee, and \$7.7 million in nonmajor funds primarily from System Development charges, Development District fees, and building permits associated with increased development activity.
- At year-end, the unassigned fund balance in the General fund was \$23.3 million, or 19.3% of total General fund expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

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 38-60). 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 financial statements to explain the differences between the statement and the corresponding government-wide statement created by the latter's integrated approach.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2020

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 62-103). 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 106-108). 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 110-169). 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

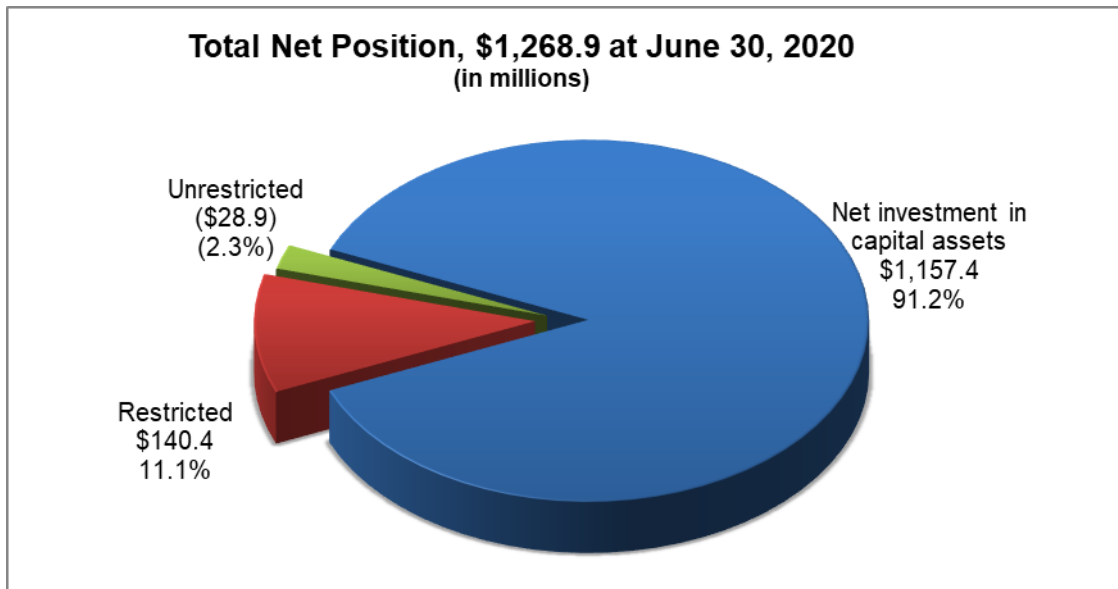
Net position, over time, is a useful indicator of a government's financial position. The following table shows a summary of the Statement of Net Position for the past two years.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

Statement of Net Position as of June 30, 2020
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Cash and investments	\$ 228.5	\$ 244.0	\$ 150.2	\$ 90.9	\$ 378.7	\$ 334.9
Other assets	29.9	26.7	29.2	32.6	59.1	59.3
Capital assets	630.9	592.3	692.8	669.6	1,323.7	1,261.9
Total assets	<u>889.3</u>	<u>863.0</u>	<u>872.2</u>	<u>793.1</u>	<u>1,761.5</u>	<u>1,656.1</u>
Deferred outflows of resources	40.5	40.9	18.9	19.5	59.4	60.4
Current liabilities	40.6	31.0	22.5	23.5	63.1	54.5
Noncurrent liabilities	301.8	300.8	176.5	123.6	478.3	424.4
Total liabilities	<u>342.4</u>	<u>331.8</u>	<u>199.0</u>	<u>147.1</u>	<u>541.4</u>	<u>478.9</u>
Deferred inflows of resources	7.5	8.9	3.1	3.5	10.6	12.4
Net position:						
Net investment in capital assets	538.6	513.7	618.8	583.9	1,157.4	1,097.6
Restricted	106.8	109.7	33.6	37.7	140.4	147.4
Unrestricted	(65.5)	(60.2)	36.6	40.4	(28.9)	(19.8)
Total net position	<u>\$ 579.9</u>	<u>\$ 563.2</u>	<u>\$ 689.0</u>	<u>\$ 662.0</u>	<u>\$ 1,268.9</u>	<u>\$ 1,225.2</u>

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



The City ended the year with a net position of \$1,268.9 million. \$1,157.4 million, or 91.2% 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, 2020

An additional portion of net position, \$140.4 million, or 11.1%, 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 \$28.9 million, or -2.3%. The unrestricted net position is comprised of a negative \$65.5 million for governmental activities and a positive \$36.3 million for business type activities.

Governmental Activities. The total net position from governmental activities increased \$16.7 million, or 3.0%. The Statement of Net Position shows an increase of \$38.6 million in capital assets, \$15.5 million decrease in cash and investments and \$7.4 million increase in other liabilities. This is mainly as a result of ongoing construction projects for the new Salem police station and the Salem library upgrade. Both projects remain in work in progress.

Business-type Activities. The total net position of business-type activities increased \$27.0 million, or 4.1%. The most significant changes on the Statement of Net Position are an increase in cash and investments of \$59.3 million, an increase in long-term debt of \$51.6 million, and an increase of capital assets of \$23.2 million. This is mainly due to revenue bonds issued in March 2020 and work in progress construction projects for Geren Island upgrade and Willow Lake Cogeneration facility.

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, 2020

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

	Governmental Activities		Business-type Activities		Total Primary	
	2020	2019	2020	2019	2020	2019
Program revenues						
Charge for services	\$ 44.7	\$ 45.4	\$ 120.7	\$ 119.4	\$ 165.4	\$ 164.8
Operating grants and contrib.	17.8	15.5	0.1	-	17.9	15.5
Capital grants and contrib.	30.6	23.1	17.5	16.9	48.1	40.0
General revenues						
Taxes and franchise fees	128.0	121.8	-	-	128.0	121.8
Shared state tax revenue	6.8	6.2	-	-	6.8	6.2
Interest	5.0	5.2	2.4	2.2	7.4	7.4
Other	1.7	2.4	1.3	1.4	3.0	3.8
Total revenues	<u>234.6</u>	<u>219.6</u>	<u>142.0</u>	<u>139.9</u>	<u>376.6</u>	<u>359.5</u>
Program expenses						
General government	25.5	23.8	-	-	25.5	23.8
Public safety	97.2	83.5	-	-	97.2	83.5
Community development	42.2	28.7	-	-	42.2	28.7
Community services	13.3	10.7	-	-	13.3	10.7
Transportation	28.2	27.9	-	-	28.2	27.9
Library services	5.7	4.4	-	-	5.7	4.4
Interest on long-term debt	7.3	7.9	-	-	7.3	7.9
Utility	-	-	101.0	97.6	101.0	97.6
Emergency services	-	-	0.8	0.7	0.8	0.7
WVPS communications center	-	-	12.3	11.0	12.3	11.0
Police Regional Records	-	-	0.2	0.3	0.2	0.3
Salem Convention Center	-	-	4.2	5.0	4.2	5.0
Total expenses	<u>219.4</u>	<u>186.9</u>	<u>118.5</u>	<u>114.6</u>	<u>337.9</u>	<u>301.5</u>
Excess before special items and transfers	15.2	32.7	23.5	25.3	38.7	58.0
Transfers	1.5	0.2	(1.5)	(0.2)	-	-
Change in net position	<u>16.7</u>	<u>32.9</u>	<u>22.0</u>	<u>25.1</u>	<u>38.7</u>	<u>58.0</u>
Net position - beginning	563.2	530.5	662.0	636.9	1,225.2	1,167.4
Prior Period Adjustment	-	(0.2)	5.0	-	5.0	(0.2)
Net position - ending	<u>\$ 579.9</u>	<u>\$ 563.2</u>	<u>\$ 689.0</u>	<u>\$ 662.0</u>	<u>\$ 1,268.9</u>	<u>\$ 1,225.2</u>

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

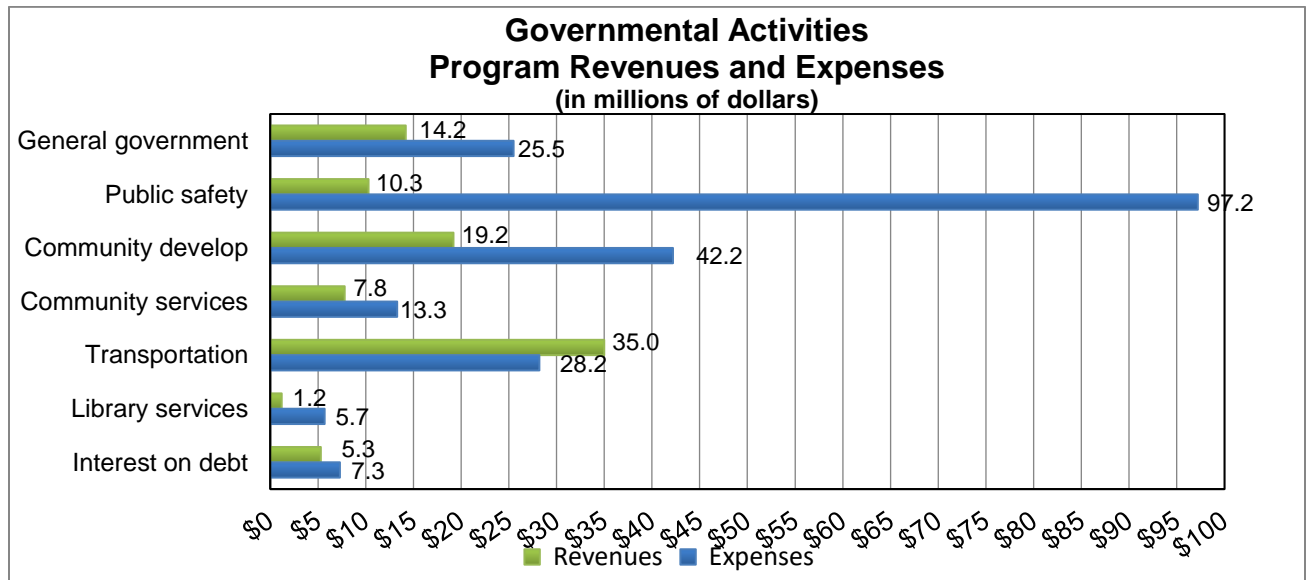
Governmental Activities. The governmental net position increased by \$16.0 million less than it increased in the prior year, specifically: FY 2020's increase of \$16.7 million versus FY 2019's increase of \$32.7 million due primarily to the following:

- Charges for services decreased by \$0.7 million, primarily driven by the COVID-19 economic downturn. A decline in general government revenue for parking fees and court and parking fines by \$1.5 million, a decline of \$0.4 million in community services due to decreased recreation fees, a decline in transportation services by \$0.3 million due to reduced fuel tax receipts, and \$0.1 million decline in library revenues due to the temporary library site relocation and closure of some services. These declines were partially offset by increases in public safety of \$0.8 million due mainly to photo red light violations moving from general government to the public safety function, and an increase in community development of \$0.8 million due to the increase in the amount of building permits issued.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

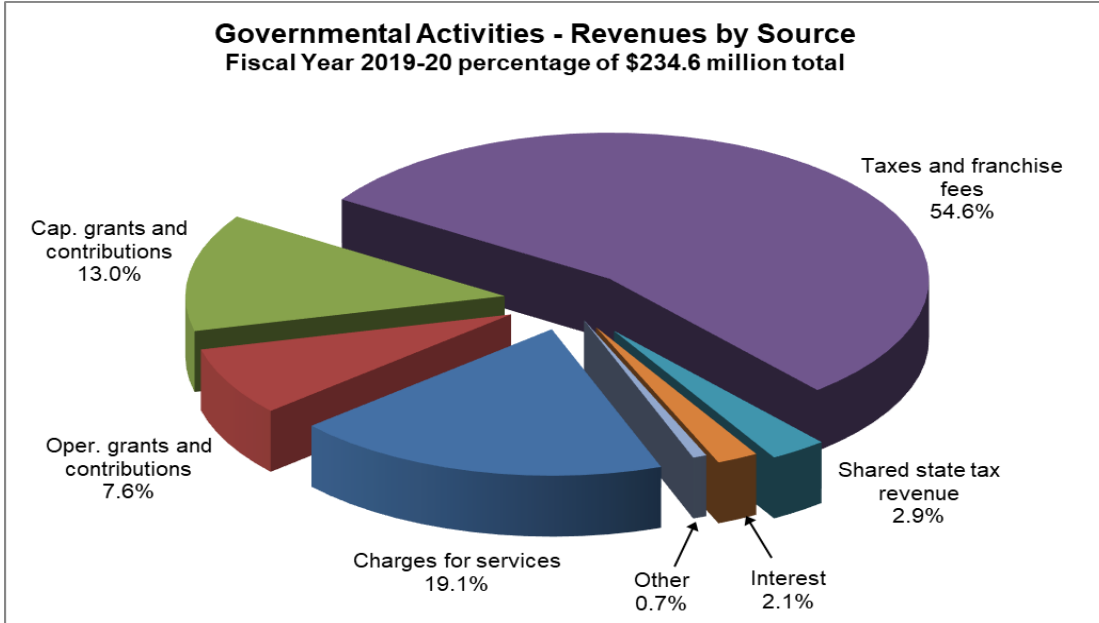
- General revenues increased \$5.9 million, mainly in property taxes driven by increased assessed value and the new City Operations fee.
- Program expenses increased by \$32.5 million, offsetting the above revenue increases. Increases were mainly in Public Safety, an increase of \$13.7 million, due mostly to increased pension expenses. Community development, an increase of \$13.5 million, mainly due to increased support for construction associated with the new police facility. Community services, an increase of \$2.6 million, due to increase in project expenses and pension expenses. General government, an increase of \$1.7 million, due to increase in pension expenses and other salary and wage increases. Library services, an increase of \$1.3 million, this is due library relocation expenses and increased pension expenses.

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 34-35).



MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

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

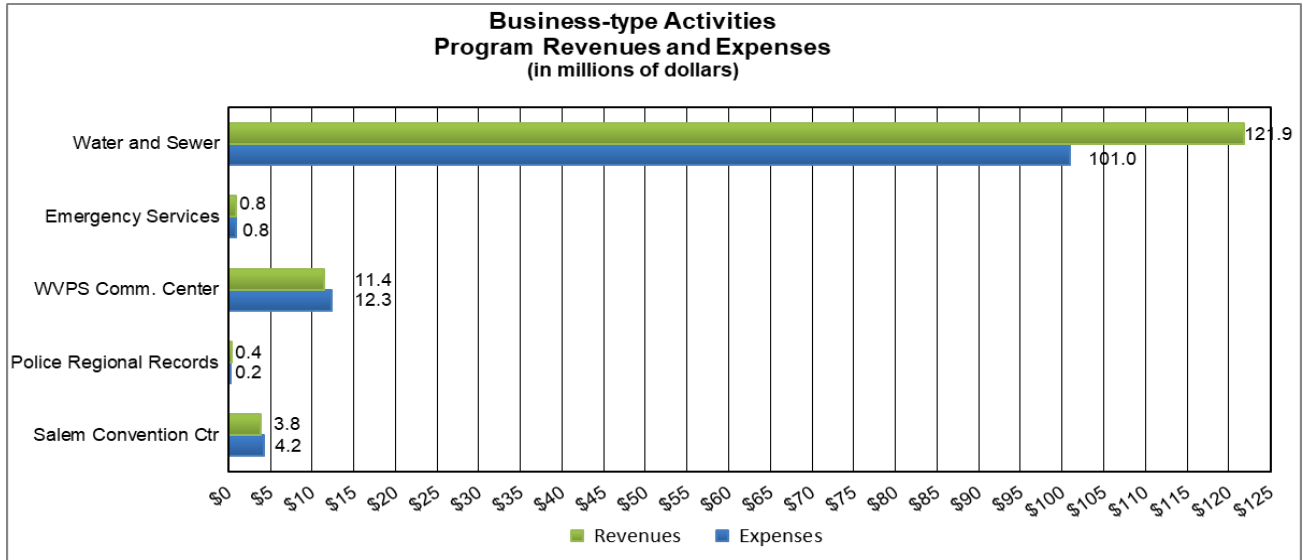


Business-type Activities. The table on page 20 shows the City's net position from business-type activities increased by \$27.0 million. This is primarily due to revenues exceeding expenditures by \$22.0 million in the Utility fund and a \$5.0 million prior period adjustment to the Utility fund for an adjustment to construction in progress. The following are some highlights:

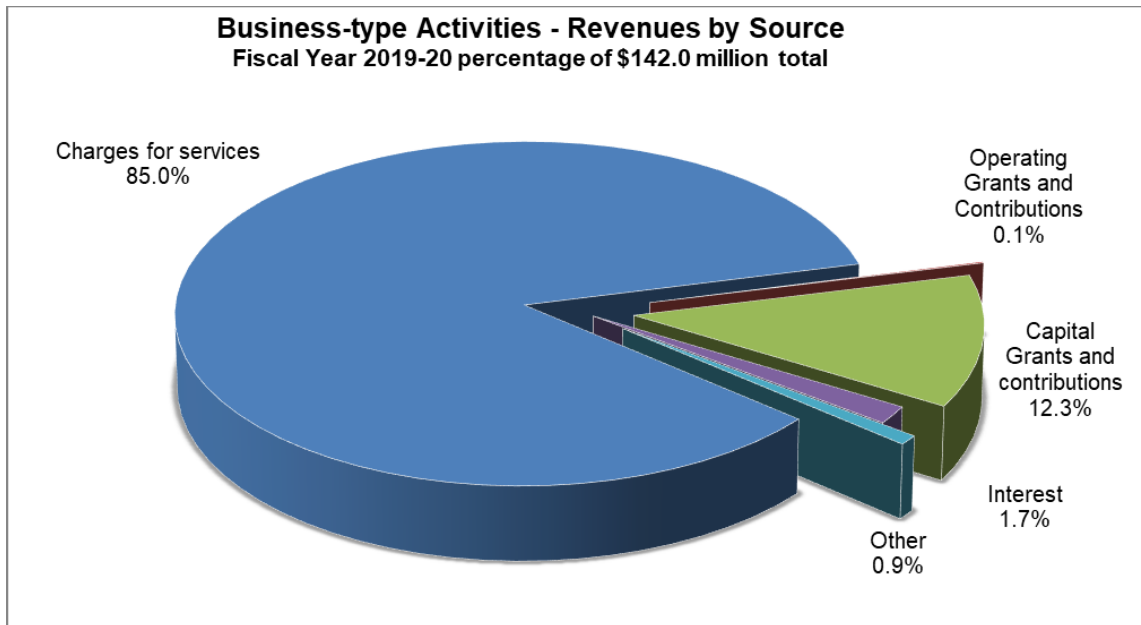
- Utility fund revenues increased by \$3.2 million. This is mainly due to an increase sales, fees, licenses and fees by \$1.9 million from approved rate increases, \$0.6 million increase in capital contributions, \$0.3 million in internal funds, \$0.2 million increase in assessment fees, and \$0.2 million in grants and other revenue.
- Utility fund expenses increased by \$3.4, mainly due to increase in personal expenses, which includes pension expenses.
- Salem convention center had a decrease in revenue of \$1.4 million due to the COVID-19 shutdown in March for the remainder of the fiscal year.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020



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



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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

Governmental Funds. At June 30, 2020, the City's governmental funds reported combined ending fund balances of \$177.1 million, a decrease of \$23.1 million or 11.5%, from last year. The unassigned General fund balance of \$23.3 million or 13.2% 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 \$132.4 million or 74.8%. Committed fund balance is \$19.7 million or 11.1%. Assigned fund balance, representing encumbrances, is \$1.4 million or 0.8%, and Nonspendable fund balance is \$0.3 million or 0.2% primarily in prepayments.

General operating fund balance increased by \$3.2 million, from \$21.8 million to \$25.0 million. This is due to the mid-year introduction of the city operations fee that generated \$3.6 million in revenue. The General operating fund had \$120.9 million of expenditures which was below its \$123.3 million of revenue. Total expenditures increased \$2.5 million over the prior year, primarily in public safety operating costs of \$3.1 million due to continuing operations. There was an offsetting decrease of \$0.4 million in capital outlay and \$0.3 in other governmental functions. Total revenues did increase by \$7.0 million or 6.0% due primarily to an increase of \$3.6 million from the city operations fee, \$3.1 million from sales, fees, licenses, permits and rents, \$1.1 million in property taxes and a decrease of \$0.6 million in rents. The total ending fund balance is 17.7% of the FY 2021 budgeted fund revenues and complies with the ending fund balance/reserve policy adopted by the Council.

Capital Improvements fund balance decreased \$30.6 million, from \$81.8 million to \$51.2 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 decreased \$2.5 million. The change was primarily due to increased capital outlay spending of \$4.4 million, a decline of \$2.1 million in other financing sources, an increase \$0.1 million in interest and an increase in \$0.1 in rents and grants.

Community Renewal fund balance decreased \$0.4 million. The decline in fund balance is due to continuing operations. Expenditures declined as grants and loan payments received declined.

The General Debt fund balance decreased by \$0.5 million. This is due to general obligation property tax levy receipts decreasing more than the debt service required for the year.

Nonmajor governmental funds in the aggregate increased \$7.7 million, primarily due to increased development related revenues.

Proprietary Funds. At June 30, 2020, the City's enterprise funds reported a combined net position of \$683.6 million (excluding the internal service consolidation adjustment), an increase of \$22.2 million, primarily from the Utility fund. Internal service funds increased \$3.7 million to a net position of \$64.1 million.

The Utility fund net position increased \$28.4 million, from \$631.8 million to \$660.2 million. This total net position is comprised of \$594.3 million of net investment in capital assets, \$33.7 million is restricted for capital projects, and \$32.3 million is unrestricted. The increase in net position is due to \$31.9 million in construction in progress and offset by depreciation of fixed assets for the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

The Internal Service funds combined net position increased \$3.7 million. This increase was due to a \$1.4 million net income (revenues – expenses), a net of \$1.3 million in capital contributions and transfers, and \$1.0 million in non-operating revenues with \$0.9 million being interest income.

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 48-49 for more detailed information.

General Fund

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

- Transfer appropriation of \$213,000 from contingency to operations for a grant to the Mid-Willamette Valley Community Action Agency for funding nightly warming shelter operations and associated costs.
- Transfer appropriation of \$63,160 from personal services in the Finance Department to the Information Technology Department to enhance the City's network security.
- Transfer appropriation of \$627,800 from contingency to operations to fund elevator modernization for the Civic Center Campus.
- Transfer appropriation of \$100,000 from contingency to operations for a centralized customer service center model analysis.
- Transfer appropriation of \$60,000 from contingency to operations for a grant to the Mid-Willamette Valley Community Action Agency for warming shelters and sleeping beds.
- Transfer appropriation of \$90,000 from contingency to Parks operations for a temporary shelter in Marion Square Park, additional restroom cleaning, sanitation stations and refuse collection and disposal.
- Transfer appropriation of \$200,000 from contingency to operations to expand the Homeless Rental Assistance Program (HRAP) grant to the Salem Housing Authority.
- Transfer appropriation of \$299,000 from contingency to operations to grant funds to small businesses and cultural and heritage organizations.

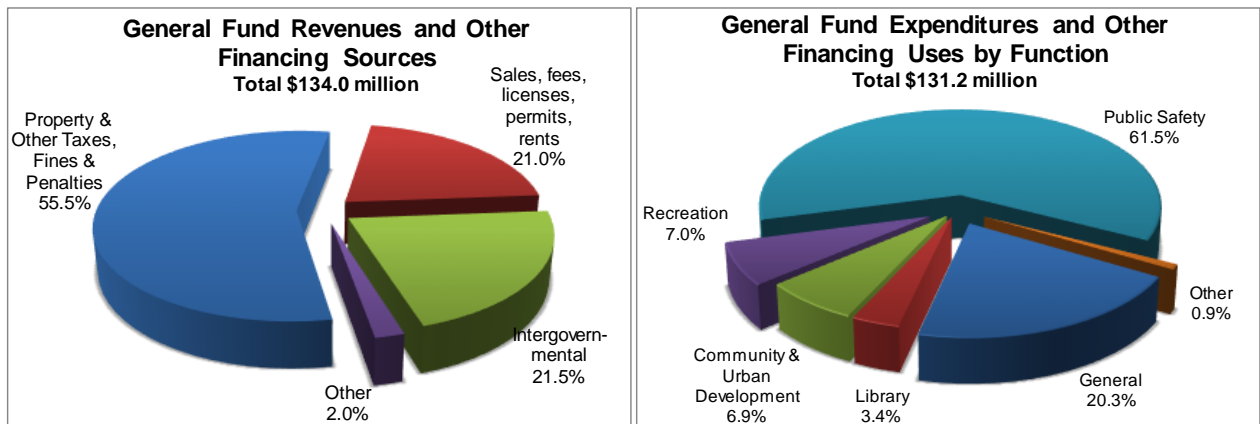
Differences between actual results and the final amended budget resulted in the General fund balance ending \$14.8 million greater than originally budgeted. This is primarily due to:

- \$1.0 million in higher than budgeted beginning fund balance
- \$3.5 million in unanticipated revenue from the mid-year adopted City Operations fee
- \$0.5 million less than budgeted revenue in Parks, Recreation, and Library user fees due to COVID-19 related closures
- \$0.5 million less than budgeted revenue in overall franchise fees due to a decrease in telephone franchise fees by \$0.3 million, refuse franchise fee of \$0.1 million, and electric franchise fee by \$0.1
- \$3.1 million in unanticipated revenue from CARES Act funding

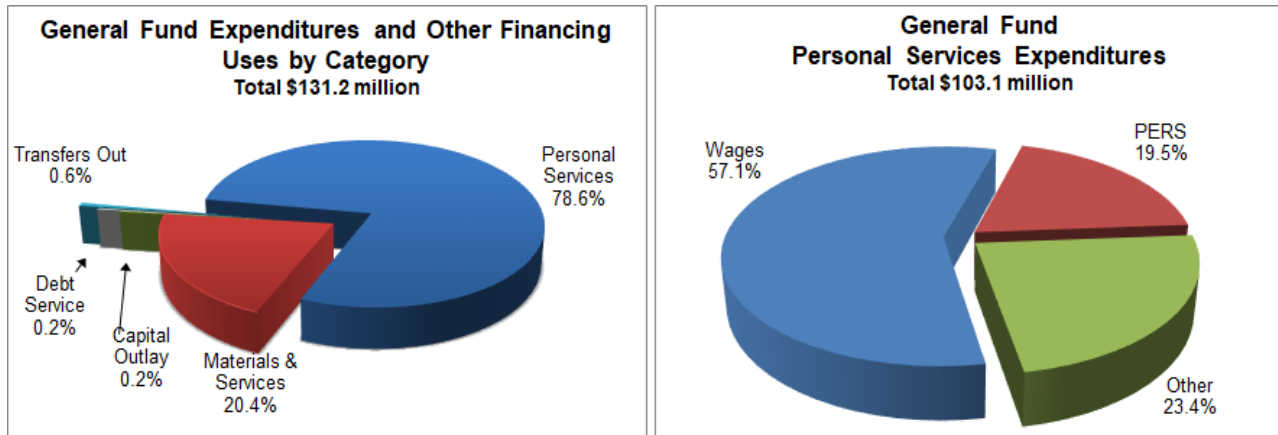
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

- \$4.9 million less than budgeted expenditures in personnel services, composed of \$2.7 in wages, \$1.1 million in health benefits, and \$1.1 million in other benefits
- \$1.5 million less than budgeted expenditures in non-departmental, \$0.7 million in other special payments, and \$0.7 million in other professional services higher budget than projected spending
- \$1.8 million in unspent contingency

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.



MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

Capital Assets

As of June 30, 2020, 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 \$61.9 million, or 4.9%, from the prior year. Governmental assets increased \$38.7 million, primarily in work-in-progress for projects such as the new police building and the Salem Library improvements. The business-type increase of \$23.2 million, primarily in work-in-progress for projects such as the Geren Island Facility improvements and Willow Lake Cogeneration facility.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land, land improvements, and art	\$ 266.3	\$ 261.9	\$ 19.2	\$ 18.9	\$ 285.5	\$ 280.8
Buildings	36.2	37.6	21.3	21.8	57.5	59.4
Improvements	34.9	24.8	-	-	34.9	24.8
Equipment and machinery	6.6	7.8	1.4	1.1	8.0	8.9
Vehicles	18.1	17.3	-	-	18.1	17.3
Infrastructure	157.9	162.3	-	-	157.9	162.3
Utility systems	-	-	582.9	590.1	582.9	590.1
Work-in-progress	110.9	80.5	68.0	42.7	178.9	123.2
Total	<u>\$ 630.9</u>	<u>\$ 592.2</u>	<u>\$ 692.8</u>	<u>\$ 674.6</u>	<u>\$ 1,323.7</u>	<u>\$ 1,266.8</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, 2020
(in millions)

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 592.2	\$ 674.6	\$ 1,266.8
Additions	58.7	37.7	96.4
Retirement	(0.2)	0.0	(0.2)
Accumulated depreciation	(19.8)	(19.5)	(39.3)
Ending balance	<u>\$ 630.9</u>	<u>\$ 692.8</u>	<u>\$ 1,323.7</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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

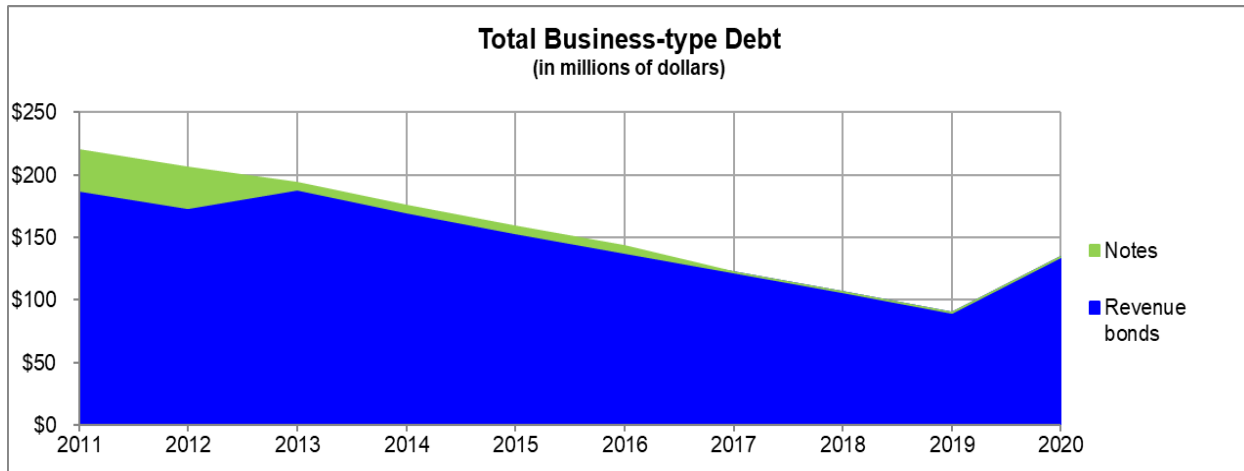
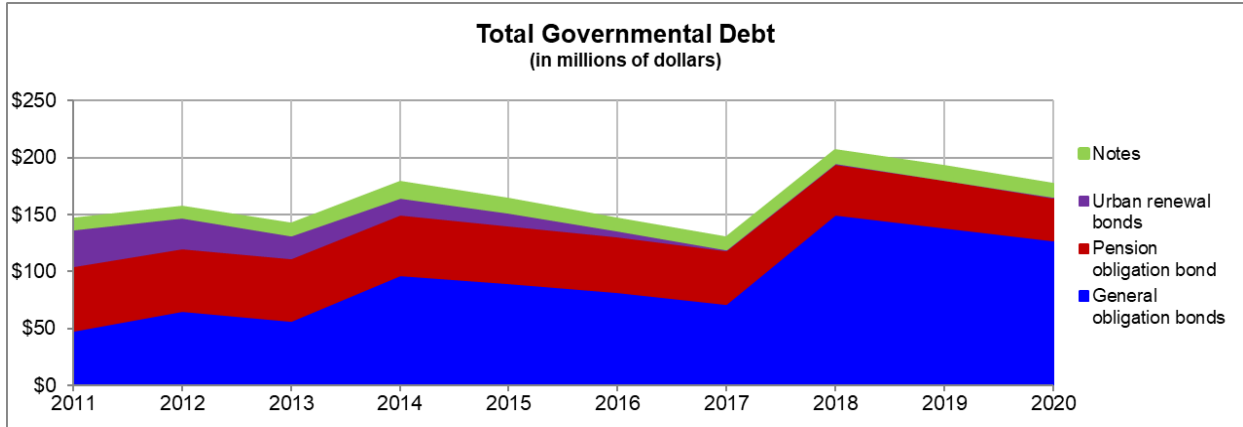
Debt Outstanding

As of June 30, 2020, the City had a total of \$310.5 million in outstanding long-term debt, compared to \$281.3 million last year, a 10.4% net increase, as illustrated in the following table.

