

FISCAL YEAR ENDED

June 30, 2022

CITY OF *Salem*
AT YOUR SERVICE



Salem Police Station • Equitas, by artist Blessing Hancock

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

**CITY OF SALEM,
OREGON**

ANNUAL

COMPREHENSIVE

FINANCIAL

REPORT

For the Fiscal Year Ended

June 30, 2022

Prepared by the Finance Department

CITY OF SALEM, OREGON
Annual Comprehensive Financial Report
 Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal	1
Certificate of Achievement	7
Organization of the City of Salem, Oregon	8
List of Officials	9

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT	11
---	-----------

MANAGEMENT’S DISCUSSION AND ANALYSIS	15
---	-----------

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position	35
Statement of Activities	36

Fund Financial Statements

Governmental Funds:

Balance Sheet	40
Reconciliation of the Balance Sheet to the Statement of Net Position	42
Statement of Revenues, Expenditures, and Changes in Fund Balances	44
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	46
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual	
General Fund	48
Community Renewal	50

Proprietary Funds:

Statement of Net Position	52
Statement of Revenues, Expenses, and Changes in Net Position	54
Statement of Cash Flows	56
Statement of Fiduciary Net Position	60
Statement of Changes in Fiduciary Net Position	61

Notes to the Financial Statements	62
--	-----------

REQUIRED SUPPLEMENTARY INFORMATION

Defined Benefit Pension Plan (PERS).....	112
Schedule of changes in total other post-employment benefit liability and related ratios – implicit rate subsidy.....	113
Defined benefit other post-employment benefit plan – RHIA	114

SUPPLEMENTAL INFORMATION

COMBINING STATEMENTS – GENERAL OPERATING FUND

Combining Balance Sheet	118
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	119

COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet	122
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	124

COMBINING STATEMENTS – NONMAJOR PROPRIETARY FUNDS

Combining Statement of Net Position	128
Combining Statement of Revenues, Expenses, and Changes in Net Position	129
Combining Statement of Cash Flows	130

COMBINING STATEMENTS – INTERNAL SERVICE FUNDS

Combining Statement of Net Position	132
Combining Statement of Revenues, Expenses, and Changes in Net Position	133
Combining Statement of Cash Flows	134

COMBINING STATEMENTS – FIDUCIARY FUNDS

Combining Statement of Fiduciary Net Position	138
Combining Statement of Changes in Fiduciary Net Position	140

BUDGETARY COMPARISON SCHEDULES

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Major Governmental Funds:

Capital Improvements	144
Tax Allocation Improvements	145
General Debt	146

Nonmajor Governmental Funds:

Special Revenue Funds

Transportation Services	147
Streetlights	148
Airport	149
Downtown Parking	150
Cultural/Tourism	151
Public Art.....	152
Tourism Promotion Area	153
Parking Leasehold	154
Building and Safety	155
Traffic Safety	156
Community Enhancement	157
Permanent	158

Debt Service Funds

Tax Allocation Bond Debt	159
--------------------------------	-----

Capital Projects Funds

Extra Capacity Facilities	160
Development Districts	161

Major Proprietary Fund:

Utility	162
---------------	-----

Nonmajor Proprietary Funds:

Emergency Services	164
Willamette Valley Public Safety (WVPS) Communications Center	165
Police Regional Records System	166
Salem Convention Center	167

Internal Service Funds:

City Services	168
Equipment Replacement Reserve	169
Self Insurance - Benefits	170
Self Insurance - Risk.....	171

OTHER FINANCIAL SCHEDULES

Schedule of Bond Principal and Bond Interest Transactions	174
Schedule of Future Long-term Debt Service Requirements	176
Schedule of Internal Service Funds Adjustments for Preparation of Government-wide Statement of Net Position	178
Schedule of Internal Service Funds Adjustments for Preparation of Government-wide Statement of Activities	180

STATISTICAL SECTION

1	Net Position by Component	184
2	Changes in Net Position	186
3	Fund Balance of Governmental Funds	188
4	Changes in Fund Balance of Governmental Funds	190
5	Assessed Value and Estimated Real Market Value of Taxable Property	191
6	Direct and Overlapping Property Tax Rates	192
7	Principal Property Taxpayers	193
8	Property Tax Levies and Collections	194
9	Ratios of Outstanding Debt by Type	195
10	Ratios of General Bonded Debt Outstanding	196
11	Computation of Direct and Overlapping Debt	197
12	Legal Debt Margin Information	198
13	Pledged-Revenue Coverage	200
14	Demographic and Economic Statistics	201
15	Major Area Employers	202
16	Full Time Equivalent City Government Employees by Function/Program and Entity	203
17	Operating Indicators by Function/Program	204
18	Capital Asset Statistics by Function/Program	206

SEC RULE 15c2-12 DISCLOSURES

A	General Information	210
B	Tax Collection Record	212
C	Representative Consolidated Tax Rate By County	213
D	Five-Year General Fund Consecutive Balance Sheets (Modified accrual)	214
E	Five-Year General Fund Statement of Revenues and Expenditures (Modified accrual) .	215
F	Five-Year General Debt Service Fund Consecutive Balance Sheets (Modified accrual) .	216
G	Five-Year General Debt Service Fund Consecutive Statement of Revenues and Expenditures (Modified accrual)	217
H	Investments	218
I	Annual Disclosure Information	219
J	Water System	220
K	Wastewater System	222
L	Stormwater System	224
M	Five-year Utility Fund Consecutive Net Position	225
N	Five-year Utility Fund Historical Operating Results	226

AUDITOR'S COMMENTS AND DISCLOSURES

Independent Auditor's Report Required by Oregon State Regulations	227
---	-----

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

January 31, 2023

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

The Finance Department is pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Salem, Oregon (City), for the fiscal year ended June 30, 2022. 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, 2022. 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, 2022 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 ACFR 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 168,970 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 the 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

The Salem economy was hit hard by the pandemic; as of April 2020, the region had an unemployment rate of 11.3 percent. As of October 2022, the seasonally adjusted unemployment rate has dropped to almost pre-pandemic levels at 4.1 percent. Latest data released in October for the Salem Metropolitan Statistical Area (MSA) shows that the largest private sector growth areas in the past year have been construction, health care and social assistance professionals, and manufacturing. The public sector also showed growth in hiring at both State and local levels (specifically education). Wages are also increasing in the region. Between 2021 and October of 2022, the average wage for all occupations has increased by 4.50 percent in the Mid-Valley region; higher than both the Portland Metro and Portland Tri-County areas. Oregon as a state has increased in this same time period by 5.17 percent.

Local development has continued throughout the pandemic at a slower pace than prior years. From fiscal year 2021 through the end of fiscal year 2022, total permits issued by the City's Building and Safety division have decreased by more than 11 percent. Although total permits issued declined, permits for commercial and multi-family developments have had a slight increase year-over-year of 0.63 percent.

Tourism has rebounded since the beginning of the COVID-19 pandemic. Tourism Occupancy Tax (TOT) collections for fiscal year 2021 totaled approximately \$3.1 million, while unaudited collections for fiscal year 2022 came in at \$4.3 million. The City's tax rate is 9 percent for overnight stays within city limits, implying a spending of more than \$48 million directly in Salem by visitors. The year-over-year increase is 39.78 percent and is indicative of a return to normal travel post-COVID. However, the pandemic will serve to remind us of the vulnerability the tourism industry has to travel advisories and large health emergencies.

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 14 City funds, including the General fund, are 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.

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. In addition to the General fund, several others City funds have adopted fund balance policies

Major initiatives

The City Council has established a strategic plan identifying six broad result areas and has integrated this with the annual budgeting process. The result areas are:

- Safe and Healthy Community
- Welcoming and Livable Community
- Strong and Diverse Economy
- Safe, Reliable, and Efficient Infrastructure
- Natural Environment Stewardship
- Good Governance

Under these broad areas, more specific priority goals are established. Current focus areas are addressing homelessness, planning for our future, engaging our community, and sustaining infrastructure and services.

Some of the specific activities being pursued in the 2022-23 year are identified below.

- Responding to our sheltering crisis
 - Managing homelessness
 - Respond to community complaints for clean up at scattered unmanaged tent, car, and RV camping sites, and trash clean up.
 - Complete construction and open navigation center.
 - Site and operate micro-shelter village communities.
 - Continue to develop local partnership and funding support for a sobering center and a mobile crisis response.
 - Ending homelessness
 - Transition more households into supportive housing.
 - Build more permanent supportive housing.
 - Support regional efforts.
- Planning for our future
 - Complete adoption of “Our Salem”
 - Fund the transportation system plan update.
 - Launch riparian inventory for natural resources.
 - Further Salem’s climate action plan.
- Engaging our community
 - Launch the new City of Salem website update.
 - Share performance measures and metrics.
 - Finish plans and start construction of the customer service center.
 - Expand neighbor to neighbor communications.
- Sustaining infrastructure and Services
 - Pursue the community improvement bond.
 - Explore opportunities to lower expenses.
 - Explore opportunities to increase revenue.

OTHER INFORMATION

Certificate of Achievement

The Government Finance Officers Association (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 ACFR for the fiscal year ended June 30, 2021. The City has received this award 24 times. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR, 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 ACFR 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,



Joshua Eggleston
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

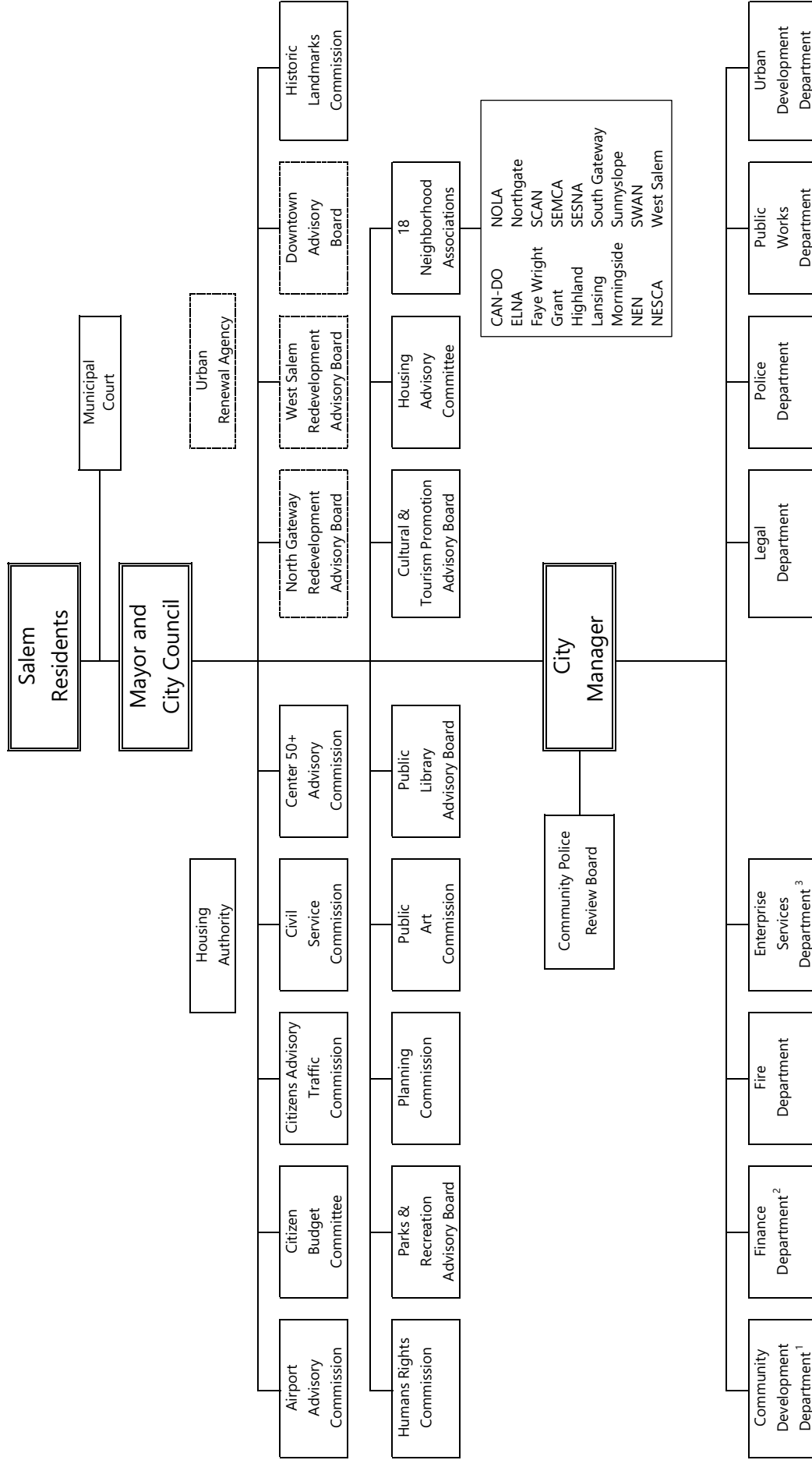
June 30, 2021

Christopher P. Morill

Executive Director/CEO

Organization of the City of Salem, Oregon

July 2022



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

2. The Finance Department includes Municipal Court as a functional division.

3. The Enterprise Services Department includes Human Resources, Fleet, Information Technology 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	Chris Hoy	2022
1	Virginia Stapleton	2024
2	Linda Nishioka	2022
3	Trevor Phillips	2024
4	Jackie Leung	2022
5	Jose Gonzalez	2024
6	Julie Hoy	2022
7	Vanessa Nordyke	2024
8	Micki Varney	2022

ADMINISTRATIVE STAFF

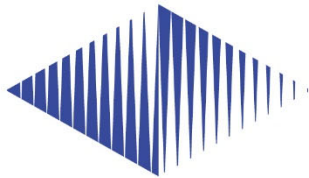
City Manager: Keith Stahley
Chief Accountant: Jennifer Mattecheck

All correspondence for persons listed above may be sent to:

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



Financial Section



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

475 Cottage Street NE, Suite 200, Salem, OR 97301
(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members
City of Salem
Salem, Oregon

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Salem, Oregon, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller general of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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) schedules, the schedule of changes in total other post-employment benefits liability and related ratios - implicit rate subsidy, and the defined benefit other post-employment plan (RHIA) schedules 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 earlier in this paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory section, other financial schedules, statistical section and SEC Rule 15c2-12 disclosures but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Legal and Regulatory Requirements

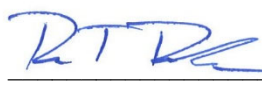
Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023 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 January 31, 2023, 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: 
Ryan T. Pasquarella, A Shareholder
January 31, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

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, 2022. Please read it in conjunction with the transmittal letter (beginning on page 1), basic financial statements (beginning on page 35), and notes to the financial statements (beginning on page 62).

FINANCIAL HIGHLIGHTS

- The net position of the City at the close of fiscal year 2021-22 is \$1,429.6 million. Of this amount, negative \$20.1 million is unrestricted. This is negative due to long-term obligations related to pension and other post-employment benefits (OPEB).
- Net position increased by \$106.2 million during the year, \$68.0 million in governmental activities and \$38.2 million in business-type activities.
- Capital assets increased \$39.0 million overall, \$4.5 million in governmental activities and \$34.5 million in business-type activities. The governmental increase is primarily due to land acquisition for streets of \$3.5 million, street infrastructure of \$2.7 million, and net acquisitions of equipment of \$9.8 million. Work in progress decreased by \$10.9 million, primarily due to the completion of the radio system replacement. Work in progress increased substantially in business-type activities, mostly due to Geren Island water treatment facility upgrades and other water and wastewater system related projects.
- Long-term debt decreased \$34.8 million overall. Governmental activities decreased \$19.2 million and business-type activities decreased \$15.6 million, both due to scheduled paydown of debt and no new debt issuance.
- The City received grants from the State of Oregon totaling \$17.3 million for acquisition and operation of a Navigation Center to serve unsheltered individuals and police body-worn cameras. The second of two payments of \$17.1 million in American Rescue Plan Act (ARPA) funding was received in 2021-22. ARPA funds will be spent over the next few years.
- The government-wide financial statements include pension related obligations. The overall net pension liability is \$115.7 million, accompanied by deferred outflows of \$65.6 million, and deferred inflows of \$89.0 million. Net pension expense of negative \$5.4 million was recognized in 2021-22, primarily due to strong investment returns in the pension system. See the PERS note beginning on page 95 for more details.
- The government-wide statements also include other post-employment benefit (OPEB) obligations. The overall net OPEB liability is \$17.3 million, with deferred outflows of \$3.7 million, and deferred inflows of \$5.4 million. A net OPEB expense of \$0.8 million was recognized during 2021-22. See the RHIA and OPEB notes beginning on page 101 for more details.
- On a fund basis, governmental funds reported a combined ending fund balance of \$208.3 million. Of this amount, \$73.0 million (35.0%) is either committed, assigned, or unassigned and available to fund ongoing activities. The remaining fund balance of \$135.3 million (65.0%) is either restricted or non-spendable, an increase of \$27.3 million from the prior year. The overall increase in fund balance of \$43.7 million is composed of multiple facets. An increase of \$9.7 million in the General Operating fund mainly due to receipt of ARPA funding which will be spent over the next few years. Increase of \$8.9 million in the Tax Allocation Improvements fund due to issuance of short-term loans and reduced construction expenditures. Increase of \$27.4 million in nonmajor funds primarily from the ARPA and various State of Oregon grants.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2022

- At year-end, the unassigned fund balance in the General fund was \$39.3 million, or 27.8% of total General fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide financial statements (pages 35-37). 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 generally accepted accounting principles for governments in regard 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 39-61). The fund financial statement section includes statements for each of the three basic fund types: governmental, proprietary, and fiduciary.

Governmental funds – The City reports most of its basic services in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These fund statements measure cash and all other financial assets that can readily be converted to cash using the modified accrual method of accounting. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides.

Governmental fund information measures the change in available financial resources to finance the City's programs in the near future. A reconciliation follows each of the governmental fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2022

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

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

Fiduciary funds – The City is the trustee, or fiduciary, for funds held on behalf of individuals, other government entities, and non-public organizations. The Statement of Fiduciary Net Position reports the City's fiduciary activities, which consist of custodial 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 62-109). 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, an Annual Comprehensive Financial Report requires inclusion of two other sections with specific requirements.

Required supplementary information (RSI) (pages 112-114). 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 117-171). This section includes combining statements of nonmajor governmental funds, nonmajor business-type funds, internal service funds, and changes in assets and liabilities of agency funds, as well as budgetary comparison schedules not shown as part of the basic financial statements.

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

Government-wide Financial Analysis

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

Financial Position

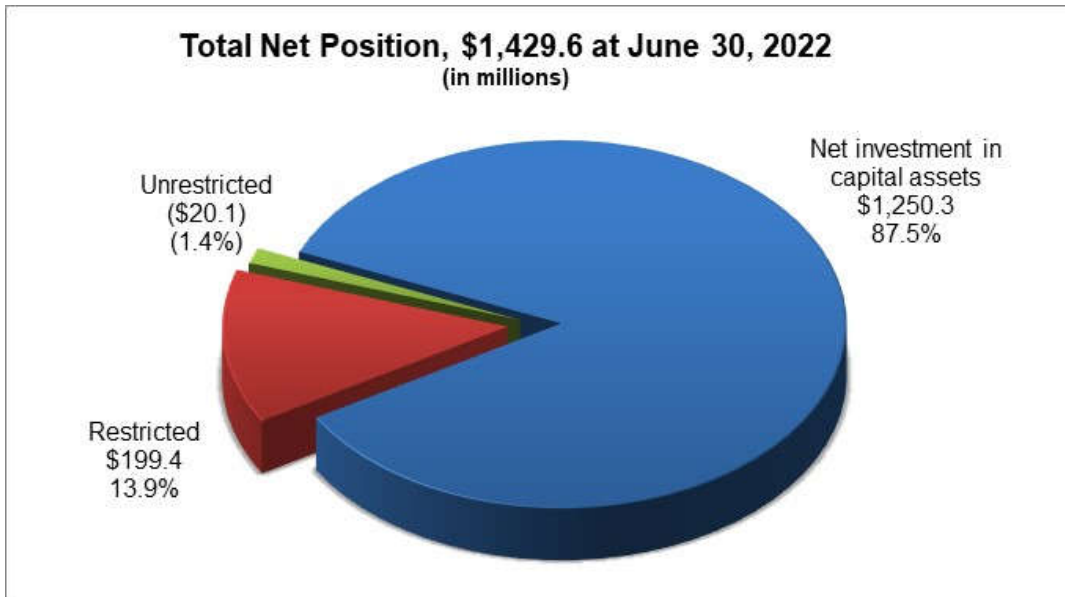
Net position, over time, is a useful indicator of a government's financial position. The following table shows a summary of the Statement of Net Position for the past two years.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash and investments	\$ 256.0	\$ 219.5	\$ 129.4	\$ 133.8	\$ 385.4	\$ 353.3
Other assets	30.5	28.4	23.2	29.1	53.7	57.5
Capital assets	685.6	681.1	770.3	735.8	1,455.9	1,416.9
Total assets	<u>972.1</u>	<u>929.0</u>	<u>922.9</u>	<u>898.7</u>	<u>1,895.0</u>	<u>1,827.7</u>
Deferred outflows of resources	50.3	53.8	21.6	23.3	71.9	77.1
Current liabilities	37.5	37.3	25.5	25.1	63.0	62.4
Noncurrent liabilities	241.7	337.4	135.0	174.2	376.7	511.6
Total liabilities	<u>279.2</u>	<u>374.7</u>	<u>160.5</u>	<u>199.3</u>	<u>439.7</u>	<u>574.0</u>
Deferred inflows of resources	72.6	5.5	25.0	2.0	97.6	7.5
Net position:						
Net investment in capital assets	575.7	565.5	674.6	641.1	1,250.3	1,206.6
Restricted	141.7	109.5	57.7	66.8	199.4	176.3
Unrestricted	(46.8)	(72.4)	26.7	12.8	(20.1)	(59.6)
Total net position	<u>\$ 670.6</u>	<u>\$ 602.6</u>	<u>\$ 759.0</u>	<u>\$ 720.7</u>	<u>\$ 1,429.6</u>	<u>\$ 1,323.3</u>

See the Statement of Net Position (page 35) for more detailed information.



The City ended the year with a net position of \$1,429.6 million. \$1,250.3 million, or 87.5% 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 various 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 pay the liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

An additional portion of net position, \$199.4 million, or 14.0%, represents resources that are subject to external restrictions on how they may be used, such as debt service or capital projects. The remaining balance of unrestricted net position totals a negative \$20.1 million, or -1.4%. The unrestricted net position is comprised of a negative \$46.8 million for governmental activities and a positive \$26.7 million for business type activities. The governmental amount is negative due to recognition of long-term pension and OPEB obligations.

Governmental Activities. The total net position from governmental activities increased \$68.0 million, or 11.3%. The most significant changes on the Statement of Net Position were an increase of \$36.5 million in cash and investments, an increase of \$4.5 million in capital assets, decrease of \$95.7 million in noncurrent liabilities, and an increase of \$67.1 million in deferred outflows. Cash increased mainly from ARPA and State of Oregon grant funding. Capital assets increased mainly in street infrastructure improvements, offset by depreciation of existing assets. Noncurrent liabilities decreased mainly due to paydown of existing debt (\$19.2 million) and reduced net pension liability (\$69.0 million). The large increase in deferred outflows mostly offset the large decrease in pension liability, due to strong returns on pension fund investments.

Business-type Activities. The total net position of business-type activities increased \$38.2 million, or 5.3%. The most significant changes on the Statement of Net Position were a decrease in cash and investments of \$4.4 million, a decrease in noncurrent liabilities of \$39.2 million, and an increase in deferred inflows of \$23.0 million. Cash and investments decreased primarily due to spending down bond funds on water system projects. Liabilities decreased by scheduled payments on existing debt of \$15.5 million with no new issuance. Pension liabilities decreased by \$24.0 million, substantially offset by an increase of \$21.6 million in related deferred inflows as described above for governmental activities.

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 is a measure of 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

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.

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

	Governmental		Business-type		Total Primary	
	2022	2021	2022	2021	2022	2021
Program revenues						
Charge for services	\$ 47.3	\$ 44.7	\$ 130.5	\$ 123.6	\$ 177.8	\$ 168.3
Operating grants and contrib.	51.4	27.7	2.6	0.1	54.0	27.8
Capital grants and contrib.	24.5	17.7	22.8	17.5	47.3	35.2
General revenues						
Taxes	118.3	110.8	-	-	118.3	110.8
Shared state tax revenue	7.4	7.6	-	-	7.4	7.6
Franchise and operations fees	27.4	25.9	-	-	27.4	25.9
Interest	2.4	3.3	1.2	1.8	3.6	5.1
Other	3.2	1.5	1.2	1.1	4.4	2.6
Total revenues	<u>281.9</u>	<u>239.2</u>	<u>158.3</u>	<u>144.1</u>	<u>440.2</u>	<u>383.3</u>
Program expenses						
General government	28.1	33.6	-	-	28.1	33.6
Public safety	91.9	101.9	-	-	91.9	101.9
Community development	29.7	31.7	-	-	29.7	31.7
Community services	19.5	14.9	-	-	19.5	14.9
Transportation	34.7	28.7	-	-	34.7	28.7
Library services	5.5	6.1	-	-	5.5	6.1
Interest on long-term debt	6.6	6.9	-	-	6.6	6.9
Utilities	-	-	101.0	101.0	101.0	101.0
Emergency medical services	-	-	2.0	0.8	2.0	0.8
WVPS communications center	-	-	11.6	12.7	11.6	12.7
Police regional records system	-	-	0.4	0.4	0.4	0.4
Salem Convention Center	-	-	2.9	1.3	2.9	1.3
Total expenses	<u>216.0</u>	<u>223.8</u>	<u>117.9</u>	<u>116.2</u>	<u>333.9</u>	<u>340.0</u>
Excess before special items and transfers	65.9	15.4	40.4	27.9	106.3	43.3
Transfers	2.1	(1.1)	(2.1)	1.1	-	-
Change in net position	<u>68.0</u>	<u>14.3</u>	<u>38.3</u>	<u>29.0</u>	<u>106.3</u>	<u>43.3</u>
Net position - beginning	602.6	579.9	720.7	689.0	1,323.3	1,268.9
<i>Prior Period Adjustment</i>	-	8.4	-	2.7	-	11.1
Net position - ending	<u>\$ 670.6</u>	<u>\$ 602.6</u>	<u>\$ 759.0</u>	<u>\$ 720.7</u>	<u>\$ 1,429.6</u>	<u>\$ 1,323.3</u>

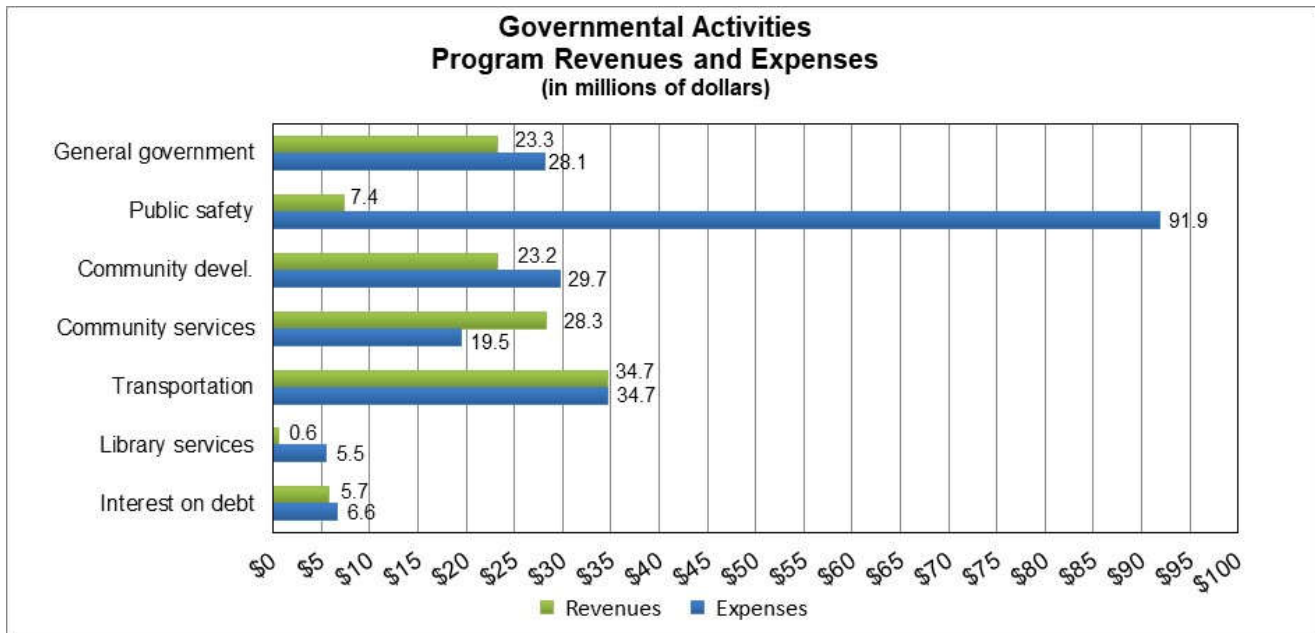
See the Statement of Activities (pages 36-37) for more detailed information.

Governmental Activities. The governmental net position increased by \$68.0 million, \$45.3 million more than it increased in the prior year. This is primarily due to the following:

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

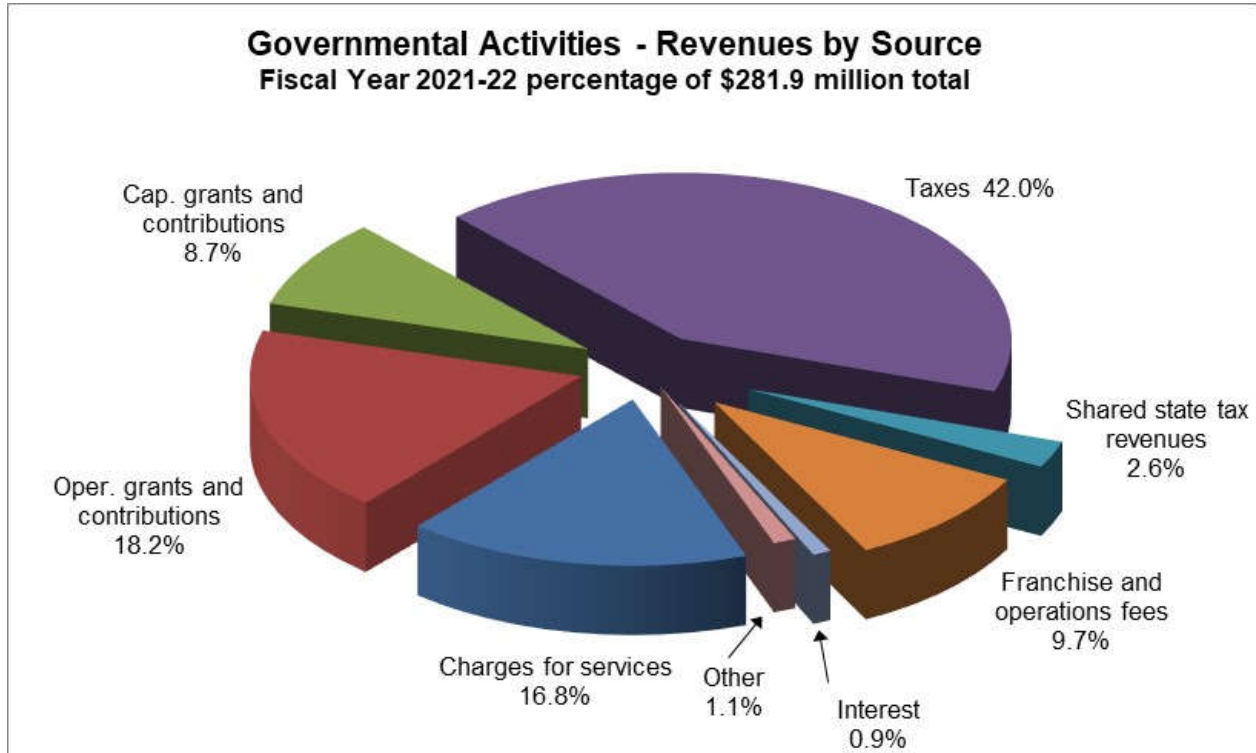
- Operating grant revenue increased by \$23.7 million, mainly due to \$17.3 million from the State of Oregon for unsheltered Navigation Center operations, and recognition of \$6.3 million more ARPA in this revenue category than last year.
- Tax revenues increased \$7.5 million overall. The most significant changes year over year were an increase in property tax receipts of \$5.3 million from increased property values and new development. Transient occupancy tax increased \$1.2 million due to post-pandemic tourism recovery.
- Capital grants and contributions increased \$6.8 million due to recognition of \$4.9 million more ARPA in this revenue category than last year (for Navigation Center construction and purchase of property for future low-income housing), \$0.9 million from Mid-Willamette Valley Council of Governments for pedestrian and traffic safety projects, an increase of \$0.7 million from US Federal Highway Administration related to the McGilchrist Street improvement project, and \$0.5 million increase from the US Federal Aviation Administration for airport improvements.
- Program expenses decreased by \$7.8 million. General government decreased \$5.5 million, Public Safety decreased \$10.0 million, and Community Development decreased \$2.0 million all primarily due to the greatly reduced pension expense discussed earlier. Community Service increased \$4.6 million due to \$3.3 million in grants for sheltering, \$0.5 million in capitalized projects disposed to the utility business-type activity, and \$0.9 in various park improvement projects. Transportation increased \$6.0 million due to \$4.7 million in capitalized projects disposed to the utility business-type activity, and \$1.3 million increased general street maintenance 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 36-37).



MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

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

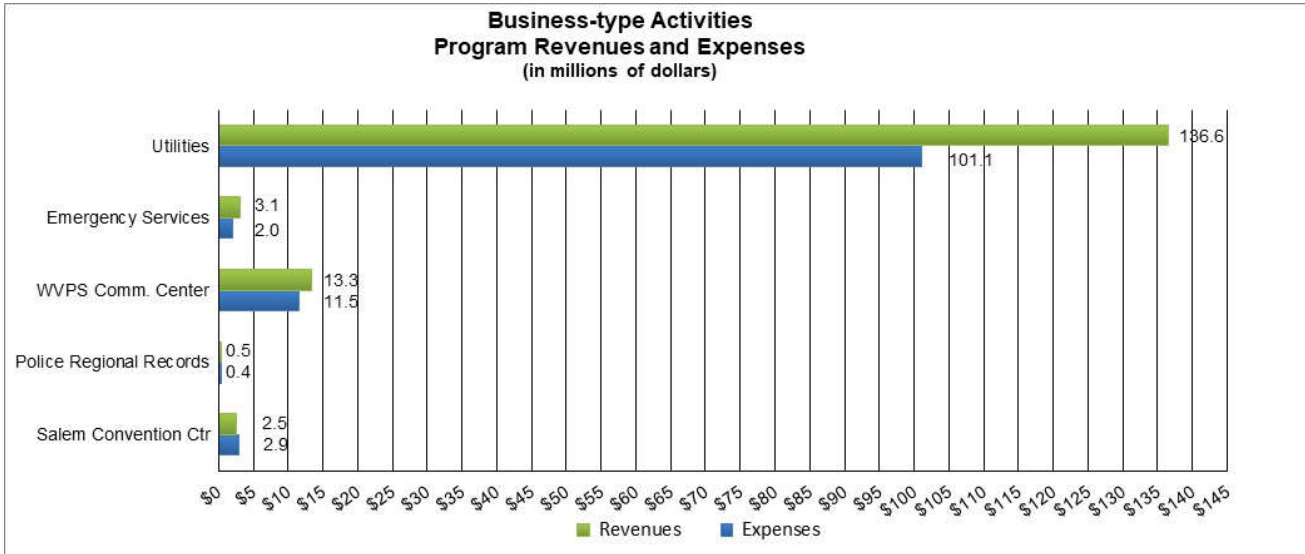


Business-type Activities. The table on page 20 shows the City's net position from business-type activities increased by \$38.2 million. The following are some highlights:

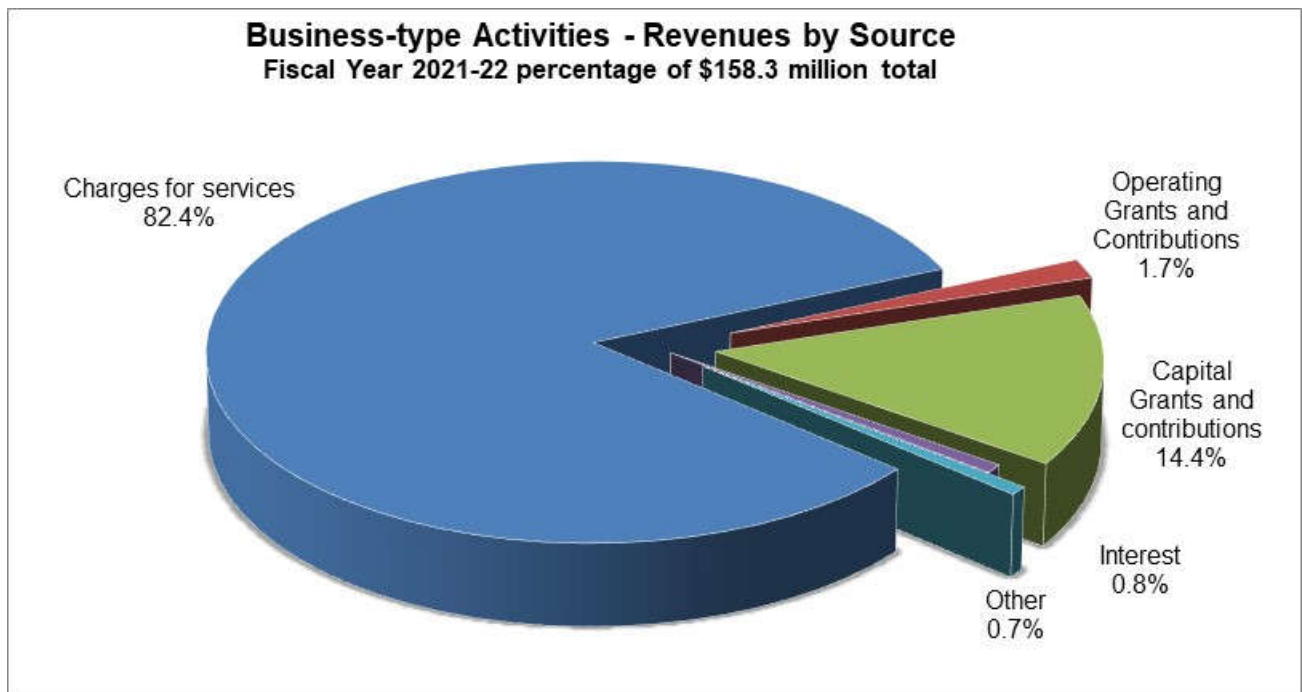
- Utility fund operating revenues increased by \$4.1 million, mainly due to the annual utility rate increase. Emergency services fund revenues increased \$2.3 million, due to the City's Fire Department needing to support the outside ambulance contractor with its own medic service. Salem convention center revenue increased by \$2.2 million as the center is recovering back to near full capacity.
- Utility fund expenses had almost no change for the fiscal year as capital project expenses declined while operating expenses increased at the same pace. Salem Convention Center expenses increased by \$1.6 million due to returning to full operation for the 2021-22 fiscal year. Emergency services fund expenses increased by \$1.2 million due to supporting the ambulance contractor.

