

June 30, 2023



Gerry Frank Salem Rotary Amphitheater

Annual Comprehensive Financial Report



**CITY OF SALEM,
OREGON**

ANNUAL

COMPREHENSIVE

FINANCIAL

REPORT

For the Fiscal Year Ended

June 30, 2023

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).....	114
Schedule of changes in total other post-employment benefit liability and related ratios – implicit rate subsidy.....	115
Defined benefit other post-employment benefit plan – RHIA	116

SUPPLEMENTAL INFORMATION

COMBINING STATEMENTS – GENERAL OPERATING FUND

Combining Balance Sheet	120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	121

COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	126

COMBINING STATEMENTS – NONMAJOR PROPRIETARY FUNDS

Combining Statement of Net Position 130
Combining Statement of Revenues, Expenses, and Changes in Net Position 131
Combining Statement of Cash Flows 132

COMBINING STATEMENTS – INTERNAL SERVICE FUNDS

Combining Statement of Net Position 134
Combining Statement of Revenues, Expenses, and Changes in Net Position 135
Combining Statement of Cash Flows 136

COMBINING STATEMENTS – FIDUCIARY FUNDS

Combining Statement of Fiduciary Net Position 140
Combining Statement of Changes in Fiduciary Net Position 142

BUDGETARY COMPARISON SCHEDULES

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

Major Governmental Funds:

Capital Improvements 146
Tax Allocation Improvements 147
General Debt 148

Nonmajor Governmental Funds:

Special Revenue Funds

Transportation Services 149
Streetlights 150
Airport 151
Downtown Parking 152
Cultural/Tourism 153
Public Art 154
Tourism Promotion Area 155
Parking Leasehold 156
Building and Safety 157
Traffic Safety 158
Community Enhancement 159
Permanent 160

Debt Service Funds

Tax Allocation Bond Debt 161

Capital Projects Funds

Extra Capacity Facilities 162
Development Districts 163

Major Proprietary Fund:

Utility 164

Nonmajor Proprietary Funds:

Emergency Services 166
Willamette Valley Public Safety (WVPS) Communications Center 167
Police Regional Records System 168
Salem Convention Center 169

Internal Service Funds:

City Services 170
Equipment Replacement Reserve 171
Self Insurance - Benefits 172
Self Insurance - Risk 173

OTHER FINANCIAL SCHEDULES

Schedule of Bond Principal and Bond Interest Transactions 176
Schedule of Future Long-term Debt Service Requirements 178
Schedule of Internal Service Funds Adjustments for Preparation of
Government-wide Statement of Net Position 180
Schedule of Internal Service Funds Adjustments for Preparation of
Government-wide Statement of Activities 182

STATISTICAL SECTION

1	Net Position by Component	186
2	Changes in Net Position	188
3	Fund Balance of Governmental Funds	190
4	Changes in Fund Balance of Governmental Funds	192
5	Assessed Value and Estimated Real Market Value of Taxable Property	193
6	Direct and Overlapping Property Tax Rates	194
7	Principal Property Taxpayers	195
8	Property Tax Levies and Collections	196
9	Ratios of Outstanding Debt by Type	198
10	Ratios of General Bonded Debt Outstanding	200
11	Computation of Direct and Overlapping Debt	201
12	Legal Debt Margin Information	202
13	Pledged-Revenue Coverage	204
14	Demographic and Economic Statistics	205
15	Major Area Employers	206
16	Full Time Equivalent City Government Employees by Function/Program and Entity	207
17	Operating Indicators by Function/Program	208
18	Capital Asset Statistics by Function/Program	210

SEC RULE 15c2-12 DISCLOSURES

A	General Information	214
B	Tax Collection Record	216
C	Representative Consolidated Tax Rate By County	217
D	Five-Year General Fund Consecutive Balance Sheets (Modified accrual)	218
E	Five-Year General Fund Statement of Revenues and Expenditures (Modified accrual) .	219
F	Five-Year General Debt Service Fund Consecutive Balance Sheets (Modified accrual) .	220
G	Five-Year General Debt Service Fund Consecutive Statement of Revenues and Expenditures (Modified accrual)	221
H	Investments	222
I	Annual Disclosure Information	223
J	Water System	224
K	Wastewater System	226
L	Stormwater System	228
M	Five-year Utility Fund Consecutive Net Position	229
N	Five-year Utility Fund Historical Operating Results	230

AUDITOR'S COMMENTS AND DISCLOSURES

Independent Auditor's Report Required by Oregon State Regulations	231
---	-----

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 15, 2024

**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, 2023. 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, 2023. 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, 2023 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

Salem has been rebounding from the COVID-19 pandemic. As of October 2023, the seasonally adjusted unemployment rate has dropped to 3.4 percent. Latest data released in November for October for the Salem Metropolitan Statistical Area (MSA) shows that private job sectors with the largest growth in the past year have been private education and health services along with government, and professional and business services. Wages are also increasing in the region. Between 2021 and 2022, annual average wages for the Salem MSA grew by 4.3 percent to \$56,807.

Local development has increased in the last fiscal year compared to the prior year. Between fiscal year 2022 and 2023, total permits issued by the City's Building and Safety division have increased by more than 10.12 percent. Largest growth of permit issuance types include, alteration and additions, demolition, multifamily and commercial.

Tourism has also rebounded since the beginning of the COVID-19 pandemic. Tourism Occupancy Tax (TOT) collections for fiscal year 2022 totaled approximately \$4.3 million, while unaudited collections for fiscal year 2023 came in at \$4.6 million. The City's tax rate is 9 percent for overnight stays within city limits, implying a spending of more than \$51.8 million directly in Salem by visitors. The year-over-year increase is 7.91 percent and is indicative of a return to normal travel and activities post-COVID.

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 2023-24 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 clean up accumulated trash.
 - 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
 - Fund the transportation system plan update.
 - Launch riparian inventory for natural resources.
 - Further Salem's climate action plan.
 - Lower traffic speeds on neighborhood streets.
 - Advance Housing Production Strategy.
 - Prepare Solid Waste Policy.
- Engaging our community
 - Improve customer experience.
 - Improve engagement and communications.
 - Conduct review of City Charter.
 - Continue investment in Community-Engaged Policing.
 - Strengthen our community's resilience and emergency response by continuing to support community preparedness efforts.
 - Expand neighbor to neighbor communications.
 - Assess equity in delivery of Salem programs and services.
- Sustaining infrastructure and Services
 - Deliver projects in Community Improvement Bond and report progress.
 - Explore opportunities to lower expenses.
 - Explore opportunities for additional revenue and 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, 2022. The City has received this award 25 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,

A handwritten signature in black ink that reads "Joshua Eggleston". The signature is written in a cursive style with a large initial 'J' and a long, sweeping underline.

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

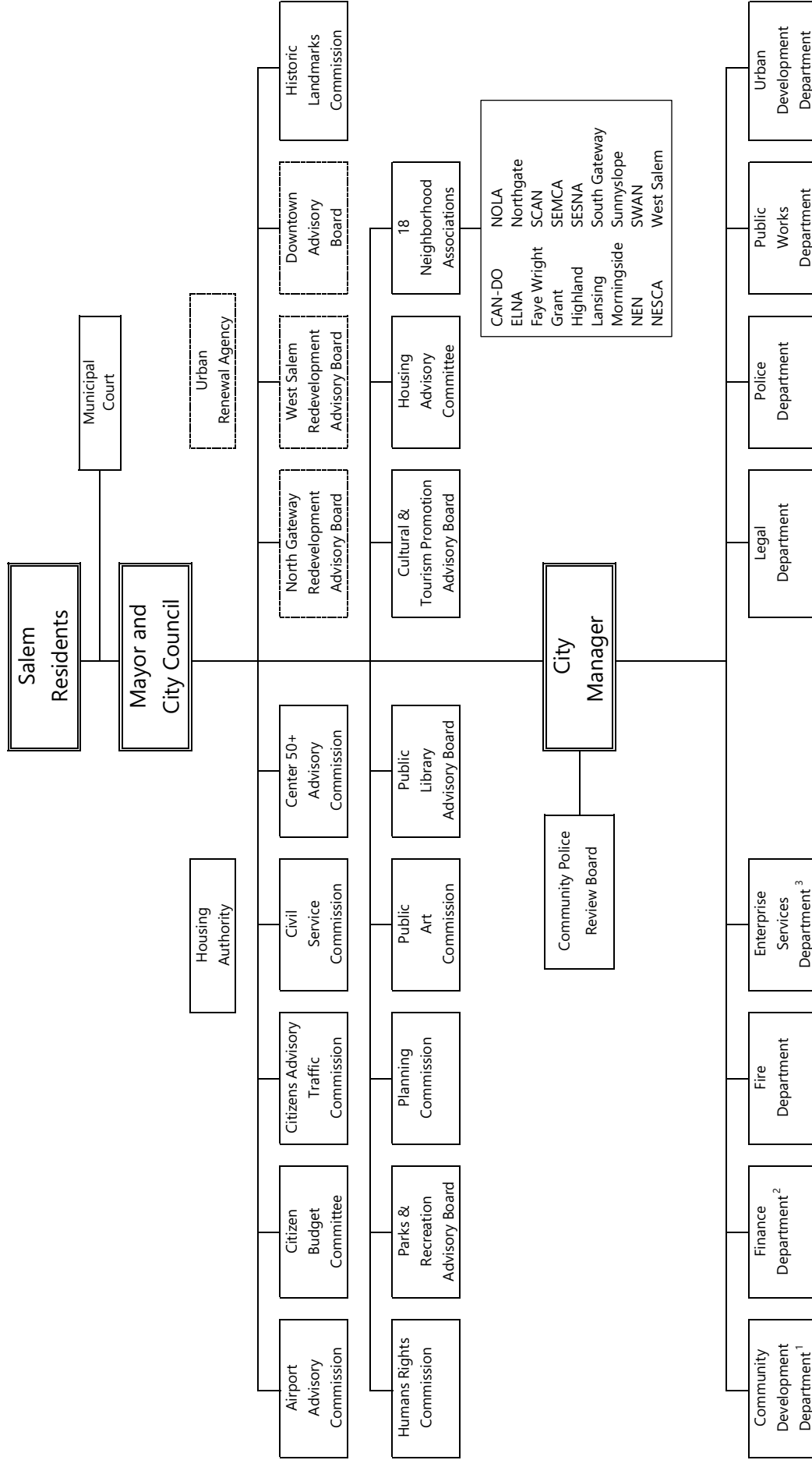
June 30, 2022

Christopher P. Morrill

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	2024
1	Virginia Stapleton	2024
2	Linda Nishioka	2026
3	Trevor Phillips	2024
4	Deanna Gwyn	2026
5	Jose Gonzalez	2024
6	Julie Hoy	2026
7	Vanessa Nordyke	2024
8	Micki Varney	2026

ADMINISTRATIVE STAFF

City Manager: Keith Stahley
Chief Financial Officer: Josh Eggleston
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

redw
Advisors & CPAs

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, 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, 2023, 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, each major fund, and the aggregate remaining fund information of the City of Salem, Oregon, as of June 30, 2023, 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.