Outstanding Debt as of June 30,
(in millions)

	Governmental		Business-type		Total	
	2020	2019	2020	2019	2020	2019
Bonds:						
General obligation	\$ 127.0	\$ 138.8	\$ -	\$ -	\$ 127.0	\$ 138.8
Revenue	-	-	134.6	89.9	134.6	89.9
Pension obligation	38.1	41.3	-	-	38.1	41.3
Urban Renewal	1.2	1.5	-	-	1.2	1.5
Notes	9.6	9.8	-	-	9.6	9.8
Total outstanding debt	\$ 175.9	\$ 191.4	\$ 134.6	\$ 89.9	\$ 310.5	\$ 281.3

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



MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

Additional information on the City's debt is in the notes to the financial statements (pages 82-86) and supplemental information (pages 162-164).

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, 2020 was 0.60% of RMV. The actual levy for GO debt was \$1.1529 per \$1,000 of assessed valuation for 2019-20.

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, 2020

	<u>Amount</u>	<u>Per Capita</u>	<u>Percent of RMV</u>
Population (2019)	167,400		
2019-20 Measure 5 RMV	\$ 19,617,175,751	\$ 117,187	-
Total bonded debt outstanding	281,846,000 *	1,684	1.44%
Net direct GO debt	118,140,000 *	706	0.60%
Net overlapping debt	439,246,679	2,624	2.24%
Net direct and overlapping debt	557,386,679	3,330	2.84%
*Excludes issuance premium			

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Fiscal year 2020-21 Adopted Budget – The annual budget for fiscal year 2020-21 for all funds anticipates a personal services increase of 4.1%, materials and services increase of 2.5%, capital outlay increase of 19.8%, debt service decrease of 1.1%, transfers increase of 55.8%, and contingencies decrease of 9.6%.

The personal services increase includes the addition of 44.17 positions over all funds. The most significant additions are in the Utility fund (9.0), Police (8.4), Human Resources (6), Information Technology (5.75), Library (3.2), Transportation (3), and Community Development (3). There is one decrease in position in the Finance Dept. 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 3.9% increase in property tax receipts for all funds. No additional bonds or levies were assessed in 2019-20. Sales, licenses, permits, fines, assessments and other service charges are projected to increase by 56.7%. This is primarily due to a full year of collecting the new City Operations Fee and increase in planning and building fees.

MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

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 2020 the Council approved increases for City provided utilities that included 3% for water, 3% for wastewater, and 5% for stormwater in January 2021 and January 2022.

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Salem Housing Authority FYE 9/30/19
Assets				
Current assets				
Cash and investments	\$ 226,125,072	\$ 54,530,768	\$ 280,655,840	\$ 6,406,685
Accounts receivable, net	31,727,724	13,822,816	45,550,540	1,854,475
Due from other governmental agencies	-	22,898	22,898	369,332
Internal balances	(6,641,453)	6,641,453	-	-
Inventories and prepayments	1,605,291	1,121,922	2,727,213	56,867
Total current assets	<u>252,816,634</u>	<u>76,139,857</u>	<u>328,956,491</u>	<u>8,687,359</u>
Noncurrent assets				
Restricted cash and investments	2,394,770	95,634,103	98,028,873	2,030,496
Notes receivable	-	3,530,903	3,530,903	6,908,327
Assessments receivable	2,073,780	3,558,608	5,632,388	-
Net OPEB asset	1,119,824	505,356	1,625,180	-
Capital assets:				
Land and construction in progress	377,165,752	87,177,402	464,343,154	4,746,565
Other capital assets, net	253,765,425	605,643,380	859,408,805	10,422,686
Total noncurrent assets	<u>636,519,551</u>	<u>796,049,752</u>	<u>1,432,569,303</u>	<u>24,108,074</u>
Total assets	<u>889,336,185</u>	<u>872,189,609</u>	<u>1,761,525,794</u>	<u>32,795,433</u>
Deferred Outflows of Resources				
Deferred charge on refunding	323,322	3,658,865	3,982,187	-
OPEB related	1,496,444	688,147	2,184,591	29,163
Pension related	38,702,605	14,581,680	53,284,285	1,573,464
Total deferred outflows of resources	<u>40,522,371</u>	<u>18,928,692</u>	<u>59,451,063</u>	<u>1,602,627</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	19,806,810	7,364,292	27,171,102	867,102
Interest payable	914,148	1,016,792	1,930,940	6,203
Due to other agencies	6,090	-	6,090	-
Claims and judgments due within one year	1,600,000	-	1,600,000	-
Long-term debt due within one year	16,309,199	13,508,000	29,817,199	624,745
Compensated absences due within one year	2,050,201	638,876	2,689,077	88,401
Total current liabilities	<u>40,686,448</u>	<u>22,527,960</u>	<u>63,214,408</u>	<u>1,586,451</u>
Noncurrent liabilities				
Security deposit payable	5,607	161,223	166,830	119,187
Unearned revenue	-	1,043,721	1,043,721	148,951
Developer reimbursement	2,073,780	2,512,254	4,586,034	-
Long-term debt	159,559,424	121,114,164	280,673,588	3,789,021
Net OPEB liability	10,884,532	5,007,152	15,891,684	210,630
Net pension liability	118,344,717	44,273,946	162,618,663	5,103,906
Claims and judgments payable	4,765,000	-	4,765,000	-
Compensated absences payable	6,139,534	2,395,347	8,534,881	46,078
Total noncurrent liabilities	<u>301,772,594</u>	<u>176,507,807</u>	<u>478,280,401</u>	<u>9,417,773</u>
Total liabilities	<u>342,459,042</u>	<u>199,035,767</u>	<u>541,494,809</u>	<u>11,004,224</u>
Deferred Inflows of Resources				
OPEB related	1,354,229	619,922	1,974,151	18,269
Pension related	6,180,561	2,435,446	8,616,007	340,916
Total deferred outflows of resources	<u>7,534,790</u>	<u>3,055,368</u>	<u>10,590,158</u>	<u>359,185</u>
Net Position				
Net investment in capital assets	538,552,046	618,782,483	1,157,334,529	12,351,416
Restricted for:				
Capital projects	72,678,064	33,651,779	106,329,843	-
Debt service	6,022,824	-	6,022,824	-
Other	27,808,915	-	27,808,915	795,931
Permanent	282,145	-	282,145	-
Permanent - non-expendable	11,000	-	11,000	-
Unrestricted	(65,490,270)	36,592,904	(28,897,366)	9,887,304
Total net position	<u>\$ 579,864,724</u>	<u>\$ 689,027,166</u>	<u>\$ 1,268,891,890</u>	<u>\$ 23,034,651</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, 2020

Functions/programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants/Contributions	Capital Grants/Contributions
Governmental activities				
General government	\$ 25,484,400	\$ 10,887,952	\$ 3,261,904	\$ -
Public safety	97,193,289	4,830,837	783,823	4,745,000
Community development	42,204,461	15,963,121	718,234	2,482,654
Community services	13,343,669	2,685,600	1,196,406	3,960,587
Transportation	28,184,620	4,273,383	11,791,915	18,867,607
Library services	5,757,029	744,945	29,187	495,590
Interest on debt	7,268,602	5,296,110	-	-
Total governmental activities	<u>219,436,070</u>	<u>44,681,948</u>	<u>17,781,469</u>	<u>30,551,438</u>
Business-type activities				
Utilities	100,993,381	104,165,185	159,720	17,527,474
Emergency medical services	806,352	824,961	-	-
WVPS communications center	12,288,120	11,440,456	-	-
Police regional records system	174,181	416,570	-	-
Salem Convention Center	4,226,454	3,848,954	-	-
Total business-type activities	<u>118,488,488</u>	<u>120,696,126</u>	<u>159,720</u>	<u>17,527,474</u>
Total	<u>\$ 337,924,558</u>	<u>\$ 165,378,074</u>	<u>\$ 17,941,189</u>	<u>\$ 48,078,912</u>
Component unit				
Salem Housing Authority	<u>\$ 27,511,747</u>	<u>\$ 2,960,300</u>	<u>\$ 24,398,357</u>	<u>\$ 610,383</u>

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

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, 2020

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-type Activities	Total	Salem Housing Authority FYE 9/30/19
\$ (11,334,544)	\$ -	\$ (11,334,544)	
(86,833,629)	-	(86,833,629)	
(23,040,452)	-	(23,040,452)	
(5,501,076)	-	(5,501,076)	
6,748,285	-	6,748,285	
(4,487,307)	-	(4,487,307)	
(1,972,492)	-	(1,972,492)	
<u>(126,421,215)</u>	<u>-</u>	<u>(126,421,215)</u>	
-	20,858,998	20,858,998	
-	18,609	18,609	
-	(847,664)	(847,664)	
-	242,389	242,389	
-	(377,500)	(377,500)	
<u>-</u>	<u>19,894,832</u>	<u>19,894,832</u>	
<u>(126,421,215)</u>	<u>19,894,832</u>	<u>(106,526,383)</u>	
			<u>\$ 457,293</u>
101,928,266	-	101,928,266	-
3,374,954	-	3,374,954	-
1,160,850	-	1,160,850	-
6,800,456	-	6,800,456	-
21,506,975	-	21,506,975	-
122,921	-	122,921	-
5,033,622	2,354,591	7,388,213	341,194
336,350	255,623	591,973	-
1,386,609	1,013,206	2,399,815	-
1,457,730	(1,457,730)	-	-
<u>143,108,733</u>	<u>2,165,690</u>	<u>145,274,423</u>	<u>341,194</u>
16,687,518	22,060,522	38,748,040	798,487
563,177,206	661,976,798	1,225,154,004	22,236,164
<u>-</u>	<u>4,989,846</u>	<u>4,989,846</u>	<u>-</u>
<u>\$ 579,864,724</u>	<u>\$ 689,027,166</u>	<u>\$ 1,268,891,890</u>	<u>\$ 23,034,651</u>

Concluded

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



FUND FINANCIAL STATEMENTS

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 public safety, community services, general government, 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, tourism promotion area, public art, parking leasehold, building and safety, traffic 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, 2020

	General Operating Fund	Capital Improvements	Tax Allocation Improvements
Assets			
Cash and investments	\$ 22,913,950	\$ 63,908,044	\$ 37,144,101
Accounts receivable, net	9,743,694	1,033,899	2,770,778
Due from other funds	-	-	-
Prepayments	252,355	-	6,695
Assessments receivable	-	-	-
Total assets	<u>\$ 32,909,999</u>	<u>\$ 64,941,943</u>	<u>\$ 39,921,574</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 5,138,882	\$ 12,160,747	\$ 242,200
Due to other funds	279,670	-	-
Due to other agencies	6,090	-	-
Advances from other funds	-	1,551,165	-
Security deposit payable	3,392	-	-
Developer reimbursement payable	-	-	-
Total liabilities	<u>5,428,034</u>	<u>13,711,912</u>	<u>242,200</u>
Deferred inflows of resources			
Unavailable revenue	<u>2,492,730</u>	<u>-</u>	<u>2,728,980</u>
Fund balances			
Nonspendable	252,355	-	6,695
Restricted	-	51,230,031	36,943,699
Committed	49,391	-	-
Assigned	1,363,070	-	-
Unassigned	23,324,419	-	-
Total fund balances	<u>24,989,235</u>	<u>51,230,031</u>	<u>36,950,394</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,909,999</u>	<u>\$ 64,941,943</u>	<u>\$ 39,921,574</u>

Continued

City of Salem, Oregon
Balance Sheet
Governmental Funds
June 30, 2020

Community Renewal	General Debt	Other Governmental Funds	Total Governmental Funds
\$ 1,394,364	\$ 1,209,753	\$ 59,294,689	\$ 185,864,901
13,812,981	573,209	3,665,352	31,599,913
-	-	508,359	508,359
-	-	-	259,050
-	-	2,073,780	2,073,780
<u>\$ 15,207,345</u>	<u>\$ 1,782,962</u>	<u>\$ 65,542,180</u>	<u>\$ 220,306,003</u>
\$ 163,146	\$ -	\$ 1,252,562	\$ 18,957,537
-	-	-	279,670
-	-	-	6,090
-	-	-	1,551,165
-	-	2,215	5,607
-	-	2,073,780	2,073,780
<u>163,146</u>	<u>-</u>	<u>3,328,557</u>	<u>22,873,849</u>
<u>13,745,483</u>	<u>426,863</u>	<u>923,212</u>	<u>20,317,268</u>
-	-	11,000	270,050
1,298,716	1,356,099	41,585,570	132,414,115
-	-	19,693,841	19,743,232
-	-	-	1,363,070
-	-	-	23,324,419
<u>1,298,716</u>	<u>1,356,099</u>	<u>61,290,411</u>	<u>177,114,886</u>
<u>\$ 15,207,345</u>	<u>\$ 1,782,962</u>	<u>\$ 65,542,180</u>	<u>\$ 220,306,003</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, 2020

Total fund balances	\$	177,114,886
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).		630,931,177
Other assets are not available to pay for current period expenditures and are therefore deferred in the funds:		
Notes receivable - earned but unavailable		17,468,356
Property taxes - earned but unavailable		2,848,912
Net OPEB asset		1,119,824
Deferred charge on refunding		323,322
Deferred outflows related to OPEB		1,496,444
Deferred outflows related to pensions		38,702,605
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.		31,595,743
Accrued interest payable		(914,148)
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		(175,868,623)
Compensated absences payable		(8,189,735)
Net OPEB liability		(10,884,532)
Net pension liability		(118,344,717)
Deferred inflows related to OPEB		(1,354,229)
Deferred inflows related to pensions		(6,180,561)
Net position of governmental activities	\$	<u>579,864,724</u>

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, 2020

	General Operating Fund	Capital Improvements	Tax Allocation Improvements
Revenues			
Property taxes	\$ 71,146,768	\$ -	\$ -
Other taxes	1,160,850	-	-
Sales, fees, licenses, and permits	26,618,597	-	-
Special assessments	10,405	-	-
Rents	1,582,858	21,815	118,712
Grants	3,875,901	3,120,695	114,965
Intergovernmental	15,834,879	8,630,667	340,290
Fines and penalties	2,039,690	-	-
Interest on investments	700,855	1,186,551	801,683
Loan payments received	302	-	234,045
Other	339,432	756,128	1,382
Total revenues	<u>123,310,537</u>	<u>13,715,856</u>	<u>1,611,077</u>
Expenditures			
Current			
General government	18,775,398	-	-
Community development	7,755,458	-	-
Community service	9,117,113	-	-
Public safety	80,614,515	-	-
Transportation	-	-	-
Library	4,482,960	-	-
Capital outlay	189,928	48,028,521	20,041,288
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	13,295	-	-
Total expenditures	<u>120,948,667</u>	<u>48,028,521</u>	<u>20,041,288</u>
Excess (deficiency) of revenues over expenditures	2,361,870	(34,312,665)	(18,430,211)
Other financing sources (uses)			
Issuance of debt	-	-	15,350,920
Loan proceeds	-	-	322,111
Sale of property	-	-	207,500
Transfers in	1,640,766	3,693,556	-
Transfers out	(831,260)	-	-
Total other financing sources (uses)	<u>809,506</u>	<u>3,693,556</u>	<u>15,880,531</u>
Net change in fund balance	3,171,376	(30,619,109)	(2,549,680)
Fund balances - beginning of year	<u>21,817,859</u>	<u>81,849,140</u>	<u>39,500,074</u>
Fund balances - end of year	<u>\$ 24,989,235</u>	<u>\$ 51,230,031</u>	<u>\$ 36,950,394</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, 2020

Community Renewal	General Debt	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 15,083,157	\$ 15,625,668	\$ 101,855,593
-	-	3,374,954	4,535,804
-	-	19,797,307	46,415,904
-	-	749,145	759,550
-	-	2,410,282	4,133,667
621,667	-	2,286,988	10,020,216
-	5,296,110	13,720,666	43,822,612
-	-	612,577	2,652,267
13,527	195,111	1,259,297	4,157,024
441,441	-	-	675,788
-	-	630,420	1,727,362
<u>1,076,635</u>	<u>20,574,378</u>	<u>60,467,304</u>	<u>220,755,787</u>
-	-	54	18,775,452
1,080,691	-	10,896,411	19,732,560
-	-	1,065,656	10,182,769
-	-	465,458	81,079,973
-	-	14,545,764	14,545,764
-	-	104,829	4,587,789
-	-	5,185,784	73,445,521
379,000	14,029,208	15,841,219	30,249,427
21,863	7,032,856	785,755	7,853,769
<u>1,481,554</u>	<u>21,062,064</u>	<u>48,890,930</u>	<u>260,453,024</u>
(404,919)	(487,686)	11,576,374	(39,697,237)
-	-	-	15,350,920
-	-	-	322,111
-	-	-	207,500
-	-	398,757	5,733,079
-	-	(4,187,212)	(5,018,472)
-	-	(3,788,455)	16,595,138
(404,919)	(487,686)	7,787,919	(23,102,099)
<u>1,703,635</u>	<u>1,843,785</u>	<u>53,502,492</u>	<u>200,216,985</u>
<u>\$ 1,298,716</u>	<u>\$ 1,356,099</u>	<u>\$ 61,290,411</u>	<u>\$ 177,114,886</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, 2020

Net change in fund balances-total governmental funds	\$	(23,102,099)
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		45,741,928
Depreciation		(17,231,824)
Various other transactions involving capital assets increase or decrease net position.		
Developer donated infrastructure and other donated assets		7,330,124
Book value of sold or disposed assets		(160,047)
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		195,192
Change in deferred inflows for general revenue		72,672
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 long term debt		(322,111)
Principal payments on long term debt		14,898,507
Issuance of short term debt		(15,350,920)
Principal payments on short term debt		15,350,920
Amortize bond premium		975,954
Net expense related to deferred charge on refunding		(19,019)
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.		
		585,167
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		(15,208,338)
Net expense related to net OPEB activity		(343,726)
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.		
		(616,040)
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.		
		3,891,178
Change in net position of governmental activities	\$	16,687,518

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, 2020

	<u>General Fund</u>	<u>Public Art Fund</u>	<u>Total General Operating Fund</u>
Assets			
Cash and investments	\$ 22,864,398	\$ 49,552	\$ 22,913,950
Accounts receivable, net	9,743,694	-	9,743,694
Prepayments	252,355	-	252,355
Total assets	<u>\$ 32,860,447</u>	<u>\$ 49,552</u>	<u>\$ 32,909,999</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 5,138,721	\$ 161	\$ 5,138,882
Due to other funds	279,670	-	279,670
Due to other agencies	6,090	-	6,090
Security deposit payable	3,392	-	3,392
Total liabilities	<u>5,427,873</u>	<u>161</u>	<u>5,428,034</u>
Deferred inflows of resources			
Unavailable revenue	<u>2,492,730</u>	<u>-</u>	<u>2,492,730</u>
Fund balances			
Nonspendable	252,355	-	252,355
Committed	-	49,391	49,391
Assigned	1,363,070	-	1,363,070
Unassigned	23,324,419	-	23,324,419
Total fund balances	<u>24,939,844</u>	<u>49,391</u>	<u>24,989,235</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,860,447</u>	<u>\$ 49,552</u>	<u>\$ 32,909,999</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, 2020

	<u>General Fund</u>	<u>Public Art Fund</u>	<u>Total General Operating Fund</u>
Revenues			
Property taxes	\$ 71,146,768	\$ -	\$ 71,146,768
Other taxes	1,160,850	-	1,160,850
Sales, fees, licenses, and permits	26,618,597	-	26,618,597
Special assessments	10,405	-	10,405
Rents	1,582,858	-	1,582,858
Grants	3,875,901	-	3,875,901
Intergovernmental	15,834,879	-	15,834,879
Fines and penalties	2,039,690	-	2,039,690
Interest on investments	699,802	1,053	700,855
Loan payments received	302	-	302
Other	339,432	-	339,432
Total revenues	<u>123,309,484</u>	<u>1,053</u>	<u>123,310,537</u>
Expenditures			
Current			
General government	18,769,073	6,325	18,775,398
Community development	7,755,458	-	7,755,458
Community service	9,117,113	-	9,117,113
Public safety	80,614,515	-	80,614,515
Library	4,482,960	-	4,482,960
Capital outlay	189,928	-	189,928
Debt service			
Interest and fiscal charges	13,295	-	13,295
Total expenditures	<u>120,942,342</u>	<u>6,325</u>	<u>120,948,667</u>
Excess (deficiency) of revenues over expenditures	2,367,142	(5,272)	2,361,870
Other financing sources (uses)			
Transfers in	1,625,201	15,565	1,640,766
Transfers out	(831,260)	-	(831,260)
Total other financing sources (uses)	<u>793,941</u>	<u>15,565</u>	<u>809,506</u>
Net change in fund balance	3,161,083	10,293	3,171,376
Fund balances - beginning of year	<u>21,778,761</u>	<u>39,098</u>	<u>21,817,859</u>
Fund balances - end of year	<u>\$ 24,939,844</u>	<u>\$ 49,391</u>	<u>\$ 24,989,235</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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Property taxes	\$ 71,358,520	\$ 71,358,520	\$ 71,146,768	\$ 211,752
Other taxes	969,830	969,830	1,160,850	(191,020)
Sales, fees, licenses, and permits	24,276,750	24,276,750	26,618,597	(2,341,847)
Special assessments	-	-	10,405	(10,405)
Rents	1,885,910	1,885,910	1,582,858	303,052
Grants	502,840	502,840	3,875,901	(3,373,061)
Intergovernmental	24,876,260	24,876,260	24,856,169	20,091
Fines and penalties	2,628,770	2,628,770	2,039,690	589,080
Interest on investments	494,000	494,000	699,802	(205,802)
Loan payments received	-	-	302	(302)
Other	192,000	192,000	339,432	(147,432)
Total revenues	127,184,880	127,184,880	132,330,774	(5,145,894)
Expenditures				
Operations				
City manager's office	1,295,970	1,295,970	1,181,699	114,271
Budget, finance and purchasing	4,149,740	4,086,580	3,603,843	482,737
Facilities services	4,187,100	4,187,100	4,075,310	111,790
Human resources	1,580,220	1,580,220	1,442,248	137,972
Information technology	8,885,180	8,948,340	8,879,406	68,934
Legal	2,447,240	2,447,240	2,404,320	42,920
Mayor and council	211,810	211,810	180,165	31,645
Municipal court	2,155,500	2,155,500	1,882,556	272,944
Non-departmental	3,387,500	4,524,300	3,010,309	1,513,991
Total general government	28,300,260	29,437,060	26,659,856	2,777,204
Community development	4,784,150	4,734,150	4,257,783	476,367
Urban development	5,178,490	5,178,490	4,825,189	353,301
Total community development	9,962,640	9,912,640	9,082,972	829,668

Continued

1 () indicates revenue/expenditures in excess of budget

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Parks and recreation services	9,370,670	9,460,670	9,117,113	343,557
Library	5,063,480	5,063,480	4,492,947	570,533
Police	46,944,140	46,944,140	45,160,051	1,784,089
Fire	36,044,050	36,044,050	35,557,511	486,539
Total public safety	82,988,190	82,988,190	80,717,562	2,270,628
Debt service	285,450	285,450	285,442	8
Contingency	3,000,000	1,823,200	-	1,823,200
Total expenditures	138,970,690	138,970,690	130,355,892	8,614,798
Excess (deficiency) of revenues over expenditures	(11,785,810)	(11,785,810)	1,974,882	(13,760,692)
Other financing sources (uses)				
Transfers in	1,672,440	1,672,440	1,625,201	47,239
Transfers out	(831,260)	(831,260)	(831,260)	-
Total other financing sources (uses)	841,180	841,180	793,941	47,239
Net change in fund balance	(10,944,630)	(10,944,630)	2,768,823	(13,713,453)
Fund balance - beginning of year	21,192,270	21,192,270	22,198,336	(1,006,066)
Fund balance - end of year	<u>\$ 10,247,640</u>	<u>\$ 10,247,640</u>	24,967,159	<u>\$ (14,719,519)</u>
Reconciliation to generally accepted accounting principles:				
Adjustments for indirect cost allocation				
Revenues			(9,021,290)	
Expenditures:				
General government			9,021,290	
Prepayments			252,355	
Advance from Utility fund (page 151)			(279,670)	
Fund balance - end of year (modified accrual)			<u>\$ 24,939,844</u>	

Concluded

1 () indicates revenue/expenditures in excess of budget

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

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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Interest on investments	\$ 440	\$ 440	\$ 1,053	\$ (613)
Expenditures				
Operations	58,210	58,210	6,325	51,885
Excess (deficiency) of revenues over expenditures	(57,770)	(57,770)	(5,272)	(52,498)
Other financing sources (uses)				
Transfers in	15,570	15,570	15,565	5
Net change in fund balance	(42,200)	(42,200)	10,293	(52,493)
Fund balance - beginning of year	42,200	42,200	39,098	3,102
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,391</u>	<u>\$ (49,391)</u>

1 () indicates revenue/expenditures in excess of budget

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

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, 2020

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants	\$ 4,469,390	\$ 4,469,390	\$ 621,667	\$ 3,847,723
Loan payments received	700,000	700,000	441,441	258,559
Total revenues	<u>5,169,390</u>	<u>5,169,390</u>	<u>1,063,108</u>	<u>4,106,282</u>
Expenditures				
Operations	<u>5,169,390</u>	<u>5,169,390</u>	<u>1,080,691</u>	<u>4,088,699</u>
Excess (deficiency) of revenues over expenditures	-	-	(17,583)	17,583
Fund balance - beginning of year	-	-	393,832	(393,832)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	376,249	<u>\$ (376,249)</u>

Reconciliation to generally accepted accounting principles:

Deposits in escrow for HUD section 108 note repayment	<u>922,467</u>
Fund balance - end of year (modified accrual)	<u>\$ 1,298,716</u>

1 () indicates revenue/expenditures in excess of budget

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



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 nine proprietary funds made up of five enterprise funds and four 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, self-insurance benefits, and self-insurance risk.