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, 2022



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, 2022

Governmental Funds. As of June 30, 2022, the City's governmental funds reported combined ending fund balances of \$208.3 million, an increase of \$43.7 million or 26.5%, from last year. The unassigned General fund balance of \$39.3 million or 18.9% of the total governmental fund balance, is available for spending at the City's discretion. The remainder of the governmental funds balance is constrained as follows: restricted to capital projects, debt service, or with other donor or legal restrictions is \$135.2 million or 65.0%. Committed fund balance is \$32.3 million or 15.5%. Assigned fund balance, representing encumbrances, is \$1.4 million or 0.6%, and nonspendable fund balance is \$0.1 million or 0.1%, for prepaid expenses.

General Operating fund balance increased by \$9.7 million, from \$31.1 million to \$40.8 million. Total expenditures increased \$9.0 million over the prior year. This is seen in public safety increasing \$5.4 million primarily from annual personnel increases including selective salary adjustments, general cost of living adjustments, and additional PERS benefits. General government increased \$3.7 million mainly for personnel increases and unsheltered programs. Library services expenses increased by \$0.3 million, \$0.2 million in personnel and \$0.1 million in materials and services. The General fund ending balance is 26.8% of FY 2022-23 budgeted fund revenues and complies with the ending fund balance/reserve policy minimum of 15% adopted by the Council.

Capital Improvements fund balance decreased \$2.8 million, from \$15.0 million to \$12.2 million. The spend down of bond funds slowed in 2021-22 as the new police station and library seismic upgrades are nearly complete. Expenditures decreased by \$28.0 million, \$17.2 related to the police station and \$13.5 million related to the library. Expenditures increased \$2.7 million related to the new navigation center.

Tax Allocation Improvements fund balance increased \$8.9 million. The increase was due to issuance of short-term loans of \$15.1 million coupled with lower expenditures than last year. Construction slowed significantly in the Riverfront/Downtown (\$2.6 million) and North Gateway (\$1.3 million) areas compared to last year. McGilchrist construction increased \$0.9 million.

Community Renewal fund balance decreased approximately \$0.4 million. Expenditures were in line with revenue for the year.

The General Debt fund balance increased by \$0.9 million. Property tax collections were higher than debt service payments for the year.

Nonmajor governmental funds in the aggregate increased \$27.4 million. This was primarily due to the following: Community Enhancement increased \$15.3 million due to \$19.9 million in sheltering related grants. Extra capacity facilities increased \$5.5 million due to an increase in system development charge revenue. Building and Safety fund increased by \$1.7 million from permit revenues exceeding expenditures due to personnel vacancies. Transportation services increased by \$2.8 million due to increased fuel tax receipts and grants received in 2021-22.

Proprietary Funds. At June 30, 2022, the City's enterprise funds reported a combined net position of \$755.9 million (excluding internal service fund consolidation adjustment), an increase of \$39.5 million, primarily from the Utility fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

The Utility fund net position increased \$37.7 million, from \$691.6 million to \$729.3 million. This total net position is comprised of \$647.4 million of net investment in capital assets, \$57.7 million is restricted for capital projects, and \$24.2 million is unrestricted. The increase in net position is mainly due to operating income of \$24.0 million, net non-operating income and expenses of \$7.8 million, and \$22.8 million in capital contributions.

The Internal Service funds combined net position decreased \$0.8 million. The main reason for the decrease was \$2.3 million increase in medical/workers compensation claims and cost of medical/liability insurance in the self-insurance funds. This was offset by contributions to the equipment replacement fund for future projects.

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 several changes from the original adopted budget to the final budget:

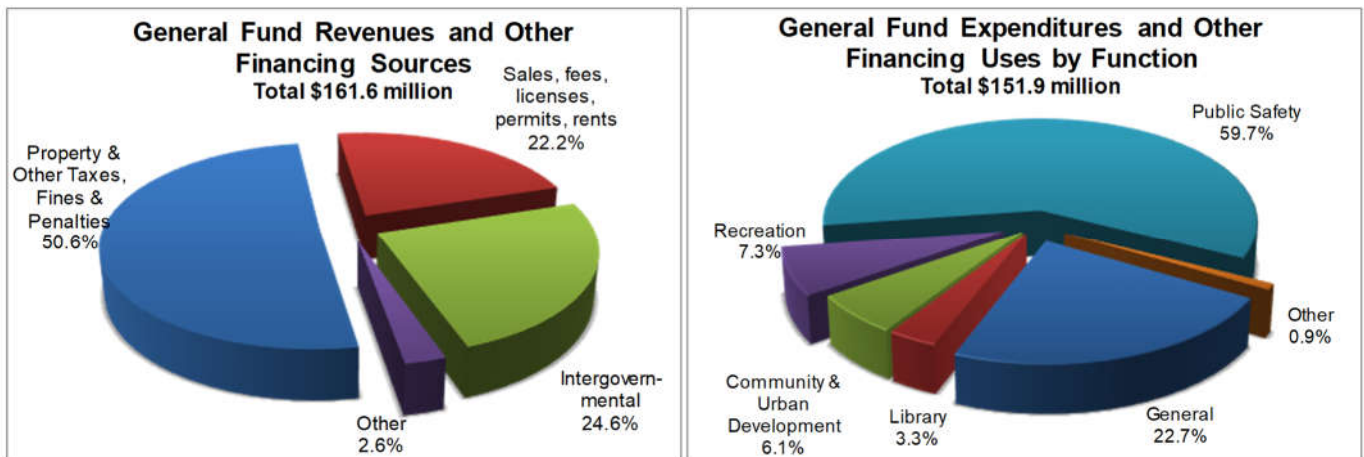
- Supplemental budget of \$480,000 in Parks and Recreation operations to cover unanticipated expenditures related to cleanup after the 2021 ice storm.
- Move \$135,000 from contingency to transfers in Non-departmental for installation of an A/V system in Council chambers.
- Transfer appropriation of \$120,000 from the Cultural Tourism fund to General fund Parks and Recreation to manage activity at the Riverfront park amphitheater.
- Move \$170,000 from contingency to transfers in Non-departmental for general obligation bond measure communication services.
- Move \$35,000 from contingency to transfers in Non-departmental for additional Council chambers A/V system costs.
- Supplemental budget of \$423,750 in several departments to operate the community sanitation response team, funded by a state grant.
- Supplemental budget of \$119,600 in Parks and recreation for additional expenditures related to the 2021 ice storm.
- Transfer appropriation of \$350,000 from the Emergency Medical Services fund to the General fund Fire department to fund unanticipated provision of ambulance services.
- Move \$150,000 from contingency to Non-departmental operations to provide a grant to the Mid-Willamette Valley Homeless Alliance.
- Move \$350,000 from contingency to Non-departmental transfers to further support the unanticipated ambulance coverage.
- Move \$98,830 from contingency to Non-departmental transfers to cover unanticipated library relocation costs.
- Move \$80,000 from contingency to two departments to cover unanticipated costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

Differences between actual results and the final amended budget resulted in the General fund balance ending \$11.2 million greater than budgeted. This is primarily due to:

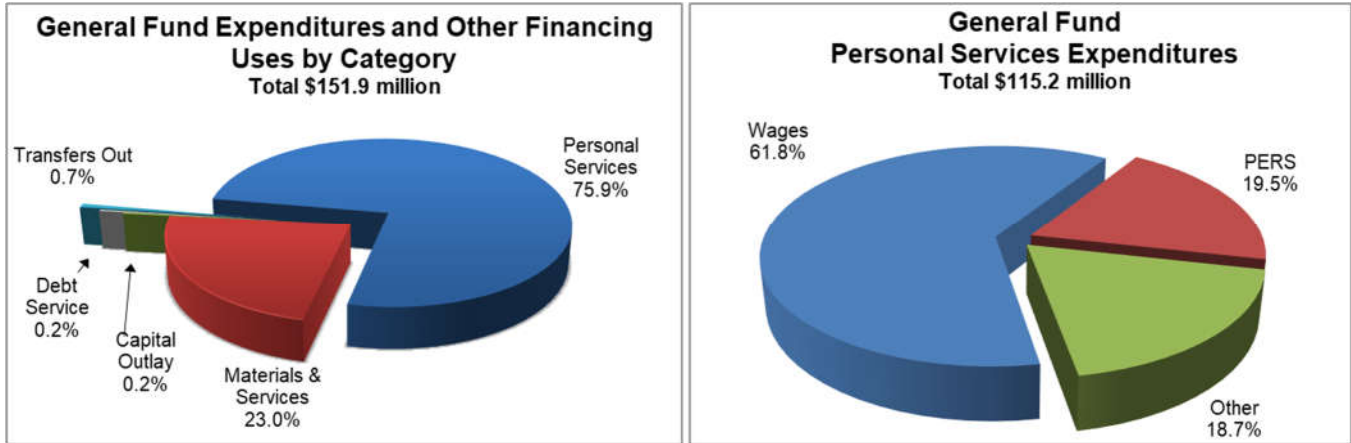
- \$3.0 million higher in sales, fees, licenses and permits revenue due to \$1.7 million higher in franchise fees, \$0.8 million higher in accident and fire recovery revenue, and \$0.2 million higher in planning services than budgeted.
- \$1.6 million less than budgeted inter-departmental revenue.
- \$3.9 million greater than budgeted grant revenue, primarily \$3.3 million in ARPA.
- \$0.5 million higher than projected in sales of assets.
- \$4.4 million less than budgeted expenses across the general government function, \$2.7 million in materials and services due to general savings, and \$1.3 million in personnel due to unfilled positions.
- \$1.0 million less than budgeted expenditures in Urban Development primarily in personnel due to unfilled positions.
- \$0.5 million less than budgeted expenditures in personnel costs for Parks and Recreation due to unfilled positions.
- \$0.8 million less than budgeted expenditures in personnel costs for Library services due to unfilled positions.
- \$1.5 million savings from budget in Police due to unfilled positions.
- \$2.0 million in unspent contingency.
- \$4.8 million less than budgeted transfers in.

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 significant revenues include external user fees and inter-fund fees for services provided. General expenditures include all administrative, legal, and support services costs. Other expenditures include capital outlay, debt service, and transfers out.



MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

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



Capital Assets

As of June 30, 2022, the City had invested \$1.5 billion in capital assets, as summarized in the following table. This represents a net increase (including additions, dispositions, and depreciation) of \$39.0 million, or 2.8%, from the prior year. Governmental assets increased \$4.5 million, primarily in road and street infrastructure as well as equipment. The business-type increased \$34.5 million, primarily in work-in-progress for improvements at the Geren Island water treatment facility and start of construction of a new Public Works operations building at the City shops complex.

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)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land, land improvements, and art	\$ 275.2	\$ 271.7	\$ 19.3	\$ 19.2	\$ 294.5	\$ 290.9
Buildings	34.5	35.0	19.9	20.6	54.4	55.6
Improvements	37.4	38.2	2.6	0.1	40.0	38.3
Equipment and machinery	15.7	5.9	4.0	2.8	19.7	8.7
Vehicles	19.9	20.1	-	-	19.9	20.1
Infrastructure	164.9	162.2	-	-	164.9	162.2
Utility systems	-	-	607.2	588.5	607.2	588.5
Intangible/lease	0.9	-	2.2	-	3.1	-
Work-in-progress	137.1	148.0	115.1	104.6	252.2	252.6
Total	\$ 685.6	\$ 681.1	\$ 770.3	\$ 735.8	\$ 1,455.9	\$ 1,416.9

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

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

Change in Capital Assets for the Fiscal Year Ended June 30, 2022
(in millions)

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 681.1	\$ 735.8	\$ 1,416.9
Additions	26.7	56.0	82.7
Retirement	(0.1)	0.0	(0.1)
Accumulated depreciation/ amortization	(22.1)	(21.5)	(43.6)
Ending balance	<u>\$ 685.6</u>	<u>\$ 770.3</u>	<u>\$ 1,455.9</u>

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

Debt Outstanding

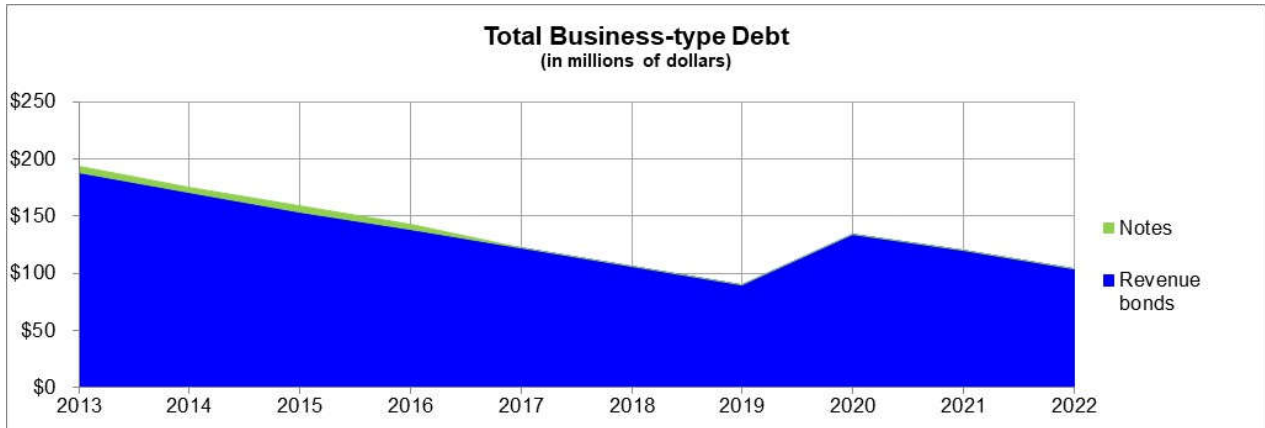
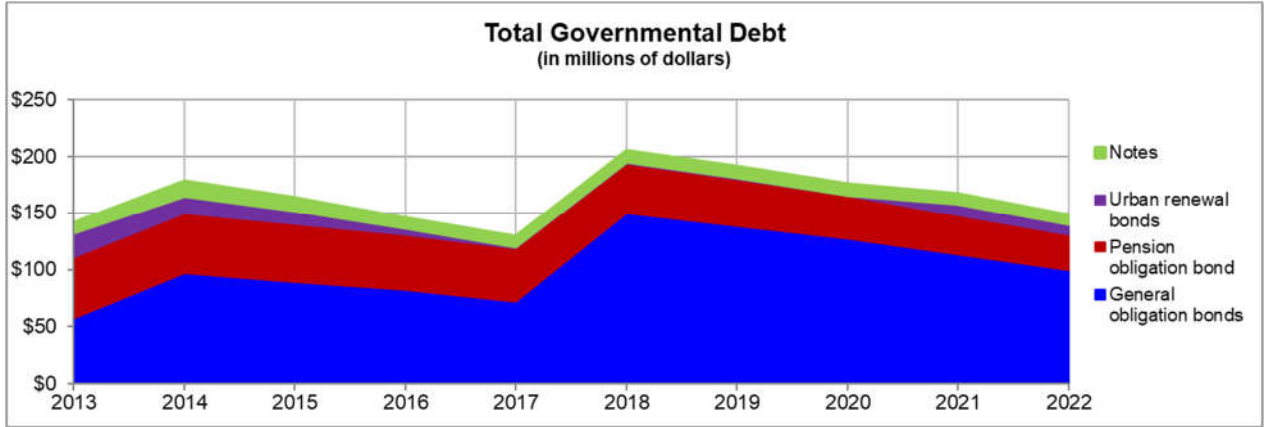
As of June 30, 2022, the City had a total of \$252.2 million in outstanding long-term debt, compared to \$287.0 million last year, a 12.1% net decrease, as illustrated in the following table.

Outstanding Debt as of June 30,
(in millions)

	Governmental		Business-type		Total	
	2022	2021	2022	2021	2022	2021
Bonds:						
General obligation	\$ 99.9	\$ 113.2	\$ -	\$ -	\$ 99.9	\$ 113.2
Revenue	-	-	104.4	120.0	104.4	120.0
Pension obligation	30.5	34.4	-	-	30.5	34.4
Urban Renewal	9.5	10.6	-	-	9.5	10.6
Notes	7.9	8.8	-	-	7.9	8.8
Total outstanding debt	<u>\$ 147.8</u>	<u>\$ 167.0</u>	<u>\$ 104.4</u>	<u>\$ 120.0</u>	<u>\$ 252.2</u>	<u>\$ 287.0</u>

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, 2022



Additional information on the City's debt is in the notes to the financial statements (pages 86-90) and other financial schedules (pages 174-176).

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, 2022 was 0.35% of RMV. The actual levy for GO debt was \$1.1999 per \$1,000 of assessed valuation for 2021-22.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

Debt Per Capita, and as a Percent of Real Market Value (RMV)
As of June 30, 2022

	<u>Amount</u>	<u>Per Capita</u>	<u>Percent of RMV</u>
Population (2021)	177,694		
2021-22 Measure 5 RMV	\$ 25,909,453,452	\$ 145,809	-
Total bonded debt outstanding	228,119,000 *	1,284	0.88%
Net direct GO debt	91,670,000 *	516	0.35%
Net overlapping debt	596,190,256	3,355	2.30%
Net direct and overlapping debt	687,860,256	3,871	2.65%

*Excludes issuance premium

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Fiscal year 2022-23 Adopted Budget – The annual budget for fiscal year 2022-23 for all funds anticipates a personal services increase of 7.3%, materials and services increase of 14.5%, capital outlay decrease of 9.5%, debt service increase of 5.9%, transfers increase of 6.3%, and contingencies decrease of 5.2%.

The personal services increase includes the addition of 25.85 full time equivalent positions overall. Additions are planned in the General fund with 13.85 positions (Police 5, Fire 3, Facilities 1, Information Technology 1, Human Resources 1, Customer Service 3), Building and Safety (5.0), Transportation (4.0), Utilities (1.5), City Services (1.5), and Self Insurance (1.5). There are annual increases to salaries per collective bargaining agreements, market adjustments, and an increase in health benefit costs.

The budget anticipates a 3.5%, approximately \$4.0 million increase in property tax receipts for all funds. This includes annual growth in value of existing properties as well as new properties added to the tax roll. Charge for services revenue is projected to increase by 10.0% or \$16.0 million, over the 2022-23 fiscal year.

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 July 2022 the Council approved increases for City provided utilities that included 5% for water, 5% for wastewater, and 5% for stormwater in January 2023 and January 2024. The increases would allow the City to have an Emergency Utility Assistance Program authorizing up to \$300,000 annually starting in January 2023.

MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

Underlying Debt Rating – The City has maintained a conservative and strategic methodology to the issuance of all debt. Close relationship with its financial advisor in conjunction with the City’s debt placement policies have resulted in strong credit ratings. The following table indicates current bond ratings.

Rating Agency	General Obligation	Utility Revenue	Full Faith and Credit
Moody’s	Aa2	Aa2	-

GO bond ratings were last affirmed by Moody’s in March 2021. Utility bonds were rated Aa2 in March 2020. Moody’s comments regarding the City’s strong GO bond ratings included the City’s:

- Large and growing tax base,
- Stable employment activity driven by the state capitol,
- Healthy financial profile.

Somewhat elevated pension liabilities, below average socioeconomic measures, and rapidly growing population causing increased demand on services are factors that kept the GO rating from being higher.

Utility bonds were last reviewed by Moody’s in February 2020 resulting in a strong rating and comments including:

- Stable customer base that includes the state capital,
- Steady and consistent rate increases demonstrate strong governance.

Moderate socioeconomic profile is a factor that kept the utility revenue rating from being higher.

FINANCIAL CONTACT

The City designs its financial statements to present users (residents, 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 Finance Department at 555 Liberty Street SE, Room 230, Salem, Oregon 97301.



Basic Financial Statements



City of Salem, Oregon
Statement of Net Position
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Salem Housing Authority FYE 9/30/21
Assets				
Current assets				
Cash and investments	\$ 255,106,480	\$ 66,414,824	\$ 321,521,304	\$ 10,819,263
Accounts receivable, net	29,468,556	10,543,323	40,011,879	4,301,457
Leases receivable	320,845	10,157	331,002	-
Due from other governmental agencies	-	-	-	334,026
Internal balances	(6,384,882)	6,384,882	-	-
Inventories and prepayments	1,471,782	1,265,916	2,737,698	43,748
Total current assets	<u>279,982,781</u>	<u>84,619,102</u>	<u>364,601,883</u>	<u>15,498,494</u>
Noncurrent assets				
Restricted cash and investments	854,741	63,008,656	63,863,397	2,334,385
Leases receivable	2,174,382	107,338	2,281,720	-
Notes receivable	-	707,488	707,488	30,769,711
Assessments receivable	1,475,497	3,282,203	4,757,700	-
Net OPEB asset	2,001,162	887,789	2,888,951	-
Capital assets				
Land and construction in progress	412,287,923	134,340,269	546,628,192	3,654,671
Other capital assets, net	273,317,323	635,990,746	909,308,069	11,481,757
Total noncurrent assets	<u>692,111,028</u>	<u>838,324,489</u>	<u>1,530,435,517</u>	<u>48,240,524</u>
Total assets	<u>972,093,809</u>	<u>922,943,591</u>	<u>1,895,037,400</u>	<u>63,739,018</u>
Deferred Outflows of Resources				
Deferred charge on refunding	-	2,613,475	2,613,475	-
OPEB related	2,529,197	1,122,044	3,651,241	47,326
Pension related	47,843,431	17,790,829	65,634,260	2,030,355
Total deferred outflows of resources	<u>50,372,628</u>	<u>21,526,348</u>	<u>71,898,976</u>	<u>2,077,681</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	14,353,767	8,827,227	23,180,994	1,619,811
Leases payable	166,904	429,680	596,584	-
Interest payable	622,472	323,999	946,471	5,352
Due to other agencies	62,986	-	62,986	-
Claims and judgments due within one year	1,475,000	-	1,475,000	-
Long-term debt due within one year	19,369,144	14,988,000	34,357,144	138,858
Compensated absences due within one year	1,453,222	903,298	2,356,520	55,392
Total current liabilities	<u>37,503,495</u>	<u>25,472,204</u>	<u>62,975,699</u>	<u>1,819,413</u>
Noncurrent liabilities				
Security deposit payable	12,699	259,308	272,007	102,122
Unearned revenue	2,052,912	1,455,236	3,508,148	1,525,272
Leases payable	708,484	1,874,031	2,582,515	-
Developer reimbursement	1,475,497	1,692,636	3,168,133	-
Long-term debt	128,403,035	89,460,677	217,863,712	5,217,718
OPEB liability	12,005,446	5,326,052	17,331,498	277,257
Net pension liability	83,536,407	32,205,671	115,742,078	3,239,745
Claims and judgments payable	5,012,000	-	5,012,000	-
Compensated absences payable	8,508,880	2,757,189	11,266,069	166,178
Total noncurrent liabilities	<u>241,715,360</u>	<u>135,030,800</u>	<u>376,746,160</u>	<u>10,528,292</u>
Total liabilities	<u>279,218,855</u>	<u>160,503,004</u>	<u>439,721,859</u>	<u>12,347,705</u>
Deferred Inflows of Resources				
Deferred charge on refunding	620,362	-	620,362	-
Deferred inflows related to leases	2,463,874	112,873	2,576,747	-
Deferred inflows related to OPEB	3,740,296	1,659,331	5,399,627	-
Deferred inflows related to pensions	65,825,794	23,221,883	89,047,677	2,844,221
Total deferred inflows of resources	<u>72,650,326</u>	<u>24,994,087</u>	<u>97,644,413</u>	<u>2,844,221</u>
Net Position				
Net investment in capital assets	575,714,723	674,603,073	1,250,317,796	10,653,939
Restricted for:				
Capital projects	94,366,106	57,703,838	152,069,944	-
Debt service	8,108,399	-	8,108,399	-
Other	39,149,477	-	39,149,477	1,549,410
Permanent	43,401	-	43,401	-
Unrestricted	(46,784,850)	26,665,937	(20,118,913)	38,421,424
Total net position	<u>\$ 670,597,256</u>	<u>\$ 758,972,848</u>	<u>\$ 1,429,570,104</u>	<u>\$ 50,624,773</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, 2022

Functions/programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental activities				
General government	\$ 28,073,717	\$ 10,071,962	\$ 13,250,733	\$ -
Public safety	91,848,440	5,680,579	1,723,070	-
Community development	29,707,264	16,988,226	4,160,022	1,994,168
Community services	19,541,160	2,280,081	17,422,083	8,629,333
Transportation	34,732,759	5,968,169	14,828,190	13,879,185
Library services	5,496,128	612,609	33,854	-
Interest on debt	6,632,618	5,719,820	-	-
Total governmental activities	216,032,086	47,321,446	51,417,952	24,502,686
Business-type activities				
Utilities	101,051,149	111,198,172	2,572,910	22,853,761
Emergency medical services	2,000,870	3,053,554	-	-
WVPS communications center	11,552,866	13,245,032	41,978	-
Police regional records system	443,012	458,980	-	-
Salem Convention Center	2,928,119	2,536,819	-	-
Total business-type activities	117,976,016	130,492,557	2,614,888	22,853,761
Total	\$ 334,008,102	\$ 177,814,003	\$ 54,032,840	\$ 47,356,447
Component unit				
Salem Housing Authority	\$ 37,649,755	\$ 6,656,552	\$ 34,525,978	\$ -

General revenues

- Property tax
- Transient occupancy tax
- Other taxes
- Shared state revenue
- Franchise fees based on gross receipts
- City operations fee
- 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

Net position - end of year

Continued

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, 2022

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-type Activities	Total	Salem Housing Authority FYE 9/30/21
\$ (4,751,022)	\$ -	\$ (4,751,022)	
(84,444,791)	-	(84,444,791)	
(6,564,848)	-	(6,564,848)	
8,790,337	-	8,790,337	
(57,215)	-	(57,215)	
(4,849,665)	-	(4,849,665)	
(912,798)	-	(912,798)	
<u>(92,790,002)</u>	<u>-</u>	<u>(92,790,002)</u>	
-	35,573,694	35,573,694	
-	1,052,684	1,052,684	
-	1,734,144	1,734,144	
-	15,968	15,968	
-	(391,300)	(391,300)	
<u>-</u>	<u>37,985,190</u>	<u>37,985,190</u>	
<u>(92,790,002)</u>	<u>37,985,190</u>	<u>(54,804,812)</u>	
			<u>\$ 3,532,775</u>
112,236,879	-	112,236,879	-
4,326,660	-	4,326,660	-
1,777,348	-	1,777,348	-
7,437,065	-	7,437,065	-
19,958,970	-	19,958,970	-
7,475,556	-	7,475,556	-
102,498	-	102,498	-
2,405,246	1,186,279	3,591,525	746,985
2,206,527	-	2,206,527	545,612
761,816	1,163,590	1,925,406	256,635
2,101,926	(2,101,926)	-	-
<u>160,790,491</u>	<u>247,943</u>	<u>161,038,434</u>	<u>1,549,232</u>
68,000,489	38,233,133	106,233,622	5,082,007
<u>602,596,767</u>	<u>720,739,715</u>	<u>1,323,336,482</u>	<u>45,542,766</u>
<u>\$ 670,597,256</u>	<u>\$ 758,972,848</u>	<u>\$ 1,429,570,104</u>	<u>\$ 50,624,773</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, parking leasehold, building and safety, traffic safety, community enhancement, permanent, tax allocation debt, extra capacity facilities, and development districts.

City of Salem, Oregon
Balance Sheet
Governmental Funds
June 30, 2022

	General Operating Fund	Capital Improvements	Tax Allocation Improvements
Assets			
Cash and investments	\$ 41,418,633	\$ 17,674,666	\$ 58,645,628
Accounts receivable, net	9,736,756	417,749	2,228,189
Leases receivable	350,182	31,652	-
Due from other funds	-	-	-
Prepayments	90,144	-	-
Assessments receivable	-	-	-
Total assets	<u>\$ 51,595,715</u>	<u>\$ 18,124,067</u>	<u>\$ 60,873,817</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 6,311,825	\$ 1,735,758	\$ 498,405
Due to other agencies	62,986	-	-
Advances from other funds	-	3,846,905	-
Security deposit payable	11,054	-	-
Unearned revenues	1,415,892	299,042	-
Developer reimbursement payable	-	-	-
Total liabilities	<u>7,801,757</u>	<u>5,881,705</u>	<u>498,405</u>
Deferred inflows of resources			
Related to leases	345,758	31,112	-
Unavailable revenue	2,649,361	-	2,109,415
Total deferred inflows of resources	<u>2,995,119</u>	<u>31,112</u>	<u>2,109,415</u>
Fund balances			
Nonspendable	90,144	-	-
Restricted	-	12,211,250	58,265,997
Committed	26,239	-	-
Assigned	1,352,350	-	-
Unassigned	39,330,106	-	-
Total fund balances	<u>40,798,839</u>	<u>12,211,250</u>	<u>58,265,997</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 51,595,715</u>	<u>\$ 18,124,067</u>	<u>\$ 60,873,817</u>

Continued

City of Salem, Oregon
Balance Sheet
Governmental Funds
June 30, 2022

Community Renewal	General Debt	Other Governmental Funds	Total Governmental Funds
\$ 440,869	\$ 1,981,631	\$ 95,080,183	\$ 215,241,610
12,128,775	555,832	4,360,522	29,427,823
-	-	1,823,847	2,205,681
-	-	508,360	508,360
-	-	-	90,144
-	-	1,475,497	1,475,497
<u>\$ 12,569,644</u>	<u>\$ 2,537,463</u>	<u>\$ 103,248,409</u>	<u>\$ 248,949,115</u>
\$ 247,716	\$ -	\$ 4,512,460	\$ 13,306,164
-	-	-	62,986
-	-	-	3,846,905
-	-	1,645	12,699
-	-	337,978	2,052,912
-	-	1,475,497	1,475,497
<u>247,716</u>	<u>-</u>	<u>6,327,580</u>	<u>20,757,163</u>
-	-	1,805,877	2,182,747
11,897,557	425,314	654,284	17,735,931
<u>11,897,557</u>	<u>425,314</u>	<u>2,460,161</u>	<u>19,918,678</u>
-	-	11,000	101,144
424,371	2,112,149	62,193,764	135,207,531
-	-	32,255,904	32,282,143
-	-	-	1,352,350
-	-	-	39,330,106
<u>424,371</u>	<u>2,112,149</u>	<u>94,460,668</u>	<u>208,273,274</u>
<u>\$ 12,569,644</u>	<u>\$ 2,537,463</u>	<u>\$ 103,248,409</u>	<u>\$ 248,949,115</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, 2022

Total fund balances	\$	208,273,274
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).		685,605,246
Other assets are not available to pay for current period expenditures and are therefore deferred in the funds:		
Notes receivable - earned but unavailable		14,929,854
Property taxes - earned but unavailable		2,806,076
Net OPEB asset		2,001,162
Deferred outflows related to OPEB		2,529,197
Deferred outflows related to pensions		47,843,431
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.		31,569,462
Accrued interest payable		(622,472)
Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Long-term lease liabilities		(875,388)
Long-term debt including bonds payable, bond premiums, and notes payable		(147,772,179)
Compensated absences payable		(9,962,102)
Net OPEB liability		(12,005,446)
Net pension liability		(83,536,407)
Deferred charge on refunding		(620,362)
Deferred inflows related to OPEB		(3,740,296)
Deferred inflows related to pensions		(65,825,794)
Net position of governmental activities	\$	<u>670,597,256</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, 2022

	General Operating Fund	Capital Improvements	Tax Allocation Improvements
Revenues			
Property taxes	\$ 77,817,603	\$ -	\$ -
Other taxes	1,777,348	-	-
Sales, fees, licenses, and permits	35,175,302	22,931	-
Special assessments	-	-	-
Rents	760,236	20,871	28,434
Grants	14,386,476	4,182,601	1,077,206
Intergovernmental	16,105,894	942,961	432,834
Fines and penalties	2,137,929	-	-
Interest on investments	386,189	143,709	482,019
Loan payments received	-	-	482,863
Other	243,396	40,398	-
Total revenues	<u>148,790,373</u>	<u>5,353,471</u>	<u>2,503,356</u>
Expenditures			
Current			
General government	26,458,885	-	-
Community development	8,072,140	-	-
Community service	10,977,077	-	-
Public safety	90,395,796	-	-
Transportation	-	-	-
Library	4,954,340	-	-
Capital outlay	859,065	13,560,128	8,688,119
Debt service			
Principal retirement	91,800	-	-
Interest and fiscal charges	52,076	-	-
Total expenditures	<u>141,861,179</u>	<u>13,560,128</u>	<u>8,688,119</u>
Excess (deficiency) of revenues over expenditures	6,929,194	(8,206,657)	(6,184,763)
Other financing sources (uses)			
Proceeds from leases	543,147	-	-
Sale of property	497,111	1,386,643	-
Transfers in	3,102,256	3,997,564	15,100,000
Transfers out	(1,357,747)	-	-
Total other financing sources (uses)	<u>2,784,767</u>	<u>5,384,207</u>	<u>15,100,000</u>
Net change in fund balance	9,713,961	(2,822,450)	8,915,237
Fund balances - beginning of year	<u>31,084,878</u>	<u>15,033,700</u>	<u>49,350,760</u>
Fund balances - end of year	<u>\$ 40,798,839</u>	<u>\$ 12,211,250</u>	<u>\$ 58,265,997</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, 2022

Community Renewal	General Debt	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 17,156,291	\$ 16,854,620	\$ 111,828,514
-	-	4,326,660	6,104,008
-	-	20,207,542	55,405,775
-	-	1,417,740	1,417,740
-	-	2,321,888	3,131,429
2,099,329	-	23,064,021	44,809,633
-	5,719,820	16,715,464	39,916,973
-	-	1,725,179	3,863,108
304	95,139	885,447	1,992,807
670,268	-	-	1,153,131
-	-	534,669	818,463
<u>2,769,901</u>	<u>22,971,250</u>	<u>88,053,230</u>	<u>270,441,581</u>
-	-	14,946	26,473,831
2,827,224	-	11,801,110	22,700,474
-	-	5,729,808	16,706,885
-	-	1,160,634	91,556,430
-	-	15,595,750	15,595,750
-	-	209,575	5,163,915
-	-	4,197,236	27,304,548
379,000	15,995,000	1,587,256	18,053,056
6,343	6,051,978	728,251	6,838,648
<u>3,212,567</u>	<u>22,046,978</u>	<u>41,024,566</u>	<u>230,393,537</u>
(442,666)	924,272	47,028,664	40,048,044
-	-	-	543,147
-	-	203,550	2,087,304
-	-	452,500	22,652,320
-	-	(20,321,472)	(21,679,219)
-	-	(19,665,422)	3,603,552
(442,666)	924,272	27,363,242	43,651,596
867,037	1,187,877	67,097,426	164,621,678
<u>\$ 424,371</u>	<u>\$ 2,112,149</u>	<u>\$ 94,460,668</u>	<u>\$ 208,273,274</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, 2022

Net change in fund balances-total governmental funds	\$	43,651,596
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.		
Acquisition of capital assets		21,596,542
Depreciation and amortization		(18,492,038)
Various other transactions involving capital assets increase or decrease net position.		
Developer donated infrastructure and other donated assets		6,612,319
Book value of sold or disposed assets		(5,268,092)
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		(2,978,550)
Change in deferred inflows for general revenue		408,366
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.		
Principal payments on long term debt		17,961,256
Amortize bond premium		1,298,093
Net expense related to deferred charge on refunding		155,091
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.		
		206,030
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 pension activity		3,909,822
Net expense related to OPEB activity		(619,050)
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.		
		(709,651)
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.		
		268,756
Change in net position of governmental activities	\$	68,000,489