We did not audit the financial statements of Salem Housing Authority (SHA), which represent 3 percent, 4 percent, and 9 percent, respectively, of the assets, net position, and revenues of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for SHA, is based solely on the report of the other auditors.

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.

Emphasis of Matter

As discussed in the notes to the financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 96 *Subscription-Based Information Technology Arrangements*, in the current period, which resulted in changes to the presentation of Information Technology subscription related activity. Our opinion is not modified with respect to this matter.

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 15, 2024 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 15, 2024, 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
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Ryan T. Pasquarella, Principal
January 15, 2024



MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023

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, 2023. 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 2022-23 is \$1,526.1 million. Of this amount, negative \$16.5 million is unrestricted. This is negative due to long-term obligations related to pension and other post-employment benefits (OPEB).
- Net position increased by \$97.3 million during the year, \$46.3 million in governmental activities and \$51.0 million in business-type activities.
- Capital assets increased \$77.9 million overall, \$32.4 million in governmental activities and \$45.5 million in business-type activities. The governmental increase is primarily due to the library building seismic improvement and street infrastructure work in progress. In business-type activities, work in progress increased significantly due to a new Public Works operations building nearing completion and general utility system projects.
- Long-term debt increased \$71.0 million overall. Governmental activities increased \$86.7 million due to the \$100 million Community Improvement bond issuance, and business-type activities decreased \$15.7 million due to scheduled paydown of debt.
- The government-wide financial statements include pension related obligations. The overall net pension liability is \$157.2 million, accompanied by deferred outflows of \$66.1 million, and deferred inflows of \$47.3 million. Net pension expense of negative \$0.7 million was recognized in 2022-23. See the PERS note beginning on page 98 for more details.
- The government-wide statements also include other post-employment benefit (OPEB) obligations. The overall net OPEB liability is \$14.6 million, with deferred outflows of \$3.1 million, and deferred inflows of \$5.1 million. A net OPEB expense of \$0.3 million was recognized during 2022-23. See the RHIA and OPEB notes beginning on page 104 for more details.
- On a fund basis, governmental funds reported a combined ending fund balance of \$306.2 million. Of this amount, \$70.5 million (23.0%) is either committed, assigned, or unassigned and available to fund ongoing activities. The remaining fund balance of \$235.8 million (77.0%) is either restricted or non-spendable, an increase of \$100.4 million from the prior year. The overall increase in fund balance of \$97.9 million is composed of multiple facets. An increase of \$88.9 million in the Capital improvements fund is due to issuance of the \$100 million Community Improvement bonds. General Operating fund decreased \$4.4 million due to the overall structural imbalance in revenues and expenditures which is being addressed by Council. An increase of \$6.2 million in the Tax Allocation Improvements fund due to short-term debt issuance exceeding construction expenditures. An increase of \$7.2 million in nonmajor funds was primarily due to increased building permit activity and various construction and development fees.
- At year-end, the unassigned fund balance in the General fund was \$35.9 million, or 23.5% of total General fund expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023

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 62-111). 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 113-116). 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 119-173). 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

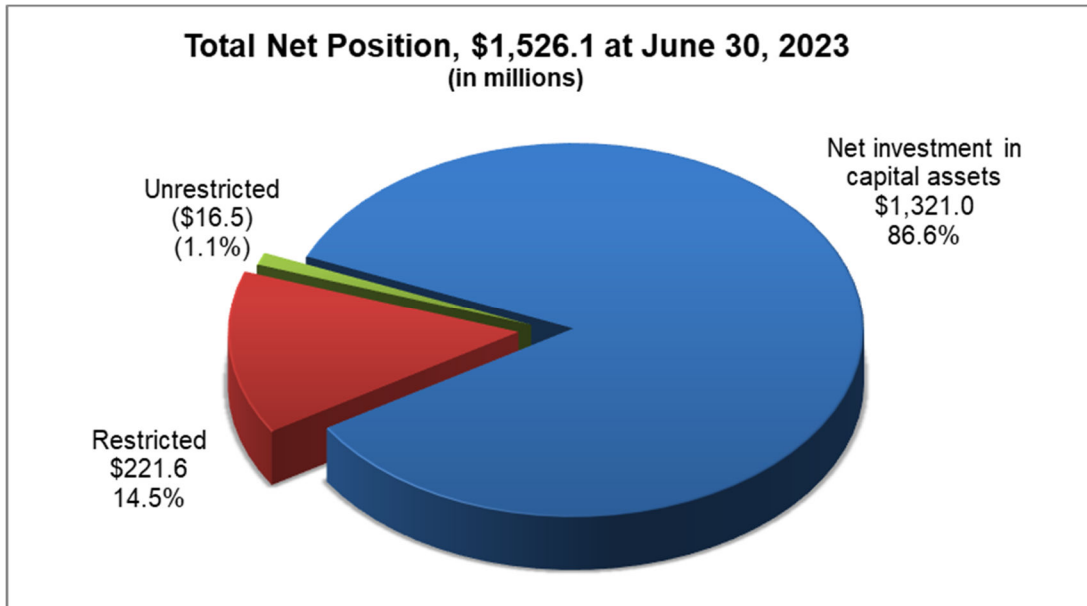
Net position, over time, is a useful indicator of a government's financial position. The following table shows a summary of the Statement of Net Position for the past two years.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023

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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Cash and investments	\$ 354.2	\$ 256.0	\$ 118.3	\$ 129.4	\$ 472.5	\$ 385.4
Other assets	39.2	30.5	28.6	23.2	67.8	53.7
Capital assets	718.0	685.6	815.8	770.3	1,533.8	1,455.9
Total assets	<u>1,111.4</u>	<u>972.1</u>	<u>962.7</u>	<u>922.9</u>	<u>2,074.1</u>	<u>1,895.0</u>
Deferred outflows of resources	50.3	50.3	20.9	21.6	71.2	71.9
Current liabilities	43.4	37.5	28.3	25.5	71.7	63.0
Noncurrent liabilities	361.2	241.7	131.2	135.0	492.4	376.7
Total liabilities	<u>404.6</u>	<u>279.2</u>	<u>159.5</u>	<u>160.5</u>	<u>564.1</u>	<u>439.7</u>
Deferred inflows of resources	41.0	72.6	14.1	25.0	55.1	97.6
Net position:						
Net investment in capital assets	590.2	575.7	730.8	674.6	1,321.0	1,250.3
Restricted	173.7	141.7	47.9	57.7	221.6	199.4
Unrestricted	(47.8)	(46.8)	31.3	26.7	(16.5)	(20.1)
Total net position	<u>\$ 716.1</u>	<u>\$ 670.6</u>	<u>\$ 810.0</u>	<u>\$ 759.0</u>	<u>\$ 1,526.1</u>	<u>\$ 1,429.6</u>

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



The City ended the year with a net position of \$1,526.1 million. \$1,321.0 million, or 86.6% of this amount represents the City's net investment in capital assets. This includes all capital assets (land, buildings, infrastructure, improvements, and machinery and equipment, net of accumulated depreciation) plus related deferred inflows and less related outstanding debt used to acquire the assets. The City uses these capital assets to provide 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, 2023

An additional portion of net position, \$221.6 million, or 14.5%, 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 \$16.5 million, or -1.1%. The unrestricted net position is comprised of a negative \$45.6 million for governmental activities and a positive \$31.3 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 \$45.5 million (including a prior period adjustment), or 6.8%. The most significant changes on the Statement of Net Position were an increase of \$98.2 million in cash and investments, an increase of \$32.4 million in capital assets, decrease of \$31.6 million in deferred inflows, and an increase in long-term liabilities by \$119.5 million. Cash and long-term debt both increased due to the bond issuance passed by voters. Capital assets increased mainly due to building assets for the library seismic upgrade and amphitheater project completion and work in progress related to the bond proceeds. Long-term debt outstanding increased due to the bond issuance. The decrease in deferred inflows by \$31.6 million was substantially offset by an increase in pension liability.

Business-type Activities. The total net position of business-type activities increased \$51.0 million, or 6.7%. The most significant changes on the Statement of Net Position were a decrease in cash and investments of \$11.1 million, an increase in capital assets by \$45.5 million, a decrease in long-term debt of \$15.7 million, increase in pension liability of \$10.7 million, and decrease in deferred inflows by \$10.9 million. Capital assets increased primarily in work-in-progress for improvements at the Geren Island water filter system, continuation of construction of a new Public Works operations building, and increase in utility water, wastewater, and stormwater systems. Long-term debt decreased due to paydown of existing bonds. The decrease in deferred inflows by \$10.9 million was offset by an increase in the pension liability.