City of Salem, Oregon
Proprietary Funds
Statement of Net Position
June 30, 2020

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Assets				
Current assets				
Cash and investments	\$ 46,917,522	\$ 7,613,246	\$ 54,530,768	\$ 40,260,171
Accounts receivable, net	13,805,787	17,029	13,822,816	127,811
Due from other agencies	22,898	-	22,898	-
Inventories and prepayments	1,080,687	41,235	1,121,922	1,346,241
Advances to others funds	1,701,872	-	1,701,872	128,963
Total current assets	<u>63,528,766</u>	<u>7,671,510</u>	<u>71,200,276</u>	<u>41,863,186</u>
Noncurrent assets				
Restricted cash and investments	94,730,288	903,815	95,634,103	2,394,770
Note receivable	3,530,903	-	3,530,903	-
Assessments receivable	3,558,608	-	3,558,608	-
Net OPEB asset	412,038	93,318	505,356	40,199
Capital assets:				
Land and other construction in progress	84,558,279	2,619,123	87,177,402	10,961,142
Other capital assets, net	583,737,458	21,905,922	605,643,380	19,079,902
Total noncurrent assets	<u>770,527,574</u>	<u>25,522,178</u>	<u>796,049,752</u>	<u>32,476,013</u>
Total assets	<u>834,056,340</u>	<u>33,193,688</u>	<u>867,250,028</u>	<u>74,339,199</u>
Deferred outflows of resources				
Deferred charge on refunding	3,658,865	-	3,658,865	-
Deferred outflows related to pensions	11,287,089	3,294,591	14,581,680	1,084,070
Deferred outflows related to OPEB-RHIA	10,645	2,411	13,056	1,038
Deferred outflows related to OPEB-City	530,687	144,404	675,091	61,371
Total deferred outflows of resources	<u>15,487,286</u>	<u>3,441,406</u>	<u>18,928,692</u>	<u>1,146,479</u>

Continued

City of Salem, Oregon
Proprietary Funds
Statement of Net Position
June 30, 2020

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 7,020,160	\$ 344,132	\$ 7,364,292	\$ 849,273
Interest payable	1,016,792	-	1,016,792	-
Due to other funds	-	508,359	508,359	-
Claims and judgments payable	-	-	-	1,600,000
Long term debt - due within one year	13,508,000	-	13,508,000	-
Compensated absences	604,861	34,015	638,876	-
Total current liabilities	<u>22,149,813</u>	<u>886,506</u>	<u>23,036,319</u>	<u>2,449,273</u>
Noncurrent liabilities				
Security deposit payable	36,547	124,676	161,223	-
Unearned revenue	1,043,721	-	1,043,721	-
Developer reimbursement payable	2,512,254	-	2,512,254	-
Long-term debt	121,114,164	-	121,114,164	-
Net OPEB liability	3,936,104	1,071,048	5,007,152	455,196
Net pension liability	34,296,954	9,976,992	44,273,946	3,272,560
Claims and judgments payable	-	-	-	4,765,000
Compensated absences	1,885,655	509,692	2,395,347	199,036
Total noncurrent liabilities	<u>164,825,399</u>	<u>11,682,408</u>	<u>176,507,807</u>	<u>8,691,792</u>
Total liabilities	<u>186,975,212</u>	<u>12,568,914</u>	<u>199,544,126</u>	<u>11,141,065</u>
Deferred inflows of resources:				
Deferred inflows related to pensions	1,879,567	555,879	2,435,446	201,428
Deferred inflows related to OPEB-City	410,056	111,579	521,635	47,422
Deferred inflows related to OPEB-RHIA	80,138	18,149	98,287	7,819
Total deferred inflows of resources	<u>2,369,761</u>	<u>685,607</u>	<u>3,055,368</u>	<u>256,669</u>
Net position				
Net investment in capital assets	594,257,438	24,525,045	618,782,483	30,041,044
Restricted for:				
Capital projects	33,651,779	-	33,651,779	2,193,852
Unrestricted	32,289,436	(1,144,472)	31,144,964	31,853,048
Total net position	<u>\$ 660,198,653</u>	<u>\$ 23,380,573</u>	<u>683,579,226</u>	<u>\$ 64,087,944</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			5,447,940	
			<u>\$ 689,027,166</u>	

Concluded

City of Salem, Oregon
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the fiscal year ended June 30, 2020

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Operating revenues				
Sales, fees, licenses, and permits	\$ 97,578,368	\$ 3,338,622	\$ 100,916,990	\$ 58,780
Assessments	178,022	-	178,022	-
Rents	21,197	1,288,490	1,309,687	1,819,714
Grants	159,720	20,037	179,757	710
Internal and intergovernmental	6,326,881	11,710,028	18,036,909	40,660,344
Member agencies	-	107,400	107,400	-
Fines and penalties	-	55,250	55,250	-
Other	60,717	11,114	71,831	1,867,971
Total operating revenues	104,324,905	16,530,941	120,855,846	44,407,519
Operating expenses				
Personal services	39,949,067	11,184,963	51,134,030	3,756,358
Materials and services	38,128,246	5,490,973	43,619,219	36,693,903
Depreciation	18,676,521	819,171	19,495,692	2,588,302
Total operating expenses	96,753,834	17,495,107	114,248,941	43,038,563
Operating income (loss)	7,571,071	(964,166)	6,606,905	1,368,956
Non-operating revenues (expenses)				
Interest on investments	2,190,851	163,740	2,354,591	890,125
Other revenue (expenses)	1,700,019	-	1,700,019	128,850
Interest on debt	(4,470,084)	-	(4,470,084)	-
Total non-operating revenues	(579,214)	163,740	(415,474)	1,018,975
Net income (loss) before capital contributions and transfers	6,991,857	(800,426)	6,191,431	2,387,931
Capital contributions	17,527,474	-	17,527,474	559,471
Transfers in	45,400	-	45,400	984,889
Transfers out	(1,169,883)	(386,257)	(1,556,140)	(188,756)
Change in net position	23,394,848	(1,186,683)	22,208,165	3,743,535
Total net position - beginning of year	631,813,959	24,567,256		60,344,409
Prior period adjustment	4,989,846	-		-
Total net position - end of year	\$ 660,198,653	\$ 23,380,573		\$ 64,087,944
Adjustment to reflect the consolidation of internal service fund related to enterprise funds			(147,643)	
Change in net position of business-type activities			\$ 22,060,522	

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



City of Salem, Oregon
Proprietary Funds
Statement of Cash Flows
For the fiscal year ended June 30, 2020

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Cash Flow from Operating Activities:				
Receipts from customers	\$ 102,508,708	\$ 5,242,345	\$ 107,751,053	\$ 3,666,356
Receipts from interfund services provided	6,326,882	329,865	6,656,747	40,660,897
Member agencies	-	11,507,600	11,507,600	-
Payments to suppliers	(38,477,587)	(6,358,026)	(44,835,613)	(35,592,372)
Payments to employees	(35,265,606)	(9,802,479)	(45,068,085)	(3,296,351)
Other receipts (payments)	519,034	-	519,034	-
Net cash provided (used) by operating activities	<u>35,611,431</u>	<u>919,305</u>	<u>36,530,736</u>	<u>5,438,530</u>
Cash Flows from Noncapital Financing Activities:				
Transfers received	514,827	-	514,827	854,946
Transfers paid	(1,169,883)	(102,217)	(1,272,100)	(188,756)
Net cash provided (used) by noncapital financing activities	<u>(655,056)</u>	<u>(102,217)</u>	<u>(757,273)</u>	<u>666,190</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from capital financing	60,542,677	-	60,542,677	-
Capital contributions	8,650,218	-	8,650,218	-
Acquisition and construction of capital assets	(31,895,115)	(1,063,338)	(32,958,453)	(5,105,609)
Principal paid on debt	(14,806,000)	-	(14,806,000)	-
Interest paid on debt	(3,201,746)	-	(3,201,746)	-
Sale of property	2,941,823	-	2,941,823	211,052
Net cash provided (used) by capital related financing activities	<u>22,231,857</u>	<u>(1,063,338)</u>	<u>21,168,519</u>	<u>(4,894,557)</u>
Cash Flows from Investing Activities:				
Interest on investments	2,190,851	163,739	2,354,590	890,124
Net increase (decrease) in cash and cash equivalents	59,379,083	(82,511)	59,296,572	2,100,287
Cash and cash equivalents - beginning of year	<u>82,268,727</u>	<u>8,599,572</u>	<u>90,868,299</u>	<u>40,554,654</u>
Cash and cash equivalents - end of year	<u>\$ 141,647,810</u>	<u>\$ 8,517,061</u>	<u>\$ 150,164,871</u>	<u>\$ 42,654,941</u>

Continued

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

City of Salem, Oregon
Proprietary Funds
Statement of Cash Flows
For the fiscal year ended June 30, 2020

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Reconciliation of Operating Net Cash Provided by (Used for) Operating Activities				
Operating income (loss)	\$ 7,571,071	\$ (964,166)	\$ 6,606,905	\$ 1,368,956
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	18,676,521	819,171	19,495,692	2,588,302
Other income (expense)	458,318	-	458,318	-
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
Accounts receivable	4,092,391	548,870	4,641,261	(80,535)
Inventories and prepayments	26,047	27,441	53,488	12,372
Deferred outflows related to pensions	158,658	44,968	203,626	12,190
Deferred outflows related to OPEB	(61,375)	(34,878)	(96,253)	(17,136)
Accounts payable and accrued liabilities	251,186	(894,494)	(643,308)	165,053
Compensated absences payable	179,758	(26,470)	153,288	49,602
Assessments receivable	-	-	-	2,720
Claims reserve	-	-	-	929,000
Net pension liability	4,591,905	1,301,461	5,893,366	352,789
Net OPEB asset	(176,659)	(37,311)	(213,970)	(18,528)
Net OPEB liability	193,246	223,362	416,608	90,039
Deferred inflows related to pensions	(472,790)	(134,001)	(606,791)	(36,324)
Deferred inflows related to OPEB	123,154	45,352	168,506	20,030
Net cash provided (used) by operating activities	<u>\$ 35,611,431</u>	<u>\$ 919,305</u>	<u>\$ 36,530,736</u>	<u>\$ 5,438,530</u>
Non-cash investing, capital, and financing activities				
Contributions of capital assets	\$ 9,185,898	\$ -	\$ 9,185,898	\$ 1,473,184
Contribution of capital assets from governmental funds	53,010	-	53,010	-
				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, 2020

Assets:	
Cash and investments	\$ 4,253,075
Accounts receivable, net	<u>21,263</u>
 Total assets	 <u><u>\$ 4,274,338</u></u>
 Liabilities:	
Accounts payable and accrued liabilities	\$ 478,829
Amounts held in trust	3,770,131
Due to other agencies	<u>25,378</u>
 Total liabilities	 <u><u>\$ 4,274,338</u></u>

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



City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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>.

Discretely presented component unit. The Salem Housing Authority (Authority) is a municipal corporation created by the City to provide housing assistance to low income families under annual contribution contracts with the U.S. Department of Housing and Urban Development. The Authority's Board of Commissioners consists of eight City Council members and one representative from a Housing Authority affordable housing unit who is appointed by the City Council. The City provides legal, human resource, payroll, and other administrative services to the Authority on a contract basis. The Authority has a fiscal year end of September 30, and the data included in this report is as of September 30, 2019. The Authority's accounting records are maintained separately from the City's and debts incurred by the Authority are not obligations of the City. The Authority is reported as a discretely presented component unit under the requirements of GASB Statement 61. It does not share common management with the City and does not meet the financial burden or benefit criteria. The Authority's separate financial statements may be obtained from the Housing Authority of the City of Salem, Oregon, 360 Church Street SE, Salem, Oregon, or www.cityofsalem.net/sha.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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*.

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 110).

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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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.

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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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.

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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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 \$375,301 for fiscal year 2019-20 as a result of compression.

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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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. 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
Fiscal Year Ended June 30, 2020

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
Fiscal Year Ended June 30, 2020

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 2019-20:

- Supplemental appropriation of \$1,000,000 in the Trust and Agency Unanticipated fund to allow expenditure of a grant from the Oregon Department of Administrative Services by way of the Rotary Club of Salem for the construction of the Gerry Frank Amphitheater.
- Supplemental appropriation of \$700,000 in the newly established Tourism Promotion Area Fund to allow expenditure of collected assessment revenue.
- Transfer appropriation of \$213,000 from contingency to operations in the General fund for a grant to the Mid-Willamette Valley Community Action Agency for funding nightly warming shelter operations and other associated costs.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

- Transfer appropriation of \$63,160 from personal services in the Finance Department to personal services in the Information Technology Department in the General fund for enhancement of the City’s network security.
- Transfer appropriation of \$30,000 from contingency to operations in the Parking fund to meet the need for downtown cleaning services.
- Transfer appropriation of \$627,800 from contingency to operations in the General fund for elevator modernization at the Civic Center campus.
- Transfer appropriation of \$100,000 from contingency to operations in the General fund for a centralized customer service center model analysis.
- Transfer appropriation of \$60,000 from contingency to operations in the General fund for a grant to Mid-Willamette Valley Community Action Agency for warming shelters and beds.
- Transfer appropriation of \$90,000 from contingency to Parks operations in the General fund for a temporary shelter in Marion Square Park, additional restroom cleaning, sanitation stations, and refuse collection and disposal.
- Transfer appropriation of \$50,000 from operations in the Community Development department to operations in Non-Departmental in the General fund.
- Transfer appropriation of \$200,000 from contingency to operations in the General fund to expand the Homeless Rental Assistance Program (HRAP) grant to the Salem Housing Authority.
- Transfer appropriation of \$299,000 from contingency to operations in the General fund to grant funds to small businesses and cultural and heritage organizations.

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, 2020 consisted of the following:

	Book Value
Cash on hand	\$ 11,605
Deposits with financial institutions	58,582,796
Investments	324,343,387
Total cash and investments	\$ 382,937,788

1. Deposits

As of June 30, 2020, City bank deposits had a book balance of \$57,660,328 and a bank balance of \$55,852,965. 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, 2020, \$500,000 of City deposits was insured by the FDIC. All City deposits are in qualified depository banks in compliance with ORS.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

2. Investments

As of June 30, 2020, the City held the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg. Maturity in Months</u>	<u>% of Investment Portfolio</u>
Corporate bonds	\$ 25,924,472	20.058	7.79%
Local Government Investment Pool	91,086,951	0.033	27.36%
Municipal bonds	1,517,991	9.167	0.45%
U.S. Agency securities	19,200,108	21.050	5.77%
U.S. Treasury securities	195,198,805	24.337	58.63%
Total	\$ 332,928,327	17.096	100.00%

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

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.

<u>Investment type</u>	<u>Maximum % of portfolio</u>	<u>Maximum 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, 2020 is \$50,442,000 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, 2020, the book value of the City's LGIP deposits totaled \$50,959,421 of City funds and \$39,332,957 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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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, 2020, the only issuer comprising more than 5% of the City's portfolio is the U.S. Treasury with 56.7% of the City's total investments.

As of June 30, 2020, the credit risk for the City's investments is as follows:

<u>Investment type</u>	<u>Fair Value</u>	<u>Credit Risk</u>
Corporate bonds:		
3M Company	\$ 2,519,857	A+
Apple Inc	3,251,305	AA+
Blackrock Inc	2,221,926	AA-
Berkshire Hathaway Inc	2,081,204	AA
Cisco Systems Inc	1,922,164	AA-
Google Inc	904,901	AA+
Johnson & Johnson	2,960,591	AAA
Microsoft Corp	365,107	AAA
Procter & Gamble Co	3,258,474	AA-
Toyota Motor Corp	2,862,593	A+
VISA Inc	639,177	AA-
Wal-Mart Stores Inc	2,937,173	AA
Local Government Investment Pool	91,086,951	Unrated
Municipal Bonds:		
State of California	1,517,991	AA-
U.S. Agency securities:		
Federal Home Loan Banks	6,062,001	AA+
Federal National Mortgage Association	13,138,107	AA+
U.S. Treasury:		
U.S. Treasury bonds	188,865,017	AA+
U.S. Treasury notes	6,333,788	A-1+
Total	<u>\$ 332,928,327</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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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, 2020 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	\$ 6,024,663	\$ 973,071	\$ 41,798	\$ 67,498	\$ -	\$ 2,593,638	\$ 9,700,668
Property Taxes	2,699,520	-	-	-	573,209	573,396	3,846,125
Interest	993,847	60,828	9,292	362,357	-	23,394	1,449,718
Assessments	25,664	-	-	-	-	474,924	500,588
Loans and notes	-	-	2,719,688	13,383,126	-	-	16,102,814
Total	\$ 9,743,694	\$ 1,033,899	\$ 2,770,778	\$ 13,812,981	\$ 573,209	\$ 3,665,352	\$ 31,599,913

Approximately \$15.4 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, 2020 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 \$16,421,130 for retirement of general obligation long-term debt due in fiscal year 2020-21.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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, 2020, the various components of deferred inflows of financial resources reported in the governmental funds are as follows:

	Deferred Inflows
Assessments	\$ 499,175
Community Development Block Grant/HOME loans	13,745,483
Property taxes (General fund)	1,996,807
Property taxes (Debt service funds)	852,105
System development charges	494,718
Urban renewal loans	2,728,980
Total deferred inflows of resources	\$ 20,317,268

Receivables as of June 30, 2020 for proprietary funds, net of allowance for uncollectible accounts, are as follows:

	Utility	Other Funds	Total Enterprise	Internal Services
Accounts	\$ 13,614,054	\$ 23,891	\$ 13,637,945	\$ 127,811
Assessments	415,039	-	415,039	-
Interest	153,388	-	153,388	-
Less: Allowance for uncollectible accounts	(376,694)	(6,862)	(383,556)	-
Total	\$ 13,805,787	\$ 17,029	\$ 13,822,816	\$ 127,811

Due from other agencies as of June 30, 2020 is \$22,898 due from the City of Turner to the Utility fund.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

C. Capital assets

1. Capital asset activity for governmental activities for the year ended June 30, 2020 is as follows:

<u>Governmental activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Land, land improvements, and art	\$ 261,920,779	\$ 4,362,454	\$ -	\$ 266,283,233
Construction work-in-progress	80,527,742	48,252,317	(17,897,540)	110,882,519
Total non-depreciable	<u>342,448,521</u>	<u>52,614,771</u>	<u>(17,897,540)</u>	<u>377,165,752</u>
Buildings and building improvements	72,266,683	-	(134,850)	72,131,833
Other improvements	53,695,282	12,104,706	-	65,799,988
Motor pool	33,157,186	3,424,190	(1,040,176)	35,541,200
Equipment and machinery	39,784,240	797,062	(77,131)	40,504,171
Infrastructure	456,962,934	7,621,718	-	464,584,652
Total depreciable	<u>655,866,325</u>	<u>23,947,676</u>	<u>(1,252,157)</u>	<u>678,561,844</u>
Accumulated depreciation				
Buildings and building improvements	(34,648,135)	(1,273,428)	28,705	(35,892,858)
Other improvements	(28,855,768)	(2,067,368)	-	(30,923,136)
Motor pool	(15,833,908)	(2,505,173)	958,624	(17,380,457)
Equipment and machinery	(32,032,196)	(1,913,595)	75,589	(33,870,202)
Infrastructure	(294,669,203)	(12,060,563)	-	(306,729,766)
Total accumulated depreciation	<u>(406,039,210)</u>	<u>(19,820,127)</u>	<u>1,062,918</u>	<u>(424,796,419)</u>
Governmental activities capital assets, net	<u>\$ 592,275,636</u>	<u>\$ 56,742,320</u>	<u>\$ (18,086,779)</u>	<u>\$ 630,931,177</u>

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

General government	\$ 987,961
Community development	1,075,764
Community service	1,495,127
Public safety	1,301,360
Transportation	12,143,822
Library	227,790
Capital assets held by the City's internal service funds are charged to the various funds based on their usage of the assets	2,588,303
Total depreciation expense for governmental activities	<u>\$ 19,820,127</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

3. Capital asset activity for business-type activities for the year ended June 30, 2020 is as follows:

<u>Business-type activities</u>	Restated Beginning Balance	Increases	Decreases	Ending Balance
Land, land improvements, and art	\$ 18,863,820	\$ 363,341	\$ -	\$ 19,227,161
Construction work-in-progress	42,652,152	26,898,835	(1,600,746)	67,950,241
Total non-depreciable	<u>56,526,126</u>	<u>27,262,176</u>	<u>(1,600,746)</u>	<u>87,177,402</u>
Buildings and building improvements	31,305,571	155,355	-	31,460,926
Equipment and machinery	6,892,808	530,050	-	7,422,858
Water and sewer system	933,643,184	11,422,194	(46,913)	945,018,465
Total depreciable	<u>971,841,563</u>	<u>12,107,599</u>	<u>(46,913)</u>	<u>983,902,249</u>
Accumulated depreciation				
Buildings and building improvements	(9,439,792)	(666,824)	-	(10,106,616)
Equipment and machinery	(5,778,523)	(228,319)	-	(6,006,842)
Water and sewer system	(343,591,775)	(18,600,549)	46,913	(362,145,411)
Total accumulated depreciation	<u>(358,810,090)</u>	<u>(19,495,692)</u>	<u>46,913</u>	<u>(378,258,869)</u>
Business-type activities capital assets, net	<u>\$ 669,557,599</u>	<u>\$ 19,874,083</u>	<u>\$ (1,600,746)</u>	<u>\$ 692,820,782</u>

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

Utility	\$ 18,676,521
Emergency Medical Services	59,303
WVPS Communications Center	14,460
Salem Convention Center	745,408
Total depreciation expense for business-type activities	<u>\$ 19,495,692</u>

5. Capital asset activity for discretely presented component unit – Housing Authority of the City of Salem for its fiscal year ended September 30, 2019 is as follows:

<u>Business-type activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 1,760,454	\$ 219,999	\$ -	\$ 1,980,453
Construction work-in-progress	1,377,757	1,388,355	-	2,766,112
Total non-depreciable	<u>3,138,211</u>	<u>1,608,354</u>	<u>-</u>	<u>4,746,565</u>
Buildings and structures	25,982,080	375,220	(156,421)	26,200,879
Equipment	1,770,956	94,021	(80,913)	1,784,064
Total depreciable	<u>27,753,036</u>	<u>469,241</u>	<u>(237,334)</u>	<u>27,984,943</u>
Accumulated depreciation				
Buildings and structures	(15,454,420)	(732,030)	123,674	(16,062,776)
Equipment	(1,489,462)	(90,932)	80,913	(1,499,481)
Total accumulated depreciation	<u>(16,943,882)</u>	<u>(822,962)</u>	<u>204,587</u>	<u>(17,562,257)</u>
Business-type activities, net	<u>\$ 13,947,365</u>	<u>\$ 1,254,633</u>	<u>\$ (32,747)</u>	<u>\$ 15,169,251</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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, 2020 is \$323,322 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, 2020 is \$3,658,865 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, 2020 are as follows. Governmental deferred outflows are \$38,702,605 for pensions and \$1,496,444 for OPEB, and deferred inflows are \$6,180,561 for pensions and \$1,354,229 for OPEB. Business-type deferred outflows are \$14,581,680 for pensions and \$688,147 for OPEB, and deferred inflows are \$2,435,446 for pensions and \$619,922 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).

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, 2020 is \$128,963.

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, 2020 is \$279,670.

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, 2020 is \$1,422,202.

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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

Transfers out	Transfers in					Total Transfers Out
	General Operating Fund	Capital Improvement	Nonmajor Governmental	Utility	Internal Services	
General	\$ -	\$ 679,510	\$ 12,500	\$ -	\$ 139,250	\$ 831,260
Nonmajor governmental	1,640,766	1,861,046	75,000	10,400	600,000	4,187,212
Utility	-	1,000,000	-	-	169,883	1,169,883
Nonmajor business	-	-	311,257	-	75,000	386,257
Internal services	-	153,000	-	35,000	756	188,756
Total transfers in	<u>\$1,640,766</u>	<u>\$3,693,556</u>	<u>\$ 398,757</u>	<u>\$45,400</u>	<u>\$ 984,889</u>	<u>\$ 6,763,368</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 \$827,256 for the fiscal year ended June 30, 2020. Future minimum lease payments are as follows:

Fiscal Year Ending June 30	Lease Payments Due
2021	\$ 837,483
2022	847,836
2023	858,317
2024	868,927
2025	879,669
2026-30	4,564,172
Total	<u>\$ 8,856,404</u>

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
Total	<u>\$ 496,590</u>	<u>\$ 471,760</u>	<u>\$ 24,830</u>

Lessor revenues of \$1,984,825 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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

As of June 30, 2020, future minimum rents contractually due from operating leases are as follows:

Fiscal Year <u>Ending June 30</u>	Lease <u>Payments</u>
2021	\$ 2,009,361
2022	2,034,201
2023	2,059,347
2024	2,084,804
2025	2,110,576
2026-30	<u>10,950,752</u>
Total	<u>\$ 21,249,042</u>

G. Due to other agencies

\$5,159 in unclaimed property is due to the Oregon Division of State Lands or other state agencies.

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:

	<u>Balance July 1, 2019</u>	<u>Leave Earned</u>	<u>Leave Taken</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Governmental activities	\$ 7,524,093	\$ 7,607,743	\$6,942,101	\$ 8,189,735	\$2,050,201
Business-type activities	<u>2,880,935</u>	<u>2,818,597</u>	<u>2,665,309</u>	<u>3,034,223</u>	<u>638,876</u>
Total	<u>\$ 10,405,028</u>	<u>\$ 10,426,340</u>	<u>\$9,607,410</u>	<u>\$11,223,958</u>	<u>\$2,689,077</u>

I. Debt

The City issues various types of debt to finance capital activities. Each type of debt is discussed below. The following tables provide details on the year's activities for each of the City's 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, 2020. The City's tax-exempt debt remains in compliance with all Internal Revenue Service arbitrage regulations. The City has no lines of credit.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

1. Changes in long term debt

	Original Amount	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Governmental activities:						
General obligation bonds						
Streets-Bridges, 2013 (2.83%)	\$43,665,000	\$ 27,290,000	\$ -	\$ 3,365,000	\$ 23,925,000	\$ 3,745,000
Police Facility & refunding, 2017 (2.71%)	74,775,000	72,390,000	-	3,755,000	68,635,000	6,080,000
Library Seismic, 2018 (2.68%)	18,600,000	18,130,000	-	700,000	17,430,000	785,000
Direct borrowing GO bonds						
Fire refunding, 2012 (2.25%)	18,289,298	1,829,208	-	1,829,208	-	-
Streets-Bridges, 2012 (2.62%)	25,000,000	9,295,000	-	1,145,000	8,150,000	1,200,000
Subtotal general obligation bonds		128,934,208	-	10,794,208	118,140,000	11,810,000
Premium		9,880,842	-	975,954	8,904,888	-
Total general obligation bonds		138,815,050	-	11,770,162	127,044,888	11,810,000
Other bonds						
Limited tax pension obligation, 2005 (5.04%)	61,685,000	41,290,000	-	3,235,000	38,055,000	3,595,000
Direct borrowing Urban Renewal bonds						
Riverfront/Downtown, Ser. 2009 (4.35%)	3,660,000	1,470,000	-	270,000	1,200,000	280,000
Total governmental bonds		181,575,050	-	15,275,162	166,299,888	15,685,000
Direct borrowing notes						
HUD Sec108, 2015A (2.80%)	2,730,000	1,214,000	-	379,000	835,000	379,000
OECDL L06001A, Mill Creek, 2007 (4.41%)	3,999,999	3,768,214	-	220,299	3,547,915	230,014
OECDL L06001B, Mill Creek, 2007 (4.41%)	1,000,000	185,820	-	-	185,820	15,185
OECDL L06001C, Mill Creek, 2007 (5.00%)	3,772,081	4,677,889	322,111	-	5,000,000	-
Total governmental notes		9,845,923	322,111	599,299	9,568,735	624,199
Total governmental long-term debt		<u>\$191,420,973</u>	<u>\$322,111</u>	<u>\$15,874,461</u>	<u>\$175,868,623</u>	<u>\$16,309,199</u>

	Original Amount	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Business-type activities:						
Revenue bonds						
Utility series 2017 refunding (1.74%)	\$ 55,990,000	\$ 52,670,000	\$ -	\$ 6,455,000	\$ 46,215,000	\$ 6,775,000
Utility series 2020 (3.58%)		-	56,925,000	-	56,925,000	1,410,000
Direct borrowing revenue bonds						
Utility series 2012A refunding (2.22%)	63,360,000	29,662,000	-	8,351,000	21,311,000	5,323,000
Subtotal revenue bonds		82,332,000	56,925,000	14,806,000	124,451,000	13,508,000
Premiums		7,540,744	3,617,677	987,257	10,171,164	-
Total business-type activities long-term debt		<u>\$ 89,872,744</u>	<u>\$ 60,542,677</u>	<u>\$ 15,793,257</u>	<u>\$ 134,622,164</u>	<u>\$ 13,508,000</u>

2. Governmental activity general obligation bonds

General obligation (GO) 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. The currently outstanding direct borrowing GO bond (Streets & Bridges 2012) has no special default or acceleration clauses.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

At June 30, 2020, defeased general obligation bonds are as follows:

<u>General obligation bonds</u>	<u>Defeased Debt Outstanding</u>
Streets and bridges series 2009	\$ 11,630,000

The defeased debt has been legally turned over to an escrow agent with funding (principal amount 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.

3. Limited tax pension obligation

On September 23, 2005, twelve local governments issued a combined \$186,945,000 limited-tax pension obligation bonds, competitively sold. 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.

4. 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. The currently outstanding direct borrowing urban renewal bond (Riverfront 2009) could be subject to an interest rate of 7.35% in the case of payment default.

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.

5. Governmental activity notes

The Agency issues notes to provide funds for acquisition and construction of capital assets. The Agency’s currently outstanding notes primarily funded economic development and wetland mitigation in the Mill Creek urban renewal area. Mill Creek tax increment revenues are pledged to repay the notes, which were directly borrowed from the Oregon Economic and Community Development Department (also known as Business Oregon). In the event of default, Business Oregon could demand immediate payment on all outstanding balances. Any property built with the funds are also pledged as collateral. The outstanding balance as of June 30, 2020 is \$8,733,735. 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 borrowed has been forgiven.

In July 2003, the City borrowed \$7.2 million in Section 108 loan guarantee funds from the U.S. Department of Housing and Urban Development (HUD) as part of the funding for construction of 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 are 1) Riverfront-Downtown commercial loan repayments, 2) Community Development Block Grant (CDBG) program income, 3) any available Riverfront-Downtown urban renewal funds, and 4) CDBG entitlement funds, which the City was required to pledge as security. In order to only use those funds as a last resort, the other three sources of funds were identified. No entitlement funds have been used for loan repayment. While the annual entitlement of CDBG funds varies, the amount spent during fiscal year 2019-20 was \$452,451. In the event of default, HUD can demand immediate payment of the outstanding balance. The scheduled debt payment for fiscal year 2019-20 was \$400,863.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

6. Governmental activity future maturities of long-term debt

Fiscal Year	Direct Borrowing Notes		Direct Borrowing Bonds		Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020-21	\$ 624,199	\$ 685,857	\$ 1,480,000	\$ 265,730	\$ 14,205,000	\$ 6,305,647	\$ 16,309,199	\$ 7,257,234
2021-22	858,111	443,739	1,555,000	222,110	15,595,000	5,805,378	18,008,111	6,471,227
2022-23	662,698	330,769	1,630,000	176,265	16,955,000	5,227,869	19,247,698	5,734,903
2023-24	612,007	305,514	1,705,000	128,283	12,435,000	4,536,442	14,752,007	4,970,239
2024-25	636,326	280,182	1,455,000	78,076	9,405,000	3,954,696	11,496,326	4,312,954
2025-30	3,599,840	982,698	1,525,000	39,955	42,240,000	13,122,913	47,364,840	14,145,566
2030-35	2,575,554	233,053	-	-	25,725,000	8,462,000	28,300,554	8,695,053
2035-37	-	-	-	-	11,485,000	2,885,025	11,485,000	2,885,025
	<u>\$9,568,735</u>	<u>\$3,261,812</u>	<u>\$9,350,000</u>	<u>\$910,419</u>	<u>\$ 148,045,000</u>	<u>\$ 50,299,970</u>	<u>\$ 166,963,735</u>	<u>\$ 54,472,201</u>

7. 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. The currently outstanding direct borrowing revenue bond (Series 2012A refunding) could be subject to an interest rate of 5.22% in the case of payment default.

On April 2, 2020, the Utility fund issued revenue bond series 2020. The par amount of \$56,925,000 and premium of \$3,617,677 will finance capital assets of the water, wastewater and stormwater system of the City, and pay costs of the issuance. The series 2020 bonds will be repaid over 20 years with interest rates ranging from 4.0% to 5.0%.

At June 30, 2020, defeased water and sewer revenue bonds are as follows:

<u>Utility Debt</u>	<u>Defeased Debt in Escrow</u>
Series 2003	\$ 4,770,000
Series 2005	7,900,000
Series 2009	<u>55,875,000</u>
Total defeased debt in escrow	<u>\$ 68,545,000</u>

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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

8. Business-type activity future maturities of long-term debt

Year	Direct Borrowing Bonds		Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020-21	\$ 5,323,000	\$ 473,104	\$ 8,185,000	\$ 5,096,411	\$ 13,508,000	\$ 5,569,515
2021-22	5,423,000	354,934	9,000,000	4,282,200	14,423,000	4,637,134
2022-23	5,543,000	234,543	9,445,000	3,832,200	14,988,000	4,066,743
2023-24	3,927,000	111,488	9,920,000	3,359,950	13,847,000	3,471,438
2024-25	1,095,000	24,309	10,415,000	2,863,950	11,510,000	2,888,259
2025-30	-	-	21,430,000	9,120,750	21,430,000	9,120,750
2030-35	-	-	15,675,000	5,744,000	15,675,000	5,744,000
2035-40	-	-	19,070,000	2,348,400	19,070,000	2,348,400
	<u>\$ 21,311,000</u>	<u>\$ 1,198,378</u>	<u>\$ 103,140,000</u>	<u>\$ 36,647,861</u>	<u>\$ 124,451,000</u>	<u>\$ 37,846,239</u>

9. Changes in short-term debt

	Balance			Balance June 30, 2020
	July 1, 2019	Additions	Reductions	
<u>Governmental activities:</u>				
Riverfront URA	\$ -	\$ 7,500,000	\$ 7,500,000	\$ -
North Gateway URA	-	3,925,920	3,925,920	-
West Salem URA	-	1,500,000	1,500,000	-
Mill Creek URA	-	925,000	925,000	-
McGilchrist URA	-	1,000,000	1,000,000	-
South Waterfront URA	-	500,000	500,000	-
Total	<u>\$ -</u>	<u>\$ 15,350,920</u>	<u>\$ 15,350,920</u>	<u>\$ -</u>

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 obligations of the City and are not included in the financial statements. At June 30, 2020, the following issues are outstanding.