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, 2022

	Budgeted Amounts		Actual Amounts Budgetary	Variance with Final Budget ¹
	Original	Final	Basis	
Revenues				
Property taxes	\$ 77,968,070	\$ 77,968,070	\$ 77,817,603	\$ 150,467
Other taxes	1,532,730	1,532,730	1,777,348	(244,618)
Sales, fees, licenses, and permits	32,169,590	32,169,590	35,175,302	(3,005,712)
Special assessments	2,500	2,500	-	2,500
Rents	1,509,180	1,509,180	767,050	742,130
Grants	9,982,140	10,462,140	14,386,476	(3,924,336)
Intergovernmental	26,921,930	26,921,930	25,363,024	1,558,906
Fines and penalties	2,017,330	2,017,330	2,137,929	(120,599)
Interest on investments	546,480	546,480	374,547	171,933
Other	202,000	202,000	243,396	(41,396)
Total revenues	152,851,950	153,331,950	158,042,675	(4,710,725)
Expenditures				
Operations				
City manager's office	1,712,100	1,759,620	1,490,480	269,140
Budget, finance and purchasing	4,287,930	4,287,930	3,887,834	400,096
Facilities services	4,966,220	4,966,220	4,613,079	353,141
Human resources	2,054,350	2,124,350	2,001,752	122,598
Information technology	10,607,130	10,607,130	10,093,016	514,114
Legal	2,838,620	2,838,620	2,584,712	253,908
Mayor and council	243,410	253,410	241,001	12,409
Municipal court	2,344,940	2,344,940	2,293,134	51,806
Non-departmental	9,489,030	9,809,030	7,342,153	2,466,877
Total general government	38,543,730	38,991,250	34,547,161	4,444,089
Community development	4,905,150	4,905,150	4,653,410	251,740
Urban development	5,618,340	5,618,340	4,626,943	991,397
Total community development	10,523,490	10,523,490	9,280,353	1,243,137

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, 2022

	<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	\$ 10,583,620	\$ 11,594,560	\$ 11,057,451	\$ 537,109
Library	5,706,290	5,706,290	4,954,340	751,950
Police	51,763,530	51,848,420	50,482,188	1,366,232
Fire	39,959,010	40,309,010	40,142,201	166,809
Total public safety	<u>91,722,540</u>	<u>92,157,430</u>	<u>90,624,389</u>	<u>1,533,041</u>
Debt service	375,010	375,010	374,998	12
Contingency	3,000,000	1,981,170	-	1,981,170
Total expenditures	<u>160,454,680</u>	<u>161,329,200</u>	<u>150,838,692</u>	<u>10,490,508</u>
Excess (deficiency) of revenues over expenditures	(7,602,730)	(7,997,250)	7,203,983	(15,201,233)
Other financing sources (uses)				
Sale of property	-	-	497,111	(497,111)
Transfers in	6,586,400	7,949,750	3,102,256	4,847,494
Transfers out	(766,000)	(1,384,830)	(1,034,825)	(350,005)
Total other financing sources (uses)	<u>5,820,400</u>	<u>6,564,920</u>	<u>2,564,542</u>	<u>4,000,378</u>
Net change in fund balance	(1,782,330)	(1,432,330)	9,768,525	(11,200,855)
Fund balance - beginning of year	<u>30,893,040</u>	<u>30,893,040</u>	<u>30,909,507</u>	<u>(16,467)</u>
Fund balance - end of year	<u>\$ 29,110,710</u>	<u>\$ 29,460,710</u>	40,678,032	<u>\$ (11,217,322)</u>
Reconciliation to generally accepted accounting principles:				
Adjustments for indirect cost allocation				
Revenues			(9,257,130)	
Expenditures:				
General government			9,257,130	
Prepayments			90,144	
Long-term lease receivables			350,182	
Deferred inflows related to leases			<u>(345,758)</u>	
Fund balance - end of year (modified accrual)			<u>\$ 40,772,600</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
Community Renewal
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

For the fiscal year ended June 30, 2022

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	with Final Budget ¹
Revenues				
Grants	\$ 10,382,150	\$ 10,382,150	\$ 2,099,329	\$ 8,282,821
Loan payments received	694,560	694,560	670,268	24,292
Total revenues	<u>11,076,710</u>	<u>11,076,710</u>	<u>2,769,597</u>	<u>8,307,113</u>
Expenditures				
Operations	<u>11,076,710</u>	<u>11,076,710</u>	<u>2,827,224</u>	<u>8,249,486</u>
Excess (deficiency) of revenues over expenditures	-	-	(57,627)	57,627
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>337,696</u>	<u>(337,696)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>280,069</u>	<u>\$ (280,069)</u>
Reconciliation to generally accepted accounting principles:				
Deposits in escrow for HUD section 108 note repayment			<u>144,302</u>	
Net position at end of year			<u>\$ 424,371</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, 2022

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Assets				
Current assets				
Cash and investments	\$ 59,158,940	\$ 7,255,884	\$ 66,414,824	\$ 39,864,870
Accounts receivable, net	9,574,016	969,307	10,543,323	40,733
Leases receivable	10,157	-	10,157	58,181
Inventories and prepayments	1,220,350	45,566	1,265,916	1,381,638
Advances to others funds	3,803,257	-	3,803,257	43,648
Total current assets	<u>73,766,720</u>	<u>8,270,757</u>	<u>82,037,477</u>	<u>41,389,070</u>
Noncurrent assets				
Restricted cash and investments	60,548,564	2,460,092	63,008,656	854,741
Leases receivable	107,338	-	107,338	231,365
Note receivable	707,488	-	707,488	-
Assessments receivable	3,282,203	-	3,282,203	-
Net OPEB asset	703,439	184,350	887,789	67,918
Capital assets:				
Land and other construction in progress	131,752,451	2,587,818	134,340,269	1,039,561
Other capital assets, net	609,879,415	26,111,331	635,990,746	31,737,921
Total noncurrent assets	<u>806,980,898</u>	<u>31,343,591</u>	<u>838,324,489</u>	<u>33,931,506</u>
Total assets	<u>880,747,618</u>	<u>39,614,348</u>	<u>920,361,966</u>	<u>75,320,576</u>
Deferred outflows of resources				
Deferred charge on refunding	2,613,475	-	2,613,475	-
Deferred outflows related to pensions	13,788,461	4,002,368	17,790,829	1,303,442
Deferred outflows related to OPEB-RHIA	52,892	13,861	66,753	5,107
Deferred outflows related to OPEB-City	836,160	219,131	1,055,291	80,733
Total deferred outflows of resources	<u>17,290,988</u>	<u>4,235,360</u>	<u>21,526,348</u>	<u>1,389,282</u>

Continued

City of Salem, Oregon
Proprietary Funds
Statement of Net Position
June 30, 2022

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities
	<u>Utility Fund</u>	<u>Other Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 8,272,987	\$ 554,240	\$ 8,827,227	\$ 1,047,603
Leases payable	276,872	152,808	429,680	88,508
Interest payable	323,999	-	323,999	-
Due to other funds	-	508,359	508,359	-
Claims and judgments payable	-	-	-	1,475,000
Long term debt - due within one year	14,988,000	-	14,988,000	-
Compensated absences	873,966	29,332	903,298	43,856
Total current liabilities	<u>24,735,824</u>	<u>1,244,739</u>	<u>25,980,563</u>	<u>2,654,967</u>
Noncurrent liabilities				
Security deposit payable	36,548	222,760	259,308	-
Unearned revenue	1,455,236	-	1,455,236	-
Leases payable	506,349	1,367,682	1,874,031	335,533
Developer reimbursement payable	1,692,636	-	1,692,636	-
Long-term debt	89,460,677	-	89,460,677	-
OPEB liability	4,220,096	1,105,956	5,326,052	407,457
Net pension liability	24,774,651	7,431,020	32,205,671	2,658,728
Claims and judgments payable	-	-	-	5,012,000
Compensated absences	2,201,376	555,813	2,757,189	173,884
Total noncurrent liabilities	<u>124,347,569</u>	<u>10,683,231</u>	<u>135,030,800</u>	<u>8,587,602</u>
Total liabilities	<u>149,083,393</u>	<u>11,927,970</u>	<u>161,011,363</u>	<u>11,242,569</u>
Deferred inflows of resources:				
Deferred inflows related to leases	112,873	-	112,873	281,127
Deferred inflows related to pensions	18,198,420	5,023,463	23,221,883	1,409,069
Deferred inflows related to OPEB-City	1,031,469	270,316	1,301,785	99,590
Deferred inflows related to OPEB-RHIA	283,301	74,245	357,546	27,354
Total deferred inflows of resources	<u>19,626,063</u>	<u>5,368,024</u>	<u>24,994,087</u>	<u>1,817,140</u>
Net position				
Net investment in capital assets	647,424,414	27,178,659	674,603,073	32,353,441
Restricted for:				
Capital projects	57,703,838	-	57,703,838	854,741
Unrestricted	24,200,898	(624,945)	23,575,953	30,441,967
Total net position	<u>\$ 729,329,150</u>	<u>\$ 26,553,714</u>	<u>755,882,864</u>	<u>\$ 63,650,149</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			3,089,984	
			<u>\$ 758,972,848</u>	

Concluded

City of Salem, Oregon
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the fiscal year ended June 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities
	Utility Fund	Other Funds	Totals	Internal Service Funds
Operating revenues				
Sales, fees, licenses, and permits	\$ 105,028,692	\$ 4,497,174	\$ 109,525,866	\$ 272,037
Assessments	5,681	-	5,681	-
Rents	11,996	882,166	894,162	1,923,355
Grants	2,572,910	41,978	2,614,888	-
Internal and intergovernmental	6,087,020	13,541,181	19,628,201	40,838,794
Member agencies	-	118,130	118,130	-
Fines and penalties	-	233,700	233,700	-
Other	64,783	22,034	86,817	1,783,888
Total operating revenues	113,771,082	19,336,363	133,107,445	44,818,074
Operating expenses				
Personal services	37,383,721	9,826,383	47,210,104	3,223,675
Materials and services	32,191,797	5,646,083	37,837,880	40,558,671
Depreciation	20,163,588	1,357,740	21,521,328	3,643,888
Total operating expenses	89,739,106	16,830,206	106,569,312	47,426,234
Operating income (loss)	24,031,976	2,506,157	26,538,133	(2,608,160)
Non-operating revenues (expenses)				
Interest on investments	1,098,899	87,380	1,186,279	423,151
Other revenue (expenses)	(3,766,267)	(94,661)	(3,860,928)	107,263
Interest on debt	(5,114,386)	-	(5,114,386)	-
Total non-operating revenues	(7,781,754)	(7,281)	(7,789,035)	530,414
Net income (loss) before capital contributions and transfers	16,250,222	2,498,876	18,749,098	(2,077,746)
Capital contributions	22,853,761	-	22,853,761	171,396
Transfers in	10,400	-	10,400	5,102,673
Transfers out	(1,445,331)	(666,995)	(2,112,326)	(3,973,848)
Change in net position	37,669,052	1,831,881	39,500,933	(777,525)
Total net position - beginning of year	691,660,098	24,721,833		64,427,674
Total net position - end of year	\$ 729,329,150	\$ 26,553,714		\$ 63,650,149
Adjustment to reflect the consolidation of internal service fund related to enterprise funds			(1,293,416)	
Change in net position of business-type activities			\$ 38,207,517	

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, 2022

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Cash Flow from Operating Activities:				
Receipts from customers	\$ 112,815,976	\$ 4,094,845	\$ 116,910,821	\$ 3,972,368
Receipts from interfund services provided	5,994,571	342,102	6,336,673	40,838,794
Member agencies	-	13,282,922	13,282,922	-
Payments to suppliers	(31,902,907)	(4,823,077)	(36,725,984)	(39,962,973)
Payments to employees	(38,087,710)	(10,055,784)	(48,143,494)	(3,283,224)
Other receipts (payments)	(4,612,536)	-	(4,612,536)	-
 Net cash provided (used) by operating activities	 44,207,394	 2,841,008	 47,048,402	 1,564,965
Cash Flows from Noncapital Financing Activities:				
Transfers received	577,108	-	577,108	4,730,251
Transfers paid	(1,445,331)	(666,995)	(2,112,326)	(3,973,848)
 Net cash provided (used) by noncapital financing activities	 (868,223)	 (666,995)	 (1,535,218)	 756,403
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	5,889,543	-	5,889,543	-
Acquisition and construction of capital assets	(38,381,186)	(1,911,136)	(40,292,322)	(2,460,961)
Principal paid on leases	(91,298)	(143,504)	(234,802)	(73,871)
Interest paid on leases	-	(57,232)	(57,232)	(11,960)
Principal paid on debt	(14,423,000)	-	(14,423,000)	-
Interest paid on debt	(4,643,116)	-	(4,643,116)	-
Sale of property	2,686,200	-	2,686,200	175,983
 Net cash provided (used) by capital related financing activities	 (48,962,857)	 (2,111,872)	 (51,074,729)	 (2,370,809)
Cash Flows from Investing Activities:				
Interest on investments	1,095,904	87,380	1,183,284	412,745
 Net increase (decrease) in cash and cash equivalents	 (4,527,782)	 149,521	 (4,378,261)	 363,304
Cash and cash equivalents - beginning of year	124,235,286	9,566,455	133,801,741	40,356,307
Cash and cash equivalents - end of year	\$ 119,707,504	\$ 9,715,976	\$ 129,423,480	\$ 40,719,611

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, 2022

	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)	\$ 24,031,976	\$ 2,506,157	\$ 26,538,133	\$ (2,608,160)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	20,163,588	1,357,740	21,521,328	3,643,888
Other income (expense)	(4,673,945)	(232,290)	(4,906,235)	1,987
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
Accounts receivable	4,553,192	(866,274)	3,686,918	(35,315)
Inventories and prepayments	12,437	(23,673)	(11,236)	(88,769)
Deferred outflows related to pensions	765,178	209,700	974,878	56,951
Deferred OPEB outflows-RHIA	58,627	14,954	73,581	4,249
Deferred OPEB outflows-City	204,667	49,807	254,474	6,585
Accounts payable and accrued liabilities	1,004,257	328,747	1,333,004	569,882
Compensated absences payable	153,442	41,291	194,733	(33,748)
Claims reserve	-	-	-	142,000
Net pension liability	(18,859,063)	(5,168,394)	(24,027,457)	(1,403,646)
Net OPEB asset	(419,625)	(111,015)	(530,640)	(44,108)
OPEB liability	(717,409)	(169,843)	(887,252)	(6,763)
Deferred inflows related to pensions	17,001,921	4,659,438	21,661,359	1,265,423
Deferred OPEB inflows-City	689,082	181,847	870,929	70,866
Deferred OPEB inflow-RHIA	239,069	62,816	301,885	23,643
Net cash provided (used) by operating activities	<u>\$ 44,207,394</u>	<u>\$ 2,841,008</u>	<u>\$ 47,048,402</u>	<u>\$ 1,564,965</u>
Non-cash investing, capital, and financing activities				
Contributions of capital assets	\$ 12,238,433	\$ -	\$ 12,238,433	\$ -
Contribution of capital assets from governmental funds	5,186,312	-	5,186,312	-
				Concluded

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



FUND FINANCIAL STATEMENTS

Fiduciary Funds

All fiduciary funds reported are considered to be Custodial funds.

Custodial Funds

Custodial funds account for resources received and held by the City in a purely custodial 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, fees collected and reimbursed to developers, and donations to assist low-income residents with City utility bills.

City of Salem, Oregon
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Custodial
Assets	
Cash and investments	\$ 761,361
Accounts receivable, net	6
Total assets	761,367
 Liabilities	
Due to other governments	99,047
Total liabilities	99,047
 Net Position	
Restricted for:	
Other governments and individuals	425,830
Specific programs	236,490
Total fiduciary net position	\$ 662,320

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

City of Salem, Oregon
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the fiscal year ended June 30, 2022

	Custodial
Additions	
Fees and assessments collected for other governments	\$ 1,697,582
Program revenues:	
Outside parties	71,835
Governmental funds	10,000
Restitution collections	9,326
Investment earnings	5,043
Police seizures	18,360
	1,812,146
Total additions	1,812,146
Deductions	
Fees and assessments distributed to other governments	1,378,897
Administrative expense	282,613
Restitution payments	8,989
Expenditures - Community Service and Development	220,631
Seized assets distributions:	
Payments to other governments	1,427
Returned to individuals	43,551
Forfeited to governmental funds	3,167
	1,939,275
Total deductions	1,939,275
Change in fiduciary net position	(127,129)
Total fiduciary net position - beginning of year	789,449
Total fiduciary net position - end of year	\$ 662,320

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, 2022

Contents

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	65
A. Government-wide and fund financial statements	66
B. Measurement focus, basis of accounting, and financial statement presentation	66
C. Assets, liabilities, deferred outflows/inflows, and net position/fund balance	68
1. Deposits and investments.....	68
2. Receivables and payables.....	68
3. Restricted assets	69
4. Inventories and prepaid items.....	69
5. Capital assets	69
6. Deferred outflows and inflows of resources	70
7. Compensated absences	70
8. Long-term obligations	70
9. Fund equity.....	71
10. Fund reserves	71
11. Use of estimates.....	71
12. Pensions.....	71
13. Post-employment benefits other than pensions (OPEB)	71
II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	72
A. Budget policies and budgetary control.....	72
III. DETAILED NOTES ON ALL FUNDS.....	73
A. Deposits and investments	73
1. Deposits	74
2. Investments	74
B. Receivables.....	76
C. Capital assets.....	78
1. Capital asset activity for governmental activities for the year ended June 30, 2022 is as follows:	78
2. Depreciation and amortization expense for governmental activities is charged to functions as follows:	78
3. Capital asset activity for business-type activities for the year ended June 30, 2022 is as follows:	79
4. Depreciation and amortization expense for business-type activities is charged to functions as follows:	79
5. Capital asset activity for discretely presented component unit – Housing Authority of the City of Salem for its fiscal year ended September 30, 2021 is as follows:.....	79
D. Deferred outflows of resources and deferred inflows of resources.....	80

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

E. Interfund receivables, payables, advances, and transfers	80
1. Advances.....	80
2. Transfers	80
F. Leases	81
1. GASB Statement No. 87, Leases	81
2. Lessor lease receivables	81
3. Lessee lease payable	84
G. Due to other agencies	86
H. Compensated absences.....	86
I. Debt	86
1. Changes in long term debt.....	87
2. Governmental activity general obligation bonds.....	87
3. Limited tax pension obligation.....	88
4. Governmental activity urban renewal bonds	88
5. Governmental activity notes.....	88
6. Governmental activity future maturities of long-term debt	89
7. Business-type activity revenue bonds.....	89
8. Business-type activity future maturities of long-term debt	90
J. Conduit debt.....	90
K. Fund balance	91
L. Net position	92
IV. OTHER INFORMATION	93
A. Risk management	93
B. Commitments and contingencies.....	94
1. Grants	94
2. Litigation matters	95
3. Construction commitments	95
C. Defined benefit pension plan (PERS)	95
1. Plan description	95
2. Benefits provided.....	95
3. Contributions	97
4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions	98
5. Actuarial methods and assumptions	99
6. Long-term expected rate of return	100
7. Discount rate	100
8. Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate	100

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

9. Pension plan fiduciary net position.....	101
D. Other postemployment benefit plans	101
E. Defined benefit other postemployment benefit plan (RHIA)	101
1. Plan description	101
2. Benefits provided.....	102
3. Contributions	102
4. OPEB assets, liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB	102
5. Actuarial methods and assumptions	103
6. Sensitivity of the proportionate share of the net OPEB liability (asset) to changes in the discount rate	103
7. OPEB plan fiduciary net position	103
F. Postemployment benefits other than pensions (OPEB)	104
1. General information about the OPEB plan	104
2. Total OPEB liability	104
3. Changes in the total OPEB liability	105
4. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.....	105
G. Outstanding encumbrances.....	106
H. Deficit net position	106
I. Budget violations.....	106
J. Tax abatement disclosure	107
K. Related party transactions.....	107
L. Subsequent events.....	108
M. Adoption of new GASB pronouncements	108
N. Future GASB pronouncements.....	109

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

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 units. 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 and one discretely presented 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 reported 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, procurement, 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, 2021. 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, 2022

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 111).

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, proprietary fund, and fiduciary 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 custodial funds. Custodial funds account for resources received and held by the City in a purely custodial capacity.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

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.

Fiduciary funds reported by the City are all considered to be custodial funds. Custodial funds account for resources received and held by the City in a purely custodial 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, fees collected and reimbursed to developers, and donations to assist low-income residents with City utility bills.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

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, 2022

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 \$387,026 for fiscal year 2021-22 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, 2022

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. Deferred outflows of resources represent a consumption of net assets that applies to future periods. Deferred inflows of resources represent an acquisition of net assets 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, 2022

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, 2022

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 certain fiduciary 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 2021-22:

- Supplemental budget of \$480,000 in the General fund for additional winter storm expense.
- Transfer appropriation of \$50,000 from contingency to transfers out in the Airport fund for installation of a security system.
- Transfer of \$135,000 from contingency to transfers out in the General fund for installation upgrades to the A/V system in Council chambers.
- Transfer of \$120,000 from contingency to transfers out in the Cultural Tourism fund to fund a limited duration position to manage activity at the Riverfront park amphitheater.
- Transfer appropriation of \$170,000 from contingency to operations in the General fund for bond measure communication services.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

- Transfer appropriation of \$35,000 from contingency to transfers out in the General fund for additional costs on the Council chambers A/V stem.
- Transfer appropriation of \$1,030,000 from contingency to operations in the Utility fund for purchase of new utility billing and asset management software.
- Supplemental budget package consisting of:
 - \$423,750 in General fund for Community Sanitation Response Team, funded by State sheltering grant.
 - \$4,900,000 in the Community Enhancement fund for navigation center construction, funded by ARPA.
 - \$12,300,000 in the Community Enhancement fund for unsheltered programming, funded by ARPA.
 - \$119,600 in the Community Enhancement fund (transfer out) and General funds for replanting needed due to the 2021 ice storm, funded by insurance proceeds.
 - \$694,00 in the Emergency Medical Services fund and \$350,000 in the General fund for Fire department unanticipated support of ambulance contractor.
 - \$450,000 in the Cultural Tourism fund and \$200,000 in the Tourism Promotion Area fund to cover higher than anticipated contractual obligations, funded by unanticipated revenue which drives the obligations.
 - \$350,000 in the Traffic Safety fund for transfer to General fund, due to unanticipated revenue which drives the transfers.
- Transfer appropriation of \$150,000 from contingency to operations in General fund to fund a grant to the Mid-Willamette Valley Homeless Alliance.
- Transfer appropriation of \$350,000 from contingency to transfers out in General fund and related \$350,000 in the Emergency Medical Services fund to further support the unanticipated ambulance service.
- Transfer appropriation of \$178,830 from contingency to transfers out in General fund to cover unanticipated expenditures.
- Transfer appropriation of \$125,000 from contingency to operations in Downtown Parking fund to cover unanticipated expenses.

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, 2022 consisted of the following:

	Book Value
Cash on hand	\$ 11,152
Deposits with financial institutions	54,484,867
Investments	331,650,043
Total cash and investments	\$ 386,146,062

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

1. Deposits

As of June 30, 2022, City bank deposits had a book balance of \$54,484,867 and a bank balance of \$56,840,162. 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, 2022, \$394,301 of City deposits was insured by the FDIC. All City deposits are in qualified depository banks in compliance with ORS.

2. Investments

As of June 30, 2022, the City held the following investments and maturities:

Investment Type	Fair Value	Weighted Avg. Maturity in Months	% of Investment Portfolio
Commercial paper	\$ 28,886,997	2.219	8.93%
Corporate bonds	35,299,874	27.700	10.91%
Local Government Investment Pool	104,303,201	0.033	32.24%
U.S. Agency securities	16,717,758	25.736	5.17%
U.S. Treasury securities	138,351,887	25.014	42.76%
Total	\$ 323,559,717	15.256	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.

Investment type	Maximum % of portfolio	Maximum time to maturity
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, 2022 is \$52,713,000 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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

the excess is due to funds deposited on a pass-through basis. At June 30, 2022, the book value of the City's LGIP deposits totaled \$52,635,635 of City funds and \$52,742,422 of Agency funds.

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

The City's policy for investing in individual issuers varies depending on the type of investment. Investments in a single financial institution shall not exceed the smallest of 33% of the City's total portfolio or 5% of the equity of the institution, with the exception of U.S. Treasury securities, which can be up to 100% of the City's portfolio. At June 30, 2022, the only issuer comprising more than 5% of the City's portfolio is the U.S. Treasury with 42.8% of the City's total investments. As of June 30, 2022, the credit risk for the City's investments is as follows:

Investment type	Fair Value	Credit Risk
Corporate bonds:		
Amazon.com Inc	\$ 4,553,396	AA
Apple Inc	7,574,785	AA+
Bank of America Co	2,388,076	A-
Blackrock Inc	2,028,502	AA-
Chevron Corp	3,801,117	AA-
JP Morgan Chase & Co	4,680,443	A-
Microsoft Corp	2,008,381	AAA
Procter & Gamble Co	3,139,288	AA-
Toronto Dominion Bank	2,239,446	A
Visa Inc	606,352	AA-
Wa-lmart Stores Inc	2,280,088	AA
Commercial Paper:		
Credit Suisse Gropu RK	13,954,332	A-1
Royal Bank of Canada	14,932,665	A-1+
Local Government Investment Pool	104,303,201	Unrated
U.S. Agency securities:		
Fannie Mae	6,012,454	AA+
Federal Home Loan Banks	4,491,131	AA+
Freddie Mac	6,214,173	AA+
U.S. Treasury:		
U.S. Treasury bonds	138,351,887	
Total	<u>\$ 323,559,717</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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

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.

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, 2022 for governmental funds, net of allowance for uncollectible accounts, are as follows:

	General Operating Fund	Capital Improvements	Tax Allocation Improvements	Community Renewal	General Debt	Other Funds	Total
Accounts	\$ 6,551,431	\$ 417,749	\$ 118,774	\$ 231,218	\$ -	\$ 3,575,309	\$ 10,894,481
Property Taxes	2,569,418	-	-	-	555,832	553,709	3,678,959
Interest	598,326	-	141	274,614	-	17,436	890,517
Assessments	17,581	-	-	-	-	214,068	231,649
Loans and notes	-	-	2,109,274	11,622,943	-	-	13,732,217
Total	<u>\$ 9,736,756</u>	<u>\$ 417,749</u>	<u>\$ 2,228,189</u>	<u>\$ 12,128,775</u>	<u>\$ 555,832</u>	<u>\$ 4,360,522</u>	<u>\$ 29,427,823</u>

Approximately \$13.9 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, 2022 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 their authority under option one of ORS 457.435(2)(a) for the retirement of debt obligations.
 - West Salem plan area will use 100 percent of its authority under the standard rate plan of ORS 457.445(2) for the retirement of debt obligations.
 - Mill Creek, McGilchrist, and South Waterfront plan areas will use 100 percent of their authority under the reduced rate plan of ORS 457.445(1) for the retirement of debt obligations.
 - Jory Apartments plan area will use 100% of its authority under the permanent rate plan of ORS 580 for the retirement of debt obligations.
- In addition, the City will levy \$17,686,890 for retirement of general obligation long-term debt due in fiscal year 2022-23.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

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, 2022, the various components of deferred inflows of financial resources reported in the governmental funds are as follows:

	Deferred Inflows
Assessments	\$ 692,731
Community Development Block Grant/HOME loans	11,897,557
Property taxes (General fund)	1,957,860
Property taxes (Debt service funds)	848,216
System development charges	230,152
Urban renewal loans	2,109,415
Total unavailable revenue	\$ 17,735,931

Receivables as of June 30, 2022 for proprietary funds, net of allowance for uncollectible accounts, are as follows:

	Utility	Other Funds	Total Enterprise	Internal Services
Accounts	\$ 9,407,724	\$ 1,316,307	\$ 10,724,031	\$ 40,733
Assessments	306,621	-	306,621	-
Interest	138,242	-	138,242	-
Less: Allowance for uncollectible accounts	(278,571)	(347,000)	(625,571)	-
Total	\$ 9,574,016	\$ 969,307	\$ 10,543,323	\$ 40,733

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

C. Capital assets

1. Capital asset activity for governmental activities for the year ended June 30, 2022 is as follows:

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land, land improvements, and art	\$ 271,683,757	\$ 3,474,195	\$ -	\$ 275,157,952
Construction work-in-progress	147,970,385	21,900,414	(32,740,828)	137,129,971
Total non-depreciable	<u>419,654,142</u>	<u>25,374,609</u>	<u>(32,740,828)</u>	<u>412,287,923</u>
Buildings and building improvements	72,131,833	746,153	-	72,877,986
Other improvements	71,368,996	1,605,426	-	72,974,422
Motor pool	38,859,565	2,767,396	(906,689)	40,720,272
Equipment and machinery	41,454,093	12,055,303	(3,810,446)	49,698,950
Infrastructure	481,576,845	15,917,361	(78,289)	497,415,917
Intangible lease/right of use	-	1,041,058	-	1,041,058
Total depreciable/amortizable	<u>705,391,332</u>	<u>34,132,697</u>	<u>(4,795,424)</u>	<u>734,728,605</u>
Less accumulated depreciation/amortization				
Buildings and building improvements	(37,156,086)	(1,226,482)	-	(38,382,568)
Other improvements	(33,190,248)	(2,384,300)	-	(35,574,548)
Motor pool	(18,701,007)	(2,952,922)	849,928	(20,804,001)
Equipment and machinery	(35,539,035)	(2,137,062)	3,728,666	(33,947,431)
Infrastructure	(319,345,859)	(13,263,534)	78,289	(332,531,104)
Intangible lease/right of use	-	(171,630)	-	(171,630)
Total accumulated depreciation/amortization	<u>(443,932,235)</u>	<u>(22,135,930)</u>	<u>4,656,883</u>	<u>(461,411,282)</u>
Governmental activities capital assets, net	<u>\$ 681,113,239</u>	<u>\$ 37,371,376</u>	<u>\$ (32,879,369)</u>	<u>\$ 685,605,246</u>

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

General government	\$ 1,184,872
Public safety	857,504
Community development	1,295,432
Community service	1,636,192
Transportation	13,292,438
Library services	225,604
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>3,643,888</u>
Total depreciation/amortization expense for governmental activities	<u>\$ 22,135,930</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

3. Capital asset activity for business-type activities for the year ended June 30, 2022 is as follows:

<u>Business-type activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Land, land improvements, and art	\$ 19,242,161	\$ 21,075	\$ -	\$ 19,263,236
Construction work-in-progress	104,603,514	33,373,476	(22,899,957)	115,077,033
Total non-depreciable	<u>123,845,675</u>	<u>33,394,551</u>	<u>(22,899,957)</u>	<u>134,340,269</u>
Buildings and building improvements	31,479,826	2,507,754	-	33,987,580
Equipment and machinery	9,242,683	1,918,535	-	11,161,218
Water and sewer system	969,663,274	38,607,747	(13,700)	1,008,257,321
Intangible lease/right of use	-	2,538,514	-	2,538,514
Total depreciable/amortizable	<u>1,010,385,783</u>	<u>45,572,550</u>	<u>(13,700)</u>	<u>1,055,944,633</u>
Accumulated depreciation/amortization				
Buildings and building improvements	(10,776,111)	(691,747)	-	(11,467,858)
Equipment and machinery	(6,499,925)	(682,197)	-	(7,182,122)
Water and sewer system	(381,170,222)	(19,865,327)	13,699	(401,021,850)
Intangible lease/right of use	-	(282,057)	-	(282,057)
Total accumulated depreciation/amortization	<u>(398,446,258)</u>	<u>(21,521,328)</u>	<u>13,699</u>	<u>(419,953,887)</u>
Business-type activities capital assets, net	<u>\$ 735,785,200</u>	<u>\$ 57,445,773</u>	<u>\$ (22,899,958)</u>	<u>\$ 770,331,015</u>

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

Utility	\$ 20,163,588
Emergency Medical Services	108,036
WVPS Communications Center	226,673
Police Regional Records System	286,101
Salem Convention Center	736,930
Total depreciation/amortization expense for business-type activities	<u>\$ 21,521,328</u>

5. Capital asset activity for discretely presented component unit – Housing Authority of the City of Salem for its fiscal year ended September 30, 2021 is as follows:

<u>Business-type activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 1,815,285	\$ -	\$ (20,817)	\$ 1,794,468
Construction work-in-progress	1,500,002	360,201	-	1,860,203
Total non-depreciable	<u>3,315,287</u>	<u>360,201</u>	<u>(20,817)</u>	<u>3,654,671</u>
Buildings and structures	23,283,318	387,257	(95,989)	23,574,586
Equipment	1,434,315	33,237	(2,555)	1,464,997
Total depreciable	<u>24,717,633</u>	<u>420,494</u>	<u>(98,544)</u>	<u>25,039,583</u>
Accumulated depreciation				
Buildings and structures	(11,946,307)	(607,803)	221,705	(12,332,405)
Equipment	(1,237,333)	(49,851)	61,763	(1,225,421)
Total accumulated depreciation	<u>(13,183,640)</u>	<u>(657,654)</u>	<u>283,468</u>	<u>(13,557,826)</u>
Business-type activities, net	<u>\$ 14,849,280</u>	<u>\$ 123,041</u>	<u>\$ 164,107</u>	<u>\$ 15,136,428</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

D. Deferred outflows of resources and deferred inflows of resources

In governmental activities, refunding of general obligation bonds in fiscal year 2021-22 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, 2022 is \$620,362 and is reported as a deferred inflow 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, 2022 is \$2,613,475 and is reported as a deferred outflow of resources.

Deferred inflows of resources related to lease agreements reported under GASB Statement 87 are as follows: \$2,436,874 in governmental activities and \$112,873 in business-type activities.

Deferred outflows and inflows of resources related to pensions and OPEB are reported in both business-type and governmental activities. Balances on June 30, 2022 are as follows. Governmental deferred outflows are \$47,843,431 for pensions and \$2,529,197 for OPEB, and deferred inflows are \$65,825,794 for pensions and \$3,740,296 for OPEB. Business-type deferred outflows are \$17,790,829 for pensions and \$1,122,044 for OPEB, and deferred inflows are \$23,221,883 for pensions and \$1,659,331 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, 2022 is \$43,648.

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, 2022 is \$1,011,258.

An interfund loan of \$3,463,000 was made from the Utility fund to the Capital Improvements fund in fiscal year 2020-21 for Civic Center upgrades. 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, 2022 is \$2,791,999.

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, 2022

Transfers out	Transfers in						Total Transfers Out
	General Operating Fund	Capital Improvement	Tax Allocation Improvement	Nonmajor Governmental	Utility	Internal Services	
General	\$ -	\$1,200,997	\$ -	\$ 17,500	\$ -	\$ 139,250	\$ 1,357,747
Nonmajor gov't	2,435,261	1,766,567	15,100,000	435,000	10,400	574,244	20,321,472
Utility	-	1,030,000	-	-	-	415,331	1,445,331
Nonmajor business	666,995	-	-	-	-	-	666,995
Internal services	-	-	-	-	-	3,973,848	3,973,848
Total transfers in	<u>\$3,102,256</u>	<u>\$3,997,564</u>	<u>\$15,100,000</u>	<u>\$ 452,500</u>	<u>\$10,400</u>	<u>\$ 5,102,673</u>	<u>\$27,765,393</u>

F. Leases

1. GASB Statement No. 87, Leases

The City has implemented GASB Statement No. 87, Leases, for the year ended June 30, 2022. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, and a lessee is required to recognize a lease liability and an intangible right-to-use lease asset.

2. Lessor lease receivables

In accordance with GASB Statement No. 87, Leases, the City records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease or by using the City's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance.

The City has entered into certain lease agreements that do not qualify for GASB Statement No. 87 accounting and reporting treatment. These leases are either short-term in nature or outside the scope of the standard. These lease agreements have not been recognized and measured as part of the City's lease receivable, and the receipts related to these agreements are recognized as revenue as appropriate under standard GAAP revenue recognition rules.

The City is the lessor under 11 building lease agreements, which meet the lease criteria as defined by GASB Statement No. 87, Leases. The buildings support various functions such service and retail space, restaurant and dining space, parking space, and a theatre. The building leases cover various ranges with the latest expiring on April 1, 2064. Interest rates for lessor building leases are 3.58%. Annual payments for the current year range from \$8,742 to \$66,169.

The City is the lessor under 3 land lease agreements, which meet the lease criteria as defined by GASB Statement No. 87, Leases. The land leases support various functions such horticulture and a golf range . The land leases cover various ranges with the latest expiring on December 31, 2043. Interest rates for lessor land leases are 3.58%. Annual payments for the current year range from \$3,317 to \$11,315.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

The City is the lessor under 1 telecommunication lease agreement, which meets the lease criteria as defined by GASB Statement No. 87, Leases. This agreement relates to mounting structures and equipment associated with transmission and reception of radio communication signals. The lessor telecommunications lease expires on November 30, 2026, has an interest rate of 3.58%, and has annual payments for the current year of \$65,638.