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, 2023

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	
	2023	2022	2023	2022	2023	2022
Program revenues						
Charge for services	\$ 57.3	\$ 47.3	\$ 143.2	\$ 130.5	\$ 200.5	\$ 177.8
Operating grants and contrib.	25.7	51.4	0.1	2.6	25.8	54.0
Capital grants and contrib.	28.7	24.5	34.2	22.8	62.9	47.3
General revenues						
Taxes	122.7	118.3	-	-	122.7	118.3
Shared state tax revenue	7.9	7.4	-	-	7.9	7.4
Franchise and operations fees	28.6	27.4	-	-	28.6	27.4
Interest	6.4	2.4	2.9	1.2	9.3	3.6
Other	6.2	3.2	1.2	1.2	7.4	4.4
Total revenues	283.5	281.9	181.6	158.3	465.1	440.2
Program expenses						
General government	27.7	28.1	-	-	27.7	28.1
Public safety	101.7	91.9	-	-	101.7	91.9
Community development	35.2	29.7	-	-	35.2	29.7
Community services	25.0	19.5	-	-	25.0	19.5
Transportation	35.7	34.7	-	-	35.7	34.7
Library services	6.2	5.5	-	-	6.2	5.5
Interest on long-term debt	7.4	6.6	-	-	7.4	6.6
Utilities	-	-	106.8	101.0	106.8	101.0
Emergency medical services	-	-	4.1	2.0	4.1	2.0
WVPS communications center	-	-	12.5	11.6	12.5	11.6
Police regional records system	-	-	0.6	0.4	0.6	0.4
Salem Convention Center	-	-	4.9	2.9	4.9	2.9
Total expenses	238.9	216.0	128.9	117.9	367.8	333.9
Excess before special items and transfers	44.6	65.9	52.7	40.4	97.3	106.3
Transfers	1.7	2.1	(1.7)	(2.1)	-	-
Change in net position	46.3	68.0	51.0	38.3	97.3	106.3
Net position - beginning	670.6	602.6	759.0	720.7	1,429.6	1,323.3
<i>Prior Period Adjustment</i>	(0.8)	-	-	-	(0.8)	-
Net position - ending	\$ 716.1	\$ 670.6	\$ 810.0	\$ 759.0	\$ 1,526.1	\$ 1,429.6

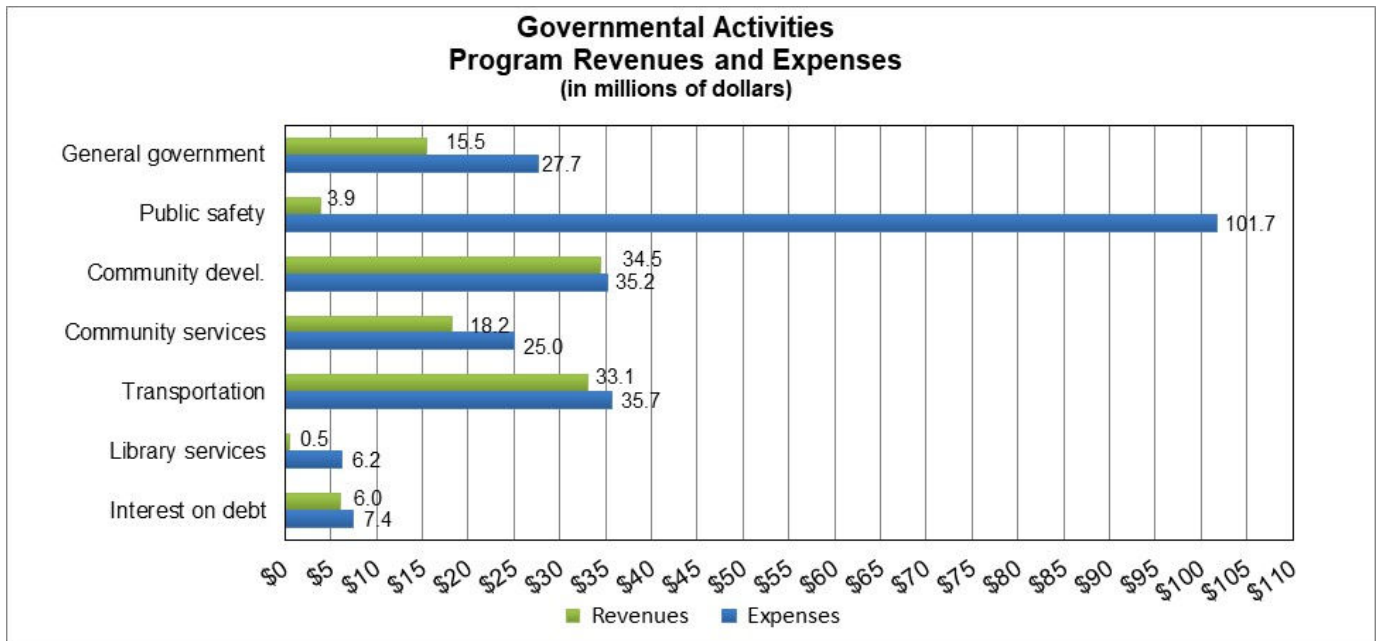
See the Statement of Activities (pages 36-37) for more detailed information.

Governmental Activities. The governmental net position increased by \$45.5 million, \$22.5 million less than it increased in the prior year. This is primarily due to the following:

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023

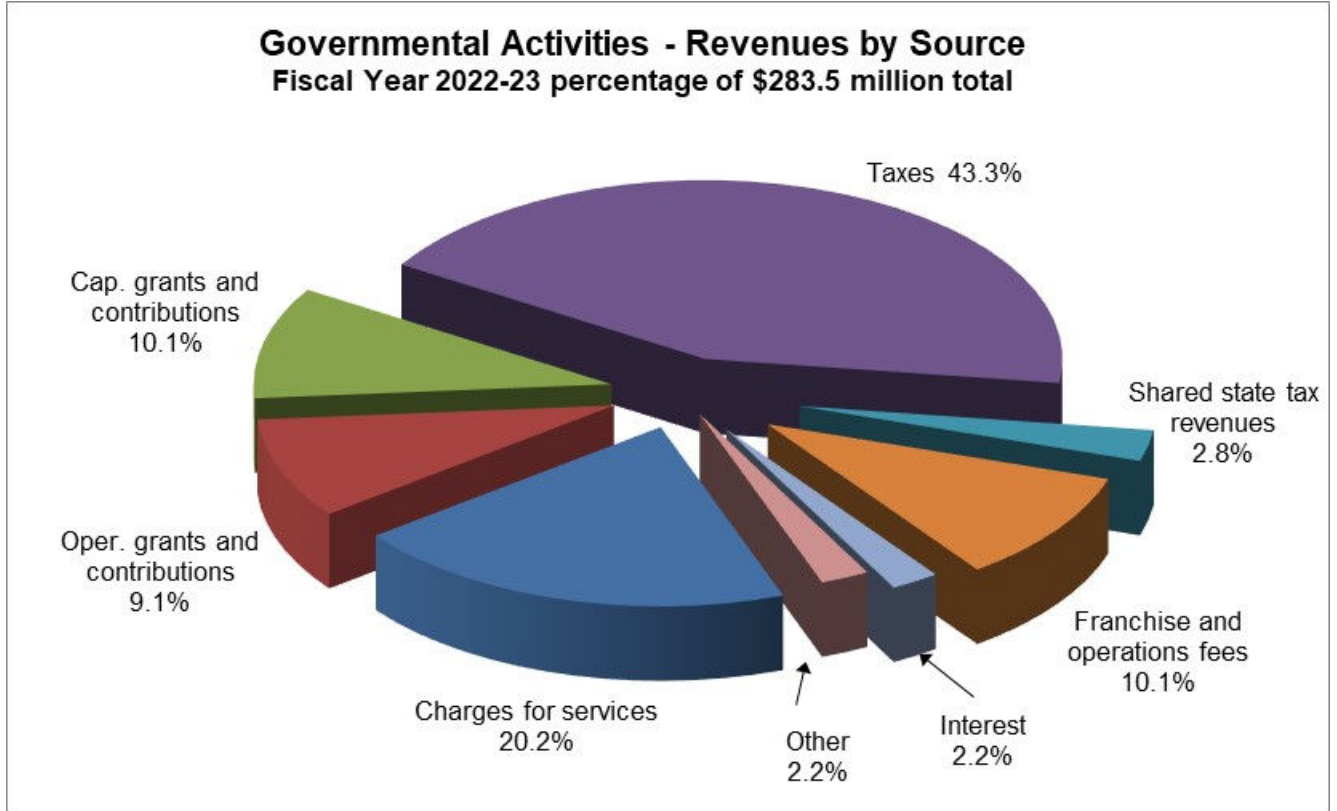
- Operating grant revenue decreased by \$25.7 million, mainly due to prior year one-time grants from the State of Oregon and recognition of the City's ARPA allocation.
- Property tax revenues increased \$4.6 million from increased property values and new development.
- Capital grants and contributions increased \$4.5 million, primarily in the Community Development function. Federal Aviation Administration grants for Airport improvements increased \$1.5 million. Development District fees increased \$2.5 million and a State of Oregon reimbursement of \$0.5 million was received for planning and development in the Mill Creek Corporate Center.
- Program expenses increased by \$22.9 million. Public Safety increased \$9.8 million, composed of \$8.0 million in employee compensation including actuarial pension expense and \$1.6 million in materials and services. Community Development increased \$5.5 million, primarily due to increased activity in HUD programs (\$2.1 million) and URA funded utility infrastructure projects disposed to the utility business-type activity (2.4 million). Community Service increased \$5.5 million primarily due to increased grants for sheltering (\$3.3 million), and continued construction on the navigation center (\$1.9 million).

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).