Date Issued	Purpose	Original Amount	Outstanding Balance June 30, 2020
<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	\$ 45,590,000
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	181,190,000
10/2019	Revenue Bonds, Series 2019A Defease 2008B bonds and related swap agreement, finance construction of new hospital building.	279,480,000	278,190,000
		<u>\$ 564,330,000</u>	<u>\$ 542,000,000</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

K. Fund balance

Fund balances for governmental funds as of June 30, 2020 are as follows:

	General Operating	Capital Improvement	Tax Allocation Improvement	Community Renewal	General Debt	Other Governmental Funds	Total
<u>Nonspendable:</u>							
Prepaid Items	\$ 252,355	\$ -	\$ 6,695	\$ -	\$ -	\$ -	\$ 259,050
Permanent fund principal	-	-	-	-	-	11,000	11,000
Total nonspendable	252,355	-	6,695	-	-	11,000	270,050
<u>Restricted:</u>							
Capital projects	-	51,230,031	36,943,699	-	-	24,068,991	112,242,721
Community renewal	-	-	-	1,298,716	-	-	1,298,716
Debt service	-	-	-	-	1,356,099	4,728,768	6,084,867
Permanent funds	-	-	-	-	-	282,145	282,145
General government	-	-	-	-	-	56,076	56,076
Community development:							
SCC Gain/Loss	-	-	-	-	-	5,442,604	5,442,604
Other	-	-	-	-	-	41,730	41,730
Community services	-	-	-	-	-	1,091,192	1,091,192
Library services	-	-	-	-	-	43,081	43,081
Public safety	-	-	-	-	-	1,083,710	1,083,710
Transportation services	-	-	-	-	-	4,747,273	4,747,273
Total restricted	-	51,230,031	36,943,699	1,298,716	1,356,099	41,585,570	132,414,115
<u>Committed:</u>							
Transportation services	-	-	-	-	-	4,320,866	4,320,866
Airport	-	-	-	-	-	1,209,456	1,209,456
Downtown parking	-	-	-	-	-	74,209	74,209
Cultural/Tourism	-	-	-	-	-	382,474	382,474
Public art	49,391	-	-	-	-	-	49,391
Parking leasehold	-	-	-	-	-	386,902	386,902
Building & safety	-	-	-	-	-	12,295,027	12,295,027
Community services	-	-	-	-	-	46,933	46,933
Library services	-	-	-	-	-	953,918	953,918
Public safety	-	-	-	-	-	24,056	24,056
Total committed	49,391	-	-	-	-	19,693,841	19,743,232
<u>Assigned:</u>							
General government	986,500	-	-	-	-	-	986,500
Community development	148,430	-	-	-	-	-	148,430
Community services	19,010	-	-	-	-	-	19,010
Public safety	209,130	-	-	-	-	-	209,130
Total assigned	1,363,070	-	-	-	-	-	1,363,070
<u>Unassigned:</u>							
	23,324,419	-	-	-	-	-	23,324,419
Total fund balances	\$24,989,235	\$51,230,031	\$36,950,394	\$1,298,716	\$1,356,099	\$ 61,290,411	\$ 177,114,886

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets:			
Capital assets	\$ 630,931,177	\$ 692,820,782	\$ 1,323,751,959
Capital asset related debt			
Outstanding debt	(137,813,623)	(134,622,164)	(272,435,787)
Deferred outflows related to capital debt	323,322	3,658,865	3,982,187
Unexpended proceeds	45,111,170	56,925,000	102,036,170
Net capital asset related debt	<u>(92,379,131)</u>	<u>(74,038,299)</u>	<u>(166,417,430)</u>
Net investment in capital assets	<u>538,552,046</u>	<u>618,782,483</u>	<u>1,157,334,529</u>
Restricted:			
Capital projects			
Capital improvements	53,552,846	90,576,779	144,129,625
Extra capacity facilities	18,403,442	-	18,403,442
Tax allocation improvements	39,672,679	-	39,672,679
Development district	6,160,267	-	6,160,267
Unexpended proceeds moved to investment in capital assets	<u>(45,111,170)</u>	<u>(56,925,000)</u>	<u>(102,036,170)</u>
Total capital projects	<u>72,678,064</u>	<u>33,651,779</u>	<u>106,329,843</u>
Debt service			
General debt	1,271,056	-	1,271,056
Tax allocation debt	4,759,351	-	4,759,351
Community renewal	<u>(7,583)</u>	<u>-</u>	<u>(7,583)</u>
Total debt service	<u>6,022,824</u>	<u>-</u>	<u>6,022,824</u>
Other purposes			
Community enhancement	12,505,666	-	12,505,666
Permanent	282,145	-	282,145
Permanent - non-expendable	11,000	-	11,000
Prepaid	259,050	-	259,050
Community renewal	<u>15,044,199</u>	<u>-</u>	<u>15,044,199</u>
Total other purposes	<u>28,102,060</u>	<u>-</u>	<u>28,102,060</u>
Total restricted	<u>106,802,948</u>	<u>33,651,779</u>	<u>140,454,727</u>

Continued

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

	Governmental Activities	Business-type Activities	Total
Unrestricted:			
General	\$ 27,180,219	\$ -	\$ 27,180,219
Special revenue			
Transportation services	3,241,630	-	3,241,630
Streetlights	1,082,488	-	1,082,488
Airport	1,209,456	-	1,209,456
Downtown parking	74,209	-	74,209
Cultural and tourism	382,474	-	382,474
Public art	49,391	-	49,391
Parking leasehold	386,902	-	386,902
Building and safety	12,295,027	-	12,295,027
Community enhancement	1,024,907	-	1,024,907
Internal service	29,272,928	-	29,272,928
Enterprise			
Utility	-	68,590,252	68,590,252
Emergency services	-	3,390,687	3,390,687
WVPS communications center	-	3,102,592	3,102,592
Police regional records system	-	909,396	909,396
Salem Convention Center	-	195,483	195,483
Net pension liability	(118,344,717)	(44,273,946)	(162,618,663)
Pension obligation bond	(38,055,000)	-	(38,055,000)
Net OPEB liability	(9,764,708)	(4,501,796)	(14,266,504)
Compensated absences	(8,189,735)	(3,034,223)	(11,223,958)
Deferred inflows/outflows related to pensions	32,522,044	12,146,234	44,668,278
Deferred inflows/outflows related to OPEB	142,215	68,225	210,440
Total unrestricted	<u>(65,490,270)</u>	<u>36,592,904</u>	<u>(28,897,366)</u>
Total net position	<u>\$ 579,864,724</u>	<u>\$ 689,027,166</u>	<u>\$ 1,268,891,890</u>
			Concluded

IV. OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; employment practices; injuries to employees; and natural disasters. The City operates a self-insurance program to 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 Risk fund and expenditures in the funds charged. During the past five years, claims costs have not exceeded self-insured retention.

The City provides medical insurance for eligible employees. The monthly employee-only medical premiums paid are \$647 for the Kaiser Permanente HMO plan, \$719 for the Preferred Provider Organization (PPO) plan, and \$503 for the High Deductible Health Plan. Additional premiums for vision and dental insurance is also paid, as elected by the employee, up to a maximum of \$2,319 for all medical, vision, and dental plan premiums per employee (including dependents), except as otherwise provided in accordance with collective bargaining agreements. Specific claim stop-loss coverage is purchased for individual claims exceeding \$200,000. During fiscal year 2019-20, total medical, vision, and dental claims expense of \$18,133,000 was incurred.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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 for workers compensation and general liability/casualty claims for fiscal years 2018-19 and 2019-20 are as follows:

Fiscal year ended June 30,	Claims payable July 1,	<u>Workers Compensation</u>		Changes to prior year estimates	Claims payable June 30,
		Claims incurred	Claims paid		
2019	\$ 5,429,250	\$ 583,174	\$ (642,297)	\$ (1,575,127)	\$ 3,795,000
2020	3,795,000	1,121,003	(1,110,004)	958,001	4,764,000

Fiscal year ended June 30,	Claims payable July 1,	<u>Liability/Casualty</u>		Changes to prior year estimates*	Claims payable June 30,
		Claims incurred	Claims paid*		
2019	\$ 1,666,060	\$ 219,806	\$ (195,135)	\$ (49,731)	\$ 1,641,000
2020	1,641,000	513,556	(401,732)	(151,824)	1,601,000

*2019 figures restated, no change to overall total

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
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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, 2020, 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 2020-21. The reappropriated budget for these projects is \$7,031,720.

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
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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, 2017 actuarial valuation. The rates first became effective July 1, 2019. Employer contributions for the year ended June 30, 2020 were \$19,434,121, excluding amounts to fund employer specific liabilities. The rates for the pension plan in effect for the fiscal year ended June 30, 2020 were 25.43% for all Tier One/Tier Two members, 16.41% for OPSRP general service members, 21.04% for OPSRP police and fire members, and 6% for OPSRP IAP.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

The City also pays the employee contribution of 6% of salary, which was \$5,621,555 for the year.

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

At June 30, 2020, the City reported a liability of \$162,618,663 for its proportionate share of the net pension liability. This liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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, 2019, the City's proportion was 0.94012241%, a slight increase from its proportion as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$21,027,196. At June 30, 2020, 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	\$ 8,967,940	\$ -
Changes in assumptions	22,061,077	-
Net difference between projected and actual earnings on investments	-	4,610,074
Changes in proportionate share	1,488,304	2,982,330
Difference between employer contributions and employer's proportionate share of system contributions	1,332,843	1,023,603
City's contributions subsequent to the measurement date	19,434,121	N/A
Total	\$ 53,284,285	\$ 8,616,007

\$19,434,121 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, 2021. 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>	
2021	\$ 14,904,518
2022	1,249,414
2023	4,730,129
2024	4,031,987
2025	318,109
Total	\$ 25,234,157

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

5. Actuarial methods and assumptions

The employer contribution rates effective July 1, 2019 through June 30, 2021 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017 rolled forward to June 30, 2019
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	Fair 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	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. 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. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 above are based on the 2016 Experience Study which reviewed experience for the four-year period ending December 31, 2016.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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 7.20% 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
Fiscal Year Ended June 30, 2020

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)	\$ 260,419,359	\$ 162,618,663	\$ 80,772,953

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. Other postemployment benefit plans

The City of Salem participates in two other postemployment benefit plans. One plan is administered as part of the PERS pension system (note E below). The other plan is City-sponsored (note F below). Aggregate OPEB expense of the two plans is \$693,020.

E. Defined benefit other postemployment benefit 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

Contribution requirements of plan members and participating employers were established and may be amended only by the Oregon Legislature. ORS require that the lesser of \$60 or the total monthly cost of Medicare companion health insurance premiums coverage shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the member in the manner provided in ORS 238.410. To be eligible to receive this subsidy, 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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

3. Contributions

PERS funding policy requires 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, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The City's contribution rates for the period were 0.06% for Tier One/Tier Two members. The City's total contributions for the year ended June 30, 2019 were \$417,282.

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

At June 30, 2020, the City reported an asset of \$1,625,180 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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, 2019, the City's proportionate share was 0.84103%, which is a slight decrease from its proportion as of June 30, 2018.

For the year ended June 30, 2020, the City recognized a credit to OPEB expense from this plan of \$251,588. At June 30, 2020, 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	\$ -	\$ 214,312
Changes of assumptions	-	1,684
Net difference between projected and actual earnings on investments	-	100,313
Change in proportionate share	2,501	2,275
Contributions subsequent to the measurement date	39,487	N/A
Total	\$ 41,988	\$ 318,584

Deferred outflows of resources related to OPEB of \$39,487 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, 2021. 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>	
2021	\$ (163,002)
2022	(144,959)
2023	(18,456)
2024	10,334
Total	\$ (316,083)

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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)	\$ (1,259,933)	\$ (1,625,180)	\$ (1,936,396)

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.

F. 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, 2020, the following employees were covered by the benefit terms:

Retired employees or beneficiaries currently receiving benefits	69
Active Employees	1,142
Total	1,211

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

2. Total OPEB liability

The City's total OPEB liability of \$15,891,684 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 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	2.66%
Healthcare cost trend rates, FY 2020, decreasing 0.5% per year, to an ultimate rate of 4.50% from 2027 and forward.	8.00%
Retirees' share of benefit-related costs	100%

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.

3. Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	<u>\$ 14,762,771</u>
Changes for the year:	
Service cost	1,009,824
Interest	541,913
Differences between expected and actual experience	(761,169)
Changes in assumptions or other inputs	1,011,076
Benefit payments	<u>(672,731)</u>
Net changes	1,128,913
Balance at June 30, 2020	<u><u>\$ 15,891,684</u></u>

Changes in assumptions reflect a discount rate decrease from 3.51% in 2019 to 2.66% in 2020.

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:

	<u>1% Decrease (1.66%)</u>	<u>Discount Rate (2.66%)</u>	<u>1% Increase (3.66%)</u>
Total OPEB Liability	\$ 17,129,442	\$ 15,891,684	\$ 14,706,667

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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:

Healthcare Cost Trend Rates	1% Decrease (6.5% decreasing to 3.5%)	(7.5% decreasing to 4.5%)	1% Increase (8.5% decreasing to 5.5%)
Total OPEB Liability	\$ 13,817,558	\$ 15,891,684	\$ 18,360,813

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$944,608. At June 30, 2020, 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	\$ 1,257,912	\$ 1,052,019
Changes of assumptions or other inputs	884,691	603,548
Total	<u>\$ 2,142,603</u>	<u>\$ 1,655,567</u>

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:	
2021	\$ 65,602
2022	65,602
2023	65,602
2024	65,602
2025	37,317
Thereafter	<u>187,311</u>
Total	<u>\$ 487,036</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

G. Outstanding encumbrances

At June 30, 2020, the City has encumbered the following commitments that required reappropriation in the 2020-21 fiscal year budget:

Fund	Amount
General	\$ 1,363,070
Capital improvements	133,430
Tax allocation improvement	19,050
Non-major governmental	12,600
Utility	582,590
Internal Service funds	288,890
Total	\$ 2,399,630

H. Deficit net position

The Willamette Valley Communications Center fund has a deficit net position of \$5,135,207 at June 30, 2020, 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 \$1,686,699.

I. Tax abatement disclosure

As of June 30, 2020, 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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

<u>Government</u>	<u>Company</u>	<u>Purpose</u>	<u>Agreement Date</u>	<u>Percentage of Property Taxes Abated</u>	<u>Taxes Abated during Fiscal Year 2020</u>
City of Salem	Pringle Square South LLC	Multiple Unit Housing	3/12/2014	Partial	\$ 158,404
	Pringle Square South LLC	Multiple Unit Housing	3/12/2014	100%	59,799
State of Oregon		Historical Property	Various	100%	105,895
		Low Income Hsing	Various	100%	186,894
		Enterprise Zone	Various	100%	143,550
		Enterprise Zone	Various	Partial	341,466
Polk County		Enterprise Zone	2014	29%-51%	24,768
Total					<u>\$ 1,020,776</u>

J. Related party transactions

The City provides certain administrative services to the Salem Housing 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 2019-20, \$168,297 was reimbursed for the CDBG/HOME programs and \$1,074,493 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 franchise agreements with local cable television providers 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 2019-20, the City paid \$691,837 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

K. Prior period adjustment

A construction project in progress for a power cogeneration facility at the wastewater treatment plant was previously reported as expense. This CAFR restates the June 30, 2019 value of \$4,989,846 into beginning construction in progress, which increases beginning net position in the Utility fund.



Required Supplementary Information

City of Salem, Oregon
Required Supplementary Information
Fiscal Year Ended June 30, 2020

1. Defined benefit pension plan (PERS)

Schedule of The Proportionate Share of the Net Pension Liability (PERS)
For the last seven 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
2020	0.94012241%	\$ 162,618,663	\$ 80,370,324	202.34%	80.20%
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 seven 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
2020	\$19,434,121	\$ 19,434,121	\$ -	\$82,201,000	23.64%
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
Fiscal Year Ended June 30, 2020

**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 four 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
2020	\$ 1,009,824	\$ 541,913	\$ -	\$ (761,169)	\$ 1,011,076	\$ (672,731)	\$ 15,891,684
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, 2020.

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.

2020	2.66%
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
Fiscal Year Ended June 30, 2020

3. Defined benefit pension plan (RHIA)

Schedule of the proportionate share of the net OPEB liability/(asset) (RHIA)
For the last four 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
2020	0.84103315%	\$ (1,625,180)	\$80,370,324	-2.02%	144.4%
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%

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

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

Schedule of contributions (RHIA)
For the last four 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)
2020	\$ 417,282	\$ 417,282	\$ -	\$ 82,201,000	0.51%
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

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 operation 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.

Travel Promotion Area

This fund accounts for revenue generated by the Travel Promotion Area fee and payment of these funds to the City's contracted destination marketing organization.

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.

Traffic Safety

This fund accounts for revenue generated by photo red light and speed on green traffic camera systems and pays for operation of the systems.

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, 2020

	Special Revenue Funds							
	Trans- portation Services	Street- lights	Airport	Downtown Parking	Cultural/ Tourism	Tourism Promotion Area	Parking Leasehold	Building and Safety
Assets								
Cash and investments	\$ 2,740,426	\$ 792,299	\$ 1,191,888	\$ 84,169	\$ 272,995	\$ 24,227	\$ 320,921	\$ 12,075,467
Accounts receivable, net	784,682	368,144	76,664	16,859	190,572	40,833	122,452	292,174
Due from other funds	-	-	-	-	-	-	-	-
Assessments receivable	-	-	-	-	-	-	-	-
Total assets	<u>\$ 3,525,108</u>	<u>\$ 1,160,443</u>	<u>\$ 1,268,552</u>	<u>\$ 101,028</u>	<u>\$ 463,567</u>	<u>\$ 65,060</u>	<u>\$ 443,373</u>	<u>\$ 12,367,641</u>
Liabilities								
Accounts payable and accrued liabilities	\$ 282,263	\$ 77,955	\$ 59,096	\$ 26,819	\$ 81,093	\$ 65,060	\$ 55,471	\$ 72,614
Security deposit payable	1,215	-	-	-	-	-	1,000	-
Developer reimbursement payable	-	-	-	-	-	-	-	-
Total liabilities	<u>283,478</u>	<u>77,955</u>	<u>59,096</u>	<u>26,819</u>	<u>81,093</u>	<u>65,060</u>	<u>56,471</u>	<u>72,614</u>
Deferred inflows of resources								
Unavailable revenue	3,252	-	-	-	-	-	-	-
Fund balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	3,238,378	1,082,488	1,209,456	74,209	382,474	-	386,902	12,295,027
Total fund balances	<u>3,238,378</u>	<u>1,082,488</u>	<u>1,209,456</u>	<u>74,209</u>	<u>382,474</u>	<u>-</u>	<u>386,902</u>	<u>12,295,027</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,525,108</u>	<u>\$ 1,160,443</u>	<u>\$ 1,268,552</u>	<u>\$ 101,028</u>	<u>\$ 463,567</u>	<u>\$ 65,060</u>	<u>\$ 443,373</u>	<u>\$ 12,367,641</u>

Continued

City of Salem, Oregon
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds		Total Nonmajor Govern- mental Funds
	Traffic Safety	Community Enhance- ment	Perm- anent	Tax Allocation Bond Debt	Extra Capacity Facilities	Develop- ment Districts	
Assets							
Cash and investments	\$ 20,050	\$ 13,301,041	\$ 293,181	\$ 4,580,267	\$ 17,428,323	\$ 6,169,435	\$ 59,294,689
Accounts receivable, net	-	37,635	-	573,743	1,161,594	-	3,665,352
Due from other funds	-	508,359	-	-	-	-	508,359
Assessments receivable	-	-	-	-	735,392	1,338,388	2,073,780
Total assets	<u>\$ 20,050</u>	<u>\$ 13,847,035</u>	<u>\$ 293,181</u>	<u>\$ 5,154,010</u>	<u>\$ 19,325,309</u>	<u>\$ 7,507,823</u>	<u>\$ 65,542,180</u>
Liabilities							
Accounts payable and accrued liabilities	\$ 20,040	\$ 316,472	\$ 36	\$ -	\$ 186,475	\$ 9,168	\$ 1,252,562
Security deposit payable	-	-	-	-	-	-	2,215
Developer reimbursement payable	-	-	-	-	735,392	1,338,388	2,073,780
Total liabilities	<u>20,040</u>	<u>316,472</u>	<u>36</u>	<u>-</u>	<u>921,867</u>	<u>1,347,556</u>	<u>3,328,557</u>
Deferred inflows of resources							
Unavailable revenue	-	-	-	425,242	494,718	-	923,212
Fund balances							
Nonspendable	-	-	11,000	-	-	-	11,000
Restricted	-	12,505,666	282,145	4,728,768	17,908,724	6,160,267	41,585,570
Committed	10	1,024,897	-	-	-	-	19,693,841
Total fund balances	<u>10</u>	<u>13,530,563</u>	<u>293,145</u>	<u>4,728,768</u>	<u>17,908,724</u>	<u>6,160,267</u>	<u>61,290,411</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,050</u>	<u>\$ 13,847,035</u>	<u>\$ 293,181</u>	<u>\$ 5,154,010</u>	<u>\$ 19,325,309</u>	<u>\$ 7,507,823</u>	<u>\$ 65,542,180</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, 2020

**Special Revenue
Funds**

	Transportation Services	Streetlights	Airport	Downtown Parking	Cultural/ Tourism	Tourism Promotion Area	Parking Leasehold	Building & Safety
Revenues								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	3,374,954	-	-	-
Sales, fees, licenses, and permits	219,175	1,938,454	42,298	30,955	-	-	-	7,351,812
Special assessments	306	-	-	418,018	-	243,643	-	-
Rents	1,602	-	1,184,337	592,344	-	-	598,942	-
Grants	289,279	-	69,104	-	-	-	-	4,785
Intergovernmental	13,583,404	-	-	-	3,670	-	-	133,592
Fines and penalties	-	-	-	-	-	-	-	-
Interest on investments	51,097	18,380	23,422	7,885	15,183	-	11,159	196,235
Other	24,500	-	-	5,997	12,000	-	699	3,900
Total revenues	14,169,363	1,956,834	1,319,161	1,055,199	3,405,807	243,643	610,800	7,690,324
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Community development	-	-	1,249,883	1,167,441	2,234,215	232,698	358,005	4,487,052
Community service	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Transportation	13,509,705	1,016,201	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Capital outlay	90,016	-	-	-	-	-	-	-
Debt service								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	43,119	4,690	-	-	-	-	-
Total expenditures	13,599,721	1,059,320	1,254,573	1,167,441	2,234,215	232,698	358,005	4,487,052
Excess (deficiency) of revenues over expenditures	569,642	897,514	64,588	(112,242)	1,171,592	10,945	252,795	3,203,272
Other financing sources (uses)								
Transfers in	75,000	-	-	-	-	-	-	-
Transfers out	(453,470)	(897,280)	(40,696)	-	(1,450,080)	(10,945)	(400,000)	(500,000)
Total other financing sources (uses)	(378,470)	(897,280)	(40,696)	-	(1,450,080)	(10,945)	(400,000)	(500,000)
Net change in fund balance	191,172	234	23,892	(112,242)	(278,488)	-	(147,205)	2,703,272
Fund balances - beginning of year	3,047,206	1,082,254	1,185,564	186,451	660,962	-	534,107	9,591,755
Fund balances - end of year	\$ 3,238,378	\$ 1,082,488	\$ 1,209,456	\$ 74,209	\$ 382,474	\$ -	\$ 386,902	\$ 12,295,027

Continued

City of Salem, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2020

	Special Revenue Funds			Debt Service Funds	Capital Project Funds		Total
	Traffic Safety	Community Enhancement	Permanent	Tax Allocation Bond Debt	Extra Capacity Facilities	Development Districts	Governmental Nonmajor Funds
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ 15,625,668	\$ -	\$ -	\$ 15,625,668
Other taxes	-	-	-	-	-	-	3,374,954
Sales, fees, licenses, and permits	-	271,748	-	-	7,354,936	2,587,929	19,797,307
Special assessments	-	32,841	-	-	54,337	-	749,145
Rents	-	2,116	-	-	30,941	-	2,410,282
Grants	-	1,048,870	-	-	874,950	-	2,286,988
Intergovernmental	-	-	-	-	-	-	13,720,666
Fines and penalties	577,074	35,503	-	-	-	-	612,577
Interest on investments	1,210	303,355	6,403	197,003	328,703	99,262	1,259,297
Other	-	520,423	8,311	-	54,590	-	630,420
Total revenues	578,284	2,214,856	14,714	15,822,671	8,698,457	2,687,191	60,467,304
Expenditures							
Current							
General government	-	54	-	-	-	-	54
Community development	-	1,167,117	-	-	-	-	10,896,411
Community service	-	1,065,656	-	-	-	-	1,065,656
Public safety	324,098	141,360	-	-	-	-	465,458
Transportation	-	19,858	-	-	-	-	14,545,764
Library	-	103,608	1,221	-	-	-	104,829
Capital outlay	-	504,794	-	-	4,302,120	288,854	5,185,784
Debt service							
Principal retirement	-	-	-	15,841,219	-	-	15,841,219
Interest and fiscal charges	-	-	-	737,946	-	-	785,755
Total expenditures	324,098	3,002,447	1,221	16,579,165	4,302,120	288,854	48,890,930
Excess (deficiency) of revenues over expenditures	254,186	(787,591)	13,493	(756,494)	4,396,337	2,398,337	11,576,374
Other financing sources (uses)							
Transfers in	-	323,757	-	-	-	-	398,757
Transfers out	(254,176)	(105,565)	-	-	(75,000)	-	(4,187,212)
Total other financing sources (uses)	(254,176)	218,192	-	-	(75,000)	-	(3,788,455)
Net change in fund balance	10	(569,399)	13,493	(756,494)	4,321,337	2,398,337	7,787,919
Fund balances - beginning of year	-	14,099,962	279,652	5,485,262	13,587,387	3,761,930	53,502,492
Fund balances - end of year	\$ 10	\$ 13,530,563	\$ 293,145	\$ 4,728,768	\$ 17,908,724	\$ 6,160,267	\$ 61,290,411

Concluded



COMBINING STATEMENTS

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, 2020

	Emergency Services	WVPS Communi- cations Center	Police Regional Records System	Salem Convention Center	Total Nonmajor Business-type Funds
Assets					
Current assets					
Cash and investments	\$ 3,395,940	\$ 2,403,189	\$ 909,396	\$ 904,721	\$ 7,613,246
Accounts receivable, net	5,584	11,445	-	-	17,029
Inventories and prepayments	-	-	-	41,235	41,235
Total current assets	<u>3,401,524</u>	<u>2,414,634</u>	<u>909,396</u>	<u>945,956</u>	<u>7,671,510</u>
Noncurrent assets					
Restricted cash and investments	-	903,815	-	-	903,815
Net OPEB asset	2,871	90,447	-	-	93,318
Capital assets:					
Land and other construction in progress	-	-	960,000	1,659,123	2,619,123
Other capital assets, net	626,407	97,815	3,213	21,178,487	21,905,922
Total noncurrent assets	<u>629,278</u>	<u>1,092,077</u>	<u>963,213</u>	<u>22,837,610</u>	<u>25,522,178</u>
Total assets	<u>4,030,802</u>	<u>3,506,711</u>	<u>1,872,609</u>	<u>23,783,566</u>	<u>33,193,688</u>
Deferred outflows of resources					
Deferred outflows related to pensions	154,545	3,140,046	-	-	3,294,591
Deferred outflows related to OPEB-RHIA	74	2,337	-	-	2,411
Deferred outflows related to OPEB-City	3,610	140,794	-	-	144,404
Total deferred outflows of resources	<u>158,229</u>	<u>3,283,177</u>	<u>-</u>	<u>-</u>	<u>3,441,406</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	10,837	215,857	-	117,438	344,132
Due to other funds	-	-	-	508,359	508,359
Compensated absences due within one year	-	34,015	-	-	34,015
Total current liabilities	<u>10,837</u>	<u>249,872</u>	<u>-</u>	<u>625,797</u>	<u>886,506</u>
Noncurrent liabilities					
Security deposit payable	-	-	-	124,676	124,676
Net OPEB liability	26,776	1,044,272	-	-	1,071,048
Net pension liability	481,717	9,495,275	-	-	9,976,992
Compensated absences	31,629	478,063	-	-	509,692
Total noncurrent liabilities	<u>540,122</u>	<u>11,017,610</u>	<u>-</u>	<u>124,676</u>	<u>11,682,408</u>
Total liabilities	<u>550,959</u>	<u>11,267,482</u>	<u>-</u>	<u>750,473</u>	<u>12,568,914</u>
Deferred inflows of resources:					
Deferred inflows related to pensions	24,647	531,232	-	-	555,879
Deferred inflows related to OPEB-City	2,789	108,790	-	-	111,579
Deferred inflows related to OPEB-RHIA	558	17,591	-	-	18,149
Total deferred inflows of resources	<u>27,994</u>	<u>657,613</u>	<u>-</u>	<u>-</u>	<u>685,607</u>
Net Position					
Net investment in capital assets	626,407	97,815	963,213	22,837,610	24,525,045
Unrestricted	2,983,671	(5,233,022)	909,396	195,483	(1,144,472)
Total net position	<u>\$ 3,610,078</u>	<u>\$ (5,135,207)</u>	<u>\$ 1,872,609</u>	<u>\$ 23,033,093</u>	<u>\$ 23,380,573</u>

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, 2020

	Emergency Services	WVPS Communi- cations Center	Police Regional Records System	Salem Convention Center	Total Nonmajor Business-type Funds
Operating revenues					
Sales, fees, licenses, and permits	\$ 747,563	\$ 20,913	\$ -	\$ 2,570,146	\$ 3,338,622
Rents	-	15,721	-	1,272,769	1,288,490
Grants	18,530	1,507	-	-	20,037
Internal and intergovernmental	2,165	11,398,693	309,170	-	11,710,028
Member agencies	-	-	107,400	-	107,400
Fines and penalties	55,250	-	-	-	55,250
Other	1,453	3,622	-	6,039	11,114
Total operating revenues	<u>824,961</u>	<u>11,440,456</u>	<u>416,570</u>	<u>3,848,954</u>	<u>16,530,941</u>
Operating expenses					
Personal services	463,109	10,721,854	-	-	11,184,963
Materials and services	283,940	1,551,806	174,181	3,481,046	5,490,973
Depreciation	59,303	14,460	-	745,408	819,171
Total operating expenses	<u>806,352</u>	<u>12,288,120</u>	<u>174,181</u>	<u>4,226,454</u>	<u>17,495,107</u>
Operating income (loss)	<u>18,609</u>	<u>(847,664)</u>	<u>242,389</u>	<u>(377,500)</u>	<u>(964,166)</u>
Non-operating revenues (expenses)					
Interest on investments	<u>77,507</u>	<u>58,536</u>	<u>27,697</u>	<u>-</u>	<u>163,740</u>
Net income (loss) before capital contributions and transfers	96,116	(789,128)	270,086	(377,500)	(800,426)
Transfers out	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>(311,257)</u>	<u>(386,257)</u>
Change in net position	21,116	(789,128)	270,086	(688,757)	(1,186,683)
Total net position - beginning 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>
Total net position - end of year	<u>\$ 3,610,078</u>	<u>\$ (5,135,207)</u>	<u>\$ 1,872,609</u>	<u>\$ 23,033,093</u>	<u>\$ 23,380,573</u>

City of Salem, Oregon
Combining Statement of Cash Flows
Nonmajor Business-type Funds
For the fiscal year ended June 30, 2020

	Emergency Services	WVPS Communi- cations Center	Police Regional Records System	Salem Convention Center	Total Nonmajor Business-type Funds
Cash Flow from Operating Activities:					
Receipts from customers	\$ 836,599	\$ 165,009	\$ -	\$ 4,240,737	\$ 5,242,345
Receipts from interfund services provided	20,695	-	309,170	-	329,865
Member agencies	-	11,400,200	107,400	-	11,507,600
Payments to suppliers	(285,328)	(1,508,066)	(174,646)	(4,389,986)	(6,358,026)
Payments to employees	(400,506)	(9,401,973)	-	-	(9,802,479)
Net cash provided (used) by operating activities	<u>171,460</u>	<u>655,170</u>	<u>241,924</u>	<u>(149,249)</u>	<u>919,305</u>
Cash Flows from Noncapital Financing Activities:					
Transfers paid	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>(27,217)</u>	<u>(102,217)</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	<u>(249,684)</u>	<u>-</u>	<u>(720,000)</u>	<u>(93,654)</u>	<u>(1,063,338)</u>
Cash Flows from Investing Activities:					
Interest on investments	<u>77,507</u>	<u>58,536</u>	<u>27,696</u>	<u>-</u>	<u>163,739</u>
Net increase (decrease) in cash and cash equivalents	(75,717)	713,706	(450,380)	(270,120)	(82,511)
Cash and cash equivalents - beginning of year	<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>
Cash and cash equivalents - end of year	<u>\$ 3,395,940</u>	<u>\$ 3,307,004</u>	<u>\$ 909,396</u>	<u>\$ 904,721</u>	<u>\$ 8,517,061</u>
Reconciliation of Operating Net Cash Provided by (Used for) Operating Activities					
Operating income (loss)	\$ 18,609	\$ (847,664)	\$ 242,389	\$ (377,500)	\$ (964,166)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	59,303	14,460	-	745,408	819,171
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
Accounts receivable	32,333	124,753	-	391,784	548,870
Inventories and prepayments	-	-	-	27,441	27,441
Deferred outflows related to pensions	2,433	42,535	-	-	44,968
Deferred outflows related to OPEB	(380)	(34,498)	-	-	(34,878)
Accounts payable and accrued liabilities	(1,387)	43,740	(465)	(936,382)	(894,494)
Compensated absences payable	(2,857)	(23,613)	-	-	(26,470)
Net pension liability	70,423	1,231,038	-	-	1,301,461
Net OPEB asset	(1,264)	(36,047)	-	-	(37,311)
Net OPEB liability	693	222,669	-	-	223,362
Deferred inflows related to pensions	(7,251)	(126,750)	-	-	(134,001)
Deferred inflows related to OPEB	805	44,547	-	-	45,352
Net cash provided (used) by operating activities	<u>\$ 171,460</u>	<u>\$ 655,170</u>	<u>\$ 241,924</u>	<u>\$ (149,249)</u>	<u>\$ 919,305</u>

COMBINING STATEMENTS

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, accounted for on an asset-by-asset basis. Financing is provided primarily from user departments.