Lease receivables for the year ended June 30, 2022 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities				
Building	\$ 2,299,544	\$ 100,726	\$ (226,242)	\$ 2,174,028
Land	41,482	-	(9,830)	31,652
Telecommunication	344,778	-	(55,231)	289,547
Total governmental activities	<u>\$ 2,685,804</u>	<u>\$ 100,726</u>	<u>\$ (291,303)</u>	<u>\$ 2,495,227</u>
Business-type activities				
Land	\$ 105,486	\$ 18,331	\$ (6,322)	\$ 117,495
Total business-type activities	<u>\$ 105,486</u>	<u>\$ 18,331</u>	<u>\$ (6,322)</u>	<u>\$ 117,495</u>

Future annual lease receivables as of June 30, 2022 are as follows:

Fiscal Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 320,845	\$ 84,488	\$ 10,157	\$ 4,160
2024	228,153	74,147	10,522	3,795
2024	200,848	66,475	10,900	3,416
2026	163,274	59,843	7,976	3,024
2027	127,505	54,240	3,263	2,737
2028-2032	520,929	214,693	18,185	11,815
2033-2037	631,109	114,164	21,743	8,256
2038-2042	41,180	49,667	25,998	4,002
2043-2047	38,680	43,543	8,751	251
2048-2052	49,402	35,706	-	-
2053-2057	62,333	25,761	-	-
2058-2062	77,908	13,277	-	-
2063-2067	33,061	1,146	-	-
Total	<u>\$ 2,495,227</u>	<u>\$ 837,150</u>	<u>\$ 117,495</u>	<u>\$ 41,456</u>

In accordance with GASB Statement No. 87, Leases, the City records lease receivables and deferred inflows of resources based lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease or by using the City's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

Such variable lease revenues for the fiscal year end June 30, 2022 are as follows:

	Governmental Activities
Common area maintenance	\$ 79,112
Rental credits	(54,119)
Operating expenses	17,560
District parking taxes	4,993
Property taxes	10,882
Total variable payments	\$ 58,428

The City has entered into certain lease agreements that do not qualify for GASB Statement No. 87 accounting and reporting treatment. These leases are either short-term in nature or outside the scope of the standard. These lease agreements have not been recognized and measured as part of the City's lease receivable, and the receipts related to these agreements are recognized as revenue as appropriate under standard GAAP revenue recognition rules.

Such variable lease inflows for the fiscal year end June 30, 2022 are as follows:

	Governmental Activities	Business-type Activities	Total
Lease revenue	\$ 338,437	\$ 10,943	\$ 349,380
Lease interest income	74,641	13,400	88,041
Total lease inflows	\$ 413,078	\$ 24,343	\$ 437,421

The City is lessor for the following regulated leases at the Salem Municipal Airport:

Airport Hangar lease: On July 1, 2021, the City has approximately 125 non-commercial hangar leases at the Salem Municipal Airport. These hangar leases are subject to exclusive use by counterparties under the agreements. The hangar leases cover various ranges with the latest expiring on June 30, 2062. The lessees are required to make annual fixed principal and interest payments ranging from \$461 to \$149,222 based on the square footage leased. The City recognized rent revenue of \$838,099 during FY22.

Airport Terminal lease: On July 1, 2021, the City has approximately 4 leases at the Salem Municipal Airport. The terminal leases are subject to exclusive use by counterparties under the agreements. The lease term for the terminal leases is 5 years and have an option to extend for an additional 5 years. The lessees are required to make monthly fixed principal and interest payments ranging from \$670 to \$1,828 based on the square footage leased. The City recognized rent revenue of \$146,273 during FY22.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

The future minimum lease payments for regulated leases are as follows:

<u>Fiscal year ending June 30</u>	<u>Future minimum expected receipts</u>
2023	\$ 953,365
2024	1,067,409
2025	1,188,293
2026	1,332,358
2027	1,465,034
2028-2032	7,986,915
2033-2037	8,753,634
2038-2042	8,194,040
2043-2047	1,516,475
2048-2052	1,668,735
2053-2057	1,497,344
2058-2062	1,651,570
2063-2067	364,336

3. Lessee lease payable

In accordance with GASB Statement No. 87, Leases, the City records intangible right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the City's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance.

The City has one building lease featuring payments tied to an index. For this lease, the monthly rent for the third and all subsequent lease years is increased by a percentage equal to the percentage change in the Consumer Price Index published by the United States Bureau of Labor Statics for the City of Portland, Oregon over the twelve months immediately preceding the first month of the lease year. These payments are considered fixed in substances and have been included the valuation of the lease payable. The City does not have any leases subject to a residual value guarantee or hold any commitments for leases that have not yet commenced. There were no impairments or any loss associated with the intangible right-to-use assets and associated lease payables.

The City has entered into certain lease agreements that do not qualify for GASB Statement No. 87 accounting and reporting treatment. These leases are either short-term in nature or outside the scope of the standard. These lease agreements have not been recognized and measured as part of the City's lease payable, and the receipts related to these agreements are recognized as expense as appropriate under standard GAAP revenue recognition rules.

The City is the lessee under 4 building lease agreements, which meet the lease criteria as defined by GASB Statement No. 87, Leases. The buildings support various functions such as employee health care site, general office space, and storage. The building leases cover various ranges with the latest expiring on June 30, 2030. Interest rates for the building leases range from 2.89% to 3.58%. Annual payments for the current year range from \$23,505 to \$200,736.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

The City is the lessee under 2 telecommunication lease agreements, which meets the lease criteria as defined by GASB Statement No. 87, Leases. The telecommunication agreements relates to telecommunication sites, mounting structures, and equipment associated with transmission and reception of radio communication signals. The telecommunications leases cover various ranges with the latest expiring on September 30, 2029. Interest rates for the telecommunication leases range from 2.68% to 2.71%. Annual payments for the current year range from \$21,400 to \$40,926.

Lease payables currently outstanding as of June 30, 2022 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Building	\$ 60,922	\$ 543,147	\$ (114,470)	\$ 489,599
Telecommunication	436,989	-	(51,200)	385,789
Total governmental activities	<u>\$ 497,911</u>	<u>\$ 543,147</u>	<u>\$ (165,670)</u>	<u>\$ 875,388</u>
Business-type activities:				
Building	\$ 2,538,514	\$ -	\$ (234,803)	\$ 2,303,711
Total business-type activities	<u>\$ 2,538,514</u>	<u>\$ -</u>	<u>\$ (234,803)</u>	<u>\$ 2,303,711</u>

Future annual lease commitments as of June 30, 2022 are as follows:

Fiscal Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 166,904	\$ 26,522	\$ 429,680	\$ 70,968
2024	142,394	21,623	460,020	57,067
2024	147,532	17,090	381,555	42,599
2026	156,041	12,292	183,310	33,974
2027	164,947	7,208	194,399	27,230
2028-2032	97,570	2,865	654,747	37,091
	<u>\$ 875,388</u>	<u>\$ 87,600</u>	<u>\$ 2,303,711</u>	<u>\$ 268,929</u>

Variable lease payments for the fiscal year end June 30, 2022 are as follows:

	Governmental Activities
Premise reduction penalty	\$ 7,840
Operating expenses	21,276
Total variable payments	<u>\$ 29,116</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

Intangible right-of-use (ROU) leased assets for the fiscal year end June 30, 2022 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Building	\$ 1,663,995	\$ 543,147	\$ -	\$ 2,207,142
Telecommunication	1,008,891	-	-	1,008,891
Total governmental ROU lease assets	<u>2,672,886</u>	<u>543,147</u>	<u>-</u>	<u>3,216,033</u>
Accumulated amortization				
Building	-	(275,412)	-	(275,412)
Telecommunication	-	(118,385)	-	(118,385)
Total accumulated amortization	<u>-</u>	<u>(393,797)</u>	<u>-</u>	<u>(393,797)</u>
Total governmental ROU lease assets, net	<u>\$ 2,672,886</u>	<u>\$ 149,350</u>	<u>\$ -</u>	<u>\$ 2,822,236</u>
<u>Business-type activities</u>				
Building	\$ 363,539	\$ -	\$ -	\$ 363,539
Total business-type ROU lease assets	<u>363,539</u>	<u>-</u>	<u>-</u>	<u>363,539</u>
Accumulated Amortization				
Building	-	(59,890)	-	(59,890)
Total accumulated amortization	<u>-</u>	<u>(59,890)</u>	<u>-</u>	<u>(59,890)</u>
Business-type ROU lease assets, net	<u>\$ 363,539</u>	<u>\$ (59,890)</u>	<u>\$ -</u>	<u>\$ 303,649</u>

G. Due to other agencies

\$62,986 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.

	Balance July 1, 2021	Leave Earned	Leave Taken	Balance June 30, 2022	Due in 1yr
Governmental activities	\$ 9,286,200	\$ 9,254,159	\$ 8,578,257	\$ 9,962,102	\$1,453,222
Business-type activities	3,465,754	3,400,357	3,205,624	3,660,487	903,298
Total	<u>\$ 12,751,954</u>	<u>\$ 12,654,516</u>	<u>\$ 11,783,881</u>	<u>\$ 13,622,589</u>	<u>\$2,356,520</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, 2022. 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, 2022

1. Changes in long term debt

	Original Amount	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental activities:						
General obligation bonds						
Police Facility & refunding, 2017 (2.71%)	\$74,775,000	\$ 62,555,000	\$ -	\$ 4,660,000	\$ 57,895,000	\$ 4,820,000
Library Seismic, 2018 (2.68%)	18,600,000	16,645,000	-	870,000	15,775,000	960,000
Refunding Streets-Bridges, 2021 (2.89%)	24,735,000	24,470,000	-	6,470,000	18,000,000	7,295,000
Subtotal general obligation bonds		103,670,000	-	12,000,000	91,670,000	13,075,000
Premium		9,539,627	-	1,298,093	8,241,534	-
Total general obligation bonds		113,209,627	-	13,298,093	99,911,534	13,075,000
Other bonds						
Limited tax pension obligation, 2005 (5.04%)	61,685,000	34,460,000	-	3,995,000	30,465,000	4,425,000
Direct borrowing Urban Renewal bonds						
Riverfront/Downtown, Ser. 2009 (4.35%)	3,660,000	920,000	-	295,000	625,000	305,000
Riverfront/Downtown, Ser. 2020A (1.66%)	7,445,000	7,445,000	-	-	7,445,000	-
Riverfront/Downtown, Ser. 2020B (1.75%)	2,223,000	2,223,000	-	829,000	1,394,000	918,000
Total urban renewal bonds		10,588,000	-	1,124,000	9,464,000	1,223,000
Total governmental bonds		158,257,627	-	18,417,093	139,840,534	18,723,000
Direct borrowing notes						
HUD Sec108, 2015A (2.80%)	2,730,000	456,000	-	379,000	77,000	76,000
OECCD L06001A, Mill Creek, 2007 (4.41%)	3,999,999	3,317,901	-	240,158	3,077,743	250,749
OECCD L06001C, Mill Creek, 2007 (5.00%)	3,772,081	5,000,000	-	223,098	4,776,902	319,395
Total governmental notes		8,773,901	-	842,256	7,931,645	646,144
Total governmental long-term debt		\$ 167,031,528	\$ -	\$ 19,259,349	\$ 147,772,179	\$ 19,369,144

	Original Amount	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Business-type activities:						
Revenue bonds						
Utility series 2017 refunding (1.74%)	\$ 55,990,000	\$ 39,440,000	\$ -	\$ 7,115,000	\$ 32,325,000	\$ 7,470,000
Utility series 2020 (3.58%)	56,925,000	55,515,000	-	1,885,000	53,630,000	1,975,000
Direct borrowing revenue bonds						
Utility series 2012A refunding (2.22%)	63,360,000	15,988,000	-	5,423,000	10,565,000	5,543,000
Subtotal revenue bonds		110,943,000	-	14,423,000	96,520,000	14,988,000
Premiums		9,049,920	-	1,121,243	7,928,677	-
Total business-type activities long-term debt		\$ 119,992,920	\$ -	\$ 15,544,243	\$ 104,448,677	\$ 14,988,000

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, public safety, and Library improvement projects.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

At June 30, 2022, defeased general obligation bonds are as follows:

General obligation bonds	Defeased Debt in Escrow
Streets and bridges series 2009	\$ 6,245,000
Streets and bridges series 2012	6,950,000
Streets and bridges series 2013	14,110,000
Total defeased debt in escrow	\$ 27,305,000

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 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. Debt service funding comes from pro-rata charges to City departments with PERS-eligible personnel.

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. One 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 reserves within its debt service fund as follows.

	Reserve
Riverfront/Downtown, series 2009	\$ 335,255
Riverfront/Downtown, series 2020A	744,500
Riverfront/Downtown, series 2020B	222,300
Total debt service reserves	\$ 1,302,055

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 (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, 2022 is \$7,854,645.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

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 was twenty years. The outstanding balance was refinanced at a lower interest rate in May 2015 with all other terms remaining the same. 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 entitlement funds as a last resort, the other three sources of funds were identified. No entitlement funds have been used to date for loan repayment. In the event of default, HUD can demand immediate payment of the outstanding balance. The scheduled debt payment for fiscal year 2021-22 was \$385,343.

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
2022-23	\$ 646,144	\$ 323,943	\$ 305,000	\$ 27,187	\$ 18,418,000	\$ 5,400,051	\$ 19,369,144	\$ 5,751,181
2023-24	594,723	299,418	320,000	13,920	14,009,000	4,508,809	14,923,723	4,822,147
2024-25	618,280	274,848	-	-	11,660,000	3,838,930	12,278,280	4,113,778
2025-26	643,855	249,272	-	-	12,695,000	3,287,445	13,338,855	3,536,717
2026-27	670,493	222,634	-	-	12,296,000	2,684,690	12,966,493	2,907,324
2027-32	3,801,748	673,249	-	-	35,616,000	7,472,900	39,417,748	8,146,149
2032-37	956,402	56,591	-	-	26,280,000	2,461,950	27,236,402	2,518,541
	<u>\$7,931,645</u>	<u>\$2,099,955</u>	<u>\$625,000</u>	<u>\$ 41,107</u>	<u>\$ 130,974,000</u>	<u>\$ 29,654,775</u>	<u>\$ 139,530,645</u>	<u>\$ 31,795,837</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.

At June 30, 2022, defeased water and sewer revenue bonds are as follows:

<u>Utility Debt</u>	<u>Defeased Debt in Escrow</u>
Series 2003	\$ 1,660,000
Series 2005	4,950,000
Series 2009	45,440,000
Total defeased debt in escrow	<u>\$ 52,050,000</u>

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 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, 2022

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

Year	Direct Borrowing Bonds		Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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
2025-26	-	-	10,940,000	2,343,200	10,940,000	2,343,200
2026-27	-	-	2,530,000	2,007,700	2,530,000	2,007,700
2027-32	-	-	13,865,000	7,558,650	13,865,000	7,558,650
2032-37	-	-	16,950,000	4,465,000	16,950,000	4,465,000
2037-42	-	-	11,890,000	963,600	11,890,000	963,600
	<u>\$ 10,565,000</u>	<u>\$ 370,340</u>	<u>\$ 85,955,000</u>	<u>\$ 27,394,250</u>	<u>\$ 96,520,000</u>	<u>\$ 27,764,590</u>

J. Conduit debt

Conduit debt is defined as debt issued with approval of the City, through the Hospital Facility Authority of the City of Salem, for the benefit of eligible third parties that provide health care or senior citizen use facilities. Conduit debt is not an obligation of the City and is not included in the financial statements. At June 30, 2022, the following issues are outstanding.

Date Issued	Purpose	Original Amount	Outstanding Balance June 30, 2022
<u>Capital Manor, Inc.</u>			
10/2018	Revenue Bonds, Series 2018 New development project.	\$ 37,030,000	\$ 36,475,000
02/2022	Revenue Bonds, Series 2022 New development project and to pay off outstanding balance of 2012 bonds.	58,400,000	58,400,000
<u>Salem Health</u>			
11/2016	Revenue Bonds, Series 2016A Refinance a portion of the 2013, 2008 and 2006 bonds.	197,685,000	179,180,000
10/2019	Revenue Bonds, Series 2019A Defease 2008B bonds and related swap agreement, finance construction of new hospital building.	279,480,000	266,460,000
		<u>\$ 622,730,000</u>	<u>\$ 540,515,000</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

K. Fund balance

Fund balances for governmental funds as of June 30, 2022 are as follows:

	General Operating	Capital Improvement	Tax Allocation Improvement	Community Renewal	General Debt	Other Governmental Funds	Total
Nonspendable:							
Prepaid Items	\$ 90,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,144
Permanent fund principal	-	-	-	-	-	11,000	11,000
Total nonspendable	90,144	-	-	-	-	11,000	101,144
Restricted:							
Capital projects	-	12,211,250	58,265,997	-	-	29,563,309	100,040,556
Community renewal	-	-	-	424,371	-	-	424,371
Debt service	-	-	-	-	2,112,149	5,770,506	7,882,655
Permanent funds	-	-	-	-	-	32,402	32,402
General government	-	-	-	-	-	35,315	35,315
Community development:							
SCC Gain/Loss	-	-	-	-	-	3,804,193	3,804,193
Other	-	-	-	-	-	2,374	2,374
Community services	-	-	-	-	-	15,620,306	15,620,306
Library services	-	-	-	-	-	38,743	38,743
Public safety	-	-	-	-	-	837,994	837,994
Transportation services	-	-	-	-	-	6,488,622	6,488,622
Total restricted	-	12,211,250	58,265,997	424,371	2,112,149	62,193,764	135,207,531
Committed:							
Transportation services	-	-	-	-	-	9,904,491	9,904,491
Airport	-	-	-	-	-	1,154,618	1,154,618
Downtown parking	-	-	-	-	-	174,112	174,112
Cultural/Tourism	-	-	-	-	-	4,027,727	4,027,727
Tourism promotion	-	-	-	-	-	3,835	3,835
Public art	26,239	-	-	-	-	-	26,239
Parking leasehold	-	-	-	-	-	271,456	271,456
Building & safety	-	-	-	-	-	15,688,248	15,688,248
Community services	-	-	-	-	-	52,214	52,214
Library services	-	-	-	-	-	956,697	956,697
Public safety	-	-	-	-	-	22,506	22,506
Total committed	26,239	-	-	-	-	32,255,904	32,282,143
Assigned:							
General government	410,500	-	-	-	-	-	410,500
Community development	139,720	-	-	-	-	-	139,720
Community services	79,300	-	-	-	-	-	79,300
Public safety	722,830	-	-	-	-	-	722,830
Total assigned	1,352,350	-	-	-	-	-	1,352,350
Unassigned:							
	39,330,106	-	-	-	-	-	39,330,106
Total fund balances	\$40,798,839	\$12,211,250	\$58,265,997	\$ 424,371	\$2,112,149	\$ 94,460,668	\$208,273,274

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

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	\$ 685,605,246	\$ 770,331,015	\$ 1,455,936,261
Capital asset related debt			
Outstanding debt	(117,307,179)	(104,448,677)	(221,755,856)
Deferred outflows/inflows related to capital debt	(620,362)	2,613,475	1,993,113
Unexpended proceeds	8,912,406	8,410,971	17,323,377
Lease liabilities	(875,388)	(2,303,711)	(3,179,099)
Net capital asset related debt	<u>(109,890,523)</u>	<u>(95,727,942)</u>	<u>(205,618,465)</u>
Net investment in capital assets	<u>575,714,723</u>	<u>674,603,073</u>	<u>1,250,317,796</u>
Restricted:			
Capital projects			
Capital improvements	13,109,639	66,114,809	79,224,448
Extra capacity facilities	23,006,300	-	23,006,300
Tax allocation improvements	60,375,412	-	60,375,412
Development district	6,787,161	-	6,787,161
Unexpended proceeds moved to investment in capital assets	<u>(8,912,406)</u>	<u>(8,410,971)</u>	<u>(17,323,377)</u>
Total capital projects	<u>94,366,106</u>	<u>57,703,838</u>	<u>152,069,944</u>
Debt service			
General debt	2,119,029	-	2,119,029
Tax allocation debt	5,990,148	-	5,990,148
Community renewal	<u>(778)</u>	<u>-</u>	<u>(778)</u>
Total debt service	<u>8,108,399</u>	<u>-</u>	<u>8,108,399</u>
Other purposes			
Community enhancement	26,827,548	-	26,827,548
Permanent	32,401	-	32,401
Permanent - non-expendable	11,000	-	11,000
Community renewal	<u>12,321,929</u>	<u>-</u>	<u>12,321,929</u>
Total other purposes	<u>39,192,878</u>	<u>-</u>	<u>39,192,878</u>
Total restricted	<u>141,667,383</u>	<u>57,703,838</u>	<u>199,371,221</u>

Continued

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

	Governmental Activities	Business-type Activities	Total
Unrestricted:			
General operating	\$ 43,448,198	\$ -	\$ 43,448,198
Special revenue			
Transportation services	8,555,064	-	8,555,064
Streetlights	1,350,657	-	1,350,657
Airport	1,154,618	-	1,154,618
Downtown parking	174,112	-	174,112
Cultural and tourism	4,031,562	-	4,031,562
Parking leasehold	271,456	-	271,456
Building and safety	15,688,248	-	15,688,248
Community enhancement	1,031,417	-	1,031,417
Internal service	30,671,073	-	30,671,073
Enterprise			
Utility	-	63,493,209	63,493,209
Emergency services	-	2,954,271	2,954,271
WVPS communications center	-	4,963,680	4,963,680
Police regional records system	-	1,314,813	1,314,813
Salem Convention Center	-	212,726	212,726
Net pension liability	(83,536,407)	(32,205,671)	(115,742,078)
Pension obligation bond	(30,465,000)	-	(30,465,000)
Net OPEB liability	(10,004,284)	(4,438,263)	(14,442,547)
Compensated absences	(9,962,102)	(3,660,487)	(13,622,589)
Deferred inflows/outflows related to pensions	(17,982,363)	(5,431,054)	(23,413,417)
Deferred inflows/outflows related to OPEB	(1,211,099)	(537,287)	(1,748,386)
Total unrestricted	<u>(46,784,850)</u>	<u>26,665,937</u>	<u>(20,118,913)</u>
Total net position	<u>\$ 670,597,256</u>	<u>\$ 758,972,848</u>	<u>\$ 1,429,570,104</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 \$659 for the Kaiser Permanente HMO plan, \$782 for the Preferred Provider Organization (PPO) plan, and \$513 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 \$2,267 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 2021-22, total medical, vision, and dental claims expense of \$19,512,000 was incurred.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

The City self-insures workers compensation risk up to \$750,000 for Police and Firefighters, \$1,000,000 for Wildland Firefighting, and \$500,000 for all other employees 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 \$1,000,000 of all liability claims. An excess liability insurance policy purchased from a commercial carrier provides coverage for liability claims in excess of \$1,000,000, up to \$10 million per occurrence.

The changes in the aggregate liability for workers compensation and general liability/casualty claims for fiscal years 2020-21 and 2021-22 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		
2021	\$ 4,764,000	\$ 1,163,534	\$ (1,155,996)	\$ (57,538)	\$ 4,714,000
2022	4,714,000	860,817	(1,373,364)	507,547	4,709,000

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		
2021	\$ 1,601,000	\$ 168,874	\$ (243,251)	\$ 104,377	\$ 1,631,000
2022	1,631,000	89,169	(475,696)	533,527	1,778,000

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

B. Commitments and contingencies

1. Grants

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

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, 2022, 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 2022-23. The reappropriated budget for these projects is \$64,000.

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 Annual Comprehensive 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, 2022

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, 2022

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, 2022 were \$21,554,725, excluding amounts to fund employer specific liabilities. The rates for the pension plan in effect for the fiscal year ended June 30, 2022 were 24.16% for all Tier One/Tier Two members, 17.40% for OPSRP general service members, 21.76% for OPSRP police and fire members, and 6% for OPSRP IAP.

The City also pays the employee contribution of 6% of salary, which was \$6,212,511 for the year.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

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

At June 30, 2022, the City reported a liability of \$115,742,078 for its proportionate share of the net pension liability. This liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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, 2021, the City's proportion was 0.96721909%, a slight increase from its proportion as of June 30, 2020.

For the year ended June 30, 2022, the City recognized a negative pension expense of (\$5,382,314). At June 30, 2022, 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	\$ 10,834,215	\$ -
Changes in assumptions	28,973,727	304,606
Net difference between projected and actual earnings on investments	-	85,682,963
Changes in proportionate share	3,765,919	674,647
Difference between employer contributions and employer's proportionate share of system contributions	505,674	2,385,461
City's contributions subsequent to the measurement date	21,554,725	N/A
Total	<u>\$ 65,634,260</u>	<u>\$ 89,047,677</u>

\$21,554,725 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, 2023. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (7,357,446)
2024	(8,082,102)
2025	(11,900,810)
2026	(20,387,218)
2027	2,759,434
Total	<u>\$(44,968,142)</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

5. Actuarial methods and assumptions

The employer contribution rates effective July 1, 2021 through June 30, 2023 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019 rolled forward to June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected Salary Increases	3.40 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: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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 2018 Experience Study which reviewed experience for the four-year period ending December 31, 2018.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

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 May 2019 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	20-Year Annualized Geometric Mean
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnership	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.40%

7. Discount rate

The discount rate used to measure the total pension liability was 6.90% 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.

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 6.90%, 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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability (asset)	\$ 227,289,753	\$ 115,742,078	\$ 22,417,159

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's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB on Financials
Total OPEB asset	\$ -	\$ 2,888,951	\$ 2,888,951
Deferred Outflows of Resources			
Contributions After Measurement Date	-	21,131	21,131
Differences between expected and actual experience	1,538,632	-	1,538,632
Change in assumptions	1,895,389	56,843	1,952,232
Net difference between projected and actual earnings	-	-	-
Changes in proportionate share	-	139,246	139,246
Total Deferred Outflows of Resources	3,434,021	217,220	3,651,241
Total OPEB Liability	(17,331,498)	-	(17,331,498)
Deferred Inflows of Resources			
Differences between expected and actual experience	(1,515,209)	(80,376)	(1,595,585)
Change in assumptions	(2,720,929)	(42,977)	(2,763,906)
Net difference between projected and actual earnings	-	(686,568)	(686,568)
Changes in proportionate share	-	(353,568)	(353,568)
Total Deferred Inflows of Resources	(4,236,138)	(1,163,489)	(5,399,627)
OPEB Expense /(Income)	1,305,382	(548,882)	756,500

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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

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 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, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The City's contribution rates for the period were 0.05% for Tier One/Tier Two members. The City's total contributions for the year ended June 30, 2021 were \$24,930.

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

At June 30, 2022, the City reported an asset of \$2,888,951 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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, 2021, the City's proportionate share was 0.84127720%, an increase from its proportion as of June 30, 2020.

For the year ended June 30, 2022, the City recognized a credit to OPEB expense from this plan of \$548,882. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

	Deferred Outflow of Resources	Deferred Inflow of Resources
	<u> </u>	<u> </u>
Net difference between projected and actual experience	\$ -	\$ 80,376
Changes of assumptions	56,843	42,977
Net difference between projected and actual earnings on investments	-	686,568
Change in proportionate share	139,246	353,568
Contributions subsequent to the measurement date	21,131	N/A
Total	<u>\$ 217,220</u>	<u>\$ 1,163,489</u>

Deferred outflows of resources related to OPEB of \$21,131 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, 2023. Other 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:	
<u> </u>	
2023	\$ (309,702)
2024	(284,075)
2025	(156,745)
2026	(216,878)
Total	<u>\$ (967,400)</u>

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 6.90%, 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 (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
	<u> </u>	<u> </u>	<u> </u>
Net OPEB Liability (Asset)	\$ (2,554,853)	\$ (2,888,951)	\$ (3,174,350)

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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

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, 2022, the following employees were covered by the benefit terms:

Retired employees or beneficiaries currently receiving benefits	59
Active Employees	<u>1,222</u>
Total	<u><u>1,281</u></u>

2. Total OPEB liability

The City's total OPEB liability of \$17,331,498 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 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	2.19%
Healthcare cost trend rates, FY 2022, decreasing 0.5% per year, to an ultimate rate of 4.50% from 2029 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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

3. Changes in the total OPEB liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 19,600,900
Changes for the year:	
Service cost	1,535,571
Interest	455,980
Differences between expected and actual experience	(923,294)
Changes in assumptions or other inputs	(2,703,325)
Benefit payments	(634,334)
Net changes	(2,269,402)
Balance at June 30, 2022	\$ 17,331,498

Changes in assumptions reflect a discount rate decrease from 2.19% in 2021 to 4.09% in 2022.

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

	1% Decrease (3.09%)	Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB Liability	\$ 18,724,688	\$ 17,331,498	\$ 16,015,017

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

	1% Decrease (6.5% decreasing to 3.5%)	(7.5% decreasing to 4.5%)	1% Increase (8.5% decreasing to 5.5%)
Healthcare Cost Trend Rates			
Total OPEB Liability	\$ 15,168,088	\$ 17,331,498	\$ 19,892,072

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$1,305,382. At June 30, 2022, 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	\$ 1,538,632	\$ 1,515,209
Changes in assumptions	1,895,389	2,720,929
Total	\$ 3,434,021	\$ 4,236,138

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

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:	
2023	\$ (51,835)
2024	(51,838)
2025	(80,120)
2026	38,640
2027	(86,203)
Thereafter	<u>(570,761)</u>
Total	<u>\$ (802,117)</u>

G. Outstanding encumbrances

At June 30, 2022, the City has encumbered the following commitments that required reappropriation in the 2022-23 fiscal year budget:

Fund	Amount
General	\$ 1,352,350
Capital improvements	651,060
Non-major governmental	231,040
Utility	1,423,710
Internal Service funds	42,030
Total	<u>\$ 3,700,190</u>

H. Deficit net position

The Willamette Valley Communications Center fund has a deficit net position of \$3,591,828 at June 30, 2022, 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 \$1,970,932.

I. Budget violations

The Salem Convention Center fund overspent its budget authority in fiscal year 2021-22 due to the strong rebound of convention bookings post-pandemic which was not anticipated during budget development and later supplemental budget requests. The budgetary ending fund balance is negative, at (\$21,881), the same as in FY21. The net change in fund balance was accrued in the current year as a transfer to the Convention Center reserve fund per the management agreement between the City and Convention Center. The fund balance will return to a positive balance in future years.

The Tourism Promotion fund overspent its budget authority in fiscal year 2021-22 due to the main expenditure being driven by the highly unpredictable tourism market, particularly hotel/motel stays which also drive the revenue in this fund. The original budget process underestimated the level of consumer activity. The Council approved a supplemental budget of \$200,000 but activity late in the year increased even more strongly than anticipated at that time. Contractual obligations required expending the funds beyond the total authorized. Fund balance remained positive.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

J. Tax abatement disclosure

As of June 30, 2022, 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.

<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 2022</u>
City of Salem	Pringle Square South LLC	Multiple Unit Housing	3/12/2014	Partial	\$ 351,077
State of Oregon		Historical Property	Various	100%	-
		Low Income Hsing	Various	100%	218,280
		Enterprise Zone	Various	Partial	544,479
Polk County		Enterprise Zone	2014	29%-51%	20,363
Total					<u>\$ 1,134,199</u>

K. 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, administration of the City’s Homeless Rental Assistance Program (HRAP), and an unsheltered housing voucher program. In fiscal year 2021-22, \$90,000 was reimbursed for the CDBG/HOME programs, \$683,244 was reimbursed for the HRAP program, \$1,000,000 was reimbursed for the voucher program, and \$50,000 was reimbursed for property improvements.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

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 2021-22, the City paid \$717,612 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

L. Subsequent events

At the General Election on November 8, 2022, Salem voters authorized a General Obligation bond of \$300 million for Streets, Safety and Livability. The bond will provide funding for streets and sidewalks, parks, new fire engines and equipment, purchase of sites for two new branch libraries with affordable housing projects, and two fire stations. Several previous bonds will be paid off over the next decade, which will allow the estimated tax rate to remain steady at no more than \$1.20 per \$1,000 in a property's assessed valuation for ten years while these projects are constructed. The bonds will be issued over the next ten years with one issuance scheduled for \$100 million in 2023, \$100 million in 2026, and \$100 million in 2029.

The breakdown of the spending categories are:

- \$157 million - Streets and sidewalks
- \$26 million - Fire engines and equipment
- \$14 million - Two new fire stations
- \$28.4 million - Park upgrades
- \$10 million - Affordable housing
- \$7.5 million - Two site for mixed use affordable housing and library branches
- \$17 million - Technology and cybersecurity
- \$39.5 million - Civic Center seismic upgrades

M. Adoption of new GASB pronouncements

During the fiscal year ended June 30, 2022, the City implemented the following GASB Pronouncements:

GASB Statement No. 87, Leases. The Statement improves accounting and financial reporting for leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, while a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement substantially impacts the City's lease accounting and reporting. Previously, unless a lease met specific criteria for capitalization, lessee leases were recorded as operating lease expense and lessor leases were recorded as operating lease revenue. See Note F. Leases for further information.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

N. Future GASB pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2022:

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The Statement was issued in May 2020 and provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users and is effective for the fiscal year ended June 30, 2023. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This statement will change how the City accounts for and reports SBITAs.

GASB Statement No. 99, Omnibus 2022. The Statement was issued in April 2022 and aims to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This Statement addresses a variety of topics including issues related to classification and reporting of derivatives, leases, public-private partnerships, SBITAs, extension of the London Interbank Offered Rate (LIBOR), Supplemental Nutrition Assistance Program (SNAP) Disclosures, pledges of future revenues not received, Statement No. 34 related to the focus of the government-wide financial statements, terminology updates for Statement No. 63, and terminology updates for Statement No. 53. The requirements related to leases, PPPs, and SBITAs are effective for fiscal year ending June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal year ended June 30, 2024. Not all sections of the Statement will be applicable to the City. The Statement is being reviewed for applicability and impact on the City's financial statements.

GASB Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62. This Statement was issued in June 2022 and defines four categories of accounting changes and error corrections and related accounting and financial reporting requirements: (1) Changes in accounting principle must be reported retroactively by restating prior periods; (2) changes in accounting estimate must be reported prospectively by recognizing the change in the current period; (3) changes to and within the financial reporting entity must be reported by adjusting beginning balances of the current period; and (4) error corrections resulting from mathematical mistakes, misuse of information, or misapplication of accounting principle should be reported retroactively by restating prior periods. This Statement will apply to the City if any of the above fact patterns exist. This Statement will be effective for the fiscal year ending June 30, 2024.

GASB issued Statement No. 101, Compensated Absences. This Statement was issued in June 2022 and requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement will impact the City's calculation of the compensated absences liability and is currently being reviewed. This statement will be effective for the fiscal year ended June 30, 2025.



Required Supplementary Information

City of Salem, Oregon
Required Supplementary Information
Fiscal Year Ended June 30, 2022

1. Defined benefit pension plan (PERS)

Schedule of The Proportionate Share of the Net Pension Liability (PERS)
For the last nine 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
2022	0.96721909%	\$ 115,742,078	\$ 91,109,535	127.04%	87.60%
2021	0.95630578%	208,698,814	82,201,000	253.89%	75.80%
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 nine 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
2022	\$ 21,554,725	\$ 21,554,725	\$ -	\$ 93,640,759	23.02%
2021	20,618,763	20,618,763	-	91,109,535	22.63%
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, 2022

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

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

Year Ended June 30,	Service Cost	Interest	Changes in benefit terms	Differences expected and actual experience	Changes in assumptions or other inputs	Benefit payments	Total OPEB Liability
2022	\$1,535,571	\$455,980	\$ -	\$ (923,294)	\$ (2,703,325)	\$(634,334)	\$ 17,331,498
2021	1,158,458	445,841	-	1,002,500	1,684,624	(582,207)	19,600,900
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, 2022.

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.

2022	4.09%
2021	2.19%
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, 2022

3. Defined benefit other post-employment benefit plan (RHIA)

Schedule of the proportionate share of the net OPEB liability/(asset) (RHIA)
For the last six 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
2022	0.84127720%	\$ (2,888,951)	\$ 91,109,535	-3.17%	183.9%
2021	0.55294705%	(1,126,686)	82,201,000	-1.37%	150.1%
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%

Schedule of contributions (RHIA)
For the last six 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)
2022	\$ 21,131	\$ 21,131	\$ -	\$ 93,640,759	0.02%
2021	22,510	22,510	-	91,109,535	0.02%
2020	39,487	39,487	-	82,201,000	0.05%
2019	416,833	416,833	-	80,370,324	0.52%
2018	409,193	409,193	-	78,129,106	0.52%
2017	394,688	394,688	-	76,521,581	0.52%

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

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.

General Fund

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.

Public Art Fund

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.

City of Salem, Oregon
Combining Balance Sheet
General Operating Fund
June 30, 2022

	General Fund	Public Art Fund	Total General Operating Fund
Assets			
Cash and investments	\$ 41,392,394	\$ 26,239	\$ 41,418,633
Accounts receivable, net	9,736,756	-	9,736,756
Leases receivable	350,182	-	350,182
Prepayments	90,144	-	90,144
Total assets	<u>\$ 51,569,476</u>	<u>\$ 26,239</u>	<u>\$ 51,595,715</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 6,311,825	\$ -	\$ 6,311,825
Due to other agencies	62,986	-	62,986
Security deposit payable	11,054	-	11,054
Unearned revenues	1,415,892	-	1,415,892
Total liabilities	<u>7,801,757</u>	<u>-</u>	<u>7,801,757</u>
Deferred inflows of resources			
Related to leases	345,758	-	345,758
Unavailable revenue	2,649,361	-	2,649,361
	<u>2,995,119</u>	<u>-</u>	<u>2,995,119</u>
Fund balances			
Nonspendable	90,144	-	90,144
Committed	-	26,239	26,239
Assigned	1,352,350	-	1,352,350
Unassigned	39,330,106	-	39,330,106
Total fund balances	<u>40,772,600</u>	<u>26,239</u>	<u>40,798,839</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 51,569,476</u>	<u>\$ 26,239</u>	<u>\$ 51,595,715</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, 2022

	<u>General Fund</u>	<u>Public Art Fund</u>	<u>Total General Operating Fund</u>
Revenues			
Property taxes	\$ 77,817,603	\$ -	\$ 77,817,603
Other taxes	1,777,348	-	1,777,348
Sales, fees, licenses, and permits	35,175,302	-	35,175,302
Rents	760,236	-	760,236
Grants	14,386,476	-	14,386,476
Intergovernmental	16,105,894	-	16,105,894
Fines and penalties	2,137,929	-	2,137,929
Interest on investments	385,785	404	386,189
Other	243,396	-	243,396
Total revenues	<u>148,789,969</u>	<u>404</u>	<u>148,790,373</u>
Expenditures			
Current			
General government	26,444,563	14,322	26,458,885
Community development	8,072,140	-	8,072,140
Community service	10,977,077	-	10,977,077
Public safety	90,395,796	-	90,395,796
Library	4,954,340	-	4,954,340
Capital outlay	859,065	-	859,065
Debt service			
Principal retirement	91,800	-	91,800
Interest and fiscal charges	52,076	-	52,076
Total expenditures	<u>141,846,857</u>	<u>14,322</u>	<u>141,861,179</u>
Excess (deficiency) of revenues over expenditures	6,943,112	(13,918)	6,929,194
Other financing sources (uses)			
Proceeds from leases	543,147	-	543,147
Sale of property	497,111	-	497,111
Transfers in	3,102,256	-	3,102,256
Transfers out	(1,357,747)	-	(1,357,747)
Total other financing sources (uses)	<u>2,784,767</u>	<u>-</u>	<u>2,784,767</u>
Net change in fund balance	9,727,879	(13,918)	9,713,961
Fund balances - beginning of year	<u>31,044,721</u>	<u>40,157</u>	<u>31,084,878</u>
Fund balances - end of year	<u>\$ 40,772,600</u>	<u>\$ 26,239</u>	<u>\$ 40,798,839</u>

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

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.