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023

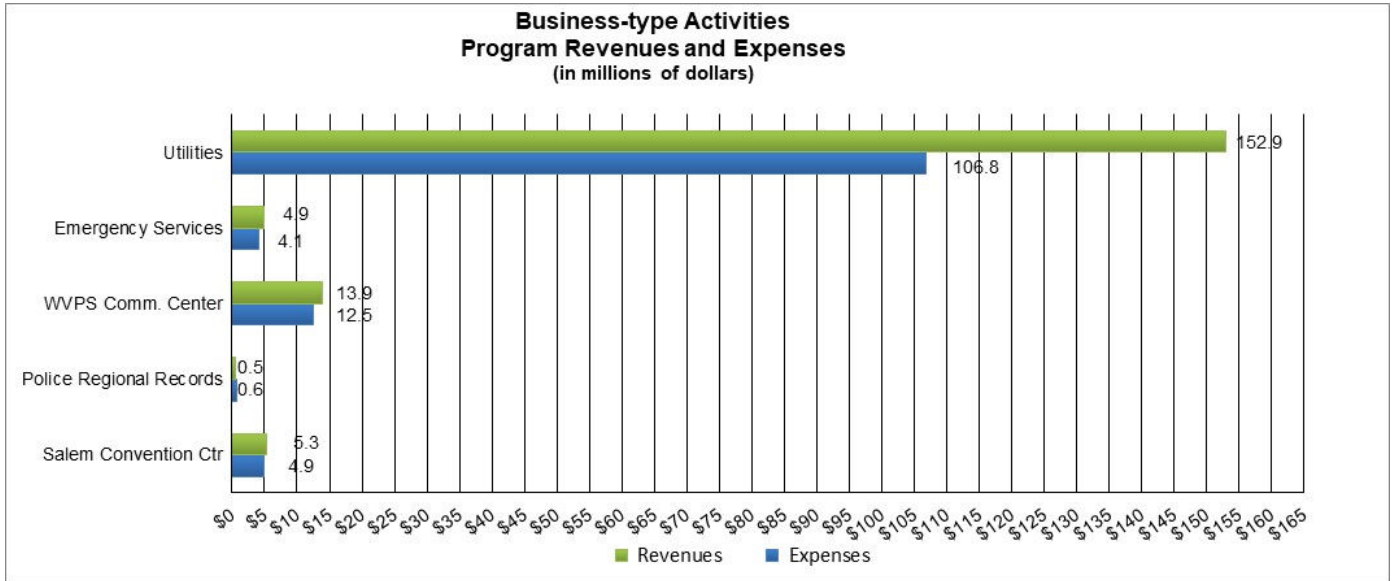


Business-type Activities. The table on page 20 shows the City's net position from business-type activities increased by \$51.0 million. The following are some highlights:

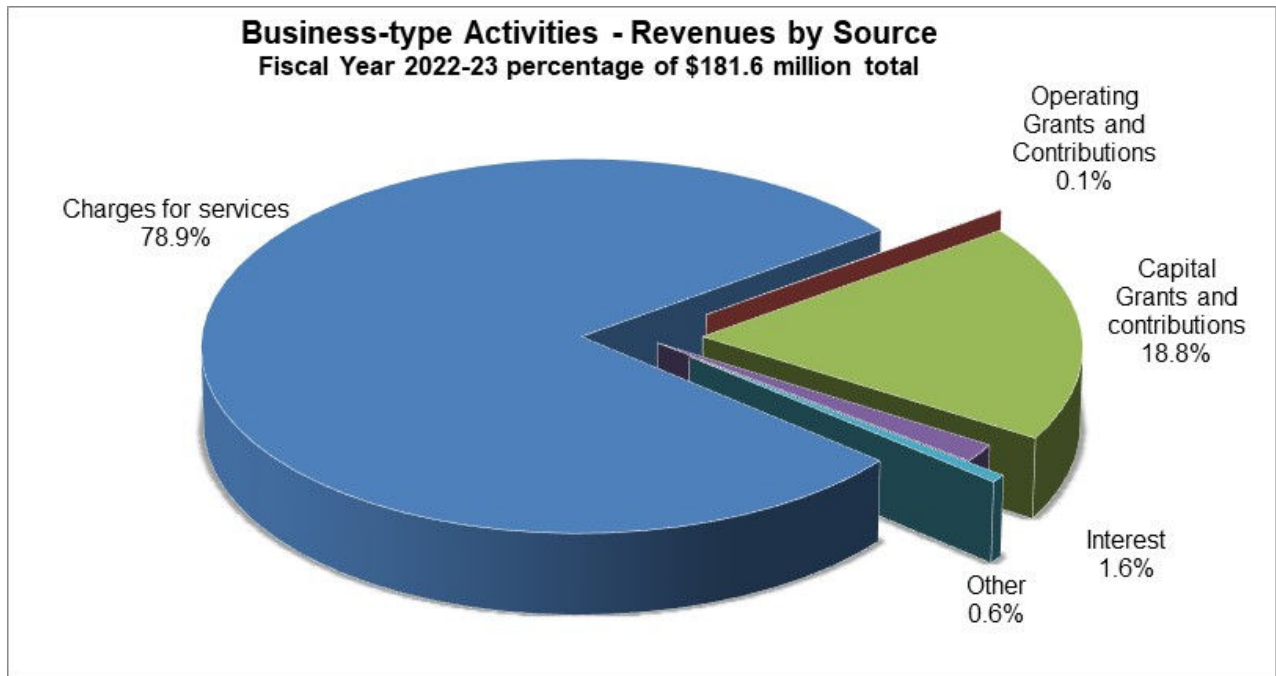
- Utility fund generated an operating income of \$24.4 million, similar to last year. Operating revenue increased by \$4.9 million and operating expenses increased by \$4.6 million. Capital contributions to the Utility increased by \$11.8 million, from \$22.8 million to \$34.6 million. This category of inflow is primarily composed of construction grants, developer donated infrastructure, and sometimes Utility infrastructure constructed with URA funding.
- Nonmajor business type funds overall increased \$1.2 million. This was primarily reflected in the WVPS Communication Center fund with an operating income of \$1.4 million.

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, 2023



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, 2023

Governmental Funds. As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$306.2 million, an increase of \$97.9 million or 47.0%, over last year. The unassigned General fund balance of \$35.9 million or 11.7% 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 \$235.7 million or 77.0%. Committed fund balance is \$33.9 million or 11.1%. Assigned fund balance, representing encumbrances, is \$0.7 million or 0.2%, and nonspendable fund balance is less than \$0.1 million, for prepaid expenses.

General Operating fund balance decreased by \$4.1 million, from \$40.8 million to \$36.7 million. Total revenues were \$4.8 million less than last year, with property tax increasing \$3.8 million, grants decreasing \$13.1 million due to last year's one-time sheltering related grants, intergovernmental increasing \$2.4 million, fines and penalties increasing \$1.1 million and other incremental increases. Total expenditures increased \$7.7 million over the prior year, seen most significantly in public safety personnel due to cost of living increases and a significant amount of Fire department overtime incurred to support ambulance service. The General fund ending balance is 21.8% of FY 2023-24 budgeted fund revenues and complies with the ending fund balance/reserve policy minimum of 15% adopted by the Council.

Capital Improvements fund balance increased \$88.9 million, from \$12.2 million to \$101.1 million. The increase is due to the issuance of the \$100 million Community Improvement bonds which began to be spent late in the year.

Tax Allocation Improvements fund increased by \$6.2 million, a net of transfers in from the Tax Allocation Debt fund of \$17.5 million (proceeds of short-term borrowing for capital improvements), other revenues of \$3.5 million, and project expenditures of \$14.8 million. Construction expenditures overall were \$6.1 million more than last year, more in line with historic activity levels but still less than new loans which raise funds for construction. Riverfront expenditures increased by \$3.1 million over last year, Fairview increased \$1.4 million, North Gateway spending decreased \$0.8 million, West Salem increased \$0.5 million, Mill Creek decreased \$0.4 million, McGilchrist as steady, South Waterfront increased \$2.0 million, and Jory had its first significant spending with \$0.2 million.

Community Renewal fund balance decreased \$0.3 million. Expenditures were in line with revenue for the year.

The General Debt fund balance increased by \$0.8 million. Property tax collections were higher than debt service payments for the year.

Nonmajor governmental funds in the aggregate increased \$7.2 million. This was primarily due to the following: Community Enhancement increased \$2.1 million due to receipt of \$1.1 million in opioid settlement funds and a significant development fee revenue. Tax Allocation Bond Debt fund decreased \$1.7 million due to debt service exceeding property tax receipts and transfer of short-term loan proceeds to the Tax Allocation Improvements fund. Extra capacity facilities increased \$1.9 million due to an increase in system development charge revenue. Building and Safety fund increased by \$1.9 million from permit revenues exceeding expenditures due to personnel vacancies. Development Districts fund increased \$3.3 million primarily due to

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023

development district fees and State reimbursements for planning and development in the Mill Creek Corporate Center.

Proprietary Funds. At June 30, 2023, the City's enterprise funds reported a combined net position of \$809.1 million (excluding internal service fund consolidation adjustment), an increase of \$53.2 million, primarily from the Utility fund.

The Utility fund net position increased \$52.0 million, from \$729.3 million to \$781.3 million. This total net position is comprised of \$703.2 million of net investment in capital assets, \$47.9 million is restricted for capital projects, and \$30.2 million is unrestricted. The increase in net position is mainly due to operating income of \$24.4 million, net non-operating expenses of \$6.3 million, and \$34.2 million in capital contributions.

The Internal Service funds combined net position decreased \$4.7 million. The decrease is composed of \$2.2 million in the Benefits self-insurance fund and \$2.3 million in the Risk self-insurance fund – both due to increases in claims and cost of outside medical/liability insurance coverage. The City Services fund decreased \$1.2 million due to document services equipment depreciation and increased fuel costs. This was offset by contributions to the equipment replacement fund for future purchases.

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:

- Move \$301,390 from contingency to Non-departmental transfers for unanticipated expenses related to the construction of the Customer Service Center.
- Move \$30,000 from contingency to Non-departmental materials and services for unanticipated expenses related the Capitol JAM event.
- Move \$129,500 from contingency to Non-departmental transfers for unanticipated expenses related to design and permitting at the Airport terminal to facilitate commercial air service.
- Move \$47,390 from contingency to Non-departmental materials and services for unanticipated expenses to pay court awarded attorney fees because the State Land Use Board of Appeals reversed a land use decision made by the hearings officer and upheld by City Council.
- Move \$2,366,000 from contingency to Non-departmental transfers and Fire Department for unanticipated expenses to support airport terminal improvements and added staffing to accommodate commercial air services at the Salem Municipal Airport.
- Move \$70,000 from contingency to Non-departmental transfers for unanticipated expenses related to the replacement of the front doors at the Salem Library.