Self-Insurance Benefits

This fund accounts for the City's employee health benefit programs including medical, vision, dental, and life coverages. These are primarily self-insured, but commercial insurance and re-insurance is also purchased. Reserves are based on actuarial valuations. Financing is provided primarily from user fees (City departments and employee-paid premiums) based on actual experience.

Self-Insurance Risk

This fund accounts for the City's workers' compensation and general liability programs. These are primarily self-insured, but commercial insurance and re-insurance is also purchased. An actuarial valuation is the basis for reserves and recording the liability for incurred as well as incurred but not reported claims. Financing is provided primarily from user fees (City departments) 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, 2020

	City Services	Equipment Replacement Reserve	Self Insurance Benefits	Self Insurance Risk	Total
Assets					
Current assets					
Cash and investments	\$ 7,908,347	\$ 10,551,466	\$ 11,700,724	\$ 10,099,634	\$ 40,260,171
Accounts receivable, net	6,018	-	121,793	-	127,811
Inventories and prepayments	1,322,711	-	-	23,530	1,346,241
Advances to others funds	128,963	-	-	-	128,963
Total current assets	9,366,039	10,551,466	11,822,517	10,123,164	41,863,186
Noncurrent assets					
Restricted cash and investments	2,394,770	-	-	-	2,394,770
Net OPEB asset	30,149	-	5,743	4,307	40,199
Capital assets:					
Land and other construction in progress	9,791,618	1,169,524	-	-	10,961,142
Other capital assets, net	839,370	18,240,532	-	-	19,079,902
Total noncurrent assets	13,055,907	19,410,056	5,743	4,307	32,476,013
Total assets	22,421,946	29,961,522	11,828,260	10,127,471	74,339,199
Deferred outflows of resources					
Deferred outflows related to pensions	896,483	-	68,908	118,679	1,084,070
Deferred outflows related to OPEB-RHIA	779	-	148	111	1,038
Deferred outflows related to OPEB-City	45,126	-	7,220	9,025	61,371
Total deferred outflows of resources	942,388	-	76,276	127,815	1,146,479
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	578,893	200,848	17,095	52,437	849,273
Claims and judgments payable	-	-	-	1,600,000	1,600,000
Total current liabilities	578,893	200,848	17,095	1,652,437	2,449,273
Noncurrent liabilities					
Net OPEB liability	334,703	-	53,552	66,941	455,196
Net pension liability	2,612,805	-	242,325	417,430	3,272,560
Claims and judgments payable	-	-	-	4,765,000	4,765,000
Compensated absences	135,698	-	21,348	41,990	199,036
Total noncurrent liabilities	3,083,206	-	317,225	5,291,361	8,691,792
Total liabilities	3,662,099	200,848	334,320	6,943,798	11,141,065
Deferred inflows of resources:					
Deferred inflows related to pensions	153,014	-	17,787	30,627	201,428
Deferred inflows related to OPEB-City	34,869	-	5,579	6,974	47,422
Deferred inflows related to OPEB-RHIA	5,864	-	1,117	838	7,819
Total deferred inflows of resources	193,747	-	24,483	38,439	256,669
Net Position					
Net investment in capital assets	10,630,988	19,410,056	-	-	30,041,044
Restricted for:					
Capital projects	2,193,852	-	-	-	2,193,852
Unrestricted	6,683,648	10,350,618	11,545,733	3,273,049	31,853,048
Total net position	\$ 19,508,488	\$ 29,760,674	\$ 11,545,733	\$ 3,273,049	\$ 64,087,944

City of Salem, Oregon
Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the fiscal year ended June 30, 2020

	City Services	Equipment Replacement Reserve	Self Insurance Benefits	Self Insurance Risk	Total
Operating revenues					
Sales, fees, licenses, and permits	\$ -	\$ 58,405	\$ 375	\$ -	\$ 58,780
Rents	1,819,714	-	-	-	1,819,714
Grants	553	-	157	-	710
Internal and intergovernmental	8,463,261	3,359,000	24,890,333	3,947,750	40,660,344
Other	29,279	6,553	1,832,130	9	1,867,971
Total operating revenues	<u>10,312,807</u>	<u>3,423,958</u>	<u>26,722,995</u>	<u>3,947,759</u>	<u>44,407,519</u>
Operating expenses					
Personal services	2,544,342	-	534,293	677,723	3,756,358
Materials and services	6,948,606	153,573	25,354,170	4,237,554	36,693,903
Depreciation	70,793	2,517,509	-	-	2,588,302
Total operating expenses	<u>9,563,741</u>	<u>2,671,082</u>	<u>25,888,463</u>	<u>4,915,277</u>	<u>43,038,563</u>
Operating income (loss)	<u>749,066</u>	<u>752,876</u>	<u>834,532</u>	<u>(967,518)</u>	<u>1,368,956</u>
Non-operating revenues (expenses)					
Interest on investments	235,056	219,156	228,097	207,816	890,125
Other revenue (expenses)	-	129,500	(650)	-	128,850
Total non-operating revenues	<u>235,056</u>	<u>348,656</u>	<u>227,447</u>	<u>207,816</u>	<u>1,018,975</u>
Net income (loss) before capital contributions and transfers	984,122	1,101,532	1,061,979	(759,702)	2,387,931
Capital contributions	-	559,471	-	-	559,471
Transfers in	-	884,889	-	100,000	984,889
Transfers out	(188,756)	-	-	-	(188,756)
Change in net position	<u>795,366</u>	<u>2,545,892</u>	<u>1,061,979</u>	<u>(659,702)</u>	<u>3,743,535</u>
Total net position - beginning of year	<u>18,713,122</u>	<u>27,214,782</u>	<u>10,483,754</u>	<u>3,932,751</u>	<u>60,344,409</u>
Total net position - end of year	<u>\$ 19,508,488</u>	<u>\$ 29,760,674</u>	<u>\$ 11,545,733</u>	<u>\$ 3,273,049</u>	<u>\$ 64,087,944</u>

City of Salem, Oregon
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2020

	City Services	Equipment Replacement Reserve	Self Insurance Benefits	Self Insurance Risk	Total
Cash Flow from Operating Activities:					
Receipts from customers	\$ 1,856,169	\$ 99,040	\$ 1,710,868	\$ 279	\$ 3,666,356
Receipts from interfund services provided	8,463,814	3,359,000	24,890,333	3,947,750	40,660,897
Payments to suppliers	(6,897,169)	(27,812)	(25,374,288)	(3,293,103)	(35,592,372)
Payments to employees	(2,224,986)	-	(490,574)	(580,791)	(3,296,351)
Net cash provided (used) by operating activities	1,197,828	3,430,228	736,339	74,135	5,438,530
Cash Flows from Noncapital Financing Activities:					
Transfers received	40,696	714,250	-	100,000	854,946
Transfers paid	(188,756)	-	-	-	(188,756)
Net cash provided (used) by noncapital related financing activities	(148,060)	714,250	-	100,000	666,190
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(1,574,960)	(3,530,649)	-	-	(5,105,609)
Sale of property	-	211,052	-	-	211,052
Net cash provided (used) by capital related financing activities	(1,574,960)	(3,319,597)	-	-	(4,894,557)
Cash Flows from Investing Activities:					
Interest on investments	235,056	219,156	228,097	207,815	890,124
Net increase (decrease) in cash and cash equivalent	(290,136)	1,044,037	964,436	381,950	2,100,287
Cash and cash equivalents - beginning of year	10,593,253	9,507,429	10,736,288	9,717,684	40,554,654
Cash and cash equivalents - end of year	<u>\$ 10,303,117</u>	<u>\$ 10,551,466</u>	<u>\$ 11,700,724</u>	<u>\$ 10,099,634</u>	<u>\$ 42,654,941</u>

Continued

City of Salem, Oregon
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2020

	City Services	Equipment Replacement Reserve	Self Insurance Benefits	Self Insurance Risk	Total
Reconciliation of Operating Net Cash Provided by (Used for) Operating Activities					
Operating income (loss)	\$ 749,066	\$ 752,876	\$ 834,532	\$ (967,518)	\$ 1,368,956
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	70,793	2,517,509	-	-	2,588,302
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
Accounts receivable	7,176	34,082	(121,793)	-	(80,535)
Inventories and prepayments	12,372	-	-	-	12,372
Deferred outflows related to pensions	8,493	-	1,357	2,340	12,190
Deferred outflows related to OPEB	32,931	-	6,460	4,844	44,235
Deferred OPEB outflow-City	(45,126)	-	(7,220)	(9,025)	(61,371)
Accounts payable and accrued liabilities	46,410	125,761	(20,119)	13,001	165,053
Compensated absences payable	34,064	-	7,424	8,114	49,602
Assessments receivable	-	-	-	2,720	2,720
Claims reserve	-	-	-	929,000	929,000
Net pension liability	245,801	-	39,274	67,714	352,789
Net OPEB asset	(14,099)	-	(2,531)	(1,898)	(18,528)
Net OPEB liability	60,835	-	1,387	27,817	90,039
Deferred inflows related to pensions	(25,308)	-	(4,044)	(6,972)	(36,324)
Deferred inflows related to OPEB	8,556	-	495	3,160	12,211
Deferred OPEB inflow-RHIA	5,864	-	1,117	838	7,819
Net cash provided (used) by operating activities	<u>\$ 1,197,828</u>	<u>\$ 3,430,228</u>	<u>\$ 736,339</u>	<u>\$ 74,135</u>	<u>\$ 5,438,530</u>
Non-cash investing, capital, and financing activities					
Contributions of capital assets	\$ -	\$ 1,473,184	\$ -	\$ -	\$ 1,473,184
					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 - Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	<u>Balances July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2020</u>
<u>Court Restitution</u>				
Assets				
Cash and investments	\$ 4,733	\$ 19,101	\$ 18,951	\$ 4,883
Liabilities				
Amount held in trust	\$ 4,733	\$ 18,317	\$ 18,167	\$ 4,883
<u>Unitary Assessments</u>				
Assets				
Cash and investments	\$ 43,939	\$ 535,073	\$ 542,906	\$ 36,106
Liabilities				
Accounts payable	\$ 43,939	\$ 528,120	\$ 535,953	\$ 36,106
<u>County Corrections</u>				
Assets				
Cash and investments	\$ 12,560	\$ 161,839	\$ 163,109	\$ 11,290
Liabilities				
Accounts payable	\$ 12,560	\$ 157,620	\$ 158,890	\$ 11,290
<u>Police Evidence Hold</u>				
Assets				
Cash and investments	\$ 204,614	\$ 102,738	\$ 40,087	\$ 267,265
Liabilities				
Amount held in trust	\$ 204,614	\$ 101,723	\$ 39,072	\$ 267,265
<u>Performance Deposits</u>				
Assets				
Cash and investments	\$ 1,213,627	\$ 3,083,837	\$ 1,346,482	\$ 2,950,982
Liabilities				
Accounts payable	\$ 7,377	\$ 3,774,274	\$ 3,781,651	\$ -
Amount held in trust	1,206,250	2,426,293	681,561	2,950,982
Total liabilities	<u>\$ 1,213,627</u>	<u>\$ 6,200,567</u>	<u>\$ 4,463,212</u>	<u>\$ 2,950,982</u>

Continued

City of Salem, Oregon
Combining Statement of Changes in Assets and Liabilities - Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	<u>Balances July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2020</u>
<u>Assistance Programs</u>				
Assets				
Cash and investments	\$ 9,651	\$ 548,656	\$ 58,130	\$ 500,177
Receivables	92	14,680	14,740	32
Total assets	<u>\$ 9,743</u>	<u>\$ 563,336</u>	<u>\$ 72,870</u>	<u>\$ 500,209</u>
Liabilities				
Amount held in trust	<u>\$ 9,743</u>	<u>\$ 490,466</u>	<u>\$ -</u>	<u>\$ 500,209</u>
<u>Building Permit Surcharge</u>				
Assets				
Cash and investments	\$ 45,598	\$ 618,573	\$ 573,381	\$ 90,790
Receivables	20,743	624,838	624,350	21,231
Total assets	<u>\$ 66,341</u>	<u>\$ 1,243,411</u>	<u>\$ 1,197,731</u>	<u>\$ 112,021</u>
Liabilities				
Accounts payable	\$ 66,341	\$ 663,013	\$ 642,711	\$ 86,643
Due to other agencies	-	651,284	625,906	25,378
Total liabilities	<u>\$ 66,341</u>	<u>\$ 1,314,297</u>	<u>\$ 1,268,617</u>	<u>\$ 112,021</u>
<u>Law Enforcement Medical Liability Assessment</u>				
Assets				
Cash and investments	<u>\$ 112</u>	<u>\$ 1,347</u>	<u>\$ 1,353</u>	<u>\$ 106</u>
Liabilities				
Accounts payable	<u>\$ 112</u>	<u>\$ 1,321</u>	<u>\$ 1,327</u>	<u>\$ 106</u>
<u>Reimbursement Districts</u>				
Assets				
Cash and investments	<u>\$ 146,652</u>	<u>\$ 386,031</u>	<u>\$ 303,681</u>	<u>\$ 229,002</u>
Liabilities				
Accounts payable	\$ -	\$ 198,131	\$ 15,921	\$ 182,210
Amount held in trust	146,652	-	99,860	46,792
Total liabilities	<u>\$ 146,652</u>	<u>\$ 198,131</u>	<u>\$ 115,781</u>	<u>\$ 229,002</u>

Continued

City of Salem, Oregon
Combining Statement of Changes in Assets and Liabilities - Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	Balances July 1, 2019	Additions	Deductions	Balances June 30, 2020
<u>Cafeteria Plan Benefits</u>				
Assets				
Cash and investments	\$ 126,119	\$ 1,120,478	\$ 1,084,123	\$ 162,474
Liabilities				
Payroll payable	\$ 126,119	\$ 577,796	\$ 541,441	\$ 162,474
<u>Total - All Fiduciary Funds</u>				
Assets				
Cash and investments	\$ 1,807,605	\$ 6,577,673	\$ 4,132,203	\$ 4,253,075
Receivables	20,835	639,518	639,090	21,263
Total assets	\$ 1,828,440	\$ 7,217,191	4,771,293	\$ 4,274,338
Liabilities				
Accounts payable	\$ 130,329	\$ 5,322,479	\$ 5,136,453	\$ 316,355
Payroll payable	126,119	577,796	541,441	162,474
Amount held in trust	1,571,992	3,036,799	838,660	3,770,131
Due to other agencies	-	651,284	625,906	25,378
Total liabilities	\$ 1,828,440	\$ 9,588,358	\$ 7,142,460	\$ 4,274,338
				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

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*
- *Tourism Promotion Area*
- *Parking Leasehold*
- *Building and Safety*
- *Traffic 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 Benefits*
- *Self-Insurance Risk*

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, 2020

	<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> ¹
Revenues				
Rents	\$ -	\$ -	\$ 21,815	\$ (21,815)
Grants	16,503,080	16,503,080	3,620,695	12,882,385
Intergovernmental	11,502,320	11,502,320	9,930,667	1,571,653
Interest on investments	10,000	10,000	1,865,724	(1,855,724)
Loan payments received	435,630	435,630	-	435,630
Other	60,000	60,000	756,446	(696,446)
Total revenues	<u>28,511,030</u>	<u>28,511,030</u>	<u>16,195,347</u>	<u>12,315,683</u>
Expenditures				
Operations	<u>176,609,200</u>	<u>176,609,200</u>	<u>73,894,585</u>	<u>102,714,615</u>
Excess (deficiency) of revenues over expenditures	(148,098,170)	(148,098,170)	(57,699,238)	(90,398,932)
Other financing sources (uses)				
Bond proceeds	12,870,000	12,870,000	56,925,000	(44,055,000)
Bond issuance premium	-	-	3,617,677	(3,617,677)
Loan proceeds	-	-	-	-
Sale of property	1,629,150	1,629,150	-	1,629,150
Transfers in	18,064,580	18,064,580	18,005,580	59,000
Total other financing sources (uses)	<u>32,563,730</u>	<u>32,563,730</u>	<u>78,548,257</u>	<u>(45,984,527)</u>
Net change in fund balance	(115,534,440)	(115,534,440)	20,849,019	(136,383,459)
Fund balance - beginning of year	<u>115,534,440</u>	<u>115,534,440</u>	<u>109,593,309</u>	<u>5,941,131</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>130,442,328</u>	<u>\$ (130,442,328)</u>

Reconciliation to generally accepted accounting principles:

Transfer of net activity and fund balance to Utility fund (page 151)	(74,563,465)
Advance from Utility fund (page 151)	(1,422,202)
Transfer of net activity and fund balance to WVPS fund (page 153)	(903,815)
Transfer of net activity and fund balance to City Services fund (page 156)	(2,193,852)
Advance from City Services fund (page 156)	(128,963)
Fund balance - end of year (modified accrual)	<u>\$ 51,230,031</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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Rents	\$ -	\$ -	\$ 118,712	\$ (118,712)
Grants	4,575,280	4,575,280	114,965	4,460,315
Intergovernmental	3,682,730	3,682,730	340,290	3,342,440
Interest on investments	242,500	242,500	801,683	(559,183)
Loan payments received	179,010	179,010	234,045	(55,035)
Other	3,600	3,600	1,382	2,218
Total revenues	8,683,120	8,683,120	1,611,077	7,072,043
Expenditures				
Operations	65,960,890	65,960,890	20,047,983	45,912,907
Excess (deficiency) of revenues over expenditures	(57,277,770)	(57,277,770)	(18,436,906)	(38,840,864)
Other financing sources (uses)				
Loan proceeds	270,290	270,290	322,111	(51,821)
Proceeds of long-term debt	15,425,920	15,425,920	15,350,920	75,000
Sale of property	-	-	207,500	(207,500)
Total other financing sources (uses)	15,696,210	15,696,210	15,880,531	(184,321)
Net change in fund balance	(41,581,560)	(41,581,560)	(2,556,375)	(39,025,185)
Fund balance - beginning of year	41,581,560	41,581,560	39,500,074	2,081,486
Fund balance - end of year	\$ -	\$ -	36,943,699	\$ (36,943,699)

Reconciliation to generally accepted accounting principles:

Prepayments	6,695
Fund balance - end of year (modified accrual)	\$ 36,950,394

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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Property taxes	\$ 15,078,110	\$ 15,078,110	\$ 15,083,157	\$ (5,047)
Intergovernmental	5,297,000	5,297,000	5,296,110	890
Interest on investments	-	-	195,111	(195,111)
Total revenues	20,375,110	20,375,110	20,574,378	(199,268)
Expenditures				
Debt service	21,062,080	21,062,080	21,062,064	16
Excess (deficiency) of revenues over expenditures	(686,970)	(686,970)	(487,686)	(199,284)
Fund balance - beginning of year	1,345,250	1,345,250	1,843,785	(498,535)
Fund balance - end of year	\$ 658,280	\$ 658,280	\$ 1,356,099	\$ (697,819)

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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Sales, fees, licenses, and permits	\$ 195,550	\$ 195,550	\$ 219,175	\$ (23,625)
Special assessments	5,000	5,000	306	4,694
Rents	2,040	2,040	1,602	438
Grants	271,860	271,860	289,279	(17,419)
Intergovernmental	14,685,770	14,685,770	13,583,404	1,102,366
Interest on investments	32,000	32,000	51,097	(19,097)
Other	2,000	2,000	24,500	(22,500)
Total revenues	<u>15,194,220</u>	<u>15,194,220</u>	<u>14,169,363</u>	<u>1,024,857</u>
Expenditures				
Operations	15,312,420	15,312,420	13,599,721	1,712,699
Contingency	500,000	500,000	-	500,000
Total expenditures	<u>15,812,420</u>	<u>15,812,420</u>	<u>13,599,721</u>	<u>2,212,699</u>
Excess (deficiency) of revenues over expenditures	(618,200)	(618,200)	569,642	(1,187,842)
Other financing sources (uses)				
Transfers in	75,000	75,000	75,000	-
Transfers out	(453,470)	(453,470)	(453,470)	-
Total other financing sources (uses)	<u>(378,470)</u>	<u>(378,470)</u>	<u>(378,470)</u>	<u>-</u>
Net change in fund balance	(996,670)	(996,670)	191,172	(1,187,842)
Fund balance - beginning of year	<u>2,575,000</u>	<u>2,575,000</u>	<u>3,047,206</u>	<u>(472,206)</u>
Fund balance - end of year	<u>\$ 1,578,330</u>	<u>\$ 1,578,330</u>	<u>\$ 3,238,378</u>	<u>\$ (1,660,048)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 1,874,000	\$ 1,874,000	\$ 1,938,454	\$ (64,454)
Interest on investments	8,000	8,000	18,380	(10,380)
Total revenues	<u>1,882,000</u>	<u>1,882,000</u>	<u>1,956,834</u>	<u>(74,834)</u>
Expenditures				
Operations	1,392,870	1,392,870	1,016,201	376,669
Debt service	240,400	240,400	240,399	1
Contingency	200,000	200,000	-	200,000
Total expenditures	<u>1,833,270</u>	<u>1,833,270</u>	<u>1,256,600</u>	<u>576,670</u>
Excess (deficiency) of revenues over expenditures	48,730	48,730	700,234	(651,504)
Other financing sources (uses)				
Transfers out	<u>(700,000)</u>	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
Net change in fund balance	(651,270)	(651,270)	234	(651,504)
Fund balance - beginning of year	<u>1,011,080</u>	<u>1,011,080</u>	<u>1,082,254</u>	<u>(71,174)</u>
Fund balance - end of year	<u>\$ 359,810</u>	<u>\$ 359,810</u>	<u>\$ 1,082,488</u>	<u>\$ (722,678)</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, 2020

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 43,910	\$ 43,910	\$ 42,298	\$ 1,612
Rents	1,127,890	1,127,890	1,184,337	(56,447)
Grants	-	-	69,104	(69,104)
Interest on investments	15,000	15,000	23,422	(8,422)
Total revenues	<u>1,186,800</u>	<u>1,186,800</u>	<u>1,319,161</u>	<u>(132,361)</u>
Expenditures				
Operations	1,417,590	1,417,590	1,249,883	167,707
Debt service	45,400	45,400	45,386	14
Contingency	738,210	738,210	-	738,210
Total expenditures	<u>2,201,200</u>	<u>2,201,200</u>	<u>1,295,269</u>	<u>905,931</u>
Excess (deficiency) of revenues over expenditures	(1,014,400)	(1,014,400)	23,892	(1,038,292)
Fund balance - beginning of year	<u>1,014,400</u>	<u>1,014,400</u>	<u>1,185,564</u>	<u>(171,164)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,209,456</u>	<u>\$ (1,209,456)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 10,000	\$ 10,000	\$ 30,955	\$ (20,955)
Rents	1,065,760	1,065,760	1,010,361	55,399
Interest on investments	7,500	7,500	7,886	(386)
Other	3,500	3,500	5,997	(2,497)
Total revenues	<u>1,086,760</u>	<u>1,086,760</u>	<u>1,055,199</u>	<u>31,561</u>
Expenditures				
Operations	1,177,580	1,207,580	1,167,441	40,139
Contingency	105,550	75,550	-	75,550
Total expenditures	<u>1,283,130</u>	<u>1,283,130</u>	<u>1,167,441</u>	<u>115,689</u>
Excess (deficiency) of revenues over expenditures	(196,370)	(196,370)	(112,242)	(84,128)
Fund balance - beginning of year	<u>196,370</u>	<u>196,370</u>	<u>186,451</u>	<u>9,919</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,209</u>	<u>\$ (74,209)</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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Other taxes	\$ 4,137,870	\$ 4,137,870	\$ 3,374,954	\$ 762,916
Intergovernmental	5,400	5,400	3,670	1,730
Interest on investments	2,500	2,500	15,183	(12,683)
Other	12,000	12,000	12,000	-
Total revenues	4,157,770	4,157,770	3,405,807	751,963
Expenditures				
Operations	2,516,980	2,516,980	2,234,215	282,765
Contingency	120,000	120,000	-	120,000
Total expenditures	2,636,980	2,636,980	2,234,215	402,765
Excess (deficiency) of revenues over expenditures	1,520,790	1,520,790	1,171,592	349,198
Other financing sources (uses)				
Transfers out	(1,509,080)	(1,509,080)	(1,450,080)	(59,000)
Net change in fund balance	11,710	11,710	(278,488)	290,198
Fund balance - beginning of year	473,000	473,000	660,962	(187,962)
Fund balance - end of year	\$ 484,710	\$ 484,710	\$ 382,474	\$ 102,236

1 () indicates revenue/expenditures in excess of budget

City of Salem, Oregon
Tourism Promotion Area
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ -	\$ 700,000	\$ 243,643	\$ 456,357
Expenditures				
Operations	-	665,000	232,698	432,302
Excess (deficiency) of revenues over expenditures	-	35,000	10,945	24,055
Other financing sources (uses)				
Transfers out	-	(35,000)	(10,945)	(24,055)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

1 () indicates revenue/expenditures in excess 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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Rents	\$ 593,880	\$ 593,880	\$ 598,942	\$ (5,062)
Interest on investments	13,000	13,000	11,159	1,841
Other	-	-	699	(699)
Total revenues	606,880	606,880	610,800	(3,920)
Expenditures				
Operations	500,320	500,320	358,005	142,315
Contingency	211,200	211,200	-	211,200
Total expenditures	711,520	711,520	358,005	353,515
Excess (deficiency) of revenues over expenditures	(104,640)	(104,640)	252,795	(357,435)
Other financing sources (uses)				
Transfers out	(400,000)	(400,000)	(400,000)	-
Net change in fund balance	(504,640)	(504,640)	(147,205)	(357,435)
Fund balance - beginning of year	504,640	504,640	534,107	(29,467)
Fund balance - end of year	\$ -	\$ -	\$ 386,902	\$ (386,902)

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 5,061,610	\$ 5,061,610	\$ 7,351,812	\$ (2,290,202)
Grants	-	-	4,785	(4,785)
Intergovernmental	132,120	132,120	133,592	(1,472)
Interest on investments	87,000	87,000	196,235	(109,235)
Other	-	-	3,900	(3,900)
Total revenues	<u>5,280,730</u>	<u>5,280,730</u>	<u>7,690,324</u>	<u>(2,409,594)</u>
Expenditures				
Operations	5,219,210	5,219,210	4,483,092	736,118
Contingency	300,000	300,000	-	300,000
Total expenditures	<u>5,519,210</u>	<u>5,519,210</u>	<u>4,483,092</u>	<u>1,036,118</u>
Excess (deficiency) of revenues over expenditures	(238,480)	(238,480)	3,207,232	(3,445,712)
Other financing sources (uses)				
Transfers out	(500,000)	(500,000)	(500,000)	-
Net change in fund balance	(738,480)	(738,480)	2,707,232	(3,445,712)
Fund balance - beginning of year	8,000,540	8,000,540	9,587,795	(1,587,255)
Fund balance - end of year	<u>\$ 7,262,060</u>	<u>\$ 7,262,060</u>	<u>\$ 12,295,027</u>	<u>\$ (5,032,967)</u>

1 () indicates revenue/expenditure in excess of budget

City of Salem, Oregon
Traffic Safety
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and penalties	\$ 2,112,720	\$ 2,112,720	\$ 577,074	\$ 1,535,646
Interest on investments	-	-	1,210	(1,210)
Total revenues	<u>2,112,720</u>	<u>2,112,720</u>	<u>578,284</u>	<u>1,534,436</u>
Expenditures				
Operations	895,600	895,600	324,098	571,502
Contingency	200,000	200,000	-	200,000
Total expenditures	<u>1,095,600</u>	<u>1,095,600</u>	<u>324,098</u>	<u>771,502</u>
Excess (deficiency) of revenues over expenditures	1,017,120	1,017,120	254,186	762,934
Other financing sources (uses)				
Transfers out	(812,360)	(812,360)	(254,176)	(558,184)
Net change in fund balance	204,760	204,760	10	204,750
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ 204,760</u>	<u>\$ 204,760</u>	<u>\$ 10</u>	<u>\$ 204,750</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 to Actual