Tourism Promotion Area

This fund accounts for revenue generated by the Tourism 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, 2022

	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	\$ 7,888,847	\$ 1,055,021	\$ 1,143,292	\$ 181,359	\$ 3,834,217	\$ 78,185	\$ 231,421	\$ 14,721,031
Accounts receivable, net	1,346,906	400,043	57,484	10,159	436,712	96,059	39,990	1,102,613
Leases receivable	-	-	-	-	-	-	1,823,847	-
Due from other funds	-	-	-	-	-	-	-	-
Assessments receivable	-	-	-	-	-	-	-	-
Total assets	\$ 9,235,753	\$ 1,455,064	\$ 1,200,776	\$ 191,518	\$ 4,270,929	\$ 174,244	\$ 2,095,258	\$ 15,823,644
Liabilities								
Accounts payable and accrued liabilities	\$ 680,044	\$ 104,407	\$ 46,158	\$ 17,406	\$ 243,202	\$ 170,409	\$ 16,925	\$ 135,396
Security deposit payable	645	-	-	-	-	-	1,000	-
Unearned revenues	-	-	-	-	-	-	-	-
Developer reimbursement payable	-	-	-	-	-	-	-	-
Total liabilities	680,689	104,407	46,158	17,406	243,202	170,409	17,925	135,396
Deferred inflows of resources								
Related to leases	-	-	-	-	-	-	1,805,877	-
Unavailable revenue	1,230	-	-	-	-	-	-	-
Total deferred inflows of resources	1,230	-	-	-	-	-	1,805,877	-
Fund balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	8,553,834	1,350,657	1,154,618	174,112	4,027,727	3,835	271,456	15,688,248
Total fund balances	8,553,834	1,350,657	1,154,618	174,112	4,027,727	3,835	271,456	15,688,248
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,235,753	\$ 1,455,064	\$ 1,200,776	\$ 191,518	\$ 4,270,929	\$ 174,244	\$ 2,095,258	\$ 15,823,644

Continued

City of Salem, Oregon
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
	Traffic Safety	Community Enhancement	Permanent	Allocation Bond Debt	Extra Capacity Facilities	Development Districts	
Assets							
Cash and investments	\$ 35,209	\$ 30,462,064	\$ 33,827	\$ 5,639,577	\$ 22,837,083	\$ 6,939,050	\$ 95,080,183
Accounts receivable, net	-	11,757	9,575	553,830	295,394	-	4,360,522
Leases receivable	-	-	-	-	-	-	1,823,847
Due from other funds	-	508,360	-	-	-	-	508,360
Assessments receivable	-	-	-	-	694,754	780,743	1,475,497
Total assets	\$ 35,209	\$ 30,982,181	\$ 43,402	\$ 6,193,407	\$ 23,827,231	\$ 7,719,793	\$ 103,248,409
Liabilities							
Accounts payable and accrued liabilities	\$ 34,895	\$ 2,785,553	\$ -	\$ -	\$ 126,176	\$ 151,889	\$ 4,512,460
Security deposit payable	-	-	-	-	-	-	1,645
Unearned revenues	-	337,978	-	-	-	-	337,978
Developer reimbursement payable	-	-	-	-	694,754	780,743	1,475,497
Total liabilities	34,895	3,123,531	-	-	820,930	932,632	6,327,580
Deferred inflows of resources							
Related to leases	-	-	-	-	-	-	1,805,877
Unavailable revenue	-	-	-	422,901	230,153	-	654,284
	-	-	-	422,901	230,153	-	2,460,161
Fund balances							
Nonspendable	-	-	11,000	-	-	-	11,000
Restricted	-	26,827,547	32,402	5,770,506	22,776,148	6,787,161	62,193,764
Committed	314	1,031,103	-	-	-	-	32,255,904
Total fund balances	314	27,858,650	43,402	5,770,506	22,776,148	6,787,161	94,460,668
Total liabilities, deferred inflows of resources, and fund balances	\$ 35,209	\$ 30,982,181	\$ 43,402	\$ 6,193,407	\$ 9,235,753	\$ 7,719,793	\$ 103,248,409

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, 2022

	Special Revenue Funds							
	Transportation Services	Streetslights	Airport	Downtown Parking	Cultural/Tourism	Tourism Promotion Area	Parking Leasehold	Building & Safety
Revenues								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	4,326,660	-	-	-
Sales, fees, licenses, and permits	400,418	1,980,757	49,943	70,028	-	-	-	7,098,790
Special assessments	2,074	-	-	332,166	-	936,491	-	-
Rents	1,129	-	1,268,972	571,950	-	-	473,363	-
Grants	753,350	-	63,200	253,510	1,637,570	-	76,730	-
Intergovernmental	16,544,114	-	-	-	10,695	-	-	124,510
Fines and penalties	-	-	-	-	-	-	-	-
Interest on investments	45,982	9,627	14,413	1,022	11,749	-	63,062	137,806
Other	1,459	-	3,600	12,283	14,200	-	-	592
Total revenues	17,748,526	1,990,384	1,400,128	1,240,959	6,000,874	936,491	613,155	7,361,698
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Community development	-	-	1,206,116	1,240,034	2,387,488	932,656	483,711	5,172,288
Community service	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Transportation	14,407,350	1,145,106	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Capital outlay	50,542	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	19,830	1,492	-	-	-	-	-
Total expenditures	14,457,892	1,164,936	1,207,608	1,240,034	2,387,488	932,656	483,711	5,172,288
Excess (deficiency) of revenues over expenditures	3,290,634	825,448	192,520	925	3,613,386	3,835	129,444	2,189,410
Other financing sources (uses)								
Sale of property	-	-	-	-	-	-	-	-
Transfers in	75,000	-	-	-	-	-	-	-
Transfers out	(606,970)	(692,089)	(42,909)	-	(1,422,507)	-	(200,000)	(500,000)
Total other financing sources (uses)	(531,970)	(692,089)	(42,909)	-	(1,422,507)	-	(200,000)	(500,000)
Net change in fund balance	2,758,664	133,359	149,611	925	2,190,879	3,835	(70,556)	1,689,410
Fund balances - beginning of year	5,795,170	1,217,298	1,005,007	173,187	1,836,848	-	342,012	13,998,838
Fund balances - end of year	\$ 8,553,834	\$ 1,350,657	\$ 1,154,618	\$ 174,112	\$ 4,027,727	\$ 3,835	\$ 271,456	\$ 15,688,248

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, 2022

	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	\$ -	\$ -	\$ -	\$ 16,854,620	\$ -	\$ -	\$ -	\$ 16,854,620	
Other taxes	-	-	-	-	-	-	-	4,326,660	
Sales, fees, licenses, and permits	-	1,647,853	-	-	6,773,846	2,185,907	-	20,207,542	
Special assessments	-	3,694	-	-	143,315	-	-	1,417,740	
Rents	-	150	-	-	6,324	-	-	2,321,888	
Grants	-	19,920,126	-	-	359,535	-	-	23,064,021	
Intergovernmental	-	36,145	-	-	-	-	-	16,715,464	
Fines and penalties	1,721,429	3,750	-	-	-	-	-	1,725,179	
Interest on investments	4,173	196,872	2,553	156,548	173,903	67,737	-	885,447	
Other	-	490,687	9,575	-	2,273	-	-	534,669	
Total revenues	1,725,602	22,299,277	12,128	17,011,168	7,459,196	2,253,644	-	88,053,230	
Expenditures									
Current									
General government	-	14,946	-	-	-	-	-	14,946	
Community development	-	378,817	-	-	-	-	-	11,801,110	
Community service	-	5,729,808	-	-	-	-	-	5,729,808	
Public safety	776,138	384,496	-	-	-	-	-	1,160,634	
Transportation	-	43,294	-	-	-	-	-	15,595,750	
Library	-	206,946	2,629	-	-	-	-	209,575	
Capital outlay	-	135,155	-	-	2,456,846	1,554,693	-	4,197,236	
Debt service	-	-	-	1,587,256	-	-	-	1,587,256	
Principal retirement	-	-	-	706,929	-	-	-	728,251	
Interest and fiscal charges	-	-	-	-	-	-	-	-	
Total expenditures	776,138	6,893,462	2,629	2,294,185	2,456,846	1,554,693	-	41,024,566	
Excess (deficiency) of revenues over expenditures	949,464	15,405,815	9,499	14,716,983	5,002,350	698,951	-	47,028,664	
Other financing sources (uses)									
Sale of property	-	16,210	-	-	187,340	-	-	203,550	
Transfers in	-	17,500	-	-	360,000	-	-	452,500	
Transfers out	(949,150)	(142,847)	(230,000)	(15,100,000)	(75,000)	(360,000)	-	(20,321,472)	
Total other financing sources (uses)	(949,150)	(109,137)	(230,000)	(15,100,000)	472,340	(360,000)	-	(19,665,422)	
Net change in fund balance	314	15,296,678	(220,501)	(383,017)	5,474,690	338,951	-	27,363,242	
Fund balances - beginning of year	-	12,561,972	263,903	6,153,523	17,301,458	6,448,210	-	67,097,426	
Fund balances - end of year	\$ 314	\$ 27,858,650	\$ 43,402	\$ 5,770,506	\$ 22,776,148	\$ 6,787,161	\$ -	\$ 94,460,668	

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, 2022

	Emergency Services	WVPS Communi- cations Center	Police Regional Records System	Salem Convention Center	Total Nonmajor Business-type Funds
Assets					
Current assets					
Cash and investments	\$ 2,337,738	\$ 2,674,013	\$ 1,314,813	\$ 929,320	\$ 7,255,884
Accounts receivable, net	638,455	141,219	-	189,633	969,307
Inventories and prepayments	-	-	-	45,566	45,566
Total current assets	<u>2,976,193</u>	<u>2,815,232</u>	<u>1,314,813</u>	<u>1,164,519</u>	<u>8,270,757</u>
Noncurrent assets					
Restricted cash and investments	-	2,460,092	-	-	2,460,092
Net OPEB asset	2,426	181,924	-	-	184,350
Capital assets:					
Land and other construction in progress	-	892,620	-	1,695,198	2,587,818
Other capital assets, net	1,553,246	1,677,104	670,296	22,210,685	26,111,331
Total noncurrent assets	<u>1,555,672</u>	<u>5,211,740</u>	<u>670,296</u>	<u>23,905,883</u>	<u>31,343,591</u>
Total assets	<u>4,531,865</u>	<u>8,026,972</u>	<u>1,985,109</u>	<u>25,070,402</u>	<u>39,614,348</u>
Deferred outflows of resources					
Deferred outflows related to pensions	190,764	3,811,604	-	-	4,002,368
Deferred outflows related to OPEB-RHIA	182	13,679	-	-	13,861
Deferred outflows related to OPEB-City	2,883	216,248	-	-	219,131
Total deferred outflows of resources	<u>193,829</u>	<u>4,041,531</u>	<u>-</u>	<u>-</u>	<u>4,235,360</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	21,922	311,644	-	220,674	554,240
Leases payable	-	152,808	-	-	152,808
Due to other funds	-	-	-	508,359	508,359
Compensated absences due within one year	-	29,332	-	-	29,332
Total current liabilities	<u>21,922</u>	<u>493,784</u>	<u>-</u>	<u>729,033</u>	<u>1,244,739</u>
Noncurrent liabilities					
Security deposit payable	-	-	-	222,760	222,760
Leases payable	-	1,367,682	-	-	1,367,682
OPEB liability	14,552	1,091,404	-	-	1,105,956
Net pension liability	359,258	7,071,762	-	-	7,431,020
Compensated absences	38,242	517,571	-	-	555,813
Total noncurrent liabilities	<u>412,052</u>	<u>10,048,419</u>	<u>-</u>	<u>222,760</u>	<u>10,683,231</u>
Total liabilities	<u>433,974</u>	<u>10,542,203</u>	<u>-</u>	<u>951,793</u>	<u>11,927,970</u>
Deferred inflows of resources:					
Deferred inflows related to pensions	245,362	4,778,101	-	-	5,023,463
Deferred inflows related to OPEB-City	3,557	266,759	-	-	270,316
Deferred inflows related to OPEB-RHIA	977	73,268	-	-	74,245
Total deferred inflows of resources	<u>249,896</u>	<u>5,118,128</u>	<u>-</u>	<u>-</u>	<u>5,368,024</u>
Net Position					
Net investment in capital assets	1,553,246	1,049,234	670,296	23,905,883	27,178,659
Unrestricted	2,488,578	(4,641,062)	1,314,813	212,726	(624,945)
Total net position	<u>\$ 4,041,824</u>	<u>\$ (3,591,828)</u>	<u>\$ 1,985,109</u>	<u>\$ 24,118,609</u>	<u>\$ 26,553,714</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, 2022

	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	\$ 2,816,281	\$ 30,340	\$ -	\$ 1,650,553	\$ 4,497,174
Rents	-	-	-	882,166	882,166
Grants	-	41,978	-	-	41,978
Internal and intergovernmental	1,252	13,199,079	340,850	-	13,541,181
Member agencies	-	-	118,130	-	118,130
Fines and penalties	233,700	-	-	-	233,700
Other	2,321	15,613	-	4,100	22,034
Total operating revenues	<u>3,053,554</u>	<u>13,287,010</u>	<u>458,980</u>	<u>2,536,819</u>	<u>19,336,363</u>
Operating expenses					
Personal services	383,875	9,442,508	-	-	9,826,383
Materials and services	1,508,959	1,826,453	156,911	2,153,760	5,646,083
Depreciation	108,036	226,673	286,101	736,930	1,357,740
Total operating expenses	<u>2,000,870</u>	<u>11,495,634</u>	<u>443,012</u>	<u>2,890,690</u>	<u>16,830,206</u>
Operating income (loss)	<u>1,052,684</u>	<u>1,791,376</u>	<u>15,968</u>	<u>(353,871)</u>	<u>2,506,157</u>
Non-operating revenues (expenses)					
Interest on investments	36,089	40,868	10,423	-	87,380
Other revenue (expenses)	-	(57,232)	-	(37,429)	(94,661)
Total non-operating revenues	<u>36,089</u>	<u>(16,364)</u>	<u>10,423</u>	<u>(37,429)</u>	<u>(7,281)</u>
Net income (loss) before capital contributions and transfers	1,088,773	1,775,012	26,391	(391,300)	2,498,876
Transfers out	<u>(666,995)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(666,995)</u>
Change in net position	421,778	1,775,012	26,391	(391,300)	1,831,881
Total net position - beginning of year	<u>3,620,046</u>	<u>(5,366,840)</u>	<u>1,958,718</u>	<u>24,509,909</u>	<u>24,721,833</u>
Total net position - end of year	<u>\$ 4,041,824</u>	<u>\$ (3,591,828)</u>	<u>\$ 1,985,109</u>	<u>\$ 24,118,609</u>	<u>\$ 26,553,714</u>

City of Salem, Oregon
Combining Statement of Cash Flows
Nonmajor Business-type Funds
For the fiscal year ended June 30, 2022

	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	\$ 1,347,889	\$ 45,953	\$ 6,898	\$ 2,694,105	\$ 4,094,845
Receipts from interfund services provided	1,252	-	340,850	-	342,102
Member agencies	-	13,164,792	118,130	-	13,282,922
Payments to suppliers	(646,212)	(1,756,977)	(156,911)	(2,262,977)	(4,823,077)
Payments to employees	(418,654)	(9,637,130)	-	-	(10,055,784)
Net cash provided (used) by operating activities	<u>284,275</u>	<u>1,816,638</u>	<u>308,967</u>	<u>431,128</u>	<u>2,841,008</u>
Cash Flows from Noncapital Financing Activities:					
Transfers paid	(666,995)	-	-	-	(666,995)
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(866,282)	(933,831)	-	(111,023)	(1,911,136)
Principal paid on leases	-	(143,504)	-	-	(143,504)
Interest paid on leases	-	(57,232)	-	-	(57,232)
Net cash provided (used) by capital related financing activities	<u>(866,282)</u>	<u>(1,134,567)</u>	<u>-</u>	<u>(111,023)</u>	<u>(2,111,872)</u>
Cash Flows from Investing Activities:					
Interest on investments	36,089	40,868	10,423	-	87,380
Net increase (decrease) in cash and cash equivalents	(1,212,913)	722,939	319,390	320,105	149,521
Cash and cash equivalents - beginning of year	<u>3,550,651</u>	<u>4,411,166</u>	<u>995,423</u>	<u>609,215</u>	<u>9,566,455</u>
Cash and cash equivalents - end of year	<u>\$ 2,337,738</u>	<u>\$ 5,134,105</u>	<u>\$ 1,314,813</u>	<u>\$ 929,320</u>	<u>\$ 9,715,976</u>
Reconciliation of Operating Net Cash Provided by (Used for) Operating Activities					
Operating income (loss)	\$ 1,052,684	\$ 1,791,376	\$ 15,968	\$ (353,871)	\$ 2,506,157
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	108,036	226,673	286,101	736,930	1,357,740
Other income (expense)	(232,290)	-	-	-	(232,290)
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
Accounts receivable	(610,285)	(76,265)	6,898	(186,622)	(866,274)
Inventories and prepayments	-	-	-	(23,673)	(23,673)
Deferred outflows related to pensions	10,372	199,328	-	-	209,700
Deferred OPEB outflows-RHIA	566	14,388	-	-	14,954
Deferred OPEB outflows-City	4,102	45,705	-	-	49,807
Accounts payable and accrued liabilities	907	69,476	-	258,364	328,747
Compensated absences payable	(7,476)	48,767	-	-	41,291
Net pension liability	(255,631)	(4,912,763)	-	-	(5,168,394)
Net OPEB asset	(521)	(110,494)	-	-	(111,015)
OPEB liability	(18,586)	(151,257)	-	-	(169,843)
Deferred inflows related to pensions	230,458	4,428,980	-	-	4,659,438
Deferred OPEB inflows-City	1,259	180,588	-	-	181,847
Deferred OPEB inflows-RHIA	680	62,136	-	-	62,816
Net cash provided (used) by operating activities	<u>\$ 284,275</u>	<u>\$ 1,816,638</u>	<u>\$ 308,967</u>	<u>\$ 431,128</u>	<u>\$ 2,841,008</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, 2022

	City Services	Equipment Replacement Reserve	Self Insurance Benefits	Self Insurance Risk	Total
Assets					
Current assets					
Cash and investments	\$ 4,549,851	\$ 17,102,203	\$ 10,879,149	\$ 7,333,667	\$ 39,864,870
Accounts receivable, net	40,733	-	-	-	40,733
Leases receivable	58,181	-	-	-	58,181
Inventories and prepayments	1,323,666	-	-	57,972	1,381,638
Advances to others funds	43,648	-	-	-	43,648
Total current assets	<u>6,016,079</u>	<u>17,102,203</u>	<u>10,879,149</u>	<u>7,391,639</u>	<u>41,389,070</u>
Noncurrent assets					
Restricted cash and investments	854,741	-	-	-	854,741
Leases receivable	231,365	-	-	-	231,365
Net OPEB asset	48,513	-	7,277	12,128	67,918
Capital assets:					
Land and other construction in progress	195,157	844,404	-	-	1,039,561
Other capital assets, net	11,699,135	20,001,072	37,714	-	31,737,921
Total noncurrent assets	<u>13,028,911</u>	<u>20,845,476</u>	<u>44,991</u>	<u>12,128</u>	<u>33,931,506</u>
Total assets	<u>19,044,990</u>	<u>37,947,679</u>	<u>10,924,140</u>	<u>7,403,767</u>	<u>75,320,576</u>
Deferred outflows of resources					
Deferred outflows related to pensions	1,044,294	-	94,497	164,651	1,303,442
Deferred outflows related to OPEB-RHIA	3,648	-	547	912	5,107
Deferred outflows related to OPEB-City	57,666	-	8,650	14,417	80,733
Total deferred outflows of resources	<u>1,105,608</u>	<u>-</u>	<u>103,694</u>	<u>179,980</u>	<u>1,389,282</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	474,311	428,159	14,825	130,308	1,047,603
Leases payable	53,245	-	35,263	-	88,508
Claims and judgments payable	-	-	-	1,475,000	1,475,000
Compensated absences due within one year	43,856	-	-	-	43,856
Total current liabilities	<u>571,412</u>	<u>428,159</u>	<u>50,088</u>	<u>1,605,308</u>	<u>2,654,967</u>
Noncurrent liabilities					
Leases payable	332,543	-	2,990	-	335,533
OPEB liability	291,041	-	43,656	72,760	407,457
Net pension liability	2,223,392	-	163,438	271,898	2,658,728
Claims and judgments payable	-	-	-	5,012,000	5,012,000
Compensated absences	94,873	-	16,189	62,822	173,884
Total noncurrent liabilities	<u>2,941,849</u>	<u>-</u>	<u>226,273</u>	<u>5,419,480</u>	<u>8,587,602</u>
Total liabilities	<u>3,513,261</u>	<u>428,159</u>	<u>276,361</u>	<u>7,024,788</u>	<u>11,242,569</u>
Deferred inflows of resources:					
Deferred inflows related to leases	281,127	-	-	-	281,127
Deferred inflows related to pensions	942,285	-	166,012	300,772	1,409,069
Deferred inflows related to OPEB-City	71,136	-	10,670	17,784	99,590
Deferred inflows related to OPEB-RHIA	19,538	-	2,931	4,885	27,354
Total deferred inflows of resources	<u>1,314,086</u>	<u>-</u>	<u>179,613</u>	<u>323,441</u>	<u>1,817,140</u>
Net Position					
Net investment in capital assets	11,508,504	20,845,476	(539)	-	32,353,441
Restricted for:					
Capital projects	854,741	-	-	-	854,741
Unrestricted	2,960,006	16,674,044	10,572,399	235,518	30,441,967
Total net position	<u>\$ 15,323,251</u>	<u>\$ 37,519,520</u>	<u>\$ 10,571,860</u>	<u>\$ 235,518</u>	<u>\$ 63,650,149</u>

City of Salem, Oregon
Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the fiscal year ended June 30, 2022

	City Services	Equipment Replacement Reserve	Self Insurance Benefits	Self Insurance Risk	Total
Operating revenues					
Sales, fees, licenses, and permits	\$ -	\$ 219,143	\$ 75	\$ 52,819	\$ 272,037
Rents	1,244,055	679,300	-	-	1,923,355
Internal and intergovernmental	8,506,235	3,205,030	25,601,669	3,525,860	40,838,794
Other	10,426	25,089	1,741,046	7,327	1,783,888
Total operating revenues	<u>9,760,716</u>	<u>4,128,562</u>	<u>27,342,790</u>	<u>3,586,006</u>	<u>44,818,074</u>
Operating expenses					
Personal services	2,172,499	-	360,385	690,791	3,223,675
Materials and services	7,925,914	212,035	27,997,221	4,423,501	40,558,671
Depreciation	653,623	2,967,057	23,208	-	3,643,888
Total operating expenses	<u>10,752,036</u>	<u>3,179,092</u>	<u>28,380,814</u>	<u>5,114,292</u>	<u>47,426,234</u>
Operating income (loss)	<u>(991,320)</u>	<u>949,470</u>	<u>(1,038,024)</u>	<u>(1,528,286)</u>	<u>(2,608,160)</u>
Non-operating revenues (expenses)					
Interest on investments	93,807	127,220	120,340	81,784	423,151
Other revenue (expenses)	<u>(11,125)</u>	<u>119,223</u>	<u>(835)</u>	<u>-</u>	<u>107,263</u>
Total non-operating revenues	<u>82,682</u>	<u>246,443</u>	<u>119,505</u>	<u>81,784</u>	<u>530,414</u>
Net income (loss) before capital contributions and transfers	<u>(908,638)</u>	<u>1,195,913</u>	<u>(918,519)</u>	<u>(1,446,502)</u>	<u>(2,077,746)</u>
Capital contributions	-	171,396	-	-	171,396
Transfers in	-	5,102,673	-	-	5,102,673
Transfers out	<u>(3,973,848)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,973,848)</u>
Change in net position	<u>(4,882,486)</u>	<u>6,469,982</u>	<u>(918,519)</u>	<u>(1,446,502)</u>	<u>(777,525)</u>
Total net position - beginning of year	20,205,737	31,049,538	11,490,379	1,682,020	64,427,674
Total net position - end of year	<u><u>\$ 15,323,251</u></u>	<u><u>\$ 37,519,520</u></u>	<u><u>\$ 10,571,860</u></u>	<u><u>\$ 235,518</u></u>	<u><u>\$ 63,650,149</u></u>

City of Salem, Oregon
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2022

	City Services	Equipment Replacement Reserve	Self Insurance Benefits	Self Insurance Risk	Total
Cash Flow from Operating Activities:					
Receipts from customers	\$ 1,222,394	\$ 948,707	\$ 1,741,121	\$ 60,146	\$ 3,972,368
Receipts from interfund services provided	8,506,235	3,205,030	25,601,669	3,525,860	40,838,794
Payments to suppliers	(7,913,359)	184,259	(28,004,578)	(4,229,295)	(39,962,973)
Payments to employees	(2,206,310)	-	(383,498)	(693,416)	(3,283,224)
Net cash provided (used) by operating activities	(391,040)	4,337,996	(1,045,286)	(1,336,705)	1,564,965
Cash Flows from Noncapital Financing Activities:					
Transfers received	42,909	4,687,342	-	-	4,730,251
Transfers paid	(3,973,848)	-	-	-	(3,973,848)
Net cash provided (used) by noncapital related financing activities	(3,930,939)	4,687,342	-	-	756,403
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(66,933)	(2,394,028)	-	-	(2,460,961)
Principal paid on leases	(51,201)	-	(22,670)	-	(73,871)
Interest paid on leases	(11,125)	-	(835)	-	(11,960)
Sale of property	-	175,983	-	-	175,983
Net cash provided (used) by capital related financing activities	(129,259)	(2,218,045)	(23,505)	-	(2,370,809)
Cash Flows from Investing Activities:					
Interest on investments	83,401	127,220	120,340	81,784	412,745
Net increase (decrease) in cash and cash equivalent	(4,367,837)	6,934,513	(948,451)	(1,254,921)	363,304
Cash and cash equivalents - beginning of year	9,772,429	10,167,690	11,827,600	8,588,588	40,356,307
Cash and cash equivalents - end of year	\$ 5,404,592	\$ 17,102,203	\$ 10,879,149	\$ 7,333,667	\$ 40,719,611

Continued

City of Salem, Oregon
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2022

	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)	\$ (991,320)	\$ 949,470	\$ (1,038,024)	\$ (1,528,286)	\$ (2,608,160)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	653,623	2,967,057	23,208	-	3,643,888
Other income (expense)	1,987	-	-	-	1,987
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
Accounts receivable	(34,074)	25,175	-	(26,416)	(35,315)
Inventories and prepayments	(88,769)	-	-	-	(88,769)
Deferred outflows related to pensions	37,264	-	6,977	12,710	56,951
Deferred OPEB outflow-RHIA	3,088	-	576	585	4,249
Deferred OPEB outflow-City	5,203	-	1,828	(446)	6,585
Accounts payable and accrued liabilities	102,323	396,294	(7,357)	78,622	569,882
Compensated absences payable	(18,677)	-	(14,799)	(272)	(33,748)
Claims reserve	-	-	-	142,000	142,000
Net pension liability	(918,413)	-	(171,969)	(313,264)	(1,403,646)
Net OPEB asset	(31,370)	-	(4,420)	(8,318)	(44,108)
OPEB liability	(7,198)	-	(6,050)	6,485	(6,763)
Deferred inflows related to pensions	827,972	-	155,035	282,416	1,265,423
Deferred OPEB inflow-City	50,455	-	7,223	13,188	70,866
Deferred OPEB inflow-RHIA	16,866	-	2,486	4,291	23,643
Net cash provided (used) by operating activities	<u>\$ (391,040)</u>	<u>\$ 4,337,996</u>	<u>\$ (1,045,286)</u>	<u>\$ (1,336,705)</u>	<u>\$ 1,564,965</u>
Non-cash investing, capital, and financing activities					
Contributions of capital assets from governmental funds	\$ 23,780	\$ 135,981	\$ -	\$ -	\$ 159,761



COMBINING STATEMENTS

Fiduciary Funds

All fiduciary funds reported are considered to be Custodial funds. Custodial fiduciary funds account for resources received and held by the reporting government in a purely custodial capacity.

The columns presented in these statements consist of:

Intergovernmental

Accounts for fees and assessments collected on behalf of other governments. Fees and assessments primarily relate to court assessments and building permit.

Restitution Trust

Accounts for money received from parolees making restitution, restitution payments to victims, and restitution forfeitures.

Utility Assistance

Accounts for outside parties and governmental donations to assist low-income residents with City utility bills.

Seized Asset Trust

Accounts for police seizures held by the City until final verdicts are rendered for open litigation. Amounts collected are distributed based on the final verdicts rendered.

Reimbursement Districts

Accounts for infrastructure fees collected and reimbursed to outside development parties based on formation of development districts and the infrastructure agreements.

City of Salem, Oregon
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Custodial Funds	
	Intergovern- mental	Restitution Trust
Assets		
Cash and investments	\$ 141,067	\$ 425
Accounts receivable, net	-	-
Total assets	141,067	425
Liabilities		
Due to other governments	99,047	-
Total liabilities	99,047	-
Net Position		
Restricted for:		
Other governments and individuals	42,020	425
Specific programs	-	-
Total net position	\$ 42,020	\$ 425

Continued

City of Salem, Oregon
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

Custodial Funds

Utility Assistance	Seized Asset Trust	Reimbursement Districts	Total
\$ 236,484	\$ 295,147	\$ 88,238	\$ 761,361
6	-	-	6
<u>236,490</u>	<u>295,147</u>	<u>88,238</u>	<u>761,367</u>
-	-	-	99,047
-	-	-	99,047
-	295,147	88,238	425,830
236,490	-	-	236,490
<u>\$ 236,490</u>	<u>\$ 295,147</u>	<u>\$ 88,238</u>	<u>\$ 662,320</u>
			Concluded

City of Salem, Oregon
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the fiscal year ended June 30, 2022

	Custodial Funds	
	Intergovern- mental	Restitution Trust
Additions		
Fees and assessments collected for other governments	\$ 1,697,582	\$ -
Program revenues:		
Outside parties	-	-
Governmental funds	-	-
Restitution collections	-	9,326
Investment earnings	-	-
Police seizures	-	-
	<hr/>	<hr/>
Total additions	1,697,582	9,326
	<hr/>	<hr/>
Deductions		
Fees and assessments distributed to other governments	1,378,897	-
Administrative expense	282,613	-
Restitution payments	-	8,989
Expenditures - Community Service and Development	-	-
Seized assets distributions:		
Payments to other governments	-	-
Returned to individuals	-	-
Forfeited to governmental funds	-	-
	<hr/>	<hr/>
Total deductions	1,661,510	8,989
	<hr/>	<hr/>
Change in net position	36,072	337
Total net position - beginning of year	5,948	88
	<hr/>	<hr/>
Total net position - end of year	\$ 42,020	\$ 425

Continued

City of Salem, Oregon
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the fiscal year ended June 30, 2022

Custodial Funds			
Utility Assistance	Seized Asset Trust	Reimbursement Districts	Total
\$ -	\$ -	\$ -	\$ 1,697,582
70,337	-	1,498	71,835
10,000	-	-	10,000
-	-	-	9,326
3,986	-	1,057	5,043
-	18,360	-	18,360
84,323	18,360	2,555	1,812,146
-	-	-	1,378,897
-	-	-	282,613
-	-	-	8,989
220,631	-	-	220,631
-	1,427	-	1,427
-	43,551	-	43,551
-	3,167	-	3,167
220,631	48,145	-	1,939,275
(136,308)	(29,785)	2,555	(127,129)
372,798	324,932	85,683	789,449
\$ 236,490	\$ 295,147	\$ 88,238	\$ 662,320

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*
- *Public Art*
- *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, 2022

	<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				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 22,931	\$ (22,931)
Rents	-	-	21,815	(21,815)
Grants	13,068,610	17,968,610	5,144,837	12,823,773
Intergovernmental	30,239,940	30,239,940	942,961	29,296,979
Interest on investments	42,740	42,740	449,176	(406,436)
Other	276,730	276,730	50,752	225,978
Total revenues	<u>43,628,020</u>	<u>48,528,020</u>	<u>6,632,472</u>	<u>41,895,548</u>
Expenditures				
Operations	<u>143,688,910</u>	<u>149,788,910</u>	<u>46,197,185</u>	<u>103,591,725</u>
Excess (deficiency) of revenues over expenditures	(100,060,890)	(101,260,890)	(39,564,713)	(61,696,177)
Other financing sources (uses)				
Issuance of debt	11,641,770	11,641,770	-	11,641,770
Sale of property	1,200,000	1,200,000	1,386,643	(186,643)
Transfers in	22,640,820	23,840,820	23,939,645	(98,825)
Total other financing sources (uses)	<u>35,482,590</u>	<u>36,682,590</u>	<u>25,326,288</u>	<u>11,356,302</u>
Net change in fund balance	(64,578,300)	(64,578,300)	(14,238,425)	(50,339,875)
Fund balance - beginning of year	<u>64,578,300</u>	<u>64,578,300</u>	<u>68,923,415</u>	<u>(4,345,115)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	54,684,990	<u>\$ (54,684,990)</u>
Reconciliation to generally accepted accounting principles:				
Transfer of net activity and fund balance to Utility fund			(35,327,951)	
Advances from Utility fund			(3,803,257)	
Transfer of net activity and fund balance to WVPS fund			(2,445,845)	
Transfer of net activity and fund balance to City Services fund			(854,741)	
Advance from City Services fund			(43,648)	
Lease revenue adjustments			1,162	
Long-term lease receivables			31,652	
Deferred inflows related to leases			(31,112)	
Fund balance - end of year (modified accrual)			<u>\$ 12,211,250</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, 2022

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	
Revenues				
Rents	\$ 96,000	\$ 96,000	\$ 28,434	\$ 67,566
Grants	4,717,410	4,717,410	1,077,206	3,640,204
Intergovernmental	505,000	505,000	432,834	72,166
Interest on investments	560,500	560,500	482,019	78,481
Loan payments received	78,500	78,500	482,863	(404,363)
Other	6,060	6,060	-	6,060
Total revenues	<u>5,963,470</u>	<u>5,963,470</u>	<u>2,503,356</u>	<u>3,460,114</u>
Expenditures				
Operations	<u>70,579,670</u>	<u>70,579,670</u>	<u>8,688,119</u>	<u>61,891,551</u>
Excess (deficiency) of revenues over expenditures	(64,616,200)	(64,616,200)	(6,184,763)	(58,431,437)
Other financing sources (uses)				
Issuance of debt	<u>15,140,000</u>	<u>15,140,000</u>	<u>15,100,000</u>	<u>40,000</u>
Net change in fund balance	(49,476,200)	(49,476,200)	8,915,237	(58,391,437)
Fund balance - beginning of year	<u>49,476,200</u>	<u>49,476,200</u>	<u>49,350,760</u>	<u>125,440</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,265,997</u>	<u>\$ (58,265,997)</u>

1 () indicates revenue/expenditures in excess of budget

City of Salem, Oregon
General Debt
Schedule of Revenues, Expenses, and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2022

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 16,954,420	\$ 16,954,420	\$ 17,156,291	\$ (201,871)
Intergovernmental	5,719,550	5,719,550	5,719,820	(270)
Interest on investments	20,000	20,000	95,139	(75,139)
Total revenues	<u>22,693,970</u>	<u>22,693,970</u>	<u>22,971,250</u>	<u>(277,280)</u>
Expenditures				
Debt service	<u>22,538,470</u>	<u>22,538,470</u>	<u>22,046,978</u>	<u>491,492</u>
Excess (deficiency) of revenues over expenditures	155,500	155,500	924,272	(768,772)
Fund balance - beginning of year	<u>608,070</u>	<u>608,070</u>	<u>1,187,877</u>	<u>(579,807)</u>
Fund balance - end of year	<u>\$ 763,570</u>	<u>\$ 763,570</u>	<u>\$ 2,112,149</u>	<u>\$ (1,348,579)</u>