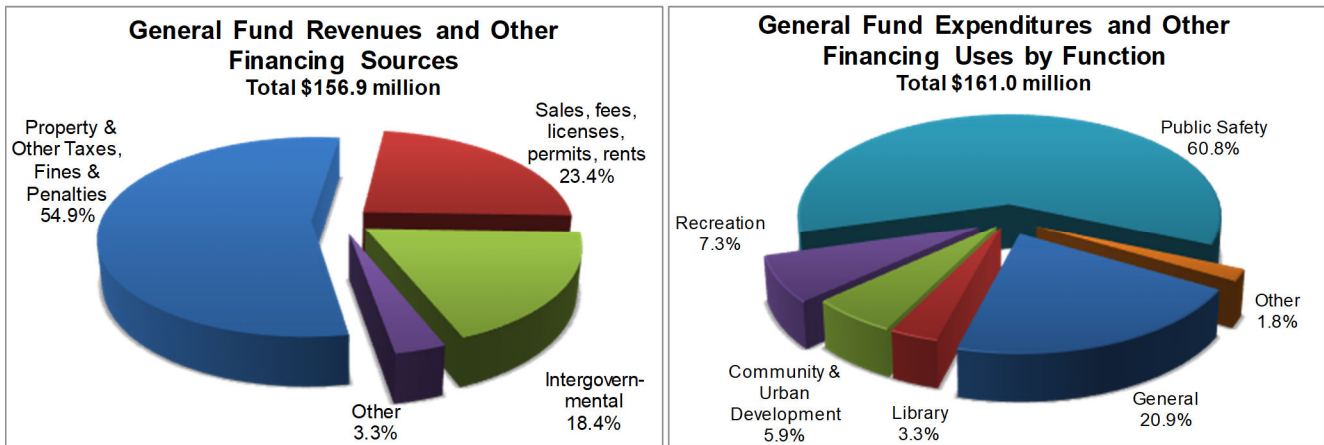
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023

- Move \$595,000 from transfer to the Humans Resources Division, Mayor and Council, and Fire Department for unanticipated expenses related to various expenses.

Differences between actual results and the final amended budget resulted in the General fund balance ending \$7.4 million greater than budgeted. This is primarily due to:

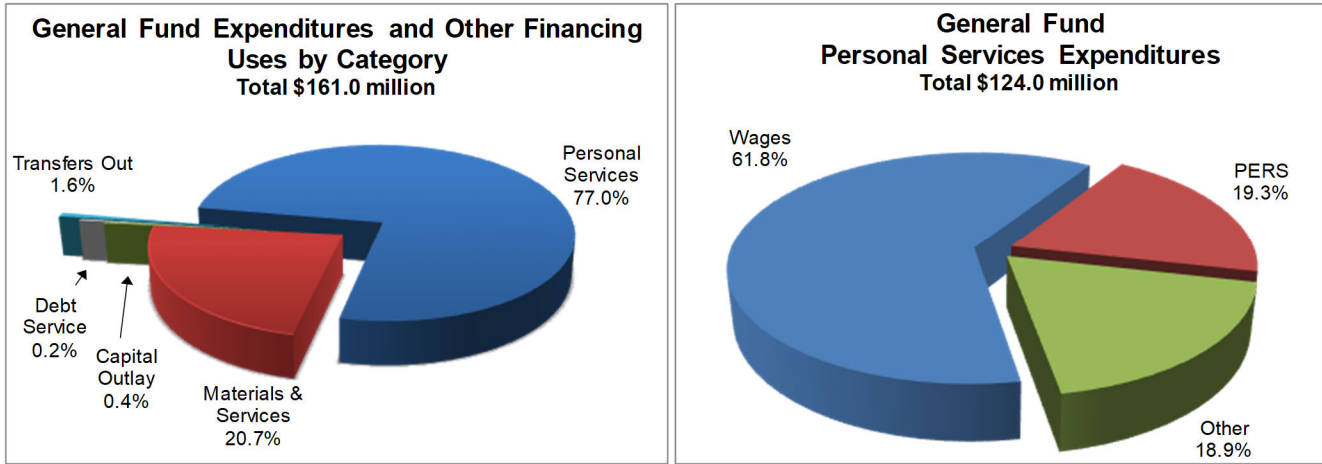
- \$0.25 million higher in taxes, \$0.67 million higher in sales, fees, licenses and permits revenue, and \$0.5 million higher in interest revenue.
- \$1.7 million less than budgeted FEMA revenue.
- \$1.6 million greater than budgeted in State Reimbursement revenue.
- \$3.6 million less than budgeted expenses across the general government function, \$1.2 million in materials and services due to general savings, and \$1.4 million in personnel due to unfilled positions.
- \$0.5 million less than budgeted expenditures in Urban Development primarily in personnel due to unfilled positions.
- \$0.7 million less than budgeted expenditures in personnel costs for Community Development primarily due to unfilled positions.
- \$0.6 million less than budgeted expenditures in personnel costs for Library services due to unfilled positions.
- \$1.9 million savings from budget in Police primarily due to unfilled positions.
- \$0.8 million less than budgeted transfers out.

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, 2023

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, 2023, 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 \$77.9 million, or 5.4%, from the prior year. Governmental assets increased \$32.4 million, primarily due to the completion of the library seismic upgrade, the Riverfront Rotary Amphitheater, Fire engines and other work in progress for bond funded projects. The business-type increased \$45.5 million, primarily in work-in-progress for improvements at the Geren Island water treatment facility, continuation of a new Public Works operations building at the City shops complex, and various water, wastewater and stormwater projects.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land, land improvements, and art	\$ 280.3	\$ 275.2	\$ 19.3	\$ 19.3	\$ 299.6	\$ 294.5
Buildings	61.9	34.5	19.3	19.9	81.2	54.4
Improvements	36.4	37.4	2.4	2.6	38.8	40.0
Equipment and machinery	14.2	15.7	3.7	4.0	17.9	19.7
Vehicles	19.9	19.9	-	-	19.9	19.9
Infrastructure	158.2	164.9	-	-	158.2	164.9
Utility systems	-	-	625.3	607.2	625.3	607.2
Intangible/lease/SBITA	1.6	0.9	2.3	2.2	3.9	3.1
Work-in-progress	145.5	137.1	143.5	115.1	289.0	252.2
Total	\$ 718.0	\$ 685.6	\$ 815.8	\$ 770.3	\$ 1,533.8	\$ 1,455.9

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023

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

Change in Capital Assets for the Fiscal Year Ended June 30, 2023
(in millions)

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 685.6	\$ 770.3	\$ 1,455.9
Additions	56.0	69.0	125.0
Retirement	0.0	(0.6)	(0.6)
Accumulated depreciation/ amortization	(23.6)	(22.9)	(46.5)
Ending balance	<u>\$ 718.0</u>	<u>\$ 815.8</u>	<u>\$ 1,533.8</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

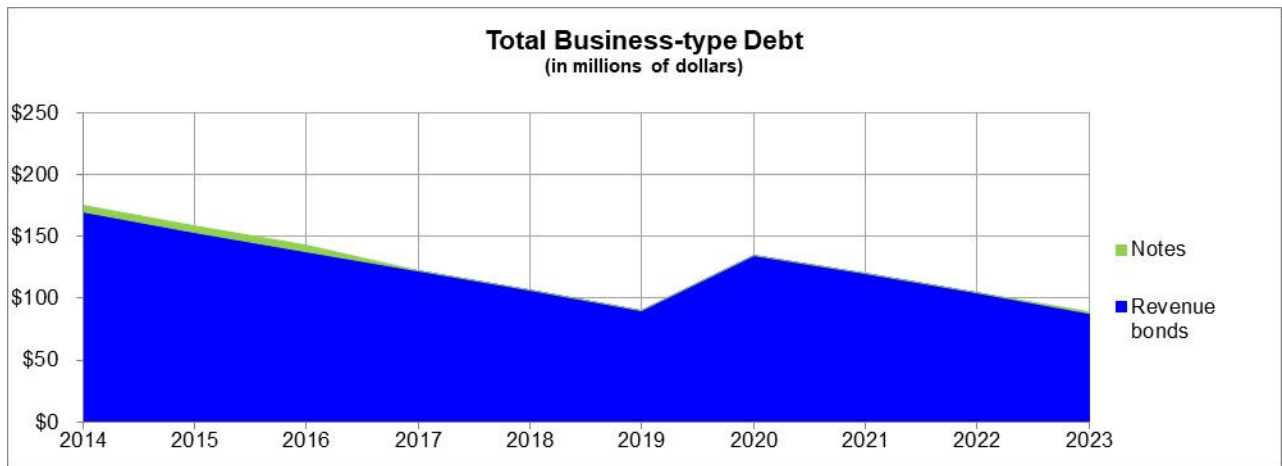
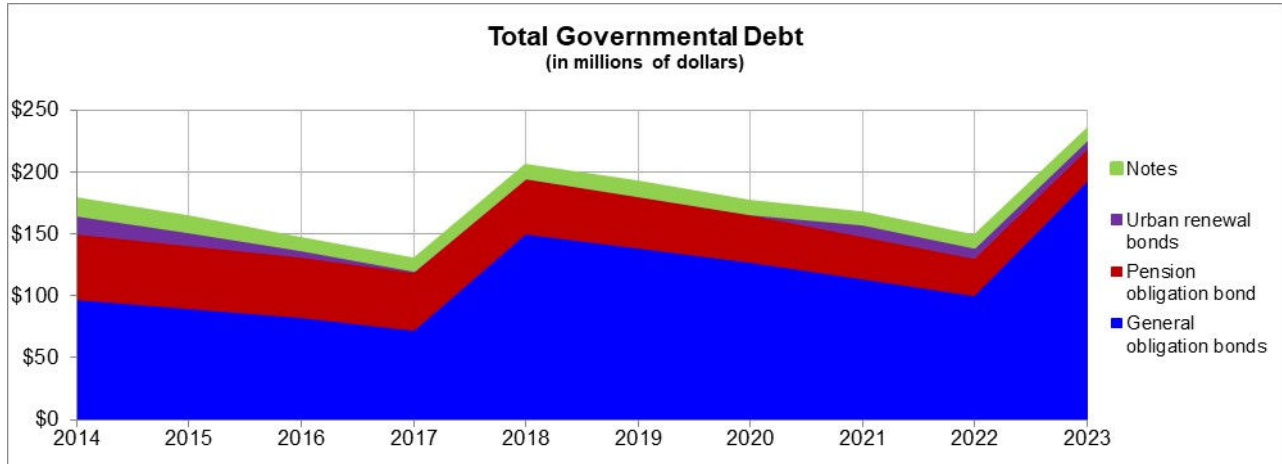
As of June 30, 2023, the City had a total of \$323.2 million in outstanding long-term debt, compared to \$252.2 million last year, a 28.2% net increase, as illustrated in the following table. Governmental debt increased due to issuance of the \$100 million Community Improvement bond for various street, public safety, park and municipal improvements. Business type decreased from scheduled debt service on existing bonds.