For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 235,000	\$ 235,000	\$ 271,748	\$ (36,748)
Special assessments	-	-	32,841	(32,841)
Rents	-	-	2,116	(2,116)
Grants	30,000	1,030,000	1,048,870	(18,870)
Fines and penalties	3,660	3,660	35,503	(31,843)
Interest on investments	207,190	207,190	303,355	(96,165)
Loan payments received	3,000	3,000	-	3,000
Other	1,433,000	1,433,000	520,423	912,577
Total revenues	<u>1,911,850</u>	<u>2,911,850</u>	<u>2,214,856</u>	<u>696,994</u>
Expenditures				
Operations	<u>6,024,810</u>	<u>7,024,810</u>	<u>3,002,447</u>	<u>4,022,363</u>
Excess (deficiency) of revenues over expenditures				
	(4,112,960)	(4,112,960)	(787,591)	(3,325,369)
Other financing sources (uses)				
Transfers in	762,500	762,500	323,757	438,743
Transfers out	<u>(105,570)</u>	<u>(105,570)</u>	<u>(105,565)</u>	<u>(5)</u>
Total other financing sources (uses)	<u>656,930</u>	<u>656,930</u>	<u>218,192</u>	<u>438,738</u>
Net change in fund balance	(3,456,030)	(3,456,030)	(569,399)	(2,886,631)
Fund balance - beginning of year	<u>12,673,550</u>	<u>12,673,550</u>	<u>14,099,962</u>	<u>(1,426,412)</u>
Fund balance - end of year	<u>\$ 9,217,520</u>	<u>\$ 9,217,520</u>	<u>\$ 13,530,563</u>	<u>\$ (4,313,043)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest on investments	\$ 4,070	\$ 4,070	\$ 6,403	\$ (2,333)
Other	3,500	3,500	8,311	(4,811)
Total revenues	<u>7,570</u>	<u>7,570</u>	<u>14,714</u>	<u>(7,144)</u>
Expenditures				
Operations	<u>5,530</u>	<u>5,530</u>	<u>1,221</u>	<u>4,309</u>
Excess (deficiency) of revenues over expenditures	2,040	2,040	13,493	(11,453)
Fund balance - beginning of year	<u>279,350</u>	<u>279,350</u>	<u>279,652</u>	<u>(302)</u>
Fund balance - end of year	<u>\$ 281,390</u>	<u>\$ 281,390</u>	<u>\$ 293,145</u>	<u>\$ (11,755)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 14,733,590	\$ 14,733,590	\$ 15,625,668	\$ (892,078)
Interest on investments	219,000	219,000	197,003	21,997
Total revenues	<u>14,952,590</u>	<u>14,952,590</u>	<u>15,822,671</u>	<u>(870,081)</u>
Expenditures				
Operations	856,750	856,750	-	856,750
Debt service	16,628,350	16,628,350	16,579,165	49,185
Total expenditures	<u>17,485,100</u>	<u>17,485,100</u>	<u>16,579,165</u>	<u>905,935</u>
Excess (deficiency) of revenues over expenditures	(2,532,510)	(2,532,510)	(756,494)	(1,776,016)
Fund balance - beginning of year	<u>5,100,010</u>	<u>5,100,010</u>	<u>5,485,262</u>	<u>(385,252)</u>
Fund balance - end of year	<u>\$ 2,567,500</u>	<u>\$ 2,567,500</u>	<u>\$ 4,728,768</u>	<u>\$ (2,161,268)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 7,837,560	\$ 7,837,560	\$ 14,355,825	\$ (6,518,265)
Special assessments	-	-	108,707	(108,707)
Rents	-	-	30,941	(30,941)
Grants	3,110,900	3,110,900	874,950	2,235,950
Intergovernmental	2,500,000	2,500,000	-	2,500,000
Interest on investments	-	-	681,496	(681,496)
Other	-	-	54,590	(54,590)
Total revenues	<u>13,448,460</u>	<u>13,448,460</u>	<u>16,106,509</u>	<u>(2,658,049)</u>
Expenditures				
Operations	<u>35,701,940</u>	<u>35,701,940</u>	<u>10,909,330</u>	<u>24,792,610</u>
Excess (deficiency) of revenues over expenditures	(22,253,480)	(22,253,480)	5,197,179	(27,450,659)
Other financing sources (uses)				
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net change in fund balance	(22,328,480)	(22,328,480)	5,122,179	(27,450,659)
Fund balance - beginning of year	<u>22,328,480</u>	<u>22,328,480</u>	<u>28,801,038</u>	<u>(6,472,558)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>33,923,217</u>	<u>\$ (33,923,217)</u>
Reconciliation to generally accepted accounting principles:				
Transfer of net activity and fund balance to Utility fund (page 151)			<u>(16,014,493)</u>	
Fund balance - end of year (modified accrual)			<u>\$ 17,908,724</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 1,312,220	\$ 1,312,220	\$ 2,587,929	\$ (1,275,709)
Interest on investments	25,000	25,000	99,262	(74,262)
Total revenues	<u>1,337,220</u>	<u>1,337,220</u>	<u>2,687,191</u>	<u>(1,349,971)</u>
Expenditures				
Operations	<u>4,697,890</u>	<u>4,697,890</u>	<u>288,854</u>	<u>4,409,036</u>
Excess (deficiency) of revenues over expenditures	(3,360,670)	(3,360,670)	2,398,337	(5,759,007)
Fund balance - beginning of year	<u>3,360,670</u>	<u>3,360,670</u>	<u>3,761,930</u>	<u>(401,260)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,160,267</u>	<u>\$ (6,160,267)</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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Sales, fees, licenses, and permits	\$ 96,421,670	\$ 96,421,670	\$ 97,578,368	\$ (1,156,698)
Special assessments	7,000	7,000	178,022	(171,022)
Rents	18,000	18,000	21,197	(3,197)
Grants	-	-	159,720	(159,720)
Intergovernmental	6,233,660	6,233,660	6,326,881	(93,221)
Interest on investments	1,008,840	1,008,840	1,244,199	(235,359)
Loan payments received	612,240	612,240	621,714	(9,474)
Other	166,200	166,200	182,100	(15,900)
Total revenues	104,467,610	104,467,610	106,312,201	(1,844,591)
Expenditures				
Operations	77,576,030	77,576,030	69,968,583	7,607,447
Debt service	21,189,470	21,189,470	18,007,746	3,181,724
Contingency	3,000,000	3,000,000	-	3,000,000
Total expenditures	101,765,500	101,765,500	87,976,329	13,789,171
Excess (deficiency) of revenues over expenditures	2,702,110	2,702,110	18,335,872	(15,633,762)
Other financing sources (uses)				
Sale of property	2,686,200	2,686,200	2,941,823	(255,623)
Transfers in	60,400	60,400	45,400	15,000
Transfers out	(14,650,000)	(14,650,000)	(14,650,000)	-
Total other financing sources (uses)	(11,903,400)	(11,903,400)	(11,662,777)	(240,623)
Net change in fund balance	(9,201,290)	(9,201,290)	6,673,095	(15,874,385)
Fund balance - beginning of year	40,784,290	40,784,290	45,545,914	(4,761,624)
Fund balance - end of year	\$ 31,583,000	\$ 31,583,000	52,219,009	\$ (20,636,009)

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, 2020

Reconciliation to generally accepted accounting principles:

Utility ending fund balance (previous page)	\$ 52,219,009
Net activity and fund balance from Capital Improvements (page 132)	74,563,465
Net activity and fund balance from Extra Capacity Facilities (page 147)	16,014,493
Inventories	1,031,925
Advance to General fund (page 49)	279,670
Advance to Capital Improvements fund (page 132)	1,422,202
Note receivable	5,372,400
Net OPEB asset	412,038
Capital assets	668,295,737
Deferred charge on refunding	3,658,865
Deferred outflows related to pensions	11,287,089
Deferred outflows related to OPEB	541,332
Interest payable	(1,016,792)
Long-term obligations	(134,622,164)
Net OPEB liability	(3,936,104)
Net pension liability	(34,296,954)
Deferred inflows related to OPEB	(490,194)
Deferred inflows related to pensions	(1,879,567)
Accrued revenue from deferred inflows	1,342,203
Net position at end of year	<u><u>\$ 660,198,653</u></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, 2020

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 765,730	\$ 765,730	\$ 747,563	\$ 18,167
Grants	-	-	18,530	(18,530)
Intergovernmental	10,000	10,000	2,165	7,835
Fines and penalties	120,000	120,000	55,250	64,750
Interest on investments	50,000	50,000	77,507	(27,507)
Other	1,000	1,000	1,453	(453)
Total revenues	<u>946,730</u>	<u>946,730</u>	<u>902,468</u>	<u>44,262</u>
Expenditures				
Operations	1,012,800	1,012,800	931,274	81,526
Contingency	60,000	60,000	-	60,000
Total expenditures	<u>1,072,800</u>	<u>1,072,800</u>	<u>931,274</u>	<u>141,526</u>
Excess (deficiency) of revenues over expenditures	(126,070)	(126,070)	(28,806)	(97,264)
Other financing sources (uses)				
Transfers out	(75,000)	(75,000)	(75,000)	-
Net change in fund balance	(201,070)	(201,070)	(103,806)	(97,264)
Fund balance - beginning of year	<u>3,293,100</u>	<u>3,293,100</u>	<u>3,462,864</u>	<u>(169,764)</u>
Fund balance - end of year	<u>\$ 3,092,030</u>	<u>\$ 3,092,030</u>	<u>3,359,058</u>	<u>\$ (267,028)</u>
Reconciliation to generally accepted accounting principles:				
Net OPEB asset			2,871	
Capital assets			626,407	
Deferred outflows related to pensions			154,545	
Deferred outflows related to OPEB			3,684	
Net pension liability			(481,717)	
Net OPEB liability			(26,776)	
Deferred inflows related to pensions			(24,647)	
Deferred inflows related to OPEB			(3,347)	
Net position at end of year			<u>\$ 3,610,078</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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Sales, fees, licenses, and permits	\$ 22,000	\$ 22,000	\$ 20,913	\$ 1,087
Rents	17,480	17,480	15,721	1,759
Grants	-	-	1,507	(1,507)
Intergovernmental	11,491,410	11,491,410	11,398,693	92,717
Interest on investments	39,010	39,010	54,721	(15,711)
Other	-	-	3,622	(3,622)
Total revenues	11,569,900	11,569,900	11,495,177	74,723
Expenditures				
Operations	11,382,480	11,382,480	10,930,166	452,314
Contingency	500,000	500,000	-	500,000
Total expenditures	11,882,480	11,882,480	10,930,166	952,314
Excess (deficiency) of revenues over expenditures	(312,580)	(312,580)	565,011	(877,591)
Other financing sources (uses)				
Transfers out	(900,000)	(900,000)	(900,000)	-
Net change in fund balance	(1,212,580)	(1,212,580)	(334,989)	(877,591)
Fund balance - beginning of year	1,894,210	1,894,210	2,021,688	(127,478)
Fund balance - end of year	<u>\$ 681,630</u>	<u>\$ 681,630</u>	1,686,699	<u>\$ (1,005,069)</u>
Reconciliation to generally accepted accounting principles:				
Transfer of net activity and fund balance from Capital Improvements (page 132)			903,815	
Net OPEB asset			90,447	
Capital assets			97,815	
Deferred outflows related to pensions			3,140,046	
Deferred outflows related to OPEB			143,131	
Net OPEB liability			(1,044,272)	
Net pension liability			(9,495,275)	
Deferred inflows related to OPEB			(126,381)	
Deferred inflows related to pensions			(531,232)	
Net position at end of year			<u>\$ (5,135,207)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 309,170	\$ 309,170	\$ 309,170	\$ -
Member agencies	107,150	107,150	107,400	(250)
Interest on investments	13,670	13,670	27,697	(14,027)
Total revenues	<u>429,990</u>	<u>429,990</u>	<u>444,267</u>	<u>(14,277)</u>
Expenditures				
Operations	1,142,030	1,142,030	894,181	247,849
Contingency	113,900	113,900	-	113,900
Total expenditures	<u>1,255,930</u>	<u>1,255,930</u>	<u>894,181</u>	<u>361,749</u>
Excess (deficiency) of revenues over expenditures	(825,940)	(825,940)	(449,914)	(376,026)
Fund balance - beginning of year	<u>1,368,050</u>	<u>1,368,050</u>	<u>1,359,310</u>	<u>8,740</u>
Fund balance - end of year	<u>\$ 542,110</u>	<u>\$ 542,110</u>	909,396	<u>\$ (367,286)</u>
Reconciliation to generally accepted accounting principles:				
Capital assets			<u>963,213</u>	
Net position at end of year			<u>\$ 1,872,609</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 4,000,000	\$ 4,000,000	\$ 2,570,145	\$ 1,429,855
Rents	2,176,800	2,176,800	1,272,769	904,031
Intergovernmental	450,000	450,000	-	450,000
Other	300,090	300,090	6,039	294,051
Total revenues	<u>6,926,890</u>	<u>6,926,890</u>	<u>3,848,953</u>	<u>3,077,937</u>
Expenditures				
Operations	5,385,820	5,385,820	3,574,700	1,811,120
Contingency	1,451,340	1,451,340	-	1,451,340
Total expenditures	<u>6,837,160</u>	<u>6,837,160</u>	<u>3,574,700</u>	<u>3,262,460</u>
Excess (deficiency) of revenues over expenditures	89,730	89,730	274,253	(184,523)
Other financing sources (uses)				
Transfers out	<u>(750,000)</u>	<u>(750,000)</u>	<u>(311,257)</u>	<u>(438,743)</u>
Net change in fund balance	(660,270)	(660,270)	(37,004)	(623,266)
Fund balance - beginning of year	<u>660,270</u>	<u>660,270</u>	<u>232,487</u>	<u>427,783</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	195,483	<u>\$ (195,483)</u>
Reconciliation to generally accepted accounting principles:				
Capital assets			<u>22,837,610</u>	
Net position at end of year			<u>\$ 23,033,093</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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Rents	\$ 1,800,150	\$ 1,800,150	\$ 1,819,714	\$ (19,564)
Grants	-	-	553	(553)
Intergovernmental	8,855,500	8,855,500	8,463,261	392,239
Interest on investments	41,300	41,300	153,557	(112,257)
Loan payments received	45,450	45,450	45,386	64
Other	4,000	4,000	24,589	(20,589)
Total revenues	10,746,400	10,746,400	10,507,060	239,340
Expenditures				
Operations	11,378,760	11,378,760	9,203,385	2,175,375
Excess (deficiency) of revenues over expenditures	(632,360)	(632,360)	1,303,675	(1,936,035)
Other financing sources (uses)				
Transfers out	(503,000)	(503,000)	(188,000)	(315,000)
Net change in fund balance	(1,135,360)	(1,135,360)	1,115,675	(2,251,035)
Fund balance - beginning of year	6,269,640	6,269,640	7,007,622	(737,982)
Fund balance - end of year	\$ 5,134,280	\$ 5,134,280	8,123,297	\$ (2,989,017)

Reconciliation to generally accepted accounting principles:

Transfer of net activity and fund balance from Capital Improvements (page 132)	2,193,852
Advance From Capital Improvements fund (page 132)	128,963
Inventories	600,106
Net OPEB asset	30,149
Capital assets	10,630,988
Deferred outflows related to pensions	896,483
Deferred outflows related to OPEB	45,905
Net OPEB liability	(334,703)
Net pension liability	(2,612,805)
Deferred inflows related to OPEB	(40,733)
Deferred inflows related to pensions	(153,014)
Net position at end of year	\$ 19,508,488

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 58,405	\$ (58,405)
Intergovernmental	3,395,000	3,395,000	3,359,000	36,000
Interest on investments	108,670	108,670	219,156	(110,486)
Other	-	-	6,553	(6,553)
Total revenues	<u>3,503,670</u>	<u>3,503,670</u>	<u>3,643,114</u>	<u>(139,444)</u>
Expenditures				
Operations	<u>13,759,460</u>	<u>13,759,460</u>	<u>3,684,222</u>	<u>10,075,238</u>
Excess (deficiency) of revenues over expenditures	(10,255,790)	(10,255,790)	(41,108)	(10,214,682)
Other financing sources (uses)				
Sale of property	181,260	181,260	211,052	(29,792)
Transfers in	<u>1,514,250</u>	<u>1,514,250</u>	<u>714,250</u>	<u>800,000</u>
Total other financing sources (uses)	<u>1,695,510</u>	<u>1,695,510</u>	<u>925,302</u>	<u>770,208</u>
Net change in fund balance	(8,560,280)	(8,560,280)	884,194	(9,444,474)
Fund balance - beginning of year	<u>8,560,280</u>	<u>8,560,280</u>	<u>9,466,424</u>	<u>(906,144)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	10,350,618	<u>\$ (10,350,618)</u>
Reconciliation to generally accepted accounting principles:				
Capital assets			<u>19,410,056</u>	
Net position at end of year			<u>\$ 29,760,674</u>	

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 375	\$ (375)
Grants	-	-	157	(157)
Intergovernmental	27,167,680	27,167,680	24,890,333	2,277,347
Interest on investments	79,000	79,000	228,097	(149,097)
Other	1,100,000	1,100,000	1,832,130	(732,130)
Total revenues	<u>28,346,680</u>	<u>28,346,680</u>	<u>26,951,092</u>	<u>1,395,588</u>
Expenditures				
Operations	<u>39,086,140</u>	<u>39,086,140</u>	<u>25,852,168</u>	<u>13,233,972</u>
Excess (deficiency) of revenues over expenditures	(10,739,460)	(10,739,460)	1,098,924	(11,838,384)
Fund balance - beginning of year	<u>10,739,460</u>	<u>10,739,460</u>	<u>10,685,150</u>	<u>54,310</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>11,784,074</u>	<u>\$ (11,784,074)</u>
Reconciliation to generally accepted accounting principles:				
Deferred outflows related to pensions			68,908	
Deferred outflows related to OPEB			148	
Deferred OPEB outflow-City			7,220	
Net OPEB Liability			(47,809)	
Net pension liability			(242,325)	
Deferred OPEB inflow-RHIA			(1,117)	
Deferred inflows related to OPEB			(5,579)	
Deferred inflows related to pensions			(17,787)	
Net position at end of year			<u>\$ 11,545,733</u>	

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 3,947,020	\$ 3,947,020	\$ 3,947,750	\$ (730)
Interest on investments	75,000	75,000	207,816	(132,816)
Other	-	-	9	(9)
Total revenues	<u>4,022,020</u>	<u>4,022,020</u>	<u>4,155,575</u>	<u>(133,555)</u>
Expenditures				
Operations	<u>13,631,840</u>	<u>13,631,840</u>	<u>3,897,459</u>	<u>9,734,381</u>
Excess (deficiency) of revenues over expenditures	(9,609,820)	(9,609,820)	258,116	(9,867,936)
Other financing sources (uses)				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	(9,509,820)	(9,509,820)	358,116	(9,867,936)
Fund balance - beginning of year	<u>9,509,820</u>	<u>9,509,820</u>	<u>9,670,621</u>	<u>(160,801)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	10,028,737	<u>\$ (10,028,737)</u>
Reconciliation to generally accepted accounting principles:				
Net OPEB asset			4,307	
Deferred outflows related to pensions			118,679	
Deferred outflows related to OPEB			111	
Deferred OPEB outflow-City			9,025	
Claims and judgments			(6,365,000)	
Net OPEB liability			(66,941)	
Net pension liability			(417,430)	
Deferred OPEB inflow-RHIA			(838)	
Deferred inflows related to OPEB			(6,974)	
Deferred inflows related to pensions			(30,627)	
Net position at end of year			<u>\$ 3,273,049</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, 2020

	Issued/ Maturity Date	True Interest Cost	Original Amount	Principal Balance June 30, 2019	Additions
<u>Governmental activity</u>					
General obligation bonds					
Streets-Bridges, Series 2012	1/26/12-26	2.62	\$ 25,000,000	\$ 9,295,000	\$ -
Refunding Fire Bond, Series 2012	4/25/12-21	2.25	18,289,298	1,829,208	-
Streets-Bridges, Series 2013	8/20/13-24	2.83	43,665,000	27,290,000	-
Police Facility, Series 2017	8/24/17-37	2.71	74,775,000	72,390,000	-
Library, Series 2018	3/22/18-31	2.68	18,600,000	18,130,000	-
Subtotal general obligation bonds				128,934,208	-
Premium				9,880,842	-
Total general obligation bonds				138,815,050	-
Limited tax pension obligation, Series 2005	9/23/05-28	5.04	61,685,000	41,290,000	-
Urban renewal bonds					
Riverfront/Downtown, Series 2009	9/17/09-24	4.35	3,660,000	1,470,000	-
Total governmental bonds				181,575,050	-
Notes					
HUD Sec 108, Series 2015A	5/28/15-23	2.80	2,730,000	1,214,000	-
OECCDD L06001A, Mill Creek, Series 2007	6/23/11-35	4.41	3,999,999	3,768,214	-
OECCDD L06001B, Mill Creek, Series 2007	10/20/10-21	4.41	1,000,000	185,820	-
OECCDD L06001C, Mill Creek, Series 2007	10/17/13-33	5.00	3,772,081	4,677,889	322,111
Total notes				9,845,923	322,111
Total governmental activity long-term debt				\$ 191,420,973	\$ 322,111
<u>Business-type activity</u>					
Revenue bonds - water and sewer					
Series 2012 A refunding	10/16/12-25	2.22	63,360,000	\$ 29,662,000	\$ -
Series 2017 refunding	7/8/17-27	1.74	55,990,000	52,670,000	-
Series 2020	4/2/20-40	3.58	56,925,000	-	56,925,000
Subtotal revenue bonds				82,332,000	56,925,000
Premium				7,540,744	3,617,677
Total revenue bonds				89,872,744	60,542,677
Total business-type activity long-term debt				\$ 89,872,744	\$ 60,542,677
Total long-term debt				\$ 281,293,717	\$ 60,864,788

Continued

City of Salem, Oregon
Schedule of Bond Principal and Bond Interest Transactions
For the fiscal year ended June 30, 2020

Principal Paid	Principal Balance June 30, 2020	Interest Paid	Total Principal and Interest Paid	Current Portion	
				Principal	Interest
\$ 1,145,000	\$ 8,150,000	\$ 243,529	\$ 1,388,529	\$ 1,200,000	\$ 213,530
1,829,208	-	29,367	1,858,575	-	-
3,365,000	23,925,000	1,028,400	4,393,400	3,745,000	860,150
3,755,000	68,635,000	2,841,300	6,596,300	6,080,000	2,747,425
700,000	17,430,000	828,800	1,528,800	785,000	793,800
10,794,208	118,140,000	4,971,396	15,765,604	11,810,000	4,614,905
975,954	8,904,888	-	975,954	-	-
11,770,162	127,044,888	4,971,396	16,741,558	11,810,000	4,614,905
3,235,000	38,055,000	2,061,461	5,296,461	3,595,000	1,904,272
270,000	1,200,000	63,945	333,945	280,000	52,200
15,275,162	166,299,888	7,096,802	22,371,964	15,685,000	6,571,377
379,000	835,000	21,863	400,863	379,000	14,549
220,299	3,547,915	166,178	386,477	230,014	156,463
-	185,820	-	-	15,185	8,195
-	5,000,000	506,650	506,650	-	506,650
599,299	9,568,735	694,691	1,293,990	624,199	685,857
<u>\$ 15,874,461</u>	<u>\$ 175,868,623</u>	<u>\$ 7,791,493</u>	<u>\$ 23,665,954</u>	<u>\$ 16,309,199</u>	<u>\$ 7,257,234</u>
\$ 8,351,000	\$ 21,311,000	\$ 658,500	\$ 9,009,500	\$ 5,323,000	\$ 473,104
6,455,000	46,215,000	2,543,250	8,998,250	6,775,000	2,220,500
-	56,925,000	-	-	1,410,000	2,875,911
14,806,000	124,451,000	3,201,750	18,007,750	13,508,000	5,569,515
987,257	10,171,164	-	987,257	-	-
15,793,257	134,622,164	3,201,750	18,995,007	13,508,000	5,569,515
<u>\$ 15,793,257</u>	<u>\$ 134,622,164</u>	<u>\$ 3,201,750</u>	<u>\$ 18,995,007</u>	<u>\$ 13,508,000</u>	<u>\$ 5,569,515</u>
<u>\$ 31,667,718</u>	<u>\$ 310,490,787</u>	<u>\$ 10,993,243</u>	<u>\$ 42,660,961</u>	<u>\$ 29,817,199</u>	<u>\$ 12,826,749</u>

Concluded

City of Salem, Oregon
Schedule of Future Long-term Debt Service Requirements
June 30, 2020

Governmental Activities						
General Obligation, Urban Renewal, & Limited Tax Pension Obligation Bonds						
Fiscal Year	Notes		Obligation Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2020-21	\$ 624,199	\$ 685,857	\$ 15,685,000	\$ 6,571,377	\$ 16,309,199	\$ 7,257,234
2021-22	858,111	443,739	17,150,000	6,027,488	18,008,111	6,471,227
2022-23	662,698	330,769	18,585,000	5,404,134	19,247,698	5,734,903
2023-24	612,007	305,514	14,140,000	4,664,725	14,752,007	4,970,239
2024-25	636,326	280,182	10,860,000	4,032,772	11,496,326	4,312,954
2025-26	662,697	253,810	11,855,000	3,528,186	12,517,697	3,781,996
2026-27	690,166	226,341	11,315,000	2,983,995	12,005,166	3,210,336
2027-28	718,777	197,730	8,720,000	2,443,487	9,438,777	2,641,217
2028-29	748,579	167,929	5,715,000	2,162,850	6,463,579	2,330,779
2029-30	779,621	136,888	6,160,000	2,044,350	6,939,621	2,181,238
2030-31	788,572	104,555	6,635,000	1,885,300	7,423,572	1,989,855
2031-32	830,580	71,907	4,295,000	1,745,550	5,125,580	1,817,457
2032-33	469,159	37,491	4,625,000	1,679,050	5,094,159	1,716,541
2033-34	487,243	19,100	4,925,000	1,612,550	5,412,243	1,631,650
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
Totals	\$ 9,568,735	\$ 3,261,812	\$ 157,395,000	\$ 51,210,389	\$ 166,963,735	\$ 54,472,201

Business-type Activities		
Fiscal Year	Bonds	
	Principal	Interest
2020-21	\$ 13,508,000	\$ 5,569,515
2021-22	14,423,000	4,637,134
2022-23	14,988,000	4,066,743
2023-24	13,847,000	3,471,438
2024-25	11,510,000	2,888,259
2025-26	10,940,000	2,343,200
2026-27	2,530,000	1,882,700
2027-28	2,525,000	1,759,950
2028-29	2,650,000	1,633,700
2029-30	2,785,000	1,501,200
2030-31	2,895,000	1,389,800
2031-32	3,010,000	1,274,000
2032-33	3,130,000	1,153,600
2033-34	3,255,000	1,028,400
2034-35	3,385,000	898,200
2035-36	3,520,000	762,800
2036-37	3,660,000	622,000
2037-38	3,810,000	475,600
2038-39	3,960,000	323,200
2039-40	4,120,000	164,800
Totals	\$ 124,451,000	\$ 37,846,239



City of Salem, Oregon
Schedule of Internal Service Funds Adjustments
for Preparation of Government-wide
Statement of Net Position
June 30, 2020

Assets

Current assets

Cash and investments	\$	40,260,171
Accounts receivable, net		127,811
Inventories and prepayments		1,346,241
Advances to other funds		128,963
		41,863,186

Total current assets

Noncurrent assets

Restricted cash		2,394,770
Net OPEB asset		40,199
Capital assets:		
Land and construction in progress		10,961,142
Other capital assets, net		19,079,902

Total noncurrent assets

Total assets

32,476,013

74,339,199

Deferred outflows of resources:

Deferred outflows related to OPEB		62,409
Deferred outflows related to pensions		1,084,070
Total deferred outflows of resources		1,146,479

Continued

City of Salem, Oregon
Schedule of Internal Service Funds Adjustments
for Preparation of Government-wide
Statement of Net Position
June 30, 2020

Liabilities

Current liabilities

Accounts payable and accrued liabilities	849,273
Claims and judgments due within one year	1,600,000
Total current liabilities	2,449,273

Noncurrent liabilities

Net OPEB liability	455,196
Net pension liability	3,272,560
Claims and judgments payable	4,765,000
Compensated absences payable	199,036
Total noncurrent liabilities	8,691,792

Total liabilities	11,141,065
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Deferred inflows of resources:

Deferred inflows related to OPEB	55,241
Deferred inflows related to pensions	201,428
Total deferred inflows of resources	256,669

Net position

Net investment in capital assets	30,041,044
Restricted for capital projects	2,193,852
Unrestricted	31,853,048
Total net position	\$ 64,087,944

Tie to Government-wide statement

Total net position	\$ 64,087,944
Back out:	
Amount reflected in capital assets	(30,041,044)
Deferred outflows	(1,146,479)
Add in:	
Amount due from (to) Business-type funds, June 30, 2019	(5,595,583)
Amount due from (to) Business-type funds for current year	147,643
Compensated absences	199,036
Net OPEB liability	414,997
Net pension liability	3,272,560
Deferred inflows	256,669
Amount reflected from Internal Service funds (page 40)	\$ 31,595,743

Concluded

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, 2020

	Internal Service Funds	Governmental Funds	Business-type Funds
Operating revenues			
Sales, fees, licenses, and permits	\$ 58,780	\$ 37,741	\$ 17,367
Rents	1,819,714	1,168,400	537,634
Grants	710	-	-
Internal and intergovernmental	40,660,344	26,107,152	12,013,091
Other revenue	1,867,971	-	-
	<u>44,407,519</u>	<u>27,313,293</u>	<u>12,568,092</u>
Operating expenses			
Personal services	3,756,358	2,411,878	1,109,815
Materials and services	36,693,903	23,560,383	10,841,207
Depreciation	2,588,302	1,661,894	764,713
Allocated to programs in governmental activities			
Business type	-	-	-
General governmental	-	-	-
Community development	-	-	-
Community services	-	-	-
Public safety	-	-	-
Transportation	-	-	-
Library	-	-	-
	<u>43,038,563</u>	<u>27,634,155</u>	<u>12,715,735</u>
Total operating expenses	43,038,563	27,634,155	12,715,735
Operating income (loss)	<u>1,368,956</u>	<u>(320,862)</u>	<u>(147,643)</u>
Non-Operating revenues (expenses)			
Interest on investments	890,125	-	-
Other revenue (expenses)	128,850	-	-
	<u>1,018,975</u>	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	1,018,975	-	-
Income (loss) before transfers	2,387,931	-	-
Capital contributions	559,471	-	-
Transfers in	984,889	-	-
Transfers out	(188,756)	-	-
	<u>3,743,535</u>	<u>-</u>	<u>-</u>
Change in net position	3,743,535	-	-
Total net position - beginning of year	<u>60,344,409</u>	<u>-</u>	<u>-</u>
Total net position - end of year	<u>\$ 64,087,944</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, 2020

Other Outside	Allocation Of Loss / Gain To Programs	Governmental Government- wide Statement	Business-type Government- wide Statement
\$ 3,672	\$ -	\$ 3,672	\$ -
113,680	-	113,680	-
710	-	710	-
2,540,101	-	2,540,101	-
1,867,971	-	1,867,971	-
<u>4,526,134</u>	<u>-</u>	<u>4,526,134</u>	<u>-</u>
234,665	-	234,665	-
2,292,313	-	2,292,313	-
161,695	-	161,695	-
-	-	-	147,643
-	67,894	67,894	-
-	24,418	24,418	-
-	25,091	25,091	-
-	158,988	158,988	-
-	36,963	36,963	-
-	7,508	7,508	-
<u>2,688,673</u>	<u>320,862</u>	<u>3,009,535</u>	<u>147,643</u>
<u>1,837,461</u>	<u>(320,862)</u>	<u>1,516,599</u>	<u>(147,643)</u>
-	-	890,125	-
-	-	128,850	-
-	-	<u>1,018,975</u>	<u>-</u>
-	-	2,535,574	(147,643)
-	-	559,471	-
-	-	984,889	-
-	-	(188,756)	-
-	-	3,891,178	(147,643)
-	-	<u>60,344,409</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,235,587</u>	<u>\$ (147,643)</u>