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2022

	<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				
Sales, fees, licenses, and permits	\$ 208,640	\$ 208,640	\$ 400,418	\$ (191,778)
Special assessments	5,300	5,300	2,074	3,226
Rents	2,040	2,040	1,129	911
Grants	753,350	753,350	753,350	-
Intergovernmental	15,722,690	15,722,690	16,544,114	(821,424)
Interest on investments	33,950	33,950	45,982	(12,032)
Other	2,120	2,120	1,459	661
Total revenues	<u>16,728,090</u>	<u>16,728,090</u>	<u>17,748,526</u>	<u>(1,020,436)</u>
Expenditures				
Operations	16,399,670	16,399,670	14,457,892	1,941,778
Contingency	500,000	500,000	-	500,000
Total expenditures	<u>16,899,670</u>	<u>16,899,670</u>	<u>14,457,892</u>	<u>2,441,778</u>
Excess (deficiency) of revenues over expenditures	(171,580)	(171,580)	3,290,634	(3,462,214)
Other financing sources (uses)				
Transfers in	75,000	75,000	75,000	-
Transfers out	(606,970)	(606,970)	(606,970)	-
Total other financing sources (uses)	<u>(531,970)</u>	<u>(531,970)</u>	<u>(531,970)</u>	<u>-</u>
Net change in fund balance	(703,550)	(703,550)	2,758,664	(3,462,214)
Fund balance - beginning of year	<u>4,329,390</u>	<u>4,329,390</u>	<u>5,795,170</u>	<u>(1,465,780)</u>
Fund balance - end of year	<u>\$ 3,625,840</u>	<u>\$ 3,625,840</u>	<u>\$ 8,553,834</u>	<u>\$ (4,927,994)</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, 2022

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 1,946,660	\$ 1,946,660	\$ 1,980,757	\$ (34,097)
Interest on investments	16,530	16,530	9,627	6,903
Total revenues	<u>1,963,190</u>	<u>1,963,190</u>	<u>1,990,384</u>	<u>(27,194)</u>
Expenditures				
Operations	1,170,140	1,170,140	1,145,106	25,034
Debt service	211,920	211,920	211,919	1
Contingency	200,000	200,000	-	200,000
Total expenditures	<u>1,582,060</u>	<u>1,582,060</u>	<u>1,357,025</u>	<u>225,035</u>
Excess (deficiency) of revenues over expenditures	381,130	381,130	633,359	(252,229)
Other financing sources (uses)				
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net change in fund balance	(118,870)	(118,870)	133,359	(252,229)
Fund balance - beginning of year	<u>1,159,640</u>	<u>1,159,640</u>	<u>1,217,298</u>	<u>(57,658)</u>
Fund balance - end of year	<u>\$ 1,040,770</u>	<u>\$ 1,040,770</u>	<u>\$ 1,350,657</u>	<u>\$ (309,887)</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, 2022

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 46,100	\$ 46,100	\$ 49,942	\$ (3,842)
Rents	1,225,070	1,225,070	1,268,972	(43,902)
Grants	-	-	63,200	(63,200)
Interest on investments	18,000	18,000	14,413	3,587
Other	-	-	3,600	(3,600)
Total revenues	<u>1,289,170</u>	<u>1,289,170</u>	<u>1,400,127</u>	<u>(110,957)</u>
Expenditures				
Operations	1,424,640	1,474,640	1,206,116	268,524
Debt service	44,410	44,410	44,400	10
Contingency	808,240	758,240	-	758,240
Total expenditures	<u>2,277,290</u>	<u>2,277,290</u>	<u>1,250,516</u>	<u>1,026,774</u>
Excess (deficiency) of revenues over expenditures	(988,120)	(988,120)	149,611	(1,137,731)
Fund balance - beginning of year	<u>988,120</u>	<u>988,120</u>	<u>1,005,007</u>	<u>(16,887)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,154,618</u>	<u>\$ (1,154,618)</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, 2022

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 24,830	\$ 24,830	\$ 70,028	\$ (45,198)
Rents	846,790	846,790	904,116	(57,326)
Grants	253,510	253,510	253,510	-
Interest on investments	1,000	1,000	1,022	(22)
Other	2,430	2,430	12,283	(9,853)
Total revenues	<u>1,128,560</u>	<u>1,128,560</u>	<u>1,240,959</u>	<u>(112,399)</u>
Expenditures				
Operations	1,137,310	1,262,310	1,240,034	22,276
Contingency	162,070	37,070	-	37,070
Total expenditures	<u>1,299,380</u>	<u>1,299,380</u>	<u>1,240,034</u>	<u>59,346</u>
Excess (deficiency) of revenues over expenditures	(170,820)	(170,820)	925	(171,745)
Fund balance - beginning of year	<u>170,820</u>	<u>170,820</u>	<u>173,187</u>	<u>(2,367)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,112</u>	<u>\$ (174,112)</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, 2022

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Other taxes	\$ 3,132,120	\$ 3,582,120	\$ 4,326,660	\$ (744,540)
Grants	1,637,570	1,637,570	1,637,570	-
Intergovernmental	5,400	5,400	10,695	(5,295)
Interest on investments	2,500	2,500	11,749	(9,249)
Other	12,000	12,000	14,200	(2,200)
Total revenues	<u>4,789,590</u>	<u>5,239,590</u>	<u>6,000,874</u>	<u>(761,284)</u>
Expenditures				
Operations	2,050,730	2,500,730	2,387,488	113,242
Contingency	120,000	-	-	-
Total expenditures	<u>2,170,730</u>	<u>2,500,730</u>	<u>2,387,488</u>	<u>113,242</u>
Excess (deficiency) of revenues over expenditures	2,618,860	2,738,860	3,613,386	(874,526)
Other financing sources (uses)				
Transfers out	<u>(1,400,890)</u>	<u>(1,520,890)</u>	<u>(1,422,507)</u>	<u>(98,383)</u>
Net change in fund balance	1,217,970	1,217,970	2,190,879	(972,909)
Fund balance - beginning of year	<u>1,395,440</u>	<u>1,395,440</u>	<u>1,836,848</u>	<u>(441,408)</u>
Fund balance - end of year	<u>\$ 2,613,410</u>	<u>\$ 2,613,410</u>	<u>\$ 4,027,727</u>	<u>\$ (1,414,317)</u>

1 () indicates revenue/expenditures in excess of budget

City of Salem, Oregon
Public Art
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Interest on investments	\$ 300	\$ 300	\$ 404	\$ (104)
Expenditures				
Operations	42,370	42,370	14,322	28,048
Excess (deficiency) of revenues over expenditures	(42,070)	(42,070)	(13,918)	(28,152)
Fund balance - beginning of year	42,070	42,070	40,157	1,913
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,239</u>	<u>\$ (26,239)</u>

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 696,030	\$ 896,030	\$ 936,491	\$ (40,461)
Expenditures				
Operations	665,060	865,060	932,656 ²	(67,596)
Excess (deficiency) of revenues over expenditures	30,970	30,970	3,835	27,135
Other financing sources (uses)				
Transfers out	(30,970)	(30,970)	-	(30,970)
Net change in fund balance	-	-	3,835	(3,835)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,835</u>	<u>\$ (3,835)</u>

1 () indicates revenue/expenditures in excess budget

2 Expenditures exceeded budget authority. See note I.

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Rents	\$ 611,280	\$ 611,280	\$ 517,002	\$ 94,278
Grants	-	-	76,730	(76,730)
Interest on investments	7,000	7,000	1,453	5,547
Total revenues	<u>618,280</u>	<u>618,280</u>	<u>595,185</u>	<u>23,095</u>
Expenditures				
Operations	535,740	535,740	483,711	52,029
Contingency	340,530	340,530	-	340,530
Total expenditures	<u>876,270</u>	<u>876,270</u>	<u>483,711</u>	<u>392,559</u>
Excess (deficiency) of revenues over expenditures	(257,990)	(257,990)	111,474	(369,464)
Other financing sources (uses)				
Transfers out	(200,000)	(200,000)	(200,000)	-
Net change in fund balance	(457,990)	(457,990)	(88,526)	(369,464)
Fund balance - beginning of year	457,990	457,990	342,012	115,978
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>253,486</u>	<u>\$ (253,486)</u>
Reconciliation to generally accepted accounting principles:				
Long-term lease receivables			1,823,847	
Deferred inflows related to leases			(1,805,877)	
Net position at end of year			<u>\$ 271,456</u>	

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2022

	<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	\$ 6,401,400	\$ 6,401,400	\$ 7,098,790	\$ (697,390)
Intergovernmental	124,510	124,510	124,510	-
Interest on investments	184,430	184,430	137,806	46,624
Other	-	-	592	(592)
	<u>6,710,340</u>	<u>6,710,340</u>	<u>7,361,698</u>	<u>(651,358)</u>
Expenditures				
Operations	5,624,230	5,624,230	5,172,288	451,942
Contingency	300,000	300,000	-	300,000
	<u>5,924,230</u>	<u>5,924,230</u>	<u>5,172,288</u>	<u>751,942</u>
Excess (deficiency) of revenues over expenditures	786,110	786,110	2,189,410	(1,403,300)
Other financing sources (uses)				
Transfers out	(500,000)	(500,000)	(500,000)	-
	<u>286,110</u>	<u>286,110</u>	<u>1,689,410</u>	<u>(1,403,300)</u>
Net change in fund balance	286,110	286,110	1,689,410	(1,403,300)
Fund balance - beginning of year	13,202,380	13,202,380	13,998,838	(796,458)
Fund balance - end of year	<u>\$ 13,488,490</u>	<u>\$ 13,488,490</u>	<u>\$ 15,688,248</u>	<u>\$ (2,199,758)</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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Fines and penalties	\$ 1,379,120	\$ 1,729,120	\$ 1,721,429	\$ 7,691
Interest on investments	-	-	4,173	(4,173)
Total revenues	1,455,850	1,805,850	1,725,602	80,248
Expenditures				
Operations	779,970	779,970	776,138	3,832
Excess (deficiency) of revenues over expenditures	675,880	1,025,880	949,464	76,416
Other financing sources (uses)				
Transfers out	(599,150)	(949,150)	(949,150)	-
Net change in fund balance	76,730	76,730	314	76,416
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ 76,730	\$ 76,730	\$ 314	\$ 76,416

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, 2022

	<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	\$ 150,000	\$ 871,860	\$ 1,647,853	\$ (775,993)
Special assessments	-	-	3,694	(3,694)
Rents	-	-	150	(150)
Grants	7,500,980	19,800,980	19,920,126	(119,146)
Intergovernmental	-	-	36,145	(36,145)
Fines and penalties	10,000	10,000	3,750	6,250
Interest on investments	278,980	278,980	196,872	82,108
Other	1,779,540	1,779,540	490,687	1,288,853
Total revenues	<u>9,719,500</u>	<u>22,741,360</u>	<u>22,299,277</u>	<u>442,083</u>
Expenditures				
Operations	<u>9,505,150</u>	<u>21,381,400</u>	<u>6,893,462</u>	<u>14,487,938</u>
Excess (deficiency) of revenues over expenditures				
	214,350	1,359,960	15,405,815	(14,045,855)
Other financing sources (uses)				
Sale of property	-	-	16,210	(16,210)
Transfers in	408,200	408,200	289,535	118,665
Transfers out	(4,560,390)	(5,103,740)	(142,847)	(4,960,893)
Total other financing sources (uses)	<u>(4,152,190)</u>	<u>(4,695,540)</u>	<u>162,898</u>	<u>(4,858,438)</u>
Net change in fund balance	(3,937,840)	(3,335,580)	15,568,713	(18,904,293)
Fund balance - beginning of year	<u>17,029,550</u>	<u>17,029,550</u>	<u>12,561,972</u>	<u>4,467,578</u>
Fund balance - end of year	<u>\$ 13,091,710</u>	<u>\$ 13,693,970</u>	<u>\$ 28,130,685</u>	<u>\$ (14,436,715)</u>

Reconciliation to generally accepted accounting principles:

Advance from Salem Convention Center fund (272,035)

Fund balance - end of year (modified accrual) \$ 27,858,650

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, 2022

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest on investments	\$ 4,300	\$ 4,300	\$ 2,553	\$ 1,747
Other	9,680	9,680	9,575	105
Total revenues	<u>13,980</u>	<u>13,980</u>	<u>12,128</u>	<u>1,852</u>
Expenditures				
Operations	<u>6,030</u>	<u>6,030</u>	<u>2,629</u>	<u>3,401</u>
Excess (deficiency) of revenues over expenditures	7,950	7,950	9,499	(1,549)
Other financing sources (uses)				
Transfers out	<u>(230,000)</u>	<u>(230,000)</u>	<u>(230,000)</u>	<u>-</u>
Fund balance - beginning of year	<u>255,200</u>	<u>255,200</u>	<u>263,903</u>	<u>(8,703)</u>
Fund balance - end of year	<u>\$ 33,150</u>	<u>\$ 33,150</u>	<u>\$ 43,402</u>	<u>\$ (10,252)</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 16,980,430	\$ 16,980,430	\$ 16,854,620	\$ 125,810
Interest on investments	205,500	205,500	156,547	48,953
Total revenues	<u>17,185,930</u>	<u>17,185,930</u>	<u>17,011,167</u>	<u>174,763</u>
Expenditures				
Debt service	<u>17,438,780</u>	<u>17,438,780</u>	<u>17,394,184</u>	<u>44,596</u>
Excess (deficiency) of revenues over expenditures	(252,850)	(252,850)	(383,017)	130,167
Fund balance - beginning of year	<u>4,617,760</u>	<u>4,617,760</u>	<u>6,153,523</u>	<u>(1,535,763)</u>
Fund balance - end of year	<u>\$ 4,364,910</u>	<u>\$ 4,364,910</u>	<u>\$ 5,770,506</u>	<u>\$ (1,405,596)</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, 2022

	<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	\$ 11,473,090	\$ 11,473,090	\$ 11,758,191	\$ (285,101)
Special assessments	-	-	190,629	(190,629)
Rents	-	-	6,324	(6,324)
Grants	3,974,120	3,974,120	359,535	3,614,585
Intergovernmental	2,500,000	2,500,000	-	2,500,000
Interest on investments	-	-	367,858	(367,858)
Other	-	-	2,273	(2,273)
Total revenues	<u>17,947,210</u>	<u>17,947,210</u>	<u>12,684,810</u>	<u>5,262,400</u>
Expenditures				
Operations	<u>52,241,680</u>	<u>52,241,680</u>	<u>7,421,403</u>	<u>44,820,277</u>
Excess (deficiency) of revenues over expenditures	(34,294,470)	(34,294,470)	5,263,407	(39,557,877)
Other financing sources (uses)				
Sale of property	-	-	187,340	(187,340)
Transfers in	360,000	360,000	360,000	-
Transfers out	(725,000)	(725,000)	(725,000)	-
Total other financing sources (uses)	<u>(365,000)</u>	<u>(365,000)</u>	<u>(177,660)</u>	<u>(187,340)</u>
Net change in fund balance	(34,659,470)	(34,659,470)	5,085,747	(39,745,217)
Fund balance - beginning of year	<u>34,659,470</u>	<u>34,659,470</u>	<u>37,408,715</u>	<u>(2,749,245)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	42,494,462	<u>\$ (42,494,462)</u>
Reconciliation to generally accepted accounting principles:				
Transfer of net activity and fund balance to Utility fund			<u>(19,718,314)</u>	
Net position at end of year			<u>\$ 22,776,148</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, 2022

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 3,472,400	\$ 3,472,400	\$ 2,185,907	\$ 1,286,493
Interest on investments	60,000	60,000	67,737	(7,737)
Total revenues	<u>3,532,400</u>	<u>3,532,400</u>	<u>2,253,644</u>	<u>1,278,756</u>
Expenditures				
Operations	<u>7,941,620</u>	<u>7,941,620</u>	<u>1,554,693</u>	<u>6,386,927</u>
Excess (deficiency) of revenues over expenditures	(4,409,220)	(4,409,220)	698,951	(5,108,171)
Transfers out	<u>(360,000)</u>	<u>(360,000)</u>	<u>(360,000)</u>	<u>-</u>
Net change in fund balance	(4,769,220)	(4,769,220)	338,951	(5,108,171)
Fund balance - beginning of year	<u>4,769,220</u>	<u>4,769,220</u>	<u>6,448,210</u>	<u>(1,678,990)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,787,161</u>	<u>\$ (6,787,161)</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, 2022

	<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				
Sales, fees, licenses, and permits	\$ 102,618,050	\$ 102,618,050	\$ 105,028,692	\$ (2,410,642)
Special assessments	7,440	7,440	5,681	1,759
Rents	21,000	21,000	15,369	5,631
Grants	2,572,910	2,572,910	2,572,910	-
Intergovernmental	6,353,790	6,353,790	6,087,020	266,770
Interest on investments	531,270	531,270	626,616	(95,346)
Loan payments received	655,500	655,500	667,588	(12,088)
Other	218,260	218,260	228,062	(9,802)
Total revenues	<u>112,978,220</u>	<u>112,978,220</u>	<u>115,231,938</u>	<u>(2,253,718)</u>
Expenditures				
Operations	82,564,710	82,564,710	73,484,139	9,080,571
Debt service	19,060,140	19,060,140	19,060,134	6
Contingency	3,000,000	1,970,000	-	1,970,000
Total expenditures	<u>104,624,850</u>	<u>103,594,850</u>	<u>92,544,273</u>	<u>11,050,577</u>
Excess (deficiency) of revenues over expenditures	8,353,370	9,383,370	22,687,665	(13,304,295)
Other financing sources (uses)				
Sale of property	2,686,200	2,686,200	2,686,200	-
Transfers in	710,400	710,400	660,400	50,000
Transfers out	(19,100,000)	(20,130,000)	(20,130,000)	-
Total other financing sources (uses)	<u>(15,703,400)</u>	<u>(16,733,400)</u>	<u>(16,783,400)</u>	<u>50,000</u>
Net change in fund balance	(7,350,030)	(7,350,030)	5,904,265	(13,254,295)
Fund balance - beginning of year	<u>50,041,230</u>	<u>50,041,230</u>	<u>56,765,909</u>	<u>(6,724,679)</u>
Fund balance - end of year	<u>\$ 42,691,200</u>	<u>\$ 42,691,200</u>	<u>62,670,174</u>	<u>\$ (19,978,974)</u>

Continued

1 () indicates revenue/expenditures in excess of budget

City of Salem, Oregon
Utility
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2022

Reconciliation to generally accepted accounting principles:

Utility ending fund balance (previous page)	\$ 62,670,174
Net activity and fund balance from Capital Improvements	35,327,951
Net activity and fund balance from Extra Capacity Facilities	19,718,314
Inventories	1,171,588
Advance to Capital Improvements fund	3,803,257
Net OPEB asset	703,439
Capital assets	741,631,866
Lease receivables	117,495
Deferred charge on refunding	2,613,475
Deferred outflows related to pensions	13,788,461
Deferred outflows related to OPEB	889,052
Interest payable	(323,999)
Lease liabilities	(783,221)
Long-term debt	(104,448,677)
Net OPEB liability	(4,220,096)
Net pension liability	(24,774,651)
Deferred inflows related to leases	(112,873)
Deferred inflows related to OPEB	(1,314,770)
Deferred inflows related to pensions	(18,198,420)
Accrued revenue from deferred inflows	1,070,785
Net position at end of year	<u>\$ 729,329,150</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, 2022

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	with Final Budget ¹
Revenues				
Sales, fees, licenses, and permits	\$ 721,270	\$ 1,631,090	\$ 2,816,281	\$ (1,185,191)
Intergovernmental	10,000	10,000	1,252	8,748
Fines and penalties	50,000	50,000	233,700	(183,700)
Interest on investments	80,000	80,000	36,090	43,910
Other	1,000	1,000	2,321	(1,321)
Total revenues	<u>862,270</u>	<u>1,772,090</u>	<u>3,089,644</u>	<u>(1,317,554)</u>
Expenditures				
Operations	2,363,990	2,707,990	2,695,332	12,658
Contingency	60,000	60,000	-	60,000
Total expenditures	<u>2,423,990</u>	<u>2,767,990</u>	<u>2,695,332</u>	<u>72,658</u>
Excess (deficiency) of revenues over expenditures	(1,561,720)	(995,900)	394,312	(1,390,212)
Other financing sources (uses)				
Transfers in	-	350,000	-	350,000
Transfers out	-	(700,000)	(666,995)	(33,005)
Total other financing sources (uses)	<u>-</u>	<u>(350,000)</u>	<u>(666,995)</u>	<u>316,995</u>
Net change in fund balance	(1,561,720)	(1,345,900)	(272,683)	(1,073,217)
Fund balance - beginning of year	<u>3,262,770</u>	<u>3,262,770</u>	<u>3,512,086</u>	<u>(249,316)</u>
Fund balance - end of year	<u>\$ 1,701,050</u>	<u>\$ 1,916,870</u>	3,239,403	<u>\$ (1,322,533)</u>
Reconciliation to generally accepted accounting principles:				
Allowance for Doubtful Accounts			(323,374)	
Net OPEB asset			2,426	
Capital assets			1,553,246	
Deferred outflows related to pensions			190,764	
Deferred outflows related to OPEB			3,065	
Net pension liability			(359,258)	
Net OPEB liability			(14,552)	
Deferred inflows related to pensions			(245,362)	
Deferred inflows related to OPEB			(4,534)	
Net position at end of year			<u>\$ 4,041,824</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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Sales, fees, licenses, and permits	\$ 20,800	\$ 20,800	\$ 30,340	\$ (9,540)
Grants	-	-	41,978	(41,978)
Intergovernmental	13,163,380	13,163,380	13,199,079	(35,699)
Interest on investments	40,000	40,000	21,364	18,636
Other	-	-	15,613	(15,613)
Total revenues	13,224,180	13,224,180	13,308,374	(84,194)
Expenditures				
Operations	12,634,230	12,634,230	11,754,297	879,933
Contingency	500,000	500,000	-	500,000
Total expenditures	13,134,230	13,134,230	11,754,297	1,379,933
Excess (deficiency) of revenues over expenditures	89,950	89,950	1,554,077	(1,464,127)
Other financing sources (uses)				
Transfers out	(1,400,000)	(1,400,000)	(1,400,000)	-
Net change in fund balance	(1,310,050)	(1,310,050)	154,077	(1,464,127)
Fund balance - beginning of year	1,540,760	1,540,760	1,816,855	(276,095)
Fund balance - end of year	\$ 230,710	\$ 230,710	1,970,932	\$ (1,740,222)
Reconciliation to generally accepted accounting principles:				
Transfer of net activity and fund balance from Capital Improvements			2,445,845	
Net OPEB asset			181,924	
Capital assets			2,569,724	
Deferred outflows related to pensions			3,811,604	
Deferred outflows related to OPEB			229,927	
Long-term lease liabilities			(1,520,490)	
Net OPEB liability			(1,091,404)	
Net pension liability			(7,071,762)	
Deferred inflows related to OPEB			(340,027)	
Deferred inflows related to pensions			(4,778,101)	
Net position at end of year			\$ (3,591,828)	

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, 2022

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 340,850	\$ 340,850	\$ 340,850	\$ -
Member agencies	118,130	118,130	118,130	-
Interest on investments	9,190	9,190	10,423	(1,233)
Total revenues	<u>468,170</u>	<u>468,170</u>	<u>469,403</u>	<u>(1,233)</u>
Expenditures				
Operations	275,080	275,080	156,911	118,169
Contingency	71,870	71,870	-	71,870
Total expenditures	<u>346,950</u>	<u>346,950</u>	<u>156,911</u>	<u>190,039</u>
Excess (deficiency) of revenues over expenditures	121,220	121,220	312,492	(191,272)
Fund balance - beginning of year	<u>991,300</u>	<u>991,300</u>	<u>1,002,321</u>	<u>(11,021)</u>
Fund balance - end of year	<u><u>\$ 1,112,520</u></u>	<u><u>\$ 1,112,520</u></u>	1,314,813	<u><u>\$ (202,293)</u></u>
Reconciliation to generally accepted accounting principles:				
Capital assets			<u>670,296</u>	
Net position at end of year			<u><u>\$ 1,985,109</u></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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Sales, fees, licenses, and permits	\$ 1,366,620	\$ 1,366,620	\$ 1,650,553	\$ (283,933)
Rents	715,750	715,750	882,166	(166,416)
Interest on investments	2,500	2,500	-	2,500
Other	325,000	325,000	4,100	320,900
Total revenues	<u>2,409,870</u>	<u>2,409,870</u>	<u>2,536,819</u>	<u>(126,949)</u>
Expenditures				
Operations	<u>2,019,170</u>	<u>2,019,170</u>	<u>2,264,784</u> ²	<u>(245,614)</u>
Excess (deficiency) of revenues over expenditures	390,700	390,700	272,035	118,665
Other financing sources (uses)				
Transfers out	<u>(390,700)</u>	<u>(390,700)</u>	<u>(272,035)</u>	<u>(118,665)</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>(21,881)</u>	<u>21,881</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>(21,881)</u> ³	<u>\$ 21,881</u>
Reconciliation to generally accepted accounting principles:				
Net change in marketing advance from City			(37,428)	
Advance to Community Enhancement (reserve fund)			272,035	
Capital assets			<u>23,905,883</u>	
Net position at end of year			<u>\$ 24,118,609</u>	

1 () indicates revenue/expenditures in excess of budget

2 Expenditures exceeded budget authority. See note I.

3 Negative ending fund balance. See note IV-I.

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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Rents	\$ 1,225,150	\$ 1,225,150	\$ 1,246,041	\$ (20,891)
Intergovernmental	9,044,390	9,044,390	8,506,235	538,155
Interest on investments	72,690	72,690	71,287	1,403
Loan payments received	44,410	44,410	44,400	10
Other	5,500	5,500	8,935	(3,435)
Total revenues	10,392,140	10,392,140	9,876,898	515,242
Expenditures				
Operations	11,516,790	11,516,790	10,278,322	1,238,468
Excess (deficiency) of revenues over expenditures				
	(1,124,650)	(1,124,650)	(401,424)	(723,226)
Other financing sources (uses)				
Transfers out	(4,323,850)	(4,323,850)	(3,973,848)	(350,002)
Net change in fund balance	(5,448,500)	(5,448,500)	(4,375,272)	(1,073,228)
Fund balance - beginning of year	8,911,530	8,911,530	9,075,421	(163,891)
Fund balance - end of year	\$ 3,463,030	\$ 3,463,030	4,700,149	\$ (1,237,119)

Reconciliation to generally accepted accounting principles:

Transfer of net activity and fund balance from Capital Improvements	854,741
Advance from Capital Improvements	43,648
Inventories	601,061
Net OPEB asset	48,513
Capital assets	11,894,293
Long-term lease receivables	289,546
Deferred outflows related to pensions	1,044,294
Deferred outflows related to OPEB	61,314
Long-term lease liabilities	(385,789)
Net OPEB liability	(291,041)
Net pension liability	(2,223,392)
Deferred inflows related to leases	(281,127)
Deferred inflows related to OPEB	(90,674)
Deferred inflows related to pensions	(942,285)
Net position at end of year	\$ 15,323,251

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, 2022

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 219,143	\$ (219,143)
Rents	679,750	679,750	679,300	450
Intergovernmental	2,923,030	2,923,030	3,205,030	(282,000)
Interest on investments	150,780	150,780	127,220	23,560
Other	-	-	25,089	(25,089)
Total revenues	<u>3,753,560</u>	<u>3,753,560</u>	<u>4,255,782</u>	<u>(502,222)</u>
Expenditures				
Operations	<u>18,863,430</u>	<u>18,863,430</u>	<u>2,606,062</u>	<u>16,257,368</u>
Excess (deficiency) of revenues over expenditures	(15,109,870)	(15,109,870)	1,649,720	(16,759,590)
Other financing sources (uses)				
Sale of property	181,260	181,260	175,983	5,277
Transfers in	4,913,100	4,913,100	4,687,342	225,758
Total other financing sources (uses)	<u>5,094,360</u>	<u>5,094,360</u>	<u>4,863,325</u>	<u>231,035</u>
Net change in fund balance	(10,015,510)	(10,015,510)	6,513,045	(16,528,555)
Fund balance - beginning of year	<u>10,015,510</u>	<u>10,015,510</u>	<u>10,160,999</u>	<u>(145,489)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	16,674,044	<u>\$ (16,674,044)</u>
Reconciliation to generally accepted accounting principles:				
Capital assets			<u>20,845,476</u>	
Net position at end of year			<u>\$ 37,519,520</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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 75	\$ (75)
Intergovernmental	25,294,050	25,294,050	25,601,669	(307,619)
Interest on investments	154,000	154,000	120,340	33,660
Other	1,590,000	1,590,000	1,741,046	(151,046)
Total revenues	27,038,050	27,038,050	27,463,130	(425,080)
Expenditures				
Operations	37,966,260	37,966,260	28,389,425	9,576,835
Excess (deficiency) of revenues over expenditures				
	(10,928,210)	(10,928,210)	(926,295)	(10,001,915)
Fund balance - beginning of year	10,928,210	10,928,210	11,774,429	(846,219)
Fund balance - end of year	\$ -	\$ -	10,848,134	\$ (10,848,134)
Reconciliation to generally accepted accounting principles:				
Capital assets			37,714	
Deferred outflows related to pensions			94,497	
Deferred outflows related to OPEB			547	
Deferred OPEB outflow-City			8,650	
Long-term lease liabilities			(38,252)	
Net OPEB Liability			(36,379)	
Net pension liability			(163,438)	
Deferred OPEB inflow-RHIA			(2,931)	
Deferred inflows related to OPEB			(10,670)	
Deferred inflows related to pensions			(166,012)	
Net position at end of year (accrual)			\$ 10,571,860	

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, 2022

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 52,819	\$ (52,819)
Intergovernmental	3,525,820	3,525,820	3,525,860	(40)
Interest on investments	140,000	140,000	81,784	58,216
Other	-	-	7,327	(7,327)
Total revenues	<u>3,665,820</u>	<u>3,665,820</u>	<u>3,667,790</u>	<u>(1,970)</u>
Expenditures				
Operations	<u>11,946,330</u>	<u>11,946,330</u>	<u>4,974,645</u>	<u>6,971,685</u>
Excess (deficiency) of revenues over expenditures	(8,280,510)	(8,280,510)	(1,306,855)	(6,973,655)
Fund balance - beginning of year	<u>8,280,510</u>	<u>8,280,510</u>	<u>8,505,364</u>	<u>(224,854)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	7,198,509	<u>\$ (7,198,509)</u>
Reconciliation to generally accepted accounting principles:				
Net OPEB asset			12,128	
Deferred outflows related to pensions			164,651	
Deferred outflows related to OPEB			912	
Deferred OPEB outflow-City			14,417	
Claims and judgments			(6,487,000)	
Net OPEB liability			(72,760)	
Net pension liability			(271,898)	
Deferred OPEB inflow-RHIA			(4,885)	
Deferred inflows related to OPEB			(17,784)	
Deferred inflows related to pensions			(300,772)	
Net position at end of year			<u>\$ 235,518</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, 2022

	<u>Issued/ Maturity Date</u>	<u>True Interest Cost</u>	<u>Original Amount</u>	<u>Principal Balance June 30, 2021</u>
<u>Governmental activity</u>				
General obligation bonds				
Police Facility, Series 2017	8/24/17-37	2.71	74,775,000	\$ 62,555,000
Library, Series 2018	3/22/18-31	2.68	18,600,000	16,645,000
Refunding Streets-Bridges, Series 2021	6/1/2021-26	2.89	24,735,000	<u>24,470,000</u>
Subtotal general obligation bonds				<u>103,670,000</u>
Premium				<u>9,539,627</u>
Total general obligation bonds				<u>113,209,627</u>
Limited tax pension obligation, Series 2005	9/23/05-28	5.04	61,685,000	<u>34,460,000</u>
Urban renewal bonds				
Riverfront/Downtown, Series 2009	9/17/09-24	4.35	3,660,000	920,000
Riverfront/Downtown, Series 2020A	12/17/20-24	1.66	7,445,000	7,445,000
Riverfront/Downtown, Series 2020B	12/17/20-24	1.75	2,223,000	<u>2,223,000</u>
Total urban renewal bonds				<u>10,588,000</u>
Total governmental bonds				<u>158,257,627</u>
Notes				
HUD Sec 108, Series 2015A	5/28/15-23	2.80	2,730,000	456,000
OECD L06001A, Mill Creek, Series 2007	6/23/11-35	4.41	3,999,999	3,317,901
OECD L06001C, Mill Creek, Series 2007	10/17/13-33	5.00	3,772,081	<u>5,000,000</u>
Total notes				<u>8,773,901</u>
Total governmental activity long-term debt				<u>\$ 167,031,528</u>
<u>Business-type activity</u>				
Revenue bonds - water and sewer				
Series 2012 A refunding	10/16/12-25	2.22	63,360,000	\$ 15,988,000
Series 2017 refunding	7/8/17-27	1.74	55,990,000	39,440,000
Series 2020	4/2/20-40	3.58	56,925,000	<u>55,515,000</u>
Subtotal revenue bonds				<u>110,943,000</u>
Premium				<u>9,049,920</u>
Total revenue bonds				<u>119,992,920</u>
Total business-type activity long-term debt				<u>\$ 119,992,920</u>
Total long-term debt				<u>\$ 287,024,448</u>

Continued

City of Salem, Oregon
Schedule of Bond Principal and Bond Interest Transactions
For the fiscal year ended June 30, 2022

<u>Principal Paid</u>	<u>Principal Balance June 30, 2022</u>	<u>Interest Paid</u>	<u>Total Principal and Interest Paid</u>	<u>Current Portion</u>	
				<u>Principal</u>	<u>Interest</u>
\$ 4,660,000	\$ 57,895,000	\$ 2,348,550	\$ 7,008,550	\$ 4,820,000	\$ 2,116,550
870,000	15,775,000	754,550	1,624,550	960,000	711,050
<u>6,470,000</u>	<u>18,000,000</u>	<u>1,223,500</u>	<u>7,693,500</u>	<u>7,295,000</u>	<u>900,000</u>
12,000,000	91,670,000	4,326,600	16,326,600	13,075,000	3,727,600
<u>1,298,093</u>	<u>8,241,534</u>	<u>-</u>	<u>1,298,093</u>	<u>-</u>	<u>-</u>
<u>13,298,093</u>	<u>99,911,534</u>	<u>4,326,600</u>	<u>17,624,693</u>	<u>13,075,000</u>	<u>3,727,600</u>
<u>3,995,000</u>	<u>30,465,000</u>	<u>1,724,378</u>	<u>5,719,378</u>	<u>4,425,000</u>	<u>1,524,469</u>
295,000	625,000	40,020	335,020	305,000	27,187
-	7,445,000	179,888	179,888	-	123,587
<u>829,000</u>	<u>1,394,000</u>	<u>56,625</u>	<u>885,625</u>	<u>918,000</u>	<u>24,395</u>
<u>1,124,000</u>	<u>9,464,000</u>	<u>276,533</u>	<u>1,400,533</u>	<u>1,223,000</u>	<u>175,169</u>
<u>18,417,093</u>	<u>139,840,534</u>	<u>6,327,511</u>	<u>24,744,604</u>	<u>18,723,000</u>	<u>5,427,238</u>
379,000	77,000	6,343	385,343	76,000	959
240,158	3,077,743	146,319	386,477	250,749	135,728
<u>223,098</u>	<u>4,776,902</u>	<u>283,552</u>	<u>506,650</u>	<u>319,395</u>	<u>187,255</u>
<u>842,256</u>	<u>7,931,645</u>	<u>436,214</u>	<u>1,278,470</u>	<u>646,144</u>	<u>323,942</u>
<u>\$ 19,259,349</u>	<u>\$ 147,772,179</u>	<u>\$ 6,763,725</u>	<u>\$ 26,023,074</u>	<u>\$ 19,369,144</u>	<u>\$ 5,751,180</u>
\$ 5,423,000	\$ 10,565,000	\$ 354,934	\$ 5,777,934	\$ 5,543,000	\$ 234,543
7,115,000	32,325,000	1,881,750	8,996,750	7,470,000	1,526,000
<u>1,885,000</u>	<u>53,630,000</u>	<u>2,400,450</u>	<u>4,285,450</u>	<u>1,975,000</u>	<u>2,306,200</u>
<u>14,423,000</u>	<u>96,520,000</u>	<u>4,637,134</u>	<u>19,060,134</u>	<u>14,988,000</u>	<u>4,066,743</u>
<u>1,121,244</u>	<u>7,928,676</u>	<u>-</u>	<u>1,121,244</u>	<u>-</u>	<u>-</u>
<u>15,544,244</u>	<u>104,448,676</u>	<u>4,637,134</u>	<u>20,181,378</u>	<u>14,988,000</u>	<u>4,066,743</u>
<u>\$ 15,544,244</u>	<u>\$ 104,448,676</u>	<u>\$ 4,637,134</u>	<u>\$ 20,181,378</u>	<u>\$ 14,988,000</u>	<u>\$ 4,066,743</u>
<u>\$ 34,803,593</u>	<u>\$ 252,220,855</u>	<u>\$ 11,400,859</u>	<u>\$ 46,204,452</u>	<u>\$ 34,357,144</u>	<u>\$ 9,817,923</u>

Concluded

City of Salem, Oregon
Schedule of Future Long-term Debt Service Requirements
June 30, 2022

Governmental Activities						
General Obligation, Urban Renewal, & Limited Tax Pension Obligation Bonds						
Fiscal Year	Notes		Pension Obligation Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2022-23	\$ 646,144	\$ 323,943	\$ 18,723,000	\$ 5,427,238	\$ 19,369,144	\$ 5,751,181
2023-24	594,723	299,418	14,329,000	4,522,729	14,923,723	4,822,147
2024-25	618,280	274,848	11,660,000	3,838,930	12,278,280	4,113,778
2025-26	643,855	249,272	12,695,000	3,287,445	13,338,855	3,536,717
2026-27	670,493	222,634	12,296,000	2,684,690	12,966,493	2,907,324
2027-28	698,236	194,891	9,718,000	2,102,398	10,416,236	2,297,289
2028-29	727,132	165,996	6,729,000	1,713,794	7,456,132	1,879,790
2029-30	757,228	135,900	7,191,000	1,480,011	7,948,228	1,615,911
2030-31	788,572	104,555	7,683,000	1,216,497	8,471,572	1,321,052
2031-32	830,580	71,907	4,295,000	960,200	5,125,580	1,032,107
2032-33	469,159	37,491	4,625,000	788,400	5,094,159	825,891
2033-34	487,243	19,100	4,925,000	649,650	5,412,243	668,750
2034-35	-	-	5,245,000	501,900	5,245,000	501,900
2035-36	-	-	5,570,000	344,550	5,570,000	344,550
2036-37	-	-	5,915,000	177,450	5,915,000	177,450
Totals	\$ 7,931,645	\$ 2,099,955	\$131,599,000	\$ 29,695,882	\$139,530,645	\$ 31,795,837