Outstanding Debt as of June 30,
(in millions)

	Governmental		Business-type		Total	
	2023	2022	2023	2022	2023	2022
Bonds:						
General obligation	\$ 192.9	\$ 99.9	\$ -	\$ -	\$ 192.9	\$ 99.9
Revenue	-	-	88.3	104.4	88.3	104.4
Pension obligation	26.0	30.5	-	-	26.0	30.5
Urban Renewal	8.3	9.5	-	-	8.3	9.5
Notes	7.3	7.9	0.4	-	7.7	7.9
Total outstanding debt	<u>\$ 234.5</u>	<u>\$ 147.8</u>	<u>\$ 88.7</u>	<u>\$ 104.4</u>	<u>\$ 323.2</u>	<u>\$ 252.2</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023

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



Additional information on the City's debt is in the notes to the financial statements (pages 88-92) and other financial schedules (pages 176-178).

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, 2023 was 0.66% of RMV. The actual levy for GO debt was \$1.1644 per \$1,000 of assessed valuation for 2022-23.

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, 2023

Debt Per Capita, and as a Percent of Real Market Value (RMV)
As of June 30, 2023

	<u>Amount</u>	<u>Per Capita</u>	<u>Percent of RMV</u>
Population (2022)	179,605		
2022-23 Measure 5 RMV	\$ 26,937,456,385	\$ 149,982	-
Total bonded debt outstanding	294,408,000 *	1,639	1.09%
Net direct GO debt	178,595,000 *	994	0.66%
Net overlapping debt	602,326,819	3,354	2.24%
Net direct and overlapping debt	780,921,819	4,348	2.90%

*Excludes issuance premium

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Fiscal year 2023-24 Adopted Budget – The annual budget for fiscal year 2023-24 for all funds anticipates a personal services increase of 10.0%, materials and services decrease of 3.7%, capital outlay increase of 30.7%, debt service decrease of .1%, transfers decrease of 17.1%, and contingencies increase of 13.0%.

The personal services increase includes the addition of 52.53 full time equivalent positions overall. Additions are planned in the General fund with 38.03 positions (Finance 2, Enterprise Services 6, Legal 1.13, Community Services 6, Community and Urban Development 1, Police 2.9, Fire 4), Transportation (1.0), Airport (5.0), Utilities (4), WVCC (3), 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 4.6%, approximately \$4.5 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 1.9% or \$3.4 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

MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023

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.

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.

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

GO bond ratings were last affirmed by Moody’s in January 2023. Utility bonds were rated Aa2 in March 2020. Moody’s comments regarding the City’s strong GO bond ratings included the City’s:

- Expanding local economy
- Strong reserve levels
- Healthy property wealth as measured by full value per capita

Below average resident income level, elevated leverage relative to Aa-rated peers nationwide, and rapidly growing population to increase demand for 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, 2023

	Primary Government			Component Unit
	Governmental	Business-type	Total	Salem Housing Authority
	Activities	Activities		FYE 9/30/22
Assets				
Current assets				
Cash and investments	\$ 353,325,827	\$ 63,430,234	\$ 416,756,061	\$ 13,523,532
Accounts receivable, net	35,830,833	17,964,865	53,795,698	5,930,477
Leases receivable	236,638	10,522	247,160	-
Due from other governmental agencies	229,387	-	229,387	-
Internal balances	(4,353,105)	4,353,105	-	-
Inventories and prepayments	1,931,705	1,331,661	3,263,366	24,020
Total current assets	<u>387,201,285</u>	<u>87,090,387</u>	<u>474,291,672</u>	<u>19,478,029</u>
Noncurrent assets				
Restricted cash and investments	899,522	54,863,331	55,762,853	3,324,958
Leases receivable	1,955,790	96,816	2,052,606	305,343
Notes receivable	-	650,907	650,907	30,630,948
Assessments receivable	1,215,518	3,182,711	4,398,229	-
OPEB asset	2,111,057	935,469	3,046,526	65,380
Capital assets				
Land and construction in progress	425,797,112	162,755,550	588,552,662	2,558,563
Other capital assets, net	292,208,202	653,087,510	945,295,712	9,735,372
Total noncurrent assets	<u>724,187,201</u>	<u>875,572,294</u>	<u>1,599,759,495</u>	<u>46,620,564</u>
Total assets	<u>1,111,388,486</u>	<u>962,662,681</u>	<u>2,074,051,167</u>	<u>66,098,593</u>
Deferred Outflows of Resources				
Deferred charge on refunding	-	2,090,780	2,090,780	-
OPEB related	2,138,878	947,794	3,086,672	38,482
Pension related	48,153,165	17,898,797	66,051,962	2,043,232
Total deferred outflows of resources	<u>50,292,043</u>	<u>20,937,371</u>	<u>71,229,414</u>	<u>2,081,714</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	21,248,159	12,839,292	34,087,451	826,252
SBITA payable	486,511	334,857	821,368	-
Leases payable	142,389	162,532	304,921	-
Interest payable	2,193,078	276,571	2,469,649	2,028
Due to other agencies	91,880	-	91,880	-
Claims and judgments due within one year	1,575,000	-	1,575,000	-
Long-term debt due within one year	16,028,723	13,860,452	29,889,175	77,215
Compensated absences due within one year	1,623,785	865,323	2,489,108	57,924
Total current liabilities	<u>43,389,525</u>	<u>28,339,027</u>	<u>71,728,552</u>	<u>963,419</u>
Noncurrent liabilities				
Security deposit payable	11,511	260,611	272,122	84,369
Unearned revenue	13,373	1,357,656	1,371,029	495,990
SBITA payable	452,263	676,296	1,128,559	-
Leases payable	566,061	1,205,150	1,771,211	-
Developer reimbursement	1,215,518	1,692,636	2,908,154	-
Long-term debt	218,459,182	74,863,035	293,322,217	4,428,933
OPEB liability	12,249,566	5,428,124	17,677,690	270,364
Net pension liability	114,276,333	42,921,035	157,197,368	4,300,734
Claims and judgments payable	5,063,000	-	5,063,000	-
Compensated absences payable	8,914,086	2,755,964	11,670,050	173,787
Total noncurrent liabilities	<u>361,220,893</u>	<u>131,160,507</u>	<u>492,381,400</u>	<u>9,754,177</u>
Total liabilities	<u>404,610,418</u>	<u>159,499,534</u>	<u>564,109,952</u>	<u>10,717,596</u>
Deferred Inflows of Resources				
Deferred charge on refunding	465,271	-	465,271	-
Deferred inflows related to leases	2,113,018	105,717	2,218,735	296,533
Deferred inflows related to OPEB	3,536,799	1,567,255	5,104,054	10,714
Deferred inflows related to pensions	34,872,606	12,432,181	47,304,787	978,059
Total deferred outflows of resources	<u>40,987,694</u>	<u>14,105,153</u>	<u>55,092,847</u>	<u>1,285,306</u>
Net Position				
Net investment in capital assets	590,223,245	730,798,589	1,321,021,834	7,787,787
Restricted for:				
Capital projects	120,965,885	47,933,979	168,899,864	-
Debt service	5,595,671	-	5,595,671	-
Community enhancement	28,125,900	-	28,125,900	2,985,759
Community renewal	16,801,772	-	16,801,772	-
OPEB asset	2,111,057	-	2,111,057	-
Permanent-expendable	33,320	-	33,320	-
Permanent-nonexpendable	11,000	-	11,000	-
Unrestricted	(47,785,433)	31,262,797	(16,522,636)	45,403,859
Total net position	<u>\$ 716,082,417</u>	<u>\$ 809,995,365</u>	<u>\$ 1,526,077,782</u>	<u>\$ 56,177,405</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, 2023

Functions/programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental activities				
General government	\$ 27,663,634	\$ 12,955,700	\$ 2,495,465	\$ -
Public safety	101,714,590	3,232,083	706,393	-
Community development	35,178,144	22,990,269	4,308,795	7,226,052
Community services	24,966,224	6,435,664	3,677,992	8,105,075
Transportation	35,691,196	5,226,833	14,489,240	13,340,619
Library services	6,258,334	490,993	31,665	-
Interest on debt	7,417,300	5,949,708	-	-
Total governmental activities	238,889,422	57,281,250	25,709,550	28,671,746
Business-type activities				
Utilities	106,754,023	118,682,562	63,270	34,208,657
Emergency medical services	4,128,625	4,900,717	-	-
WVPS communications center	12,455,171	13,868,315	42,533	-
Police regional records system	609,870	454,936	-	-
Salem Convention Center	4,941,397	5,314,561	-	-
Total business-type activities	128,889,086	143,221,091	105,803	34,208,657
Total	\$ 367,778,508	\$ 200,502,341	\$ 25,815,353	\$ 62,880,403
Component unit				
Salem Housing Authority	\$ 40,371,207	\$ 1,712,021	\$ 39,212,788	\$ 129,539

General revenues

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

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Prior period adjustment

Net position - end of year

Continued

City of Salem, Oregon
Statement of Activities
For the fiscal year ended June 30, 2023

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-type Activities	Total	Salem Housing Authority FYE 9/30/22
\$ (12,212,469)	\$ -	\$ (12,212,469)	
(97,776,114)	-	(97,776,114)	
(653,028)	-	(653,028)	
(6,747,493)	-	(6,747,493)	
(2,634,504)	-	(2,634,504)	
(5,735,676)	-	(5,735,676)	
(1,467,592)	-	(1,467,592)	
<u>(127,226,876)</u>	<u>-</u>	<u>(127,226,876)</u>	
-	46,200,466	46,200,466	
-	772,092	772,092	
-	1,455,677	1,455,677	
-	(154,934)	(154,934)	
-	373,164	373,164	
<u>-</u>	<u>48,646,465</u>	<u>48,646,465</u>	
<u>(127,226,876)</u>	<u>48,646,465</u>	<u>(78,580,411)</u>	
			<u>\$ 683,141</u>
116,767,104	-	116,767,104	-
4,668,844	-	4,668,844	-
1,299,102	-	1,299,102	-
7,885,459	-	7,885,459	-
20,721,487	-	20,721,487	-
7,952,954	-	7,952,954	-
121,389	-	121,389	-
6,388,615	2,850,428	9,239,043	816,533
1,993,631	-	1,993,631	1,126,925
4,042,447	1,199,781	5,242,228	3,482,808
1,674,157	(1,674,157)	-	-
<u>173,515,189</u>	<u>2,376,052</u>	<u>175,891,241</u>	<u>5,426,266</u>
46,288,313	51,022,517	97,310,830	6,109,407
670,597,256	758,972,848	1,429,570,104	50,624,773
<u>(803,152)</u>	<u>-</u>	<u>(803,152)</u>	<u>(556,775)</u>
<u>\$ 716,082,417</u>	<u>\$ 809,995,365</u>	<u>\$ 1,526,077,782</u>	<u>\$ 56,177,405</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, 2023