Concluded



Statistical Section

STATISTICAL STATEMENTS

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 6-8

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

Debt capacity – Schedules 9-13

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)**

As of June 30	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	\$ 415,079,585	\$ 421,436,571	\$ 427,554,634	\$ 435,779,633	\$ 446,247,364
Restricted	77,974,325	77,665,043	78,206,939	79,809,835	87,107,980
Unrestricted ¹	39,973,858	39,406,449	41,659,637	46,783,853	(15,683,375)
Total governmental activities net position	<u>533,027,768</u>	<u>538,508,063</u>	<u>547,421,210</u>	<u>562,373,321</u>	<u>517,671,969</u>
Business-type activities					
Net investment in capital assets	464,074,289	472,165,125	474,358,737	487,328,016	502,345,165
Restricted	27,122,086	22,901,553	10,592,627	11,344,749	16,242,400
Unrestricted	32,760,968	35,778,358	53,878,267	51,883,370	46,486,440
Total business-type activities net position	<u>523,957,343</u>	<u>530,845,036</u>	<u>538,829,631</u>	<u>550,556,135</u>	<u>565,074,005</u>
Primary government					
Net investment in capital assets	879,153,874	893,601,696	901,913,371	923,107,649	948,592,529
Restricted	105,096,411	100,566,596	88,799,566	91,154,584	103,350,380
Unrestricted	72,734,826	75,184,807	95,537,904	98,667,223	30,803,065
Total primary government net position	<u>\$ 1,056,985,111</u>	<u>\$ 1,069,353,099</u>	<u>\$ 1,086,250,841</u>	<u>\$ 1,112,929,456</u>	<u>\$ 1,082,745,974</u>

Continued

SCHEDULE 1

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

As of June 30	2016	2017	2018	2019	2020
Governmental activities					
Net investment in capital assets	\$ 461,124,572	\$ 469,688,116	\$ 486,192,364	\$ 513,764,853	\$ 538,552,046
Restricted	88,589,657	90,895,275	101,208,199	109,621,306	106,802,948
Unrestricted ¹	(38,572,412)	(51,923,202)	(56,962,990)	(60,208,953)	(65,490,270)
Total governmental activities net position	511,141,817	508,660,189	530,437,573	563,177,206	579,864,724
Business-type activities					
Net investment in capital assets	515,232,134	541,522,659	559,922,636	583,866,415	618,782,483
Restricted	15,955,649	21,197,516	31,438,499	37,671,221	33,651,779
Unrestricted	40,847,394	47,348,468	45,605,799	40,439,162	36,592,904
Total business-type activities net position	572,035,177	610,068,643	636,966,934	661,976,798	689,027,166
Primary government					
Net investment in capital assets	976,356,706	1,011,210,775	1,046,115,000	1,097,631,268	1,157,334,529
Restricted	104,545,306	112,092,791	132,646,698	147,292,527	140,454,727
Unrestricted	2,274,982	(4,574,734)	(11,357,191)	(19,769,791)	(28,897,366)
Total primary government net position	\$ 1,083,176,994	\$ 1,118,728,832	\$ 1,167,404,507	\$ 1,225,154,004	\$ 1,268,891,890
					Concluded

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

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

SCHEDULE 2

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

As of June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 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	\$ 25,484,400
Public safety	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	97,193,289
Community development	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	42,204,461
Community services	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	13,343,669
Transportation	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	28,184,620
Library services	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	5,757,029
Interest on debt	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	7,268,602
Total governmental activities	<u>141,983,459</u>	<u>150,521,290</u>	<u>147,407,942</u>	<u>147,951,442</u>	<u>132,873,566</u>	<u>187,748,941</u>	<u>181,195,490</u>	<u>182,766,589</u>	<u>186,945,421</u>	<u>219,436,070</u>
Business-type activities:										
Water and sewer	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	100,993,381
Emergency services	987,118	1,055,673	1,294,706	1,093,116	860,417	928,245	765,666	675,440	681,058	806,352
WVPS communications center	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	12,288,120
Police regional records system	239,432	309,859	249,368	239,226	168,121	149,157	260,572	355,390	301,791	174,181
Salem Convention Center	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	4,226,454
Total business-type activities	<u>79,257,187</u>	<u>79,634,044</u>	<u>86,454,250</u>	<u>92,234,351</u>	<u>83,423,704</u>	<u>108,503,339</u>	<u>104,546,894</u>	<u>111,094,710</u>	<u>114,607,165</u>	<u>118,488,488</u>
Total expenses	<u>\$ 221,240,646</u>	<u>\$ 230,155,334</u>	<u>\$ 233,862,192</u>	<u>\$ 240,185,793</u>	<u>\$ 216,297,270</u>	<u>\$ 296,252,280</u>	<u>\$ 285,742,384</u>	<u>\$ 293,861,299</u>	<u>\$ 301,552,586</u>	<u>\$ 337,924,558</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 10,887,952
Public safety	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	4,830,837
Community development	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	15,963,121
Community services	1,180,119	4,963,753	4,920,655	5,453,282	5,711,620	2,181,302	2,955,417	2,641,432	3,276,041	2,685,600
Transportation	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	4,273,383
Library services	833,995	842,339	845,041	839,415	826,307	857,018	869,078	909,075	850,939	744,945
Interest on debt	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	5,296,110
Operating grants and contributions	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	17,781,469
Capital grants and contributions	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	30,551,438
Total governmental activities	<u>62,080,669</u>	<u>56,480,408</u>	<u>58,209,735</u>	<u>61,618,707</u>	<u>64,258,491</u>	<u>68,587,882</u>	<u>64,191,770</u>	<u>74,676,802</u>	<u>83,975,405</u>	<u>93,014,855</u>
Business-type activities:										
Charges for services										
Water and sewer	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	104,165,185
Emergency services	1,170,744	1,119,374	1,117,833	858,984	862,363	726,734	775,125	909,589	893,713	824,961
WVPS communications center	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	11,440,456
Police regional records system	383,900	318,694	324,853	311,775	322,900	348,058	359,880	377,870	396,750	416,570
Salem Convention Center	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	3,848,954
Operating grants and contributions	56,066	48,828	111,221	62,804	-	-	-	-	-	159,720
Capital grants and contributions	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	17,527,474
Total business-type activities	<u>89,066,344</u>	<u>85,932,331</u>	<u>93,487,031</u>	<u>102,895,377</u>	<u>108,063,092</u>	<u>115,550,402</u>	<u>128,256,191</u>	<u>132,883,299</u>	<u>136,264,415</u>	<u>138,383,320</u>
Total program revenues	<u>\$ 151,147,013</u>	<u>\$ 142,412,739</u>	<u>\$ 151,696,766</u>	<u>\$ 164,514,084</u>	<u>\$ 172,321,583</u>	<u>\$ 184,138,284</u>	<u>\$ 192,447,961</u>	<u>\$ 207,560,101</u>	<u>\$ 220,239,820</u>	<u>\$ 231,398,175</u>
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (126,421,215)
Business-type activities	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	19,894,832
Total net expense	<u>\$ (70,093,633)</u>	<u>\$ (87,742,595)</u>	<u>\$ (82,165,426)</u>	<u>\$ (75,671,709)</u>	<u>\$ (43,975,687)</u>	<u>\$ (112,113,996)</u>	<u>\$ (93,294,423)</u>	<u>\$ (86,301,198)</u>	<u>\$ (81,312,766)</u>	<u>\$ (106,526,383)</u>

Continued

SCHEDULE 2

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

As of June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues										
Governmental activities:										
Property tax	\$ 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	\$ 101,928,266
Transient occupancy tax	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	3,374,954
Other taxes	-	-	-	-	-	-	121,502	758,247	1,004,285	1,160,850
Shared state revenue	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	6,800,456
Franchise fees based on gross receipts	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	21,506,975
Payment in lieu of taxes	97,143	97,194	94,504	102,646	99,835	96,571	106,006	117,226	134,763	122,921
Investment earnings	611,855	759,531	692,002	776,162	1,024,656	1,354,500	1,901,542	3,339,012	5,182,765	5,033,622
Gain on sale of assets	-	-	3,490	13,160	48,197	166,457	239,594	23,640	639,153	336,350
Miscellaneous	555,015	501,675	269,034	217,028	593,905	869,803	1,478,317	1,851,020	1,749,388	1,386,609
Transfers in (out)	1,470,490	(9,150)	(2,983,512)	(427,343)	(585,500)	911,634	625,778	1,104,688	158,550	1,457,730
Total governmental activities	98,407,151	99,521,177	98,111,354	101,284,846	107,465,070	112,699,340	118,176,072	129,575,260	135,845,038	143,108,733
Business-type activities:										
Investment earnings	238,610	258,335	238,187	315,511	383,525	529,852	791,230	1,385,091	2,228,266	2,354,591
Gain or (loss) on sale of assets	4,121	6,358	16,818	8,150	13,049	-	16,217,200	872,567	-	255,623
Miscellaneous	400,629	315,563	284,196	314,474	795,832	295,891	308,438	3,899,140	1,282,898	1,013,206
Transfers in (out)	(1,470,490)	9,150	2,983,512	427,343	585,500	(911,634)	(625,778)	(1,104,688)	(158,550)	(1,457,730)
Total business-type activities	(827,130)	589,406	3,522,713	1,065,478	1,777,906	(85,891)	16,691,090	5,052,110	3,352,614	2,165,690
Total primary government	\$ 97,580,021	\$ 100,110,583	\$ 101,634,067	\$ 102,350,324	\$ 109,242,976	\$ 112,613,449	\$ 134,867,162	\$ 134,627,370	\$ 139,197,652	\$ 145,274,423
Change in Net Position										
Governmental activities	\$ 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	\$ 16,687,518
Business-type activities	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	22,060,522
Total	\$ 27,486,388	\$ 12,367,988	\$ 19,468,641	\$ 26,678,615	\$ 65,267,289	\$ 499,453	\$ 41,572,739	\$ 48,326,172	\$ 57,884,886	\$ 38,748,040

Concluded

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

SCHEDULE 3

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

As of June 30	2011	2012	2013	2014	2015
General fund					
Nonspendable:					
Prepaid items	\$ -	\$ 409	\$ 420	\$ 452	\$ 484
Long-term receivable	733	373	-	-	-
Restricted to:					
Library services	9	10	-	-	-
Assigned to:					
General government	-	-	-	-	-
Community development	-	-	-	-	-
Community services	-	-	-	-	-
Public safety	-	-	-	-	-
Unassigned	18,257	17,779	20,379	20,545	23,516
Total General Fund	\$ 18,999	\$ 18,571	\$ 20,799	\$ 20,997	\$ 24,000
All other governmental funds					
Nonspendable:					
Prepaid items	\$ -	\$ 87	\$ 87	\$ 63	\$ 64
Permanent fund principal	11	11	11	11	11
Restricted for:					
Capital projects	45,818	54,021	32,438	69,176	65,503
Community renewal	-	-	35	25	47
Debt service	16,499	17,550	17,604	17,121	16,331
Permanent funds - spendable	213	217	232	240	245
General government	178	179	179	181	59
Community development-SCC Gain/Loss	3,285	3,827	3,980	4,065	4,217
Community development-Other	66	-	67	67	68
Community services	590	612	685	733	676
Library services	24	28	28	39	36
Public safety	476	582	497	405	544
Transportation services	1,803	1,792	1,701	1,549	1,448
Committed for:					
Transportation services	3,099	2,495	1,687	2,024	3,208
Capital projects	-	-	-	-	-
Airport	457	531	564	631	683
Downtown parking	429	516	326	376	622
Economic improvement	-	77	183	173	99
Cultural/Tourism	655	557	882	1,266	1,216
Public Art	1	1	1	4	1
Parking leasehold	421	500	548	573	783
Building & safety	4,397	3,555	3,748	4,789	4,987
General government-replace phone system	1,481	1,652	1,692	1,704	1,683
Community services	236	-	43	45	25
Library services	914	950	975	881	924
Public safety	14	22	15	16	16
Total all other governmental funds	\$ 81,067	\$ 89,762	\$ 68,208	\$ 106,157	\$ 103,496

Continued

SCHEDULE 3

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

As of June 30	2016	2017	2018	2019	2020
General fund					
Nonspendable:					
Prepaid items	\$ 517	\$ 9	\$ -	\$ 132	\$ 252
Long-term receivable	-	-	-	-	-
Restricted for:					
Library services	-	-	-	-	-
Assigned to:					
General government	-	299	242	1,043	988
Community development	-	302	816	174	148
Community services	-	35	-	-	19
Public safety	-	372	186	121	209
Unassigned	26,264	24,728	22,967	20,309	23,324
Total General Fund	\$ 26,781	\$ 25,745	\$ 24,211	\$ 21,779	\$ 24,940
All other governmental funds					
Nonspendable:					
Prepaid items	\$ 48	\$ -	\$ -	\$ -	\$ 7
Permanent fund principal	11	11	11	11	11
Restricted for:					
Capital projects	58,916	48,447	142,135	138,699	112,243
Community renewal	15	284	2,180	1,704	1,299
Debt service	17,729	19,198	8,631	7,329	6,085
Permanent funds - spendable	248	201	216	269	282
General government	58	58	64	64	56
Community development-SCC Gain/Loss	4,305	4,397	4,872	6,220	5,443
Community development-Other	68	69	70	71	42
Community services	634	565	670	861	1,091
Library services	40	48	37	40	43
Public safety	528	706	1,022	1,410	1,084
Transportation services	1,648	1,627	4,237	4,428	4,747
Committed for:					
Transportation services	5,557	4,880	4,647	4,129	4,321
Capital projects	-	-	-	-	-
Airport	952	921	1,137	1,186	1,209
Downtown parking	935	669	308	186	74
Economic improvement	33	-	-	-	-
Cultural/Tourism	1,219	546	789	661	382
Public Art	32	43	33	38	49
Parking leasehold	669	748	647	534	387
Building & safety	5,359	6,156	7,690	9,592	12,295
General government-replace phone system	1,502	1,545	-	-	-
Community services	30	42	24	39	47
Library services	970	937	939	958	954
Public safety	17	6	5	8	24
Total all other governmental funds	\$ 101,523	\$ 92,104	\$ 180,364	\$ 178,438	\$ 152,175
					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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property taxes	\$ 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	\$ 101,855,593
Other taxes	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	4,535,804
Sales, fees, licenses, and permits	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	46,415,904
Fines and penalties	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	2,652,267
Special assessments	62,135	678,843	618,003	767,990	476,972	514,942	487,167	3,899,954	469,202	759,550
Interest on investments	649,822	636,903	577,575	642,954	855,930	1,116,741	1,575,317	5,173,757	4,384,477	4,157,024
Grants	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	10,020,216
Intergovernmental	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	43,822,612
Rents	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	4,133,667
Loan payments received	775,791	979,261	888,884	1,723,421	1,608,618	2,694,311	2,305,210	963,207	1,824,844	675,788
Other	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	1,727,362
Total revenues	146,775,850	152,315,599	154,705,439	159,222,500	168,042,720	173,075,721	174,964,764	189,300,915	204,526,231	220,755,787
Expenditures										
General government	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	18,775,452
Community development	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	19,732,560
Community service	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	10,182,769
Public safety	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	81,079,973
Transportation	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	14,545,764
Library	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	4,587,789
Capital outlay	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	73,445,521
Debt service										
Principal retirement	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	30,249,427
Interest and fiscal charges	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	7,853,769
Total expenditures	160,008,715	170,147,932	175,393,470	172,955,232	167,089,002	178,727,323	185,048,366	192,426,524	211,358,856	260,453,024
Excess (deficiency) of revenues over (under) expenditures	(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)	(39,697,237)
Other financing sources (uses)										
Transfers in	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	5,733,079
Issuance of debt	857,055	26,283,080	2,335,090	49,461,855	-	6,130,000	-	93,375,000	905,808	15,350,920
Loan proceeds	-	-	-	-	-	-	-	-	-	322,111
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	75,848	34,056	25,000	17,329	6,247	166,347	210,397	18,623	559,722	207,500
Transfers out	(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)	(5,018,472)
Total other financing sources (uses)	134,767	26,099,396	1,362,225	51,879,700	(611,858)	6,528,572	(371,697)	87,871,997	2,609,500	16,595,138
Net change in fund balances	\$(13,098,098)	\$ 8,267,063	\$(19,325,806)	\$ 38,146,968	\$ 341,860	\$ 876,970	\$(10,455,299)	\$ 84,746,388	\$ (4,223,125)	\$ (23,102,099)
Debt service as a percentage of noncapital expenditures	15.85%	15.06%	15.51%	16.05%	13.65%	18.25%	12.75%	11.61%	12.25%	17.75%

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)

Fiscal Year Ended June 30	Residential Property	Farm Property	Commercial Property¹	Industrial Property¹	Personal Property	Utility Property	Total Taxable Assessed Value	Total Direct Tax Rate	Measure 5 Taxable RMV	Estimated Real Market Value	Assessed Value as a Percentage of Est. Real Market Value
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	12,338,595	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	12,875,561	7.94	17,807,969	22,106,668	58.24%
2020	8,559,295	13,902	3,789,205	348,741	358,479	393,543	13,463,165	7.85	19,617,176	24,059,913	55.96%

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)**

Fiscal Year Ended June 30	City Direct Rates				Salem/ Keizer School District	Marion County	Other Agencies	Total
	Basic Rate	General Obligation Rate	Urban Renewal Rate	Total Direct				
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
2020	5.47	1.15	1.23	7.85	6.85	2.83	2.01	19.54

Source: Marion County Summary of Tax Roll

SCHEDULE 7

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

Property Taxpayers	2020			2011		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total County Taxable Assessed Valuation
Portland General Electric Company	\$ 102,868,950	1	0.76%	\$ 84,586,900	2	0.84%
Northwest Natural Gas Company	81,292,000	2	0.60%	68,820,800	3	0.68%
CenturyLink	71,271,000	3	0.53%			
Comcast Corporation	67,750,000	4	0.50%	94,194,800	1	0.94%
Bit Investment Ninety-Seven LLC	59,128,080	5	0.44%			
Lancaster Development Company	55,509,300	6	0.41%	58,442,260	4	0.58%
State Accident Insurance Fund	54,707,680	7	0.41%	27,028,660	8	0.27%
Metropolitan Life Insurance Company	48,688,830	8	0.36%	38,677,990	6	0.38%
State Investments LLC	42,029,302	9	0.31%			
Wal-Mart Real Estate Business	36,886,160	10	0.27%	30,211,800	7	0.30%
Qwest Corporation (US West Comm)				52,029,700	5	0.52%
Ag-Meriwether Salem Corporation				24,137,480	9	0.24%
Misscom LLC				19,041,600	10	0.19%
All other taxpayers	12,843,033,191		95.39%	9,569,727,087		95.06%
Total	\$ 13,463,164,493		99.98%	\$ 10,066,899,077		100.00%

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 Years¹
(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		Outstanding Taxes Levied by Fiscal Year
				Amount Collected	Percent of Original Levy		Amount	Percent of Adjusted Levy	
2013-14	\$ 80,026,048	\$ 2,328,202	\$ 77,697,846	\$ 75,270,772	94.06%	\$ 2,400,265	\$ 77,671,037	99.97%	\$ 26,809
2014-15	84,192,771	2,433,706	81,759,065	79,532,985	94.47%	2,187,868	81,720,853	99.95%	38,212
2015-16	86,416,824	2,413,221	84,003,603	81,875,741	94.75%	2,069,659	83,945,400	99.93%	58,203
2016-17	90,160,345	2,718,367	87,441,978	85,404,556	94.73%	1,867,831	87,272,387	99.81%	169,591
2017-18	95,271,746	2,665,202	92,606,544	90,442,603	94.93%	1,681,681	92,124,284	99.48%	482,260
2018-19	101,644,856	2,862,986	98,781,870	96,762,295	95.20%	1,180,955	97,943,250	99.15%	838,620
2019-20	104,952,393	2,923,310	102,029,083	99,954,690	95.24%	-	99,954,690	97.97%	2,074,393

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 Type¹
Last Ten Fiscal Years**

Fiscal Year Ended June 30	General Government				Business-type Activities				Percent of Total Personal Income ²	Per Capita ²
	General Obligation Bonds ³	Limited Tax Pension Obligation Bonds	Urban Renewal Bonds	Notes	Water/Sewer Revenue Bonds	Water/Sewer Revenue / Full Faith and Credit Bonds	Notes	Total		
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%	\$ 2,327
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%	2,296
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%	2,154
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%	2,258
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%	2,042
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%	1,811
2017	71,650,013	46,750,000	2,128,000	8,445,555	48,980,000	73,145,410	-	251,098,978	4.07%	1,563
2018	149,857,523	44,180,000	1,730,000	9,578,919	101,701,286	4,660,000	-	311,707,728	4.67%	1,923
2019	138,815,050	41,290,000	1,470,000	9,845,923	89,872,744	-	-	281,293,717	3.98%	1,721
2020	127,044,888	38,055,000	1,200,000	9,568,735	134,622,164	-	-	310,490,787	N/A	1,879

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. See Statistical Schedule 14 *Demographic and Economic Statistics* for total personal income and population.
3. 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^{1,3}
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Population	Assessed Value	General Obligation Bonds²	Full Faith and Credit backed revenue bonds³	Less: Amounts Available in General Debt Service Fund⁴	Total³	Percentage of Estimated Actual Taxable Value of Property	General Bonded Debt Per Capita
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
2020	167,400	13,463,164,493	127,044,888	-	1,206,431	125,838,457	0.93%	752

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, 2020
(dollars in thousands)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Chemeketa Community College	\$ 57,088	31.5708%	\$ 18,023
Marion County	13,893	38.4268%	5,339
Marion County School District 24J	676,892	60.3961%	408,816
Marion County School District 5	19,268	0.0406%	8
Polk County	14,720	32.9498%	4,850
Willamette ESD	7,701	28.7069%	2,211
Subtotal, overlapping debt			439,247
General obligation bonds ²			127,045
Limited tax pension obligation bonds ³			38,055
Urban renewal bonds ⁴			1,200
Notes ⁵			9,569
Subtotal, City direct debt ⁶			175,869
			\$ 615,116

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. \$8.7 million of the total \$9.6 million is currently 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**

As of June 30,	2011	2012	2013	2014	2015
Real market value (RMV)	\$ 13,414,742,906	\$ 12,756,684,966	\$ 12,267,501,849	\$ 12,243,883,002	\$ 12,917,229,291
Legal debt margin:					
Debt limit (3% of RMV) ¹	402,442,287	382,700,549	368,025,055	367,316,490	387,516,879
Debt applicable to limit:					
General Obligation Bonds	47,694,890	65,054,925	56,850,076	96,754,845	89,597,612
Less:					
Funds applicable to the payment of principal ²	(425,307)	(448,927)	(129,392)	(307,721)	(693,010)
Premium received on issuance for Streets-Bridges, Police Facility, and Library Facility, Series 2013, 2017, & 2018	(1,645,028)	(1,518,487)	(1,391,946)	(4,003,673)	(3,648,943)
Total net debt applicable to limit	<u>45,624,555</u>	<u>63,087,511</u>	<u>55,328,738</u>	<u>92,443,451</u>	<u>85,255,659</u>
Legal debt margin ³	<u>\$ 356,817,732</u>	<u>\$ 319,613,038</u>	<u>\$ 312,696,317</u>	<u>\$ 274,873,039</u>	<u>\$ 302,261,220</u>
Total net debt applicable to limit as a percentage of limit	<u>11.34%</u>	<u>16.48%</u>	<u>15.03%</u>	<u>25.17%</u>	<u>22.00%</u>

Continued

SCHEDULE 12

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

As of June 30,	2016	2017	2018	2019	2020
Real market value (RMV)	\$ 13,697,349,090	\$ 14,782,421,957	\$ 16,198,654,069	\$ 17,807,968,607	\$ 19,617,175,751
Legal debt margin:					
Debt limit (3% of RMV) ¹	410,920,473	443,472,659	485,959,622	534,239,058	588,515,273
Debt applicable to limit:					
General Obligation Bonds	82,108,916	71,650,013	149,857,523	138,815,050	127,044,888
Less:					
Funds applicable to the payment of principal ²	(1,680,942)	(533,726)	(851,050)	(1,732,365)	(1,206,431)
Premium received on issuance for Streets-Bridges, Police Facility, and Library Facility, Series 2013, 2017, & 2018	(3,294,213)	(2,818,866)	(10,966,105)	(9,880,842)	(8,904,888)
Total net debt applicable to limit	<u>77,133,761</u>	<u>68,297,421</u>	<u>138,040,368</u>	<u>127,201,843</u>	<u>116,933,569</u>
Legal debt margin ³	<u>\$ 333,786,712</u>	<u>\$ 375,175,238</u>	<u>\$ 347,919,254</u>	<u>\$ 407,037,215</u>	<u>\$ 471,581,704</u>
Total net debt applicable to limit as a percentage of limit	<u>18.77%</u>	<u>15.40%</u>	<u>28.41%</u>	<u>23.81%</u>	<u>19.87%</u>
					Concluded

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

Fiscal Year Ended June 30	Utility Service Charges ²	Less: Operating Expenses ³	Net Available Revenue	Debt Service		Coverage ¹
				Principal ⁴	Interest	
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
2020	105,440	68,788	36,652	14,806	3,202	2.04

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**

Fiscal Year Ended June 30	Population¹	Per Capita Personal Income²	Total Personal Income (dollars in thousands)	Area (square miles)³	Average density (persons/ square mile)	Average Unemployment⁴
2011	157,460	\$ 33,516	\$ 5,277,429	49	3,213	10.5%
2012	155,710	33,731	5,252,254	49	3,178	10.0%
2013	156,455	34,643	5,420,071	49	3,193	9.3%
2014	157,770	35,133	5,542,933	49	3,220	8.0%
2015	159,265	35,360	5,631,610	49	3,250	6.5%
2016	160,690	37,121	5,964,973	49	3,279	5.5%
2017	162,060	38,099	6,174,324	49	3,307	4.6%
2018	163,480	40,869	6,681,264	49	3,336	4.3%
2019	165,265	42,714	7,059,129	49	3,373	4.2%
2020	167,400	N/A	N/A	49	3,416	5.8%

Sources: ¹Portland State University Population Research Center estimate as of July 1 of each year.
²U.S. Department of Commerce, Bureau of Economic Analysis - Salem, OR (MSA)
- includes Marion and Polk Counties.
³City of Salem Public Works, Engineering Division through 2012-13.
City of Salem Geographical Information System beginning 2013-14.
⁴U.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	2020			2011		
	Number of Employees	Rank	Percentage of Salem (MSA) Labor Force ¹	Number of Employees	Rank	Percentage of Salem (MSA) Labor Force ²
State of Oregon	20,100	1	24.73%	21,700	1	28.10%
Salem Health/Salem Hospital ³	5,200	2	6.40%	4,000	3	5.18%
Salem-Keizer School District ³	4,759	3	5.86%	5,034	2	6.52%
Federal Government	1,800	4	2.21%	1,600	4	2.07%
Marion County ³	1,757	5	2.16%	1,492	5	1.93%
City of Salem ^{3,4}	1,305	6	1.61%	1,354	7	1.75%
Chemeketa Community College ³	960	7	1.18%	1,400	6	1.81%
Amazon Fulfillment Center	800	8	0.98%	-		0.00%
State Accident Insurance Fund (SAIF)	796	9	0.98%	814	10	1.05%
Wal-Mart	761	10	0.94%	900	9	1.17%
Norpac Foods Incorporated ³	-		0.00%	1,097	8	1.42%
Total	38,238		47.05%	39,391		51.00%

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

Notes: 1. U.S. Department of Labor, Bureau of Labor, Salem, OR (MSA) - The average labor force for fiscal year 2019-20 was 81,269.
 2. U.S. Department of Labor, Bureau of Labor, Salem, OR (MSA) - The average labor force for fiscal year 2011 was 77,233
 3. Includes full and part-time positions.

SCHEDULE 16

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

Function / Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
General government										
City manager's office ³	17	16	9	9	37	36	12	7	8	7
Human resources ³	8	8	8	8	8	8	35	36	36	36
Legal	14	14	13	13	15	15	15	15	15	14
Administrative services	35	35	33	33	33	33	30	32	32	32
Municipal court	13	13	13	14	14	14	14	14	14	15
City services	37	36	32	29	29	29	29	29	26	26
Self insurance	7	7	7	7	7	7	7	8	9	9
Information technology ³	61	61	60	62	37	40	42	47	50	48
Public safety										
Police	234	237	227	228	228	228	230	233	234	233
Fire	169	168	160	154	152	152	164	165	177	177
Community development										
Administrative/planning	36	36	30	30	30	30	31	31	34	33
Airport	4	4	5	5	5	4	4	4	4	4
Building and safety	22	19	19	21	22	21	23	25	25	27
Urban development	45	45	32	30	29	33	33	33	32	31
Public works ^{1,2,4}	135	134	126	77	73	48	53	53	56	57
Library services	46	48	45	45	45	45	45	44	43	41
Recreation services ^{1,4}	-	-	10	10	10	42	49	50	50	50
Business-type activities										
Utility ²	248	244	246	296	294	300	304	310	317	323
Emergency services	5	5	6	6	2	2	2	2	2	2
WVPS center	60	60	60	70	70	73	73	73	73	73
Total	1,196	1,190	1,141	1,147	1,140	1,160	1,195	1,211	1,237	1,238

Source: City of Salem Budget

Notes:

1. Recreation services separated from Public Works in FY 2013.
2. Engineering services moved from Public Works to Utility fund in FY 2014.
3. 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.
4. Parks maintenance moved from Public Works 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, 2020**

Function / Program	2011	2012	2013	2014	2015
Public safety					
Police					
F.B.I. Index Crimes reported ¹	6,680	6,671	7,482	7,476	7,684
F.B.I. Index Crimes cleared by arrest	1,615	1,790	2,021	1,831	1,935
Citations and warnings issued	33,357	30,145	25,773	25,224	25,059
Fire					
Emergency & non-emergency responses	16,825	17,124	16,723	17,960	19,592
Fires extinguished	380	390	434	401	476
Inspections-buildings, hazardous use, etc	1,469	1,066	1,435	1,344	1,312
Community development					
Plan checks	2,750	2,992	3,254	3,858	3,807
Inspections completed	20,297	21,233	19,957	22,487	22,372
Building permits issued	1,506	1,556	1,726	1,892	1,814
Community services					
Recreation participant/registrations ^{2,5}	202,038	216,970	217,121	220,005	238,583
Special activities permits issued ^{3,5}	780	757	613	893	963
Senior Center average daily attendance	766	708	726	742	806
Ball fields and gymnasiums (hrs used) ⁵	49,587	54,530	53,917	55,148	55,719
Transportation					
Street cut permit inspections	226	325	357	533	406
Street resurfacing (miles)	11	8	8	3	4
Potholes repaired	2,072	2,844	1,522	1,638	1,388
Library services					
Volumes in collection	528,518	477,873	481,393	404,617	376,016
Items in circulation	1,411,186	1,421,544	1,336,215	1,226,379	1,235,209
Utility					
Citizens served-water	189,008	187,863	188,443	189,829	191,388
Water utility accounts	50,449	50,232	51,532	51,491	52,107
New water connections	193	192	249	327	278
Water lines repaired	334	401	213	235	223
Average daily consumption	25	26	27	26	26
Citizens served-sewer	228,475	227,775	228,188	229,666	231,152
Sewer utility accounts	61,150	60,850	61,772	61,988	62,649
New sewer connections	183	44	67	88	40
Sewer lines repaired	335	375	330	322	785
Average daily sewage treatment (ccf)	59,919	54,177	38,770	48,342	49,719
Emergency services					
Total medical aid responses	12,805	13,018	12,566	13,503	14,638
Billings ⁴	\$ 327,332	\$ 239,057	\$ 199,304	\$ 177,296	\$ 219,841
WVPS communications center⁶					
Emergency calls taken	147,935	138,771	140,773	145,899	181,789
Dispatches issued	257,500	262,743	292,492	300,580	312,108

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.