Business-type Activities		
Bonds		
Fiscal Year	Principal	Interest
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	2,007,700
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	\$ 96,520,000	\$ 27,764,590



City of Salem, Oregon
Schedule of Internal Service Funds Adjustments
for Preparation of Government-wide
Statement of Net Position
June 30, 2022

Assets

Current assets	
Cash and investments	\$ 39,864,870
Accounts receivable, net	40,733
Leases receivable	58,181
Inventories and prepayments	1,381,638
Advances to other funds	43,648
Total current assets	<u>41,389,070</u>
Noncurrent assets	
Restricted cash	854,741
Leases receivable	231,365
Net OPEB asset	67,918
Capital assets:	
Land and construction in progress	1,039,561
Other capital assets, net	31,737,921
Total noncurrent assets	<u>33,931,506</u>
Total assets	<u>75,320,576</u>

Deferred outflows of resources:

Deferred outflows related to pensions	1,303,442
Deferred outflows related to OPEB	85,840
Total deferred outflows of resources	<u>1,389,282</u>

Liabilities

Current liabilities	
Accounts payable and accrued liabilities	\$ 1,047,603
Leases payable	88,508
Claims and judgments due within one year	1,475,000
Compensated absences due within one year	43,856
Total current liabilities	<u>2,654,967</u>
Noncurrent liabilities	
Leases payable	335,533
OPEB liability	407,457
Net pension liability	2,658,728
Claims and judgments payable	5,012,000
Compensated absences payable	173,884
Total noncurrent liabilities	<u>8,587,602</u>
Total liabilities	<u>11,242,569</u>
	Continued

City of Salem, Oregon
Schedule of Internal Service Funds Adjustments
for Preparation of Government-wide
Statement of Net Position
June 30, 2022

Deferred inflows of resources:

Deferred inflows related to leases	\$ 281,127
Deferred inflows related to pensions	1,409,069
Deferred inflows related to OPEB	126,944
Total deferred inflows of resources	1,817,140

Net position

Net investment in capital assets	32,353,441
Restricted for capital projects	854,741
Unrestricted	30,441,967
Total net position	\$ 63,650,149

Tie to Government-wide statement

Total net position	\$ 63,650,149
Back out:	
Amount reflected in capital assets	(32,777,482)
Deferred outflows	(1,389,282)
Add in:	
Amount due from (to) Business-type funds, June 30, 2021	(4,383,400)
Amount due from (to) Business-type funds for current year	1,293,416
Leases receivable	(289,546)
Leases payable	424,041
Compensated absences	217,740
Net OPEB asset/liability	339,539
Net pension liability	2,658,728
Deferred inflows	1,817,140
Amount reflected from Internal Service funds	\$ 31,561,043

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, 2022

	Internal Service Funds	Governmental Funds	Business-type Funds
Operating revenues			
Sales, fees, licenses, and permits	\$ 272,037	\$ 175,058	\$ 80,112
Rents	1,923,355	1,237,695	566,410
Internal and intergovernmental	40,838,794	26,280,109	12,026,636
Other revenue	1,783,888	-	-
	<hr/>	<hr/>	<hr/>
Total operating revenues	44,818,074	27,692,862	12,673,158
Operating expenses			
Personal services	3,223,675	2,074,462	949,342
Materials and services	40,558,671	26,099,847	11,944,142
Depreciation	3,643,888	2,344,873	1,073,090
Allocated to programs in governmental activities			
Business type	-	-	-
General governmental	-	-	-
Community development	-	-	-
Community services	-	-	-
Public safety	-	-	-
Transportation	-	-	-
Library	-	-	-
	<hr/>	<hr/>	<hr/>
Total operating expenses	47,426,234	30,519,182	13,966,574
Operating income (loss)	<hr/> (2,608,160)	<hr/> (2,826,320)	<hr/> (1,293,416)
Non-Operating revenues (expenses)			
Interest on investments	423,151	-	-
Other revenue (expenses)	107,263	-	-
	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	530,414	-	-
Income (loss) before transfers	(2,077,746)	-	-
Capital contributions	171,396	-	-
Transfers in	5,102,673	-	-
Transfers out	(3,973,848)	-	-
	<hr/>	<hr/>	<hr/>
Change in net position	(777,525)	-	-
Total net position - beginning of year	64,427,674	-	-
	<hr/>	<hr/>	<hr/>
Total net position - end of year	<u>\$ 63,650,149</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, 2022

Other Outside	Allocation Of Loss / Gain To Programs	Governmental Government- wide Statement	Business-type Government- wide Statement
\$ 16,867	\$ -	\$ 16,867	\$ -
119,250	-	119,250	-
2,532,049	-	2,532,049	-
1,783,888	-	1,783,888	-
<u>4,452,054</u>	<u>-</u>	<u>4,452,054</u>	<u>-</u>
199,871	-	199,871	-
2,514,682	-	2,514,682	-
225,925	-	225,925	-
-	-	-	1,293,416
-	521,739	521,739	-
-	230,345	230,345	-
-	224,692	224,692	-
-	1,478,730	1,478,730	-
-	305,243	305,243	-
-	65,571	65,571	-
<u>2,940,478</u>	<u>2,826,320</u>	<u>5,766,798</u>	<u>1,293,416</u>
<u>1,511,576</u>	<u>(2,826,320)</u>	<u>(1,314,744)</u>	<u>(1,293,416)</u>
-	-	423,151	-
-	-	107,263	-
-	-	530,414	-
-	-	(784,330)	(1,293,416)
-	-	171,396	-
-	-	5,102,673	-
-	-	(3,973,848)	-
-	-	515,891	(1,293,416)
-	-	64,427,674	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,943,565</u>	<u>\$ (1,293,416)</u>

Concluded



Statistical Section

STATISTICAL STATEMENTS

This part of the City of Salem’s Annual Comprehensive 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 Annual Comprehensive 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	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	\$ 427,554,634	\$ 435,779,633	\$ 446,247,364	\$ 461,124,572	\$ 469,688,116
Restricted	78,206,939	79,809,835	87,107,980	88,589,657	90,895,275
Unrestricted ¹	41,659,637	46,783,853	(15,683,375)	(38,572,412)	(51,923,202)
Total governmental activities	547,421,210	562,373,321	517,671,969	511,141,817	508,660,189
Business-type activities					
Net investment in capital assets	474,358,737	487,328,016	502,345,165	515,232,134	541,522,659
Restricted	10,592,627	11,344,749	16,242,400	15,955,649	21,197,516
Unrestricted	53,878,267	51,883,370	46,486,440	40,847,394	47,348,468
Total business-type activities	538,829,631	550,556,135	565,074,005	572,035,177	610,068,643
Primary government					
Net investment in capital assets	901,913,371	923,107,649	948,592,529	976,356,706	1,011,210,775
Restricted	88,799,566	91,154,584	103,350,380	104,545,306	112,092,791
Unrestricted	95,537,904	98,667,223	30,803,065	2,274,982	(4,574,734)
Total primary government	\$ 1,086,250,841	\$ 1,112,929,456	\$ 1,082,745,974	\$ 1,083,176,994	\$ 1,118,728,832
net position					

Continued

SCHEDULE 1

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

As of June 30	2018	2019	2020	2021	2022
Governmental activities					
Net investment in capital assets	\$ 486,192,364	\$ 513,764,853	\$ 538,552,046	\$ 565,499,786	\$ 575,714,723
Restricted	101,208,199	109,621,306	106,802,948	109,477,858	141,667,383
Unrestricted ¹	(56,962,990)	(60,208,953)	(65,490,270)	(72,380,877)	(46,784,850)
Total governmental activities net position	530,437,573	563,177,206	579,864,724	602,596,767	670,597,256
Business-type activities					
Net investment in capital assets	559,922,636	583,866,415	618,782,483	641,118,546	674,603,073
Restricted	31,438,499	37,671,221	33,651,779	66,782,199	57,703,838
Unrestricted	45,605,799	40,439,162	36,592,904	12,838,970	26,665,937
Total business-type activities net position	636,966,934	661,976,798	689,027,166	720,739,715	758,972,848
Primary government					
Net investment in capital assets	1,046,115,000	1,097,631,268	1,157,334,529	1,206,618,332	1,250,317,796
Restricted	132,646,698	147,292,527	140,454,727	176,260,057	199,371,221
Unrestricted	(11,357,191)	(19,769,791)	(28,897,366)	(59,541,907)	(20,118,913)
Total primary government net position	\$ 1,167,404,507	\$ 1,225,154,004	\$ 1,268,891,890	\$ 1,323,336,482	\$ 1,429,570,104
					Concluded

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

Notes: 1 . Negative unrestricted net position beginning in 2015 due to pension and OPEB recognition 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 21,296,860	\$ 23,128,615	\$ 19,569,966	\$ 25,795,167	\$ 21,541,066	\$ 23,284,124	\$ 23,834,836	\$ 25,484,400	\$ 33,544,932	\$ 28,073,717
Public safety	58,805,455	60,447,533	48,297,656	83,670,810	76,681,588	79,538,208	83,490,651	97,193,289	101,932,771	91,848,440
Community development	20,991,991	22,641,646	25,640,012	25,365,523	28,150,600	25,993,916	28,676,371	42,204,461	31,725,690	29,707,264
Community services	7,903,455	8,315,343	7,413,884	10,845,896	10,130,824	11,484,088	10,749,116	13,343,669	14,901,391	19,541,160
Transportation	27,175,114	20,886,835	21,531,878	30,036,926	33,579,815	30,745,887	27,855,642	28,184,620	28,667,000	34,732,759
Library services	4,535,827	4,525,863	3,357,157	5,766,700	4,951,828	4,159,416	4,448,388	5,757,029	6,073,307	5,496,128
Interest on debt	6,699,240	8,005,607	7,063,013	6,267,919	5,494,769	7,560,950	7,890,417	7,288,602	6,875,063	6,632,618
Total governmental activities	147,407,942	147,951,442	132,873,566	187,748,941	181,195,490	182,766,589	186,945,421	219,436,070	223,720,154	216,032,086
Business-type activities:										
Water and sewer	72,271,694	78,156,729	70,951,961	90,890,450	88,133,117	94,629,758	97,593,037	100,993,381	100,979,876	101,051,149
Emergency services	1,294,706	1,093,116	860,417	928,245	765,666	675,440	681,058	806,352	847,535	2,000,870
WVPS communications center	8,875,249	8,869,085	7,329,036	12,533,464	10,847,295	10,866,965	11,043,665	12,288,120	12,670,874	11,552,866
Police regional records system	249,368	239,226	168,121	149,157	260,572	355,390	301,791	174,181	366,386	443,012
Salem Convention Center	3,763,233	3,876,195	4,114,169	4,002,023	4,540,244	4,567,157	4,987,614	4,226,454	1,256,563	2,928,119
Total business-type activities	86,454,250	92,234,351	83,423,704	108,503,339	104,546,894	111,094,710	114,607,165	118,488,488	116,121,234	117,976,016
Total expenses	\$ 233,862,192	\$ 240,185,793	\$ 216,297,270	\$ 296,252,280	\$ 285,742,384	\$ 293,861,299	\$ 301,552,586	\$ 337,924,558	\$ 339,841,388	\$ 334,008,102
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 9,051,015	\$ 9,727,451	\$ 9,721,341	\$ 8,489,920	\$ 10,762,231	\$ 11,484,550	\$ 12,433,547	\$ 10,887,952	\$ 9,798,453	\$ 10,071,962
Public safety	2,954,822	3,036,252	3,122,368	3,296,684	3,457,819	3,694,160	4,054,512	4,830,837	4,693,925	5,680,579
Community development	9,913,422	13,035,916	10,758,042	14,672,898	11,308,266	12,344,210	15,116,452	15,963,121	15,013,896	16,988,226
Community services	4,720,655	5,453,282	5,711,620	2,181,302	2,955,417	2,641,432	3,276,041	2,685,600	3,432,479	2,280,081
Transportation	8,673,693	3,086,927	3,437,418	7,924,516	4,796,272	7,212,753	4,609,077	4,273,383	5,543,341	5,968,169
Library services	845,041	839,415	826,307	857,018	869,078	909,075	744,945	744,945	683,863	612,609
Interest on debt	2,757,900	2,469,450	4,353,300	4,529,500	4,707,090	4,897,030	5,091,950	5,296,110	5,499,520	5,719,820
Operating grants and contributions	11,438,240	13,339,534	13,840,258	12,551,092	14,032,904	13,933,773	15,461,861	17,781,469	27,724,481	51,417,952
Capital grants and contributions	7,854,947	10,630,480	12,487,837	14,084,952	11,302,693	17,559,819	23,081,026	30,551,438	17,691,624	24,502,686
Total governmental activities	58,209,735	61,618,707	64,258,491	68,587,882	64,191,770	74,676,802	83,975,405	93,014,855	90,081,582	123,242,084
Business-type activities:										
Charges for services										
Water and sewer	74,458,723	84,279,309	88,106,019	90,920,920	94,173,227	99,448,400	101,762,054	104,165,185	109,624,097	111,198,172
Emergency services	1,117,833	858,984	862,363	726,734	775,125	909,589	893,713	824,961	836,550	3,053,554
WVPS communications center	8,479,940	8,377,806	8,785,249	9,775,246	10,094,981	10,529,057	11,081,288	11,440,456	12,375,975	13,245,032
Police regional records system	324,853	311,775	322,900	348,058	359,880	377,870	396,750	416,570	437,370	458,980
Salem Convention Center	3,425,715	3,476,830	3,739,372	3,729,105	4,631,840	4,652,705	5,212,461	3,848,954	320,405	2,536,819
Operating grants and contributions	111,221	62,804	-	-	-	-	-	159,720	49,370	2,614,888
Capital grants and contributions	5,568,746	5,527,869	6,247,189	10,050,339	18,221,138	16,965,678	16,918,149	17,527,474	17,520,269	22,853,761
Total business-type activities	93,487,031	102,895,377	108,063,092	115,550,402	128,256,191	132,883,299	136,264,415	138,383,320	141,164,036	155,961,206
Total program revenues	\$ 151,696,766	\$ 164,514,084	\$ 172,321,583	\$ 184,138,284	\$ 192,447,961	\$ 207,560,101	\$ 220,239,820	\$ 231,398,175	\$ 231,245,618	\$ 279,203,290
Net (expense)/revenue										
Governmental activities	\$ (89,198,207)	\$ (86,332,735)	\$ (68,615,075)	\$ (119,161,059)	\$ (117,003,720)	\$ (108,089,787)	\$ (102,970,016)	\$ (126,421,215)	\$ (133,638,572)	\$ (92,790,002)
Business-type activities	7,032,781	10,661,026	24,639,388	7,047,063	23,709,297	21,788,589	21,657,250	19,894,832	25,042,802	37,985,190
Total net expense	\$ (82,165,426)	\$ (75,671,709)	\$ (43,975,687)	\$ (112,113,996)	\$ (93,294,423)	\$ (86,301,198)	\$ (81,312,766)	\$ (106,526,383)	\$ (108,595,770)	\$ (54,804,812)

Continued

SCHEDULE 2

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

As of June 30	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues										
Governmental activities:										
Property tax	\$ 77,692,414	\$ 77,784,406	\$ 82,194,991	\$ 84,316,404	\$ 87,593,537	\$ 94,348,418	\$ 98,789,963	\$ 101,928,266	\$ 106,036,841	\$ 112,236,879
Transient occupancy tax	2,445,339	2,730,822	3,125,123	3,612,596	3,943,285	3,922,627	4,088,110	3,374,954	3,095,121	4,326,660
Other taxes	-	-	-	-	121,502	758,247	1,004,285	1,160,850	1,584,048	1,777,348
Shared state revenue	4,494,802	4,686,535	4,821,232	4,805,808	5,175,176	6,277,293	6,240,284	6,800,456	7,576,469	7,437,065
Franchise fees based on gross receipts	15,403,281	15,401,430	16,142,631	16,565,567	16,991,335	17,833,089	17,857,777	17,943,929	18,667,017	19,958,970
City operations fee	-	-	-	-	-	-	-	3,563,046	7,205,667	7,475,556
Payment in lieu of taxes	94,504	102,646	99,835	96,571	106,006	117,226	134,763	122,921	99,146	102,498
Investment earnings	692,002	776,162	1,024,656	1,354,500	1,901,542	3,339,012	5,182,765	5,033,622	3,290,559	2,405,246
Gain on sale of assets	3,490	13,160	48,197	166,457	239,594	23,640	639,153	336,350	159,308	2,206,527
Miscellaneous	269,034	217,028	593,905	869,803	1,478,317	1,851,020	1,749,388	1,386,609	1,329,778	761,816
Transfers in (out)	(2,983,512)	(427,343)	(585,500)	911,634	625,778	1,104,688	158,550	1,457,730	(1,050,003)	2,101,926
Total governmental activities	98,111,354	101,284,846	107,465,070	112,699,340	118,176,072	129,575,260	135,845,038	143,108,733	147,993,951	160,790,491
Business-type activities:										
Investment earnings	238,187	315,511	383,525	529,852	791,230	1,385,091	2,228,266	2,354,591	1,779,618	1,186,279
Gain or (loss) on sale of assets	16,818	8,150	13,049	-	16,217,200	872,567	-	255,623	5,000	-
Miscellaneous	284,196	314,474	795,832	295,891	308,438	3,899,140	1,282,898	1,013,206	1,135,268	1,163,590
Transfers in (out)	2,983,512	427,343	585,500	(911,634)	(625,778)	(1,104,688)	(158,550)	(1,457,730)	1,050,003	(2,101,926)
Total business-type activities	3,522,713	1,065,478	1,777,906	(85,891)	16,691,090	5,052,110	3,352,614	2,165,690	3,969,889	247,943
Total primary government	\$ 101,634,067	\$ 102,350,324	\$ 109,242,976	\$ 112,613,449	\$ 134,867,162	\$ 134,627,370	\$ 139,197,652	\$ 145,274,423	\$ 151,963,840	\$ 161,038,434
Change in Net Position										
Governmental activities	\$ 8,913,147	\$ 14,952,111	\$ 38,849,995	\$ (6,461,719)	\$ 1,172,352	\$ 21,485,473	\$ 32,875,022	\$ 16,687,518	\$ 14,355,379	\$ 68,000,489
Business-type activities	10,555,494	11,726,504	26,417,294	6,961,172	40,400,387	26,840,699	25,009,864	22,060,522	29,012,691	38,233,133
Total	\$ 19,468,641	\$ 26,678,615	\$ 65,267,289	\$ 499,453	\$ 41,572,739	\$ 48,326,172	\$ 57,884,886	\$ 38,748,040	\$ 43,368,070	\$ 106,233,622

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

Concluded

SCHEDULE 3

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

As of June 30	2013	2014	2015	2016	2017
General fund					
Nonspendable:					
Prepaid items	\$ 420	\$ 452	\$ 484	\$ 517	\$ 9
Assigned to:					
General government	-	-	-	-	299
Community development	-	-	-	-	302
Community services	-	-	-	-	35
Library services	-	-	-	-	-
Public safety	-	-	-	-	372
Unassigned	20,379	20,545	23,516	26,264	24,728
Total General Fund	\$ 20,799	\$ 20,997	\$ 24,000	\$ 26,781	\$ 25,745
All other governmental funds					
Nonspendable:					
Prepaid items	\$ 87	\$ 63	\$ 64	\$ 48	\$ -
Permanent fund principal	11	11	11	11	11
Restricted for:					
Capital projects	32,438	69,176	65,503	58,916	48,447
Community renewal	35	25	47	15	284
Debt service	17,604	17,121	16,331	17,729	19,198
Permanent funds - spendable	232	240	245	248	201
General government	179	181	59	58	58
Community development-SCC Gain/Loss	3,980	4,065	4,217	4,305	4,397
Community development-Other	67	67	68	68	69
Community services	685	733	676	634	565
Library services	28	39	36	40	48
Public safety	497	405	544	528	706
Transportation services	1,701	1,549	1,448	1,648	1,627
Committed for:					
Transportation services	1,687	2,024	3,208	5,557	4,880
Airport	564	631	683	952	921
Downtown parking	326	376	622	935	669
Economic improvement	183	173	99	33	-
Cultural/Tourism	882	1,266	1,216	1,219	546
Public Art	1	4	1	32	43
Parking leasehold	548	573	783	669	748
Building & safety	3,748	4,789	4,987	5,359	6,156
General government-replace phone system	1,692	1,704	1,683	1,502	1,545
Community services	43	45	25	30	42
Library services	975	881	924	970	937
Public safety	15	16	16	17	6
Total all other governmental funds	\$ 68,208	\$ 106,157	\$ 103,496	\$ 101,523	\$ 92,104

Continued

SCHEDULE 3

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

As of June 30	2018	2019	2020	2021	2022
General fund					
Nonspendable:					
Prepaid items	\$ -	\$ 132	\$ 252	\$ 135	\$ 90
Assigned to:					
General government	242	1,043	988	638	411
Community development	816	174	148	37	140
Community services	-	-	19	-	79
Library services	-	-	-	285	
Public safety	186	121	209	132	723
Unassigned	22,967	20,309	23,324	29,818	39,330
Total General Fund	\$ 24,211	\$ 21,779	\$ 24,940	\$ 31,045	\$ 40,773
All other governmental funds					
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ 7	\$ -	\$ -
Permanent fund principal	11	11	11	11	11
Restricted for:					
Capital projects	142,135	138,699	112,243	88,134	100,041
Community renewal	2,180	1,704	1,299	867	424
Debt service	8,631	7,329	6,085	7,341	7,883
Permanent funds - spendable	216	269	282	253	32
General government	64	64	56	50	35
Community development-SCC Gain/Loss	4,872	6,220	5,443	4,213	3,804
Community development-Other	70	71	42	2	2
Community services	670	861	1,091	1,112	15,620
Library services	37	40	43	61	39
Public safety	1,022	1,410	1,084	681	838
Transportation services	4,237	4,428	4,747	5,384	6,489
Committed for:					
Transportation services	4,647	4,129	4,321	7,012	9,904
Airport	1,137	1,186	1,209	1,005	1,155
Downtown parking	308	186	74	174	174
Economic improvement	-	-	-	-	-
Cultural/Tourism	789	661	382	1,837	4,032
Public Art	33	39	49	40	26
Parking leasehold	647	534	387	342	271
Building & safety	7,690	9,592	12,295	13,999	15,688
General government-replace phone system	-	-	-	-	-
Community services	24	39	47	42	52
Library services	939	958	954	992	957
Public safety	5	8	24	25	23
Total all other governmental funds	\$ 180,364	\$ 178,438	\$ 152,175	\$ 133,577	\$ 167,500
					Concluded

Source: City of Salem, OR Annual Comprehensive 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Property taxes	\$ 77,798,977	\$ 78,604,201	\$ 82,717,374	\$ 84,241,245	\$ 87,742,137	\$ 92,645,504	\$ 100,896,795	\$ 101,855,593	\$ 106,488,044	\$ 111,828,514
Other taxes	2,500,211	2,788,858	3,177,422	3,612,596	4,064,787	4,680,874	5,092,395	4,535,804	4,679,169	6,104,008
Sales, fees, licenses, and permits	24,878,758	27,040,176	25,511,801	33,693,610	32,589,112	39,613,747	38,357,918	46,415,904	48,422,259	55,405,775
Special assessments	618,003	767,990	476,972	514,942	487,167	3,899,954	469,202	759,550	1,100,485	1,417,740
Rents	3,222,814	3,281,528	3,552,864	3,518,821	4,235,080	2,917,512	4,617,136	4,133,667	2,860,572	3,131,429
Grants	4,773,444	8,631,220	8,140,701	6,837,612	7,084,125	34,253,598	9,618,698	10,020,216	18,739,613	44,809,633
Intergovernmental	35,784,928	32,002,982	38,282,094	32,524,245	30,743,901	2,897,346	35,152,033	43,822,612	37,611,112	39,916,973
Fines and penalties	2,547,538	2,712,724	2,772,139	3,023,850	2,973,024	502,411	2,981,148	2,652,267	2,650,205	3,863,108
Interest on investments	888,884	1,723,421	855,930	1,116,741	1,575,317	5,173,757	4,384,477	4,157,024	2,630,388	1,992,807
Loan payments received	1,114,307	1,026,446	946,805	2,694,311	2,305,210	963,207	1,824,844	675,788	1,111,130	1,153,131
Other	154,705,439	159,222,500	168,042,720	173,075,721	174,964,764	189,300,915	204,526,231	220,755,787	227,572,494	270,441,581
Total revenues										
Expenditures										
General government	17,044,104	18,640,507	19,637,379	17,018,725	16,759,280	17,870,705	19,087,011	18,775,452	22,872,613	26,473,831
Community development	15,490,499	16,418,121	17,661,782	16,373,289	17,285,934	17,151,459	20,304,596	19,732,560	20,472,387	22,700,474
Community service	6,550,095	7,055,808	7,059,393	7,812,249	8,461,793	9,433,816	9,099,012	10,182,769	11,172,820	16,706,885
Public safety	57,116,459	59,453,631	60,321,502	61,933,220	68,442,395	73,199,690	77,756,426	81,079,973	86,187,869	91,556,430
Transportation	16,563,872	10,692,492	10,193,376	12,004,928	13,804,079	15,003,447	15,088,642	14,545,764	14,643,629	15,595,750
Library	4,260,510	4,386,708	4,356,433	4,433,093	4,842,454	4,748,270	4,654,437	4,587,789	4,747,772	5,163,915
Capital outlay	35,162,576	32,666,666	27,065,092	29,581,071	33,768,435	35,218,713	43,639,379	73,445,521	63,403,677	27,304,548
Debt service										
Principal retirement	16,535,545	15,754,955	14,016,503	23,068,458	16,197,993	12,957,373	13,697,205	30,249,427	16,559,014	18,053,056
Interest and fiscal charges	6,669,810	7,886,344	6,777,542	6,502,290	5,486,003	6,843,051	8,032,148	7,853,769	6,960,709	6,838,648
Total expenditures										
Excess (deficiency) of revenues over (under) expenditures	\$ (20,688,031)	\$ (13,732,732)	\$ 953,718	\$ (5,651,602)	\$ (10,083,602)	\$ (3,125,609)	\$ (6,832,625)	\$ (39,697,237)	\$ (19,447,996)	\$ 40,048,044
Other financing sources (uses)										
Issuance of debt	2,335,090	49,461,855	-	6,130,000	-	93,375,000	905,808	15,673,031	9,668,000	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-	24,735,000	-
Bond issuance premium	-	2,928,425	-	-	-	9,485,781	-	-	2,843,359	-
Payments to refunded bond escrow agents	-	-	-	-	-	(14,933,756)	-	-	(27,469,644)	-
Proceeds from leases	-	-	-	-	-	-	-	-	-	543,147
Sale of capital assets	25,000	17,329	6,247	166,347	210,397	18,623	559,722	207,500	84,416	2,087,304
Transfers in	6,780,093	7,494,154	11,899,729	12,729,116	14,398,749	30,047,440	24,426,500	5,733,079	5,810,971	22,652,320
Transfers out	(7,777,958)	(8,022,063)	(12,517,834)	(12,496,891)	(14,980,843)	(30,121,091)	(23,282,530)	(5,018,472)	(7,752,452)	(21,679,219)
Total other financing sources (uses)										
Net change in fund balances	\$ (19,325,806)	\$ 38,146,968	\$ 341,860	\$ 876,970	\$ (10,455,299)	\$ 84,746,388	\$ (4,223,125)	\$ (23,102,099)	\$ (11,528,346)	\$ 43,651,596
Debt service as a percentage of noncapital expenditures	15.51%	16.05%	13.65%	18.25%	12.75%	11.61%	12.25%	17.75%	12.29%	11.92%

Source: City of Salem, OR Annual Comprehensive 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 Property ¹	Industrial Property ¹	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
	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
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%
2021	8,947,689	13,806	3,880,201	373,362	380,053	433,087	14,028,198	7.84	20,690,977	25,392,655	55.25%
2022	9,361,934	14,533	4,089,953	331,820	403,096	432,795	14,634,131	7.34	25,909,453	25,941,394	56.41%

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					Total Direct	Salem/Keizer School District	Marion County	Other Agencies	Total
	Basic Rate	General Obligation Rate	Urban Renewal Rate							
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
2021	5.48	1.17	1.19			7.84	6.97	2.84	2.01	19.66
2022	5.61	0.73	0.99			7.34	6.22	2.89	1.82	18.27

Source: Marion County Summary of Tax Roll

SCHEDULE 7

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

	2022				2013			
	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	\$ 121,053,620	1	0.86%	\$ 92,768,900	1	0.93%		
Northwest Natural Gas Company	84,794,147	2	0.61%	67,924,200	2	0.68%		
Lumen Technologies Inc	71,257,000	3	0.51%	-	-	-		
Snyders-Lance Inc	57,641,130	4	0.41%	-	-	-		
Comcast Corporation	56,933,220	5	0.41%	29,859,180	9	0.30%		
State Accident Insurance Fund	56,809,480	6	0.41%	28,674,670	10	0.29%		
Lancaster Development Company	54,639,100	7	0.39%	62,001,320	3	0.62%		
State Investments LLC	43,668,550	8	0.31%	32,961,343	7	0.33%		
Newport Hill LLC	38,727,410	9	0.28%	-	-	-		
Garmin At Inc	38,399,410	10	0.27%	-	-	-		
Metropolitan Life Insurance Company				41,589,300	4	0.42%		
5639 HD LLC				36,827,820	5	0.37%		
CenturyLink				34,714,300	6	0.35%		
Wal-Mart Real Estate Business				31,763,940	8	0.32%		
All other taxpayers	14,010,207,687		95.74%	9,925,293,981		95.58%		
Total	\$ 14,634,130,755		100.20%	10,384,378,954		100.19%		

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	
2015-16	\$ 86,416,824	\$ 2,413,221	\$ 84,003,603	\$ 81,875,741	94.75%	\$ 2,099,581	\$ 83,975,322	99.97%	\$ 28,281
2016-17	90,160,345	2,718,367	87,441,978	85,404,556	94.73%	1,993,256	87,397,812	99.95%	44,166
2017-18	95,271,746	2,665,202	92,606,544	90,442,603	94.93%	2,093,587	92,536,190	99.92%	70,354
2018-19	101,644,856	2,862,986	98,781,870	96,762,295	95.20%	1,821,335	98,583,630	99.80%	198,240
2019-20	104,952,393	2,923,310	102,029,083	99,954,690	95.24%	1,630,108	101,584,798	99.56%	444,285
2020-21	109,396,127	3,105,856	106,290,271	104,409,545	95.44%	1,162,334	105,571,879	99.32%	718,392
2021-22	114,695,165	3,304,445	111,390,720	109,388,269	95.37%	-	109,388,269	98.20%	2,002,451

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		
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	6.31%	\$ 2,143
2014	96,754,845	52,750,000	15,956,000	12,330,992	88,081,263	82,230,000	5,130,308	353,233,408	6.21%	2,239
2015	89,597,612	51,015,000	11,527,000	11,280,992	75,569,312	78,285,000	4,966,743	322,241,659	5.29%	2,023
2016	82,108,916	49,020,000	5,975,000	8,305,501	63,970,361	74,180,000	4,797,035	288,356,813	4.54%	1,794
2017	71,650,013	46,750,000	2,128,000	8,445,555	48,980,000	73,145,410	-	251,098,978	3.77%	1,549
2018	149,857,523	44,180,000	1,730,000	9,578,919	101,701,286	4,660,000	-	311,707,728	4.43%	1,907
2019	138,815,050	41,290,000	1,470,000	9,845,923	89,872,744	-	-	281,293,717	3.81%	1,702
2020	127,044,888	38,055,000	1,200,000	9,568,735	134,622,164	-	-	310,490,787	3.89%	1,855
2021	113,209,627	34,460,000	10,588,000	8,773,901	119,992,920	-	-	287,024,448	3.51%	1,699
2022	99,911,534	30,465,000	9,464,000	7,931,645	104,448,676	-	-	252,220,855	N/A	1,419

Source: City of Salem Finance Department

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 Bonds ²	Full Faith and Credit backed revenue bonds ³	Less: Amounts Available in General Debt Service Fund ⁴	Total ³	Percentage of Estimated	
								Actual Taxable Value of Property	General Bonded Debt Per Capita
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
2021		168,970	14,028,199,032	113,209,627	-	1,011,103	112,198,524	0.80%	664
2022		177,694	14,634,130,755	99,911,534	-	1,913,267	97,998,267	0.67%	552

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 are 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, 2022
(dollars in thousands)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Chemeketa Community College	\$ 94,425	31.54%	\$ 29,781
Marion County	31,134	38.38%	11,950
Marion County School District 24J	903,046	60.70%	548,143
Marion County School District 5	15,615	0.03%	5
Polk County	13,365	33.44%	4,469
Willamette ESD	6,417	28.71%	1,842
Subtotal, overlapping debt			596,190
General obligation bonds ²			99,911
Limited tax pension obligation bonds ³			30,465
Urban renewal bonds ⁴			9,464
Notes ⁵			7,932
Subtotal, City direct debt ⁶			147,772
			<u>\$ 743,962</u>

Sources: City of Salem Finance Department
Oregon State Treasury

Notes:

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

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

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

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

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

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

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

SCHEDULE 12

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

As of June 30,	2013	2014	2015	2016	2017
Real market value (RMV)	\$ 12,267,501,849	\$ 12,243,883,002	\$ 12,917,229,291	\$ 13,697,349,090	\$ 14,782,421,957
Legal debt margin:					
Debt limit (3% of RMV) ¹	368,025,055	367,316,490	387,516,879	410,920,473	443,472,659
Debt applicable to limit:					
General Obligation Bonds	56,850,076	96,754,845	89,597,612	82,108,916	71,650,013
Less:					
Funds applicable to the payment of principal ²	(129,392)	(307,721)	(693,010)	(1,680,942)	(533,726)
Premium received on issuance for Streets-Bridges, Police Facility, and Library Facility, Series 2013, 2017, & 2018	(1,391,946)	(4,003,673)	(3,648,943)	(3,294,213)	(2,818,866)
Total net debt applicable to limit	<u>55,328,738</u>	<u>92,443,451</u>	<u>85,255,659</u>	<u>77,133,761</u>	<u>68,297,421</u>
Legal debt margin ³	\$ 312,696,317	\$ 274,873,039	\$ 302,261,220	\$ 333,786,712	\$ 375,175,238
Total net debt applicable to limit as a percentage of limit	<u>15.03%</u>	<u>25.17%</u>	<u>22.00%</u>	<u>18.77%</u>	<u>15.40%</u>

Continued

SCHEDULE 12

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

As of June 30,	2018	2019	2020	2021	2022
Real market value (RMV)	\$ 16,198,654,069	\$ 17,807,968,607	\$ 19,617,175,751	\$ 20,690,976,632	\$ 25,909,453,452
Legal debt margin:					
Debt limit (3% of RMV) ¹	485,959,622	534,239,058	588,515,273	620,729,299	777,283,604
Debt applicable to limit:					
General Obligation Bonds	149,857,523	138,815,050	127,044,888	113,209,627	99,911,534
Less:					
Funds applicable to the payment of principal ²	(851,050)	(1,732,365)	(1,206,431)	(1,011,103)	(1,913,267)
Premium received on issuance for Streets-Bridges, Police Facility, and Library Facility, Series 2013, 2017, & 2018	(10,966,105)	(9,880,842)	(8,904,888)	(9,539,627)	(8,241,534)
Total net debt applicable to limit	<u>138,040,368</u>	<u>127,201,843</u>	<u>116,933,569</u>	<u>102,658,897</u>	<u>89,756,733</u>
Legal debt margin ³	\$ 347,919,254	\$ 407,037,215	\$ 471,581,704	\$ 518,070,402	\$ 687,526,870
Total net debt applicable to limit as a percentage of limit	<u>28.41%</u>	<u>23.81%</u>	<u>19.87%</u>	<u>16.54%</u>	<u>11.55%</u>
<u>Concluded</u>					

Sources: City of Salem Finance Department
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 Charges²	Less: Operating Expenses³	Net Available Revenue	Debt Service		Coverage¹
				Principal⁴	Interest	
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
2021	110,825	70,434	40,391	13,508	5,570	2.12
2022	112,360	71,879	40,481	14,423	4,637	2.12

Source: City of Salem Finance Department

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 debt issuance.
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
2013	156,455	\$ 33,953	\$ 5,312,117	49	3,193	9.3%
2014	157,770	36,046	5,686,977	49	3,220	8.0%
2015	159,265	38,242	6,090,612	49	3,250	6.5%
2016	160,690	39,521	6,350,629	49	3,279	5.5%
2017	162,060	41,055	6,653,373	49	3,307	4.6%
2018	163,480	43,030	7,034,544	49	3,336	4.3%
2019	165,265	44,709	7,388,833	49	3,373	4.2%
2020	167,400	47,638	7,974,601	49	3,416	5.8%
2021	168,970	48,377	8,174,262	49	3,448	6.2%
2022	177,694	N/A	N/A	49	3,626	4.0%