	General Operating Fund	Capital Improvements	Tax Allocation Improvements
Assets			
Cash and investments	\$ 39,525,158	\$ 106,002,058	\$ 64,970,448
Accounts receivable, net	10,244,398	149,952	2,149,189
Leases receivable	339,536	21,470	18,032
Due from other agencies	229,387	-	-
Prepayments	45,073	-	-
Assessments receivable	-	-	-
Total assets	<u>\$ 50,383,552</u>	<u>\$ 106,173,480</u>	<u>\$ 67,137,669</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 10,233,533	\$ 1,772,306	\$ 516,483
Due to other funds	-	-	-
Due to other agencies	91,880	-	-
Advances from other funds	-	3,263,426	-
Security deposit payable	9,971	-	-
Unearned revenues	-	13,122	-
Developer reimbursement payable	-	-	-
Total liabilities	<u>10,335,384</u>	<u>5,048,854</u>	<u>516,483</u>
Deferred inflows of resources			
Related to leases	331,248	16,984	17,793
Unavailable revenue	3,032,719	-	2,089,211
Total deferred inflows of resources	<u>3,363,967</u>	<u>16,984</u>	<u>2,107,004</u>
Fund balances			
Nonspendable	45,073	-	-
Restricted	-	101,107,642	64,514,182
Committed	51,264	-	-
Assigned	696,170	-	-
Unassigned	35,891,694	-	-
Total fund balances	<u>36,684,201</u>	<u>101,107,642</u>	<u>64,514,182</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 50,383,552</u>	<u>\$ 106,173,480</u>	<u>\$ 67,137,669</u>

Continued

City of Salem, Oregon
Balance Sheet
Governmental Funds
June 30, 2023

Community Renewal	General Debt	Other Governmental Funds	Total Governmental Funds
\$ 135,920	\$ 2,735,812	\$ 103,591,785	\$ 316,961,181
17,343,445	572,521	5,234,451	35,693,956
-	-	1,582,025	1,961,063
-	-	-	229,387
-	-	-	45,073
-	-	1,215,518	1,215,518
<u>\$ 17,479,365</u>	<u>\$ 3,308,333</u>	<u>\$ 111,623,779</u>	<u>\$ 356,106,178</u>
\$ 677,593	\$ -	\$ 7,108,224	\$ 20,308,139
-	-	167,896	167,896
-	-	-	91,880
-	-	-	3,263,426
-	-	1,540	11,511
-	-	251	13,373
-	-	1,215,518	1,215,518
<u>677,593</u>	<u>-</u>	<u>8,493,429</u>	<u>25,071,743</u>
-	-	1,529,517	1,895,542
16,652,141	421,353	719,983	22,915,407
<u>16,652,141</u>	<u>421,353</u>	<u>2,249,500</u>	<u>24,810,949</u>
-	-	11,000	56,073
149,631	2,886,980	67,044,519	235,702,954
-	-	33,825,331	33,876,595
-	-	-	696,170
-	-	-	35,891,694
<u>149,631</u>	<u>2,886,980</u>	<u>100,880,850</u>	<u>306,223,486</u>
<u>\$ 17,479,365</u>	<u>\$ 3,308,333</u>	<u>\$ 111,623,779</u>	<u>\$ 356,106,178</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, 2023

Total fund balances	\$	306,223,486
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).		718,005,314
Other assets are not available to pay for current period expenditures and are therefore deferred in the funds:		
Notes receivable - earned but unavailable		20,078,991
Property taxes - earned but unavailable		2,836,416
Net OPEB asset		2,111,057
Deferred outflows related to OPEB		2,138,878
Deferred outflows related to pensions		48,153,165
Internal service funds are used by management to charge the costs of fleet management, insurance, and other commonly utilized city services to individual funds. Assets, liabilities, and deferred inflows and outflows of the internal service funds are included in governmental activities in the Statement of Net Position.		30,801,763
Accrued interest payable		(2,193,078)
Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Long-term SBITA liabilities		(938,774)
Long-term lease liabilities		(708,450)
Long-term debt including bonds payable, bond premiums, and notes payable		(234,487,905)
Compensated absences payable		(10,537,871)
Net OPEB liability		(12,249,566)
Net pension liability		(114,276,333)
Deferred charge on refunding		(465,271)
Deferred inflows related to OPEB		(3,536,799)
Deferred inflows related to pensions		(34,872,606)
Net position of governmental activities	\$	<u>716,082,417</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, 2023

	General Operating Fund	Capital Improvements	Tax Allocation Improvements
Revenues			
Property taxes	\$ 81,563,712	\$ -	\$ -
Other taxes	1,299,102	-	-
Sales, fees, licenses, and permits	35,568,477	-	-
Special assessments	7,127	-	-
Rents	1,115,420	24,627	15,479
Grants	1,306,509	8,841,636	1,234,949
Intergovernmental	18,530,783	64,066	963,744
Fines and penalties	3,295,369	-	-
Interest on investments	1,025,586	719,287	1,156,146
Loan payments received	-	-	177,945
Other	266,407	1,910	-
Total revenues	<u>143,978,492</u>	<u>9,651,526</u>	<u>3,548,263</u>
Expenditures			
Current			
General government	25,401,413	-	-
Community development	8,268,095	-	-
Community service	11,507,671	-	-
Public safety	97,649,984	-	-
Transportation	-	-	-
Library	5,275,572	-	-
Capital outlay	1,198,765	34,986,369	14,843,868
Debt service			
Principal retirement	246,074	113,466	-
Interest and fiscal charges	64,082	5,436	-
Total expenditures	<u>149,611,656</u>	<u>35,105,271</u>	<u>14,843,868</u>
Excess (deficiency) of revenues over expenditures	(5,633,164)	(25,453,745)	(11,295,605)
Other financing sources (uses)			
Issuance of debt	-	100,000,000	-
Premium on issuance of debt	-	7,489,935	-
SBITA financing	587,062	254,642	-
Sale of property	-	1,864,251	-
Transfers in	3,891,255	4,741,309	17,543,790
Transfers out	(2,959,791)	-	-
Total other financing sources (uses)	<u>1,518,526</u>	<u>114,350,137</u>	<u>17,543,790</u>
Net change in fund balance	(4,114,638)	88,896,392	6,248,185
Fund balances - beginning of year	40,798,839	12,211,250	58,265,997
Prior period adjustment	-	-	-
Fund balances - end of year	<u>\$ 36,684,201</u>	<u>\$ 101,107,642</u>	<u>\$ 64,514,182</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, 2023

Community Renewal	General Debt	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 17,329,771	\$ 17,843,282	\$ 116,736,765
-	-	4,668,845	5,967,947
60	-	18,392,511	53,961,048
-	-	1,387,973	1,395,100
-	-	2,374,524	3,530,050
4,293,807	-	8,076,386	23,753,287
-	5,949,708	16,819,860	42,328,161
-	-	99,188	3,394,557
2,519	247,421	2,399,246	5,550,205
399,339	-	-	577,284
9,165	-	3,661,214	3,938,696
<u>4,704,890</u>	<u>23,526,900</u>	<u>75,723,029</u>	<u>261,133,100</u>
-	-	32	25,401,445
4,902,671	-	12,191,317	25,362,083
-	-	7,238,001	18,745,672
-	-	317,981	97,967,965
-	-	19,335,646	19,335,646
-	-	197,156	5,472,728
-	-	4,542,841	55,571,843
76,000	17,500,000	1,793,144	19,728,684
959	5,252,069	513,839	5,836,385
<u>4,979,630</u>	<u>22,752,069</u>	<u>46,129,957</u>	<u>273,422,451</u>
(274,740)	774,831	29,593,072	(12,289,351)
-	-	-	100,000,000
-	-	-	7,489,935
-	-	-	841,704
-	-	-	1,864,251
-	-	364,535	26,540,889
-	-	(22,734,273)	(25,694,064)
-	-	(22,369,738)	111,042,715
(274,740)	774,831	7,223,334	98,753,364
424,371	2,112,149	94,460,668	208,273,274
-	-	(803,152)	(803,152)
<u>\$ 149,631</u>	<u>\$ 2,886,980</u>	<u>\$ 100,880,850</u>	<u>\$ 306,223,486</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, 2023

Net change in fund balances-total governmental funds	\$	98,753,364
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		46,717,976
Depreciation and amortization		(19,096,314)
Various other transactions involving capital assets increase or decrease net position.		
Developer donated infrastructure and other donated assets		8,553,696
Book value of sold or disposed assets		(2,421,685)
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		5,149,136
Change in deferred inflows for general revenue		30,340
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the insurance costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred or amortized in the Statement of Activities.		
Issuance of long term debt		(108,331,639)
Principal payments on long term debt		19,728,684
Amortize bond premium		1,405,065
Net expense related to deferred charge on refunding		136,072
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.		
		(1,580,915)
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		512,345
Net expense related to OPEB activity		(291,627)
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.		
		(477,209)
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.		
		(2,498,975)
Change in net position of governmental activities	\$	46,288,313