SCHEDULE 17

**City of Salem, Oregon
Operating Indicators by Function/Program
Last Ten Fiscal Years
As of June 30, 2020**

Function / Program	2016	2017	2018	2019	2020
Public safety					
Police					
F.B.I. Index Crimes reported ¹	7,417	7,386	8,596	8,081	8,058
F.B.I. Index Crimes cleared by arrest	1,882	1,832	1,861	1,773	N/A ⁷
Citations and warnings issued	30,785	30,913	32,202	28,205	24,250
Fire					
Emergency & non-emergency responses	20,927	22,862	24,093	26,311	25,039
Fires extinguished	477	468	565	564	482
Inspections-buildings, hazardous use, etc	1,201	1,965	479	907	591
Community development					
Plan checks	4,262	4,791	5,161	5,310	5,605
Inspections completed	22,097	24,884	26,980	28,791	25,611
Building permits issued	1,979	2,135	2,294	2,356	2,375
Community services					
Recreation participant/registrations ^{2,5}	246,390	251,091	253,663	269,972	176,533
Special activities permits issued ^{3,5}	1,174	1,562	1,734	1,056	1,356
Senior Center average daily attendance	856	851	854	904	800
Ball fields and gymnasiums (hrs used) ⁵	59,324	65,351	58,281	30,437	42,359
Transportation					
Street cut permit inspections	477	523	519	520	432
Street resurfacing (miles)	3	3	4	3	3
Potholes repaired	1,764	2,868	1,531	2,510	2,271
Library services					
Volumes in collection	341,088	337,373	323,808	314,724	301,170
Items in circulation	1,203,686	1,226,790	1,334,705	1,351,684	1,063,744
Utility					
Citizens served-water	192,835	194,440	196,050	197,500	199,820
Water utility accounts	52,725	52,895	55,446	55,931	54,641
New water connections	308	420	407	478	493
Water lines repaired	267	154	83	122	118
Average daily consumption	26	26	29	28	28
Citizens served-sewer	232,855	234,820	237,040	238,905	241,413
Sewer utility accounts	63,320	63,547	65,229	65,925	66,772
New sewer connections	79	95	122	131	145
Sewer lines repaired	244	442	292	245	267
Average daily sewage treatment (ccf)	55,614	64,856	52,403	47,797	47,594
Emergency services					
Total medical aid responses	15,490	17,214	17,840	19,588	18,613
Billings ⁴	\$ 42,844	\$ 56,151	\$ 84,262	\$ 94,089	\$ 73,085
WVPS communications center ⁶					
Emergency calls taken	182,487	214,040	217,788	214,267	218,192
Dispatches issued	331,356	325,628	334,012	342,162	341,057

Concluded

Source: Various City of Salem departments

- 4. Ambulance transport services are contracted to a private company.
- 5. Includes use of Soap Box Derby track, cross country meets, and tennis courts.
- 6. WVPSCC served Marion and Polk counties through FY 2012. Lincoln county added in FY 2013.
- 7. F.B.I. Index Crimes cleared by arrest statistic for FY20 is unavailable as of publication

SCHEDULE 18

**City of Salem, Oregon
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
As of June 30, 2020**

Function / Program	2011	2012	2013	2014	2015
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	52	50	50	50	53
Fire					
Fire stations	11	11	11	11	11
Fire trucks ¹	17	17	17	17	17
Community services					
Parks and recreation areas ²	93	93	93	93	93
Parks and recreation acreage ²	1,903	1,903	1,903	1,903	2,238
Senior community centers	1	1	1	1	1
Transportation					
Streets (miles) ⁴	560	688	633	639	663
Bridges	57	57	57	57	57
Street lights	10,503	10,578	11,478	11,500	11,543
Traffic signals	259	255	259	266	266
Library services					
Buildings	2	2	2	2	2
Utility					
Water main (miles)	727	737	750	749	754
Fire hydrants	4,882	4,863	4,885	4,930	4,963
Water storage capacity (ccf)	180,479	180,749	180,481	181,818	181,818
Sanitary sewer lines (miles)	801	799	800	800	785
Storm sewer (miles) ⁵	603	607	618	620	611
Treatment capacity winter (ccf)	274,064	274,064	274,064	274,064	274,064
Emergency services					
Ambulances - reserve ³	4	4	3	3	2
WVPS communications center					
Mobiles	10	10	10	10	10
Base stations	3	3	3	3	3

Continued

Source: 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, 2020**

Function / Program	2016	2017	2018	2019	2020
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	53	48	48	54	52
Fire					
Fire stations	11	11	11	11	11
Fire trucks ¹	17	17	17	17	17
Community services					
Parks and recreation areas ²	93	93	94	94	89
Parks and recreation acreage ²	2,265	2,265	2,310	2,310	2,326
Senior community centers	1	1	1	1	1
Transportation					
Streets (miles) ⁴	637	640	645	646	651
Bridges	57	57	57	57	57
Street lights	11,626	11,453	11,408	11,422	12,093
Traffic signals	259	261	266	266	265
Library services					
Buildings	2	2	2	2	2
Utility					
Water main (miles)	758	761	765	767	814
Fire hydrants	4,963	5,056	5,136	5,182	5,231
Water storage capacity (ccf)	181,818	181,818	181,818	181,818	181,818
Sanitary sewer lines (miles)	796	799	802	811	817
Storm sewer (miles) ⁵	633	662	651	651	493
Treatment capacity winter (ccf)	274,064	274,064	274,064	274,064	274,065
Emergency services					
Ambulances - reserve ³	2	2	2	2	2
WVPS communications center					
Mobiles	10	10	10	12	10
Base stations	3	3	1	1	3
				Concluded	

3. Ambulance transport services are contracted to a private company. City provides backup services with reserve ambulances.

4. Street measurement method was improved in 2016.

5. 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 2019-20 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.

DEBT INFORMATION – AS OF JUNE 30, 2020

Debt Summary

Outstanding debt

Long-term:

Gross bonded debt (certain debt with a general obligation excluding issuance premium)	\$ 118,140,000
Net direct debt (debt paid in whole or in part by taxes)	118,140,000
Net overlapping debt	<u>439,246,679</u>
Total net direct and overlapping debt	<u>\$ 557,386,679</u>

Debt Ratio

	<u>Values</u>	<u>Per Capita</u>	<u>Percent of RMV</u>
2019 estimated population	<u>167,400</u>		
2019-20 real market value	<u>\$ 19,617,175,751</u>	<u>\$ 117,187</u>	
Net direct debt (G.O. debt excluding issuance premium)	\$ 118,140,000	\$ 706	0.60%
Net overlapping debt	<u>439,246,679</u>	<u>2,624</u>	<u>2.24%</u>
Net direct debt (G.O.) and overlapping debt	<u>\$ 557,386,679</u>	<u>\$ 3,330</u>	<u>2.84%</u>

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	
2019-20 RMV	\$ 19,617,175,751
Debt limitation (3.00 % of RMV)	<u>\$ 588,515,273</u>
Applicable bonded debt	116,933,569
Debt margin	<u>\$ 471,581,704</u>
Percent of limit issued	20%

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
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 ¹	Tax Rate Per \$1000	Percent Collected Year of Levy	Percent Collected to Date ²
	Marion County	Polk County	Total					
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	94.93%	99.13%
2019	10,733,515,398	2,142,044,831	12,875,560,229	4.35%	86,852,570	6.75	95.20%	97.96%
2020	11,227,739,757	2,235,424,736	13,463,164,493	4.56%	88,828,322	6.60	97.97%	97.97%

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

Sources: Marion County Assessor's Office, Polk County Assessor's Office, and City of Salem

SCHEDULE C

Representative Consolidated Tax Rate By County
Per \$1,000 of assessed valuation

*2019-20 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	\$ 5.1071	\$ 2.8707	\$ 7.9778
Local government	9.1820	1.1529	10.3349
Urban Renewal Special Levy	1.2249	0.0000	1.2249
Totals	<u>\$ 15.5140</u>	<u>\$ 4.0236</u>	<u>\$ 19.5376</u>

Source: Marion County Assessor's Office

*2019-20 REPRESENTATIVE CONSOLIDATED
TAX RATE FOR POLK COUNTY CODE AREA
3201*

Municipal Corporation	Tax Rate For Operations	Tax Rate For Bonds	Total
Schools	\$ 5.1071	\$ 2.8707	\$ 7.9778
Local government	8.4495	1.1529	9.6024
Urban Renewal Special Levy	1.0982	0.0000	1.0982
Totals	<u>\$ 14.6548</u>	<u>\$ 4.0236</u>	<u>\$ 18.6784</u>

Source: Polk County Assessor's Office

SCHEDULE D

FIVE-YEAR GENERAL FUND* CONSECUTIVE BALANCE SHEETS (Modified accrual)

As of June 30,	2016	2017	2018	2019	2020
Assets					
Cash and investments	\$ 30,157,311	\$ 27,588,352	\$ 25,754,571	\$ 22,771,759	\$ 22,864,398
Receivables	6,606,393	6,675,314	8,611,652	7,239,377	9,743,694
Due from other funds	83,209	-	-	-	-
Due from other agencies	136,502	103,402	117,758	188,842	-
Prepaid items	517,256	8,767	-	132,242	252,355
Total assets	\$ 37,500,671	\$ 34,375,835	\$ 34,483,981	\$ 30,332,220	\$ 32,860,447
Liabilities					
Accounts payable	\$ 969,272	\$ 1,228,851	\$ 1,734,544	\$ 1,509,967	\$ 1,610,292
Accrued payroll liabilities	5,592,844	3,695,382	3,756,799	3,925,206	3,528,429
Due to other funds	1,344,805	1,076,426	813,506	551,817	279,670
Due to other agencies	66,341	5,634	5,424	4,553	6,090
Security deposit payable	6,600	10,600	10,035	8,988	3,392
Unearned revenue	78,956	-	-	-	-
Total liabilities	8,058,818	6,016,893	6,320,308	6,000,531	5,427,873
Deferred inflows of resources					
Unavailable revenue	2,660,726	2,614,111	3,952,770	2,552,928	2,492,730
Fund balance					
Nonspendable	517,256	8,767	-	132,242	252,355
Assigned	-	1,008,040	1,244,020	1,337,900	1,363,070
Unassigned	26,263,871	24,728,024	22,966,883	20,308,619	23,324,419
Total fund balance	26,781,127	25,744,831	24,210,903	21,778,761	24,939,844
Total liabilities, deferred inflows of resources, and fund balance	\$ 37,500,671	\$ 34,375,835	\$ 34,483,981	\$ 30,332,220	\$ 32,860,447

*Note this information is for the General fund only, not the General Operating fund that appears in the basic financial statements

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,	2016	2017	2018	2019	2020
Revenues					
Property taxes	\$ 61,290,361	\$ 63,986,373	\$ 66,128,401	\$ 70,028,752	\$ 71,146,768
Franchise fees	16,809,874	17,323,953	18,001,644	18,003,359	18,091,467
Other taxes	-	121,502	758,247	1,004,285	1,160,850
Licenses and permits	833,001	983,431	1,069,803	1,522,440	1,406,990
Fees	1,199,928	1,152,094	1,270,388	1,186,425	840,037
Fines and penalties	3,023,850	2,963,967	2,891,761	2,977,913	2,039,690
Special assessments	-	-	-	1,409	10,405
Rents	1,278,003	1,807,586	1,619,906	2,161,366	1,582,858
Charges for services	2,282,858	2,499,466	2,472,631	2,746,109	6,280,103
Other revenues	310,191	337,952	221,416	171,856	339,432
Intergovernmental	6,430,503	7,250,602	8,827,876	8,476,183	9,065,844
Federal grants	777,561	1,270,677	558,579	458,039	3,849,001
State grants	36,443	40,374	3,500	21,504	-
Intrafund reimbursements	5,216,515	5,264,853	6,493,026	6,797,043	6,795,935
Loan payments received	1,413	18,226	9,625	(126)	302
Interest on investments	248,276	395,561	510,207	767,042	699,802
Total revenues	<u>99,738,777</u>	<u>105,416,617</u>	<u>110,837,010</u>	<u>116,323,599</u>	<u>123,309,484</u>
Expenditures					
Personal services	81,435,677	85,900,025	93,170,801	98,596,858	103,118,277
Materials and services	15,545,084	18,522,995	17,929,128	19,147,985	17,620,842
Capital outlay	256,780	280,882	610,969	579,588	189,928
Debt service	6,794	10,151	15,566	20,829	13,295
Total expenditures	<u>97,244,335</u>	<u>104,714,053</u>	<u>111,726,463</u>	<u>118,345,260</u>	<u>120,942,342</u>
Excess (deficiency) of revenues over expenditures	<u>2,494,442</u>	<u>702,564</u>	<u>(889,453)</u>	<u>(2,021,661)</u>	<u>2,367,142</u>
Other financing sources (uses)					
Sale of capital assets	27,492	-	2,417	-	-
Transfers in	1,179,350	1,250,800	1,075,947	1,320,470	1,625,201
Transfers out	(920,312)	(2,989,660)	(1,722,840)	(1,730,950)	(831,260)
Total other financing sources (uses)	<u>286,530</u>	<u>(1,738,860)</u>	<u>(644,476)</u>	<u>(410,480)</u>	<u>793,941</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>2,780,972</u>	<u>(1,036,296)</u>	<u>(1,533,928)</u>	<u>(2,432,141)</u>	<u>3,161,083</u>
Fund balance - beginning of year	<u>24,000,155</u>	<u>26,781,127</u>	<u>25,744,831</u>	<u>24,210,902</u>	<u>21,778,761</u>
Fund balance - end of year	<u>\$ 26,781,127</u>	<u>\$ 25,744,831</u>	<u>\$ 24,210,902</u>	<u>\$ 21,778,761</u>	<u>\$ 24,939,844</u>

*Note this information is for the General fund only, not the General Operating fund that appears in the basic financial statements

Source: Derived from audited annual financial statements.

SCHEDULE F

FIVE-YEAR GENERAL DEBT SERVICE FUND CONSECUTIVE BALANCE SHEETS (Modified accrual)

As of June 30,	2016	2017	2018	2019	2020
Assets					
Cash and investments	\$ 1,588,661	\$ 464,421	\$ 780,171	\$ 1,691,060	\$ 1,209,753
Receivables	<u>549,236</u>	<u>529,615</u>	<u>804,800</u>	<u>568,711</u>	<u>573,209</u>
Total assets	<u>\$ 2,137,897</u>	<u>\$ 994,036</u>	<u>\$ 1,584,971</u>	<u>\$ 2,259,771</u>	<u>\$ 1,782,962</u>
Liabilities					
Payables	\$ -	\$ -	\$ 400	\$ -	\$ -
Deferred inflows of resources					
Unavailable revenue	<u>419,569</u>	<u>409,595</u>	<u>660,885</u>	<u>415,986</u>	<u>426,863</u>
Fund balance					
Restricted for debt service	<u>1,718,328</u>	<u>584,441</u>	<u>923,686</u>	<u>1,843,785</u>	<u>1,356,099</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,137,897</u>	<u>\$ 994,036</u>	<u>\$ 1,584,971</u>	<u>\$ 2,259,771</u>	<u>\$ 1,782,962</u>

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,	2016	2017	2018	2019	2020
Revenues					
Property taxes	\$ 11,205,901	\$ 11,670,914	\$ 13,787,258	\$ 16,175,501	\$ 15,083,157
Interest on investments	47,055	79,399	106,173	193,258	195,111
Intergovernmental	4,529,500	4,707,090	4,897,039	5,091,950	5,296,110
Total revenues	<u>15,782,456</u>	<u>16,457,403</u>	<u>18,790,470</u>	<u>21,460,709</u>	<u>20,574,378</u>
Expenditures					
Debt service	<u>14,785,393</u>	<u>17,591,290</u>	<u>18,451,225</u>	<u>20,540,610</u>	<u>21,062,064</u>
Excess (deficiency) of revenues over expenditures	<u>997,063</u>	<u>(1,133,887)</u>	<u>339,245</u>	<u>920,099</u>	<u>(487,686)</u>
Fund balance - beginning of year	<u>721,265</u>	<u>1,718,328</u>	<u>584,441</u>	<u>923,686</u>	<u>1,843,785</u>
Fund balance - end of year	<u>\$ 1,718,328</u>	<u>\$ 584,441</u>	<u>\$ 923,686</u>	<u>\$ 1,843,785</u>	<u>\$ 1,356,099</u>

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, 2020

	<u>Book Value</u>
Corporate Bonds	\$ 25,081,307
Local Government Investment Pool	90,292,378
Municipal Bonds	1,480,015
U.S. Agencies	18,968,673
U.S. Treasury	<u>188,521,014</u>
Total	<u>\$ 324,343,387</u>

Source: City of Salem

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 2019-20 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.

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, 2020, 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 revenue bond series are as follows (794481__):

2017	2020
JY8	KF7
JZ5	KG5
KA8	KH3
KB6	KJ9
KC4	KK6
KD2	KL4
KE0	KM2
	KN0
	KP5
	KQ3
	KR1
	KS9
	KT7
	KU4
	KV2
	KW0
	KX8
	KY6
	KZ3
	LA7

SCHEDULE J

THE WATER SYSTEM

Service Area and Customers

The system provides water service to a total population of approximately 199,820. The total number of accounts was 54,641 at the end of the fiscal year 2019-20, 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, 2020. 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	2015-16	2016-17	2017-18	2018-19	2019-20
1. Residential	395,093,100	410,790,100	429,997,200	439,616,600	415,173,400
2. Multiple dwellings	164,372,800	185,310,000	187,068,500	196,655,900	192,958,000
3. Commercial	146,258,800	146,954,000	151,515,700	146,079,300	139,734,700
4. Industrial	52,071,100	50,490,900	47,104,300	43,458,000	38,857,700
5. Institutional	43,860,000	43,488,500	45,480,500	41,953,900	45,934,100
6. Wholesale ¹	82,328,000	75,044,300	75,678,800	78,504,300	79,829,500
7. Irrigation	49,516,900	40,682,800	44,575,200	51,819,700	39,932,500
8. Public building	18,369,100	19,834,400	18,874,400	18,011,300	15,633,600
Total	<u>951,869,800</u>	<u>972,595,000</u>	<u>1,000,294,600</u>	<u>1,016,099,000</u>	<u>968,053,500</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
	2015-16	2016-17	2017-18	2018-19	2019-20	Adopted
Rates Implemented on:	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	1/1/2021
Customer Class:						
Residential, Single Family						
Base Rate - 5/8 - 3/4" Meter	\$ 6.51	\$ 7.72	\$ 9.18	\$ 10.15	\$ 11.38	\$ 11.72
Volume rate - per ccf ¹	2.65	2.63	2.62	2.56	2.54	2.62
Monthly Bill @ 11 ccf	35.66	36.65	38.00	38.31	39.32	40.54
Multiple Dwellings						
Base Rate - 1" Meter	7.11	8.42	10.02	12.83	15.41	15.87
Volume rate - per ccf	2.14	2.13	2.12	2.16	2.14	2.20
Complex @ 82 ccf	182.59	183.08	183.86	189.95	190.89	196.27
Cost Per Unit	18.26	18.31	18.39	19.00	19.09	19.63
Commercial						
Base Rate - 2" Meter	16.22	19.23	22.87	32.24	40.23	41.44
Volume rate - per ccf	2.19	2.17	2.16	2.26	2.24	2.31
Monthly Bill @ 65 ccf	158.57	160.28	163.27	179.14	185.83	191.59
Number of Customers	52,725	52,895	55,446	55,931	54,641	

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	2019-20 Annual Revenue	Percent of Total Gross Water System Revenue*
State of Oregon Corrections	\$ 851,409	2.9%
Suburban East Salem Water	829,078	2.9%
Salem-Keizer School District	413,588	1.4%
Salem Hospital	227,346	0.8%
Truitt Bros Inc.	125,570	0.4%
Oregon Cherry Growers Inc.	121,482	0.4%
Creekside Golf Course LLC	114,272	0.4%
Capitol Manor	93,459	0.3%
City of Turner	91,603	0.3%
Marion County Business Services	90,555	0.3%
	<u>\$ 2,958,362</u>	<u>10.2%</u>
*Total gross water system revenue	<u>\$ 28,922,831</u>	

Concluded

SCHEDULE K

WASTEWATER SYSTEM

Service Area and Customers

The system provides wastewater service to a population of approximately 241,413, 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 2019-20 was 66,772, which includes the City of Keizer, which billed 11,602, and the City of Turner, which billed 1,087.

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, 2020. 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
	2015-16	2016-17	2017-18	2018-19	2019-20	Adopted
	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	1/1/2021
Rates implemented on:						
<u>Customer Class:</u>						
Residential, Single Family						
Base Rate - per account	\$ 13.68	\$ 14.02	\$ 14.44	\$ 14.88	\$ 15.01	\$ 15.46
Volume Rate - per ccf ¹	3.23	3.31	3.41	3.49	3.60	3.71
Monthly Bill @ 6.5 ccf ¹	34.68	35.54	36.61	37.57	38.41	39.58
Multiple Dwellings						
Base Rate - per account	18.44	18.90	19.46	19.97	20.12	20.72
Additional Base Rate - per unit over five	1.19	1.22	1.26	1.27	1.28	1.32
Volume Rate - per ccf ¹	3.23	3.31	3.41	3.49	3.60	3.71
Monthly Billing for 10 unit @ 82 ccf ¹	289.25	296.42	305.38	312.50	321.72	331.54
Cost Per Unit	28.93	29.64	30.54	31.25	32.17	33.15
Commercial						
Base Rate - per account	20.49	21.00	21.63	21.91	22.45	23.12
Volume Rate - per ccf ¹	4.45	4.56	4.70	4.80	4.95	5.09
Monthly Bill @ 65 ccf ¹	289.74	317.40	327.13	333.91	344.20	353.97
Number of Customers	63,320	63,550	65,229	65,925	66,772	

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	2019-20 Annual Revenue	Percent of Total Gross Wastewater Revenue ¹
City of Keizer	\$ 6,382,882	13.8%
State of Oregon Corrections	1,821,552	4.0%
Oregon Cherry Growers Inc	897,257	1.9%
Yamasa	455,020	1.0%
Kerr Concentrates	352,240	0.8%
Salem-Keizer School District	340,349	0.7%
Salem Hospital	326,915	0.7%
Kettle	257,640	0.6%
City of Turner	251,238	0.5%
Marion County	177,462	0.4%
Totals	\$ 11,262,553	24.4%
¹ Total gross wastewater revenue	\$ 46,099,290	

1. Total gross wastewater revenue does not include hauled waste or septic waste.

Concluded

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 44,918 stormwater accounts inside the Salem City limits. Of these, 40,528 are single family residential accounts and 4,390 are commercial, public, industrial, institutional, or multi-family accounts. Stormwater fees are not applied to accounts outside the city limits.

	Fiscal Year					Council
	2015-16	2016-17	2017-18	2018-19	2019-20	Adopted
Rates implemented on:	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	1/1/2021
<u>Customer Class:</u>						
Residential, Single Family						
Base Rate - per account	\$ 9.79	\$ 10.08	\$ 10.39	\$ 10.63	\$ 11.09	\$ 11.64
Volume Rate - per EDU	5.07	5.22	5.38	5.76	6.08	6.38
Monthly Bill @ 1 EDU	14.86	15.30	15.77	16.39	17.17	18.02
All Other Classes (Commercial, Multifamily, Industrial, Institutional)						
Base Rate - per account	9.79	10.08	10.39	10.63	11.09	11.64
Volume Rate - per EDU	5.07	5.22	5.38	5.76	6.08	6.38
Monthly Bill @ 20 EDU	111.79	114.48	117.99	125.83	132.69	139.24
Number of Customers	43,625	43,627	44,048	44,508	44,918	

Ten Largest Stormwater System Customers

Customer	2019-20 Annual Revenue	Percent of Total Gross Stormwater Revenue
Salem-Keizer School District	\$ 236,279	1.8%
State of Oregon, Department of Corrections	116,986	0.9%
Oregon State Fair	85,611	0.6%
State of Oregon, Military Department	56,347	0.4%
Lancaster Developent Co.	51,486	0.4%
Amazon.com Services Inc	50,957	0.4%
State of Oregon, Department of Administrative Serv	49,701	0.4%
River Bend Sand and Gravel	47,116	0.4%
Americold	46,245	0.3%
Oregon State Hospital	45,740	0.3%
Totals	<u>\$ 786,468</u>	<u>5.9%</u>
Total gross stormwater revenue	<u>\$ 13,426,849</u>	

Source: City of Salem

SCHEDULE M

FIVE-YEAR UTILITY FUND CONSECUTIVE NET POSITION

As of June 30,	2016	2017	2018	2019	2020
Assets					
Current assets					
Cash and investments	\$ 40,615,347	\$ 38,917,405	\$ 41,646,988	\$ 39,910,576	\$ 46,917,522
Accounts receivable, net	9,838,385	12,714,741	13,875,778	13,970,863	13,805,787
Due from other agencies	68,682	57,236	45,790	34,344	22,898
Inventories and prepayments	1,183,464	1,012,475	947,438	1,106,734	1,080,687
Advances to other funds	1,344,805	3,076,426	2,632,016	2,171,299	1,701,872
Total current assets	<u>53,050,683</u>	<u>55,778,283</u>	<u>59,148,010</u>	<u>57,193,816</u>	<u>63,528,766</u>
Noncurrent assets					
Restricted cash and investments ¹	17,252,849	22,165,185	32,293,611	42,358,151	94,730,288
Notes receivable	1,271,638	11,877,069	9,085,917	6,308,673	3,530,903
Deferred assessments	3,578,888	3,391,917	3,167,855	3,397,056	3,558,608
Net OPEB asset	-	-	82,901	235,379	412,038
Capital assets:					
Land and construction in progress	38,844,189	37,256,164	40,471,112	54,627,212	84,558,279
Other capital assets, net	589,116,802	597,454,393	596,134,097	590,649,510	583,737,458
Total noncurrent assets	<u>650,064,366</u>	<u>672,144,728</u>	<u>681,235,493</u>	<u>697,575,981</u>	<u>770,527,574</u>
Total assets	<u>703,115,049</u>	<u>727,923,011</u>	<u>740,383,503</u>	<u>754,769,797</u>	<u>834,056,340</u>
Deferred outflows of resources					
Deferred outflows related to OPEB	-	134,111	99,471	479,957	541,332
Deferred outflows related to pensions	2,846,797	15,924,949	9,803,841	11,445,747	11,287,089
Deferred charge on refunding	4,264,554	3,655,332	4,704,255	4,181,560	3,658,865
Total deferred outflows of resources	<u>7,111,351</u>	<u>19,714,392</u>	<u>14,607,567</u>	<u>16,107,264</u>	<u>15,487,286</u>
Total assets and deferred outflows of resources	<u>\$ 710,226,400</u>	<u>\$ 747,637,403</u>	<u>\$ 754,991,070</u>	<u>\$ 770,877,061</u>	<u>\$ 849,543,626</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	\$ 2,288,044	\$ 4,093,685	\$ 4,254,262	\$ 7,137,942	\$ 7,020,160
Interest payable	515,443	350,958	292,094	271,149	1,016,792
Long-term debt-due within one year	15,927,896	14,720,000	15,273,000	14,806,000	13,508,000
Compensated absences-due within one year	452,637	489,311	474,051	562,069	604,861
Total current liabilities	<u>19,184,020</u>	<u>19,653,954</u>	<u>20,293,407</u>	<u>22,777,160</u>	<u>22,149,813</u>
Noncurrent liabilities					
Security deposit payable	136,597	36,597	36,572	36,547	36,547
Unearned revenue	1,169,108	1,148,793	1,108,489	1,109,281	1,043,721
Developer reimbursement payable ²	2,277,063	2,093,239	1,912,634	2,157,377	2,512,254
Long-term debt	127,019,500	107,405,410	91,088,286	75,066,744	121,114,164
Net OPEB obligation/liability	1,231,182	3,263,493	3,157,247	3,742,858	3,936,104
Net pension liability	12,460,829	31,008,547	27,164,286	29,705,049	34,296,954
Compensated absences payable	1,407,965	1,442,467	1,741,071	1,748,689	1,885,655
Total noncurrent liabilities	<u>145,702,244</u>	<u>146,398,546</u>	<u>126,208,585</u>	<u>113,566,545</u>	<u>164,825,399</u>
Total liabilities	<u>164,886,264</u>	<u>166,052,500</u>	<u>146,501,992</u>	<u>136,343,705</u>	<u>186,975,212</u>
Deferred inflows of resources					
Deferred inflows related to OPEB	-	85,334	198,798	367,040	490,194
Deferred inflows related to pensions	2,942,783	695,103	911,283	2,352,357	1,879,567
Total deferred inflows of resources	<u>2,942,783</u>	<u>780,437</u>	<u>1,110,081</u>	<u>2,719,397</u>	<u>2,369,761</u>
Net position					
Net investment in capital assets	489,278,149	516,240,479	534,948,178	559,585,538	594,257,438
Restricted for:					
Capital projects	15,955,649	21,197,516	31,438,499	37,671,221	33,651,779
Unrestricted					
Water and sewer rate stabilization	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000
Other unrestricted	30,263,555	36,466,471	34,092,320	27,657,200	25,389,436
Total net position	<u>542,397,353</u>	<u>580,804,466</u>	<u>607,378,997</u>	<u>631,813,959</u>	<u>660,198,653</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 710,226,400</u>	<u>\$ 747,637,403</u>	<u>\$ 754,991,070</u>	<u>\$ 770,877,061</u>	<u>\$ 849,543,626</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

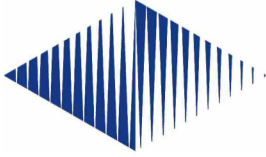
Reported in Accordance with Bond Master Resolution¹

For fiscal year ending June 30,	2016	2017	2018	2019	2020
Gross Revenues	\$ 91,241,114	\$ 94,761,786	\$ 100,502,165	\$ 103,334,021	\$ 105,439,681
Operating Expenses	55,662,580	62,000,484	65,656,871	65,365,081	68,787,591
Net Revenues	35,578,534	32,761,302	34,845,294	37,968,940	36,652,090
Annual Debt Service					
<i>Parity Obligations</i>					
Series 2012 Bonds A & B (Refinance)	12,777,230	12,783,368	11,322,356	9,943,139	9,009,496
Series 2017 Bonds (Refinance 2009 Full Faith & Credit bond)	-	-	4,145,542	4,149,750	8,998,250
Total Parity Annual Debt Service	12,777,230	12,783,368	15,467,898	14,092,889	18,007,746
Parity Debt Service Coverage ¹	2.78	2.56	2.25	2.69	2.04
Net Revenues less Parity Debt Service	\$ 22,801,304	\$ 19,977,934	\$ 19,377,396	\$ 23,876,051	\$ 18,644,344
<i>Subordinate Obligations</i>					
OECCD	\$ 401,200	\$ 5,192,283	\$ -	\$ -	\$ -
Full Faith and Credit Bond	7,800,425	7,800,175	4,850,800	4,846,400	-
Total Subordinate Debt Service	\$ 8,201,625	\$ 12,992,458	\$ 4,850,800	\$ 4,846,400	\$ -
Debt Service Coverage (incl. RSA Transfer) ²	2.78	1.54	3.99	4.93	N/A

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.

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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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the City of Salem, Oregon (the City) as of and for the year ended June 30, 2020 and have issued our report thereon dated December 28, 2020.

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

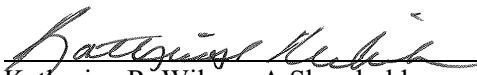
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose 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.

See the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* for additional comments.

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 28, 2020