- 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	2022			2013		
	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	21,000	1	24.62%	21,000	1	27.19%
Salem-Keizer School District ³	5,137	2	6.02%	4,638	2	6.01%
Salem Health/Salem Hospital ³	5,058	3	5.93%	3,900	3	5.05%
Marion County ³	1,742	4	2.04%	1,487	5	1.93%
Federal Government	1,500	5	1.76%	1,400	6	1.81%
Amazon Fulfillment Center	1,400	6	1.64%			
City of Salem ³	1,291	7	1.51%	1,312	7	1.70%
Chemeketa Community College ³	1,080	8	1.27%	1,651	4	2.14%
Wal-Mart	980	9	1.15%			
State Accident Insurance Fund (SAIF)	923	10	1.08%	837	10	1.08%
Norpac Foods Incorporated ³				1,097	8	1.42%
Kaiser Permanente				1,048	9	1.36%
Total	40,111		47.02%	38,370		49.68%

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 2021-22 was 85,282
2. U.S. Department of Labor, Bureau of Labor, Salem, OR (MSA) - The average labor force for fiscal year 2012-13 was 74,979
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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
General government										
City manager's office ³	9	9	10	9	12	7	8	7	7	9
Human resources ³	8	8	8	8	8	9	9	9	10	10
Legal	13	13	15	15	15	15	15	14	14	14
Facilities	27	27	27	27	27	27	27	27	32	32
Finance	33	33	33	33	30	32	32	32	31	31
Municipal court	13	14	14	14	14	14	14	15	15	15
City services	32	29	29	29	29	29	26	26	26	26
Self insurance	7	7	7	7	7	8	9	9	10	10
Information technology ³	33	35	37	40	42	47	50	48	54	55
Public safety										
Police	227	228	228	228	230	233	234	233	241	247
Fire	160	154	152	152	164	165	177	177	177	177
Community development										
Administrative/planning	30	30	30	30	31	31	34	33	36	33
Airport	5	5	5	4	4	4	4	4	4	4
Building and safety	19	21	22	21	23	25	25	27	29	29
Urban development	32	30	29	33	33	33	32	31	31	31
Public works ^{1,2,4}	126	77	73	48	53	53	56	57	60	60
Library services	45	45	45	45	45	44	43	41	45	45
Recreation services ^{1,4}	10	10	10	42	49	50	50	50	51	51
Business-type activities										
Utility ²	246	296	294	300	304	310	317	323	332	333
Emergency services	6	6	2	2	2	2	2	2	2	2
WVPS center	60	70	70	73	73	73	73	73	76	76
Total	1,141	1,147	1,140	1,160	1,195	1,211	1,237	1,238	1,282	1,290

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, 2022**

Function / Program	2013	2014	2015	2016	2017
Public safety					
Police					
F.B.I. Index Crimes reported ¹	7,482	7,476	7,684	7,417	7,386
F.B.I. Index Crimes cleared by arrest	2,021	1,831	1,935	1,882	1,832
Citations and warnings issued	25,773	25,224	25,059	30,785	30,913
Fire					
Emergency & non-emergency responses	16,723	17,960	19,592	20,927	22,862
Fires extinguished	434	401	476	477	468
Inspections-buildings, hazardous use, etc	1,435	1,344	1,312	1,201	1,965
Community development					
Plan checks	3,254	3,858	3,807	4,262	4,791
Inspections completed	19,957	22,487	22,372	22,097	24,884
Building permits issued	1,726	1,892	1,814	1,979	2,135
Community services					
Recreation participant/registrations ^{2,5}	217,121	220,005	238,583	246,390	251,091
Special activities permits issued ^{3,5}	613	893	963	1,174	1,562
Senior Center average daily attendance	726	742	806	856	851
Ball fields and gymnasiums (hrs used) ⁵	53,917	55,148	55,719	59,324	65,351
Transportation					
Street cut permit inspections	357	533	406	477	523
Street resurfacing (miles)	8	3	4	3	3
Potholes repaired	1,522	1,638	1,388	1,764	2,868
Library services					
Volumes in collection	481,393	404,617	376,016	341,088	337,373
Items in circulation	1,336,215	1,226,379	1,235,209	1,203,686	1,226,790
Utility					
Citizens served-water	188,443	189,829	191,388	192,835	194,440
Water utility accounts	51,532	51,491	52,107	52,725	52,895
New water connections	249	327	278	308	420
Water lines repaired	213	235	223	267	154
Average daily consumption	27	26	26	26	26
Citizens served-sewer	228,188	229,666	231,152	232,855	234,820
Sewer utility accounts	61,772	61,988	62,649	63,320	63,547
New sewer connections	67	88	40	79	95
Sewer lines repaired	330	322	785	244	442
Average daily sewage treatment (ccf)	38,770	48,342	49,719	55,614	64,856
Citizens served-stormwater ⁸	-	-	-	-	-
Stormwater utility accounts	42,030	42,210	42,879	43,625	43,625
Emergency services					
Total medical aid responses	12,566	13,503	14,638	15,490	17,214
Billings ⁴	\$ 199,304	\$ 177,296	\$ 219,841	\$ 42,844	\$ 56,151
WVPS communications center ⁶					
Emergency calls taken	140,773	145,899	181,789	182,487	214,040
Dispatches issued	292,492	300,580	312,108	331,356	325,628

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.
 - c. Change in data categorization in FY22.
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, 2022**

Function / Program	2018	2019	2020	2021	2022
Public safety					
Police					
F.B.I. Index Crimes reported ¹	8,596	8,081	8,058	7,906	18,214
F.B.I. Index Crimes cleared by arrest	1,861	1,773	N/A ⁷	7,119	6,492
Citations and warnings issued	32,202	28,205	24,250	22,226	32,054
Fire					
Emergency & non-emergency responses	24,093	26,311	25,039	27,788	30,441
Fires extinguished	565	564	482	791	747
Inspections-buildings, hazardous use, etc	479	907	591	537	531
Community development					
Plan checks	5,161	5,310	5,605	4,716	3,792
Inspections completed	26,980	28,791	25,611	30,934	28,304
Building permits issued	2,294	2,356	2,375	2,033	1,802
Community services					
Recreation participant/registrations ^{2,5}	253,663	269,972	269,972	176,533	172,915
Special activities permits issued ^{3,5}	1,734	1,056	1,356	93	538
Senior Center average daily attendance	854	904	800	800	287
Ball fields and gymnasiums (hrs used) ⁵	58,281	30,437	42,359	3,767	12,716
Transportation					
Street cut permit inspections	519	520	432	506	729
Street resurfacing (miles)	4	3	3	3	3
Potholes repaired	1,531	2,510	2,271	1,699	1,699
Library services					
Volumes in collection	323,808	314,724	301,170	312,863	403,488
Items in circulation	1,334,705	1,351,684	1,063,744	611,610	1,065,333
Utility					
Citizens served-water	196,050	197,500	199,820	202,770	212,643
Water utility accounts	55,446	55,931	54,641	55,407	55,666
New water connections	407	478	493	479	462
Water lines repaired	83	122	118	93	109
Average daily consumption	29	28	28	28	27
Citizens served-sewer	237,040	238,905	241,413	245,275	255,698
Sewer utility accounts	65,229	65,925	66,772	67,527	67,813
New sewer connections	122	131	145	115	132
Sewer lines repaired	292	245	267	142	281
Average daily sewage treatment (ccf)	52,403	47,797	47,594	50,382	57,286
Citizens served-stormwater ⁸	-	-	-	-	177,694
Stormwater utility accounts	44,048	44,508	44,918	45,644	45,816
Emergency services					
Total medical aid responses	17,840	19,588	18,613	19,636	30,441
Billings ⁴	\$ 84,262	\$ 94,089	\$ 73,085	\$ 148,515	\$ 2,186,097
WVPS communications center⁶					
Emergency calls taken	217,788	214,267	218,192	203,253	220,569
Dispatches issued	334,012	342,162	341,057	306,544	305,193
					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.
8. Stormwater statistic added in FY22, previous years not available.

SCHEDULE 18

**City of Salem, Oregon
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
As of June 30, 2022**

Function / Program	2013	2014	2015	2016	2017
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	50	50	53	53	48
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	2,238	2,265	2,265
Senior community centers	1	1	1	1	1
Transportation					
Streets (miles) ⁴	633	639	663	637	640
Bridges	57	57	57	57	57
Street lights	11,478	11,500	11,543	11,626	11,453
Traffic signals	259	266	266	259	261
Library services					
Buildings	2	2	2	2	2
Utility					
Water main (miles)	750	749	754	758	761
Fire hydrants	4,885	4,930	4,963	4,963	5,056
Water storage capacity (ccf)	180,481	181,818	181,818	181,818	181,818
Sanitary sewer lines (miles)	800	800	785	796	799
Storm sewer (miles) ⁵	618	620	611	633	662
Treatment capacity winter (ccf)	274,064	274,064	274,064	274,064	274,064
Emergency services					
Ambulances - reserve ³	3	3	2	2	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, 2022**

Function / Program	2018	2019	2020	2021	2022
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	48	54	52	48	49
Fire					
Fire stations	11	11	11	11	11
Fire trucks ¹	17	17	17	17	17
Community services					
Parks and recreation areas ²	94	94	89	90	90
Parks and recreation acreage ²	2,310	2,310	2,326	2,338	2,338
Senior community centers	1	1	1	1	1
Transportation					
Streets (miles) ⁴	645	646	651	651	652
Bridges	57	57	57	58	58
Street lights	11,408	11,422	12,093	12,265	12,265
Traffic signals	266	266	265	269	269
Library services					
Buildings	2	2	2	2	2
Utility					
Water main (miles)	765	767	814	817	820
Fire hydrants	5,136	5,182	5,231	5,258	5,404
Water storage capacity (ccf)	181,818	181,818	181,818	181,818	181,818
Sanitary sewer lines (miles)	802	811	817	821	825
Storm sewer (miles) ⁵	651	651	493	501	503
Treatment capacity winter (ccf)	274,064	274,064	274,064	274,064	274,064
Emergency services					
Ambulances - reserve ³	2	2	2	2	2
WVPS communications center					
Mobiles	10	12	10	10	25
Base stations	3	3	3	3	7
				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 2021-22 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, 2022

Debt Summary

Outstanding debt

Long-term:

Gross bonded debt (certain debt with a general obligation excluding issuance premium)	\$ 91,670,000
Net direct debt (debt paid in whole or in part by taxes)	91,670,000
Net overlapping debt	596,190,256
Total net direct and overlapping debt	<u>\$ 687,860,256</u>

Debt Ratio

	<u>Values</u>	<u>Per Capita</u>	<u>Percent of RMV</u>
2021 estimated population	<u>177,694</u>		
2021-22 real market value	<u>\$ 25,909,453,452</u>	<u>\$ 145,809</u>	
Net direct debt (G.O. debt excluding issuance premium)	\$ 91,670,000	\$ 516	0.35%
Net overlapping debt	<u>596,190,256</u>	<u>3,355</u>	<u>2.30%</u>
Net direct debt (G.O.) and overlapping debt	<u>\$ 687,860,256</u>	<u>\$ 3,871</u>	<u>2.65%</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.

<u>Debt Limitation</u>	
2021-22 RMV	\$ 25,909,453,452
Debt limitation (3.00 % of RMV)	<u>\$ 777,283,604</u>
Applicable bonded debt	90,658,897
Debt margin	<u>\$ 686,624,707</u>
Percent of limit issued	12%

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__ __):

2017	2018	2021
U30	W61	X86
U48	W79	X94
U55	W87	Y28
U63	W95	Y36
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		Total	Percent change	Total Levy ¹	Tax Rate Per \$1000	Percent Collected Year of Levy	Percent Collected to Date ²
	Marion County	Polk County						
2013	\$ 8,673,851,504	\$ 1,710,527,450	\$ 10,384,378,954	5.97%	\$66,271,177	\$ 6.38	93.51%	N/A
2014	8,829,264,169	1,729,396,124	10,558,660,293	1.68%	67,531,726	6.40	94.06%	N/A
2015	9,169,796,837	1,794,530,036	10,964,326,873	3.84%	70,769,411	6.45	94.47%	N/A
2016	9,536,890,110	1,883,841,574	11,420,731,684	4.16%	74,406,467	6.52	94.75%	99.97%
2017	9,930,071,244	2,003,737,937	11,933,809,181	4.49%	77,766,683	6.52	94.73%	99.95%
2018	10,250,553,534	2,088,042,348	12,338,595,882	3.39%	82,193,282	6.66	94.93%	99.92%
2019	10,733,515,398	2,142,044,831	12,875,560,229	4.35%	86,852,570	6.75	95.20%	99.80%
2020	11,227,739,757	2,235,424,736	13,463,164,493	4.56%	88,828,322	6.60	95.24%	99.56%
2021	11,667,575,355	2,360,623,677	14,028,199,032	4.20%	93,026,123	6.63	95.44%	99.32%
2022	12,173,810,178	2,460,320,577	14,634,130,755	4.32%	97,415,806	6.66	95.37%	95.37%

1. These figures exclude urban renewal tax increments.

2. Levy information more than seven years past is reported in aggregate, so individual year percentages are not available for the oldest three years shown.

N/A = Information not available

SCHEDULE C

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

*2021-22 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	\$ 5.11	\$ 2.95	\$ 8.06
Local government	9.19	1.20	10.39
Urban Renewal Special Levy	1.21	0.00	1.21
Totals	<u>\$ 15.51</u>	<u>\$ 4.15</u>	<u>\$ 19.66</u>

Source: Marion County Assessor's Office

*2021-22 REPRESENTATIVE CONSOLIDATED
TAX RATE FOR POLK COUNTY CODE AREA
3201*

Municipal Corporation	Tax Rate For Operations	Tax Rate For Bonds	Total
Schools	\$ 5.12	\$ 2.95	\$ 8.07
Local government	8.45	1.20	9.65
Urban Renewal Special Levy	1.09	0.00	1.09
Totals	<u>\$ 14.65</u>	<u>\$ 4.15</u>	<u>\$ 18.81</u>

Source: Polk County Assessor's Office

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

As of June 30,	2018	2019	2020	2021	2022
Assets					
Cash and investments	\$ 25,754,571	\$ 22,771,759	\$ 22,864,398	\$ 30,537,407	\$ 41,392,394
Receivables	8,611,652	7,239,377	9,743,694	8,618,326	9,736,756
Leases receivable	-	-	-	-	350,182
Due from other agencies	117,758	188,842	-	-	-
Prepaid items	-	132,242	252,355	135,214	90,144
Total assets	\$ 34,483,981	\$ 30,332,220	\$ 32,860,447	\$ 39,290,947	\$ 51,569,476
Liabilities					
Accounts payable	\$ 1,734,544	\$ 1,509,967	\$ 1,610,292	\$ 2,062,627	\$ 1,962,881
Accrued payroll liabilities	3,756,799	3,925,206	3,528,429	3,899,440	4,348,944
Due to other funds	813,506	551,817	279,670	-	-
Due to other agencies	5,424	4,553	6,090	21,599	62,986
Security deposit payable	10,035	8,988	3,392	1,734	11,054
Unearned revenue	-	-	-	-	1,415,892
Total liabilities	6,320,308	6,000,531	5,427,873	5,985,400	7,801,757
Deferred inflows of resources					
Related to leases	-	-	-	-	345,758
Unavailable revenue	3,952,770	2,552,928	2,492,730	2,260,826	2,649,361
Total deferred inflows of resources	3,952,770	2,552,928	2,492,730	2,260,826	2,995,119
Fund balance					
Nonspendable	-	132,242	252,355	135,214	90,144
Assigned	1,244,020	1,337,900	1,363,070	1,091,940	1,352,350
Unassigned	22,966,883	20,308,619	23,324,419	29,817,567	39,330,106
Total fund balance	24,210,903	21,778,761	24,939,844	31,044,721	40,772,600
Total liabilities, deferred inflows of resources, and fund balance	\$ 34,483,981	\$ 30,332,220	\$ 32,860,447	\$ 39,290,947	\$ 51,569,476

*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,	2018	2019	2020	2021	2022
Revenues					
Property taxes	\$ 66,128,401	\$ 70,028,752	\$ 71,146,768	\$ 74,536,268	\$ 77,817,603
Other taxes	758,247	1,004,285	1,160,850	1,584,048	1,777,348
Franchise fees	18,001,644	18,003,359	18,091,467	18,818,078	19,958,970
Licenses and permits	1,069,803	1,522,440	1,406,990	1,588,726	2,068,881
Fees	1,270,388	1,186,425	840,037	664,479	1,081,363
Fines and penalties	2,891,761	2,977,913	2,039,690	1,631,719	2,137,929
Special assessments	-	1,409	10,405	1,232	-
Rents	1,619,906	2,161,366	1,582,858	538,882	760,236
Charges for services	2,472,631	2,746,109	6,280,103	10,460,517	12,066,088
Other revenues	221,416	171,856	339,432	200,570	243,396
Intergovernmental	8,827,876	8,476,183	9,065,844	9,619,997	8,956,154
Federal grants	558,579	458,039	3,849,001	10,634,332	13,567,476
State grants	3,500	21,504	-	10,230	819,000
Intrafund reimbursements	6,493,026	6,797,043	6,795,935	7,087,614	7,149,740
Loan payments received	9,625	(126)	302	-	-
Interest on investments	510,207	767,042	699,802	503,134	385,785
Total revenues	110,837,010	116,323,599	123,309,484	137,879,826	148,789,969
Expenditures					
Personal services	93,170,801	98,596,858	103,118,277	108,298,680	114,491,153
Materials and services	17,929,127	19,147,985	17,620,842	23,219,611	26,352,763
Capital outlay	610,969	579,588	189,928	764,835	859,065
Debt service	15,566	20,829	13,295	47,494	143,876
Total expenditures	111,726,463	118,345,260	120,942,342	132,330,620	141,846,857
Excess (deficiency) of revenues over expenditures	(889,453)	(2,021,661)	2,367,142	5,549,206	6,943,112
Other financing sources (uses)					
Proceeds from leases	-	-	-	-	543,147
Sale of capital assets	2,417	-	-	-	497,111
Transfers in	1,075,947	1,320,470	1,625,201	1,894,460	3,102,256
Transfers out	(1,722,840)	(1,730,950)	(831,260)	(1,338,789)	(1,357,747)
Total other financing sources (uses)	(644,476)	(410,480)	793,941	555,671	2,784,767
Excess (deficiency) of revenues over expenditures and other sources (uses)	(1,533,929)	(2,432,141)	3,161,083	6,104,877	9,727,879
Fund balance - beginning of year	25,744,831	24,210,902	21,778,761	24,939,844	34,044,721
Fund balance - end of year	\$ 24,210,902	\$ 21,778,761	\$ 24,939,844	\$ 31,084,878	\$ 43,772,600

*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,	2018	2019	2020	2021	2022
Assets					
Cash and investments	\$ 780,171	\$ 1,691,060	\$ 1,209,753	\$ 1,025,312	\$ 1,981,631
Receivables	804,800	568,711	573,209	418,687	555,832
Total assets	<u>\$ 1,584,971</u>	<u>\$ 2,259,771</u>	<u>\$ 1,782,962</u>	<u>\$ 1,443,999</u>	<u>\$ 2,537,463</u>
Liabilities					
Payables	\$ 400	\$ -	\$ -	\$ -	\$ -
Deferred inflows of resources					
Unavailable revenue	660,885	415,986	426,863	256,122	425,314
Fund balance					
Restricted for debt service	923,686	1,843,785	1,356,099	1,187,877	2,112,149
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,584,971</u>	<u>\$ 2,259,771</u>	<u>\$ 1,782,962</u>	<u>\$ 1,443,999</u>	<u>\$ 2,537,463</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,	2018	2019	2020	2021	2022
Revenues					
Property taxes	\$ 13,787,258	\$ 16,175,501	\$ 15,083,157	\$ 16,020,690	\$ 17,156,291
Interest on investments	106,173	193,258	195,111	140,840	95,139
Intergovernmental	4,897,039	5,091,950	5,296,110	5,499,520	5,719,820
Total revenues	<u>18,790,470</u>	<u>21,460,709</u>	<u>20,574,378</u>	<u>21,661,050</u>	<u>22,971,250</u>
Expenditures					
Debt service	<u>18,451,225</u>	<u>20,540,610</u>	<u>21,062,064</u>	<u>21,829,272</u>	<u>22,046,978</u>
Excess (deficiency) of revenues over expenditures	<u>339,245</u>	<u>920,099</u>	<u>(487,686)</u>	<u>(168,222)</u>	<u>924,272</u>
Other financing sources (uses)					
Issuance of debt				24,626,285	
Premium on issuance of debt				2,843,359	
Payment to refunded bond escrow account	-	-	-	(27,469,644)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,133,887)	920,099	(487,686)	(168,222)	924,272
Fund balance - beginning of year	<u>584,441</u>	<u>923,686</u>	<u>1,843,785</u>	<u>1,356,099</u>	<u>1,187,877</u>
Fund balance - end of year	<u>\$ 923,686</u>	<u>\$ 1,843,785</u>	<u>\$ 1,356,099</u>	<u>\$ 1,187,877</u>	<u>\$ 2,112,149</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, 2022

	<u>Book Value</u>
Commercial Paper	\$ 28,978,891
Corporate Bonds	37,432,954
Local Government Investment Pool	105,378,057
U.S. Agencies	17,282,123
U.S. Treasury	<u>142,578,018</u>
Total	<u>\$ 331,650,043</u>

SCHEDULE I

ANNUAL DISCLOSURE INFORMATION

In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the “Rule”), the City will provide annually the type of information presented in the tables of this section to all NRMSIRs and SIDs, if any. (See Appendix C, “Form of Continuing Disclosure Certificate” in Master Resolution).

BASIS OF ACCOUNTING

The City’s governmental fund types are reported on the modified accrual basis of accounting. The proprietary and agency fund types are accounted for using the accrual basis of accounting. The City’s accounting practices conform to generally accepted accounting principles.

FISCAL YEAR

July 1 through June 30.

AUDITS

The Oregon Municipal Audit Law (ORS 297.405 - 297.555) requires an audit and examination to be made of the accounts and financial affairs of every municipal corporation at least once a year. Unless the municipality elects to have the audit performed by the State Division of Audits, the audit is to be conducted by accountants whose names are included on the roster prepared by the State Board of Accountancy.

The City’s audit for fiscal year 2021-22 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, 2022, 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
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

WATER SYSTEM

Service Area and Customers

The system provides water service to a total population of approximately 212,643. The total number of accounts was 55,666 at the end of the fiscal year 2021-22, 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 27.2 million gallons, and peak water use is 45.7 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, 2022. 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	2017-18	2018-19	2019-20	2020-21	2021-22
1. Residential	429,997,200	439,616,600	415,173,400	458,382,200	433,552,800
2. Multiple dwellings	187,068,500	196,655,900	192,958,000	206,393,700	211,557,700
3. Commercial	151,515,700	146,079,300	139,734,700	140,022,500	148,059,300
4. Industrial	47,104,300	43,458,000	38,857,700	37,454,200	33,489,300
5. Institutional	45,480,500	41,953,900	45,934,100	38,699,800	35,332,200
6. Wholesale ^A	75,678,800	78,504,300	79,829,500	90,321,570	83,143,800
7. Irrigation	44,575,200	51,819,700	39,932,500	47,458,000	43,218,400
8. Public building	18,874,400	18,011,300	15,633,600	12,415,300	13,279,800
Total	<u>1,000,294,600</u>	<u>1,016,099,000</u>	<u>968,053,500</u>	<u>1,031,147,270</u>	<u>1,001,633,300</u>

A. East Salem, Orchard Heights, and Turner.

Continued

Source: City of Salem

SCHEDULE J

Five-Year Historical and Current Monthly Water Rates by Customer Class Inside the City

	Fiscal Year					Council
	2017-18	2018-19	2019-20	2020-21	2021-22	Adopted
Rates Implemented on:	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	2022-23
Customer Class:						
Residential, Single Family						
Base Rate - 5/8 - 3/4" Meter	\$ 9.18	\$ 10.15	\$ 11.38	\$ 11.72	\$ 12.07	\$ 12.44
Volume rate - per ccf ¹	2.62	2.56	2.54	2.62	2.70	2.87
Monthly Bill @ 11 ccf	38.00	38.31	39.32	40.54	41.77	44.01
Multiple Dwellings						
Base Rate - 1" Meter	10.02	12.83	15.41	15.87	16.35	17.94
Volume rate - per ccf	2.12	2.16	2.14	2.20	2.27	2.37
Complex @ 82 ccf	183.86	189.95	190.89	196.27	202.49	212.28
Cost Per Unit	18.39	19.00	19.09	19.63	20.25	21.23
Commercial						
Base Rate - 2" Meter	22.87	32.24	40.23	41.44	42.68	45.90
Volume rate - per ccf	2.16	2.26	2.24	2.31	2.38	2.49
Monthly Bill @ 65 ccf	163.27	179.14	185.83	191.59	197.38	207.75
Number of Customers	52,895	55,446	55,931	54,641	55,407	55,666

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	2021-22 Annual Revenue	Percent of Total Gross Water System Revenue*
Suburban East Salem Water	\$ 879,965	2.8%
State of Oregon Corrections	686,996	2.2%
Salem-Keizer School District	407,053	1.3%
Salem Hospital	243,065	0.8%
Baxters North America Inc	157,207	0.5%
City of Turner	149,076	0.5%
Creekside Golf Course LLC	142,492	0.5%
Pacific Coast Producers	132,431	0.4%
Wong Living Trust	122,731	0.4%
Americold	107,226	0.3%
	<u>\$ 3,028,241</u>	<u>9.6%</u>
*Total gross water system revenue	<u>\$ 31,504,562</u>	

Concluded

SCHEDULE K

WASTEWATER SYSTEM

Service Area and Customers

The system provides wastewater service to a population of approximately 255,698, including customers in the City of Salem, the City of Keizer, the City of Turner, Labish Village Sewer District, Eola-Chatnicka Sewer District, and the East Salem Service District. The total number of wastewater accounts billed in fiscal year 2021-22 was 67,813, which includes the City of Keizer, which billed 11,697, and the City of Turner, which billed 1,050.

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, 2022. 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
	2017-18	2018-19	2019-20	2020-21	2021-22	Adopted
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023
Rates implemented on:						
<u>Customer Class:</u>						
Residential, Single Family						
Base Rate - per account	\$ 14.44	\$ 14.88	\$ 15.01	\$ 15.46	\$ 15.92	\$ 17.21
Volume Rate - per ccf ¹	3.41	3.49	3.60	3.71	3.82	3.93
Monthly Bill @ 6.5 ccf ¹	36.61	37.57	38.41	39.58	40.75	42.76
Multiple Dwellings						
Base Rate - per account	19.46	19.97	20.12	20.72	21.34	23.16
Additional Base Rate - per unit over five	1.26	1.27	1.28	1.32	1.36	1.49
Volume Rate - per ccf ¹	3.41	3.49	3.60	3.71	3.82	3.93
Monthly Billing for 10 unit @ 82 ccf ¹	305.38	312.50	321.72	331.54	341.38	352.87
Cost Per Unit	30.54	31.25	32.17	33.15	34.14	35.29
Commercial						
Base Rate - per account	21.63	21.91	22.45	23.12	23.81	25.75
Volume Rate - per ccf ¹	4.70	4.80	4.95	5.09	5.24	5.54
Monthly Bill @ 65 ccf ¹	327.13	333.91	344.20	353.97	364.41	385.85
Number of Customers	63,550	65,229	65,925	66,772	67,527	67,813

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	2021-22 Annual Revenue	Percent of Total Gross Wastewater Revenue ¹
City of Keizer	\$ 6,160,752	12.6%
State of Oregon Corrections	1,637,913	3.3%
Pacific Coast Producers	932,594	1.9%
Yamasa	396,736	0.8%
Salem Hospital	387,656	0.8%
Kerr Concentrates	371,719	0.8%
City of Turner	358,463	0.7%
Snyders-Lance Inc	304,721	0.6%
Oregon Fruit Products LLC	271,672	0.6%
Salem-Keizer School District	204,967	0.4%
Totals	\$ 11,027,190	22.5%
¹ Total gross wastewater revenue	\$ 48,966,768	

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

Concluded

Source: City of Salem

SCHEDULE L

STORMWATER SYSTEM

Service Area and Customers

The system provides stormwater services to 45,816 stormwater accounts inside the Salem City limits. Of these, 41,360 are single family residential accounts and 4,456 are commercial, public, industrial, institutional, or multi-family accounts. Stormwater fees are not applied to accounts outside the city limits.

Stormwater Rates

The City reviews its stormwater 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, 2022. The following table shows historical and current rates, by customer class, within the City. The adopted rates for inside-city customers are shown below.

	Fiscal Year					Council
	2017-18	2018-19	2019-20	2020-21	2021-22	Adopted
Rates implemented on:	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023
<u>Customer Class:</u>						
Residential, Single Family						
Base Rate - per account	\$ 10.39	\$ 10.63	\$ 11.09	\$ 11.64	\$ 12.22	\$ 12.66
Volume Rate - per EDU	5.38	5.76	6.08	6.38	6.70	7.10
Monthly Bill @ 1 EDU	15.77	16.39	17.17	18.02	18.92	19.76
All Other Classes (Commercial, Multifamily, Industrial, Institutional)						
Base Rate - per account	10.39	10.63	11.09	11.64	12.22	12.66
Volume Rate - per EDU	5.38	5.76	6.08	6.38	6.70	7.10
Monthly Bill @ 20 EDU	117.99	125.83	132.69	139.24	146.22	154.66
Number of Customers	43,625	43,627	44,048	44,508	44,918	45,816

Ten Largest Stormwater System Customers

Customer	2021-22 Annual Revenue	Percent of Total Gross Stormwater Revenue
Salem-Keizer School District	\$ 301,718	2.0%
State of Oregon, Department of Corrections	129,288	0.9%
Oregon State Fair	94,617	0.6%
Lancaster Development Co.	64,219	0.4%
State of Oregon, Military Department	62,271	0.4%
Amazon.com Services Inc	56,316	0.4%
State of Oregon, Department of Administrative Ser	54,912	0.4%
River Bend Sand and Gravel	52,072	0.3%
Oregon State Hospital	50,550	0.3%
Pacific Realty Associates LP	43,502	0.3%
Totals	<u>\$ 909,466</u>	<u>6.0%</u>
Total gross stormwater revenue	<u>\$ 15,159,185</u>	

Source: City of Salem

SCHEDULE M**FIVE-YEAR UTILITY FUND CONSECUTIVE NET POSITION**

As of June 30,	2018	2019	2020	2021	2022
Assets					
Current assets					
Cash and investments	\$ 41,646,988	\$ 39,910,576	\$ 46,917,522	\$ 50,808,982	\$ 59,158,940
Accounts receivable, net	13,875,778	13,970,863	13,805,787	14,969,775	9,579,016
Leases receivable	-	-	-	-	10,157
Due from other agencies	45,790	34,344	22,898	11,452	-
Inventories and prepayments	947,438	1,106,734	1,080,687	1,232,787	1,220,350
Advances to other funds	2,632,016	2,171,299	1,701,872	4,318,267	3,803,257
Total current assets	<u>59,148,010</u>	<u>57,193,816</u>	<u>63,528,766</u>	<u>71,341,263</u>	<u>73,771,720</u>
Noncurrent assets					
Restricted cash and investments ¹	32,293,611	42,358,151	94,730,288	73,426,304	60,548,564
Leases receivable	-	-	-	-	107,338
Notes receivable	9,085,917	6,308,673	3,530,903	804,684	707,488
Deferred assessments	3,167,855	3,397,056	3,558,608	3,373,298	3,282,203
Net OPEB asset	82,901	235,379	412,038	283,814	703,439
Capital assets:					
Land and construction in progress	40,471,112	54,627,212	84,558,279	119,754,106	131,752,451
Other capital assets, net	596,134,097	590,649,510	583,737,458	589,781,623	609,879,415
Total noncurrent assets	<u>681,235,493</u>	<u>697,575,981</u>	<u>770,527,574</u>	<u>787,423,829</u>	<u>806,980,898</u>
Total assets	<u>740,383,503</u>	<u>754,769,797</u>	<u>834,056,340</u>	<u>858,765,092</u>	<u>880,752,618</u>
Deferred outflows of resources					
Deferred outflows related to OPEB	99,471	479,957	530,687	1,040,827	2,613,475
Deferred OPEB outflow-City	-	-	10,645	111,519	13,788,461
Deferred outflows related to pensions	9,803,841	11,445,747	11,287,089	14,553,639	52,892
Deferred charge on refunding	4,704,255	4,181,560	3,658,865	3,136,170	836,160
Total deferred outflows of resources	<u>14,607,567</u>	<u>16,107,264</u>	<u>15,487,286</u>	<u>18,842,155</u>	<u>17,290,988</u>
Total assets and deferred outflows of resources	<u>\$ 754,991,070</u>	<u>\$ 770,877,061</u>	<u>\$ 849,543,626</u>	<u>\$ 877,607,247</u>	<u>\$ 898,043,606</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	\$ 4,254,262	\$ 7,137,942	\$ 7,020,160	\$ 9,249,101	\$ 8,272,987
Leases payable	-	-	-	-	276,872
Interest payable	292,094	271,149	1,016,792	369,442	323,999
Long-term debt-due within one year	15,273,000	14,806,000	13,508,000	14,423,000	14,988,000
Compensated absences-due within one year	474,051	562,069	604,861	640,235	873,966
Total current liabilities	<u>20,293,407</u>	<u>22,777,160</u>	<u>22,149,813</u>	<u>24,681,778</u>	<u>24,735,824</u>
Noncurrent liabilities					
Security deposit payable	36,572	36,547	36,547	36,547	36,548
Unearned revenue	1,108,489	1,109,281	1,043,721	1,555,882	1,455,236
Leases payable	-	-	-	-	506,349
Developer reimbursement payable ²	1,912,634	2,157,377	2,512,254	1,692,636	1,692,636
Long-term debt	91,088,286	75,066,744	121,114,164	105,569,921	89,460,677
OPEB liability	3,157,247	3,742,858	3,936,104	4,937,505	4,220,096
Net pension liability	27,164,286	29,705,049	34,296,954	43,633,714	24,774,651
Compensated absences payable	1,741,071	1,748,689	1,885,655	2,281,665	2,201,376
Total noncurrent liabilities	<u>126,208,585</u>	<u>113,566,545</u>	<u>164,825,399</u>	<u>159,707,870</u>	<u>124,347,569</u>
Total liabilities	<u>146,501,992</u>	<u>136,343,705</u>	<u>186,975,212</u>	<u>184,389,648</u>	<u>149,083,393</u>
Deferred inflows of resources					
Deferred inflows related to leases	-	-	-	-	112,873
Deferred inflows related to pensions	198,798	367,040	410,056	342,387	18,198,420
Deferred inflows related to OPEB	-	-	80,138	44,232	1,031,469
Deferred inflows related to pensions	911,283	2,352,357	1,879,567	1,196,499	283,301
Total deferred inflows of resources	<u>1,110,081</u>	<u>2,719,397</u>	<u>2,369,761</u>	<u>1,583,118</u>	<u>19,626,063</u>
Net position					
Net investment in capital assets	534,948,178	559,585,538	594,257,438	614,869,075	647,424,414
Restricted for:					
Capital projects	31,438,499	37,671,221	33,651,779	43,096,471	57,703,838
Unrestricted					
Water and sewer rate stabilization	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000
Other unrestricted	34,092,320	27,657,200	25,389,436	26,768,935	17,300,898
Total net position	<u>607,378,997</u>	<u>631,813,959</u>	<u>660,198,653</u>	<u>691,634,481</u>	<u>729,329,150</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 754,991,070</u>	<u>\$ 770,877,061</u>	<u>\$ 849,543,626</u>	<u>\$ 877,607,247</u>	<u>\$ 898,038,606</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

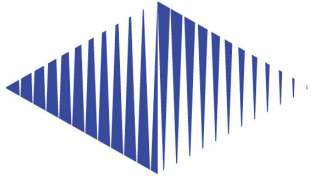
Reported in Accordance with Bond Master Resolution¹

For fiscal year ending June 30,	2018	2019	2020	2021	2022
Gross Revenues	\$ 100,502,165	\$ 103,334,021	\$ 105,439,681	\$ 110,824,916	\$ 112,360,061
Operating Expenses	65,656,871	65,365,081	68,787,591	70,433,956	71,878,559
Net Revenues	34,845,294	37,968,940	36,652,090	40,390,960	40,481,502
Annual Debt Service					
<i>Parity Obligations</i>					
Series 2012 Bonds A & B (Refinance)	11,322,356	9,943,139	9,009,496	5,796,104	5,777,934
Series 2017 Bonds (Refinance 2009 Full Faith & Credit bond)	4,145,542	4,149,750	8,998,250	8,995,500	8,996,750
Series 2017 Bonds (Refinance 2009 Full Faith & Credit bond)	-	-	-	4,285,911	4,285,450
Total Parity Annual Debt Service	15,467,898	14,092,889	18,007,746	19,077,515	19,060,134
Parity Debt Service Coverage ¹	2.25	2.69	2.04	2.12	2.12
Net Revenues less Parity Debt Service	\$ 19,377,396	\$ 23,876,051	\$ 18,644,344	\$ 21,313,445	\$ 21,421,368
<i>Subordinate Obligations</i>					
Full Faith and Credit Bond	\$ 4,850,800	4,846,400	-	-	-
Debt Service Coverage (incl. RSA Transfer) ²	3.99	4.93	N/A	N/A	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.

Certified Public Accountants and Consultants

475 Cottage Street NE, Suite 200, Salem, OR 97301
(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

The Honorable Mayor and City Council
City of Salem
Salem, Oregon

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, 2022 and have issued our report thereon dated January 31, 2023.

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 except as follows:

- Expenditures in excess of appropriations as described in the Note IV-I in the notes to the financial statements.
- Deficit fund balances as described in the Note IV-I in the notes to the financial statements.

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: 

Ryan T. Pasquarella, A Shareholder
January 31, 2023