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, 2023

	Budgeted Amounts		Actual Amounts Budgetary	Variance with Final Budget ¹
	Original	Final	Basis	
Revenues				
Property taxes	\$ 80,750,050	\$ 80,750,050	\$ 81,563,712	\$ (813,662)
Other taxes	1,862,340	1,862,340	1,299,102	563,238
Sales, fees, licenses, and permits	34,899,550	34,899,550	35,568,477	(668,927)
Special assessments	1,400	1,400	7,127	(5,727)
Rents	1,145,680	1,145,680	1,124,074	21,606
Grants	2,231,750	2,231,750	1,306,509	925,241
Intergovernmental	26,598,760	26,598,760	27,596,147	(997,387)
Fines and penalties	3,648,190	3,648,190	3,295,369	352,821
Interest on investments	498,500	498,500	1,011,272	(512,772)
Other	214,800	214,800	266,407	(51,607)
Total revenues	151,851,020	151,851,020	153,038,196	(1,187,176)
Expenditures				
Operations				
City manager's office	1,926,220	1,926,220	1,814,238	111,982
Budget, finance and purchasing	3,698,610	3,698,610	3,250,026	448,584
Enterprise services:				
Customer service center	909,150	909,150	798,873	110,277
Facilities services	5,142,130	5,072,130	5,016,681	55,449
Human resources	2,675,910	3,045,910	2,940,883	105,027
Information technology	11,584,050	11,584,050	10,836,523	747,527
Legal	2,931,290	2,931,290	2,521,942	409,348
Mayor and council	259,780	284,780	273,202	11,578
Municipal court	2,438,290	2,438,290	2,154,148	284,142
Non-departmental	4,857,380	4,934,770	4,076,889	857,881
Total general government	36,422,810	36,825,200	33,683,405	3,141,795
Community development	6,603,910	6,603,910	5,910,682	693,228
Urban development	4,053,770	4,053,770	3,525,551	528,219
Total community development	10,657,680	10,657,680	9,436,233	1,221,447

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, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Parks and recreation services	\$ 11,963,470	\$ 11,963,470	\$ 11,699,015	\$ 264,455
Library	5,873,040	5,873,040	5,275,572	597,468
Police	54,779,640	54,779,640	52,897,607	1,882,033
Fire	43,511,140	45,311,140	45,017,552	293,588
Total public safety	98,290,780	100,090,780	97,915,159	2,175,621
Debt service	375,010	375,010	374,998	12
Contingency	3,000,000	125,720	-	125,720
Total expenditures	166,582,790	165,910,900	158,384,382	7,526,518
Excess (deficiency) of revenues over expenditures	(14,731,770)	(14,059,880)	(5,346,186)	(8,713,694)
Other financing sources (uses)				
Transfers in	2,726,120	4,126,120	3,866,255	259,865
Transfers out	(1,326,150)	(3,398,040)	(2,619,538)	(778,502)
Total other financing sources (uses)	1,399,970	728,080	1,246,717	(518,637)
Net change in fund balance	(13,331,800)	(13,331,800)	(4,099,469)	(9,232,331)
Fund balance - beginning of year	42,528,530	42,528,530	40,678,032	1,850,498
Fund balance - end of year	<u>\$ 29,196,730</u>	<u>\$ 29,196,730</u>	36,578,563	<u>\$ (7,381,833)</u>

Reconciliation to generally accepted accounting principles:

Adjustments for indirect cost allocation	
Revenues	(9,065,364)
Expenditures:	
General government	9,065,364
Prepayments	45,073
Accrued interest receivable on leases	1,013
Long-term lease receivables	339,536
Deferred inflows related to leases	(331,248)
Fund balance - General Fund - end of year (modified accrual)	<u>\$ 36,632,937</u>
Separately budgeted fund - Public Art Fund - end of year	\$ 51,264
Fund balance - General Operating Fund - end of year (modified accrual)	<u>\$ 36,684,201</u>

1 () indicates revenue/expenditures in excess of budget

Concluded

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, 2023

	<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	\$ -	\$ -	\$ 60	\$ (60)
Grants	\$ 12,666,220	\$ 12,666,220	\$ 4,293,807	\$ 8,372,413
Loan payments received	500,000	500,000	399,339	100,661
Total revenues	<u>13,166,220</u>	<u>13,166,220</u>	<u>4,702,371</u>	<u>8,463,849</u>
Expenditures				
Operations	<u>13,166,220</u>	<u>13,166,220</u>	<u>4,902,671</u>	<u>8,263,549</u>
Excess (deficiency) of revenues over expenditures	-	-	(200,300)	200,300
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>280,069</u>	<u>(280,069)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,769</u>	<u>\$ (79,769)</u>

Reconciliation to generally accepted accounting principles:

Deposits in escrow for HUD section 108 note repayment	<u>69,862</u>
Net position at end of year	<u>\$ 149,631</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, 2023

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Assets				
Current assets				
Cash and investments	\$ 53,696,656	\$ 9,733,578	\$ 63,430,234	\$ 36,364,646
Accounts receivable, net	17,068,769	896,096	17,964,865	136,877
Leases receivable	10,522	-	10,522	62,360
Due from other agencies	-	167,896	167,896	-
Inventories and prepayments	1,277,868	53,793	1,331,661	1,886,632
Advances to others funds	3,263,426	-	3,263,426	-
Total current assets	<u>75,317,241</u>	<u>10,851,363</u>	<u>86,168,604</u>	<u>38,450,515</u>
Noncurrent assets				
Restricted cash and investments	54,863,331	-	54,863,331	899,522
Leases receivable	96,816	-	96,816	169,005
Note receivable	650,907	-	650,907	-
Assessments receivable	3,182,711	-	3,182,711	-
OPEB asset	757,880	177,589	935,469	75,038
Capital assets:				
Land and other construction in progress	158,392,094	4,363,456	162,755,550	542,492
Other capital assets, net	627,727,703	25,359,807	653,087,510	30,881,386
Total noncurrent assets	<u>845,671,442</u>	<u>29,900,852</u>	<u>875,572,294</u>	<u>32,567,443</u>
Total assets	<u>920,988,683</u>	<u>40,752,215</u>	<u>961,740,898</u>	<u>71,017,958</u>
Deferred outflows of resources				
Deferred charge on refunding	2,090,780	-	2,090,780	-
Deferred outflows related to pensions	13,873,204	4,025,593	17,898,797	1,309,749
Deferred outflows related to OPEB-RHIA	10,360	2,427	12,787	1,026
Deferred outflows related to OPEB-City	757,506	177,501	935,007	75,000
Total deferred outflows of resources	<u>16,731,850</u>	<u>4,205,521</u>	<u>20,937,371</u>	<u>1,385,775</u>

Continued

City of Salem, Oregon
Proprietary Funds
Statement of Net Position
June 30, 2023

	<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	\$ 12,335,673	\$ 503,619	\$ 12,839,292	\$ 940,020
SBITA payable	163,021	171,836	334,857	185,736
Leases payable	-	162,532	162,532	58,350
Interest payable	276,571	-	276,571	9,337
Claims and judgments payable	-	-	-	1,575,000
Long term debt - due within one year	13,860,452	-	13,860,452	-
Compensated absences	831,511	33,812	865,323	31,524
Total current liabilities	<u>27,467,228</u>	<u>871,799</u>	<u>28,339,027</u>	<u>2,799,967</u>
Noncurrent liabilities				
Security deposit payable	36,547	224,064	260,611	-
Unearned revenue	1,357,656	-	1,357,656	-
SBITA payable	140,176	536,120	676,296	192,478
Leases payable	-	1,205,150	1,205,150	277,149
Developer reimbursement payable	1,692,636	-	1,692,636	-
Long-term debt	74,863,035	-	74,863,035	-
OPEB liability	4,397,652	1,030,472	5,428,124	435,411
Net pension liability	33,185,101	9,735,934	42,921,035	3,284,702
Claims and judgments payable	-	-	-	5,063,000
Compensated absences	2,182,565	573,399	2,755,964	284,776
Total noncurrent liabilities	<u>117,855,368</u>	<u>13,305,139</u>	<u>131,160,507</u>	<u>9,537,516</u>
Total liabilities	<u>145,322,596</u>	<u>14,176,938</u>	<u>159,499,534</u>	<u>12,337,483</u>
Deferred inflows of resources:				
Deferred inflows related to leases	105,717	-	105,717	217,476
Deferred inflows related to pensions	9,729,623	2,702,558	12,432,181	778,751
Deferred inflows related to OPEB-City	1,123,815	263,336	1,387,151	111,269
Deferred inflows related to OPEB-RHIA	145,913	34,191	180,104	14,447
Total deferred inflows of resources	<u>11,105,068</u>	<u>3,000,085</u>	<u>14,105,153</u>	<u>1,121,943</u>
Net position				
Net investment in capital assets	703,150,964	27,647,625	730,798,589	30,710,165
Restricted for:				
Capital projects	47,933,979	-	47,933,979	899,522
Unrestricted	30,207,926	133,088	30,341,014	27,334,620
Total net position	<u>\$ 781,292,869</u>	<u>\$ 27,780,713</u>	<u>809,073,582</u>	<u>\$ 58,944,307</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			921,783	
			<u>\$ 809,995,365</u>	

Concluded

City of Salem, Oregon
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the fiscal year ended June 30, 2023

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Operating revenues				
Sales, fees, licenses, and permits	\$ 113,078,796	\$ 8,255,261	\$ 121,334,057	\$ 138,374
Assessments	8,024	-	8,024	-
Rents	8,208	1,837,450	1,845,658	2,097,266
Internal and intergovernmental	5,555,243	14,189,892	19,745,135	42,682,843
Member agencies	-	124,036	124,036	-
Fines and penalties	-	39,214	39,214	-
Other	32,291	20,696	52,987	1,620,157
	<u>118,682,562</u>	<u>24,466,549</u>	<u>143,149,111</u>	<u>46,538,640</u>
Operating expenses				
Personal services	39,309,777	10,976,795	50,286,572	4,355,998
Materials and services	33,798,160	9,466,865	43,265,025	44,648,779
Depreciation and amortization	21,211,882	1,691,403	22,903,285	4,467,586
	<u>94,319,819</u>	<u>22,135,063</u>	<u>116,454,882</u>	<u>53,472,363</u>
Operating income (loss)	<u>24,362,743</u>	<u>2,331,486</u>	<u>26,694,229</u>	<u>(6,933,723)</u>
Non-operating revenues (expenses)				
Interest on investments	2,639,134	211,294	2,850,428	913,699
Other revenue (expenses)	(4,828,445)	114,513	(4,713,932)	129,380
Interest on debt	(4,542,010)	(79,821)	(4,621,831)	-
Total non-operating revenues	<u>(6,731,321)</u>	<u>245,986</u>	<u>(6,485,335)</u>	<u>1,043,079</u>
Net income (loss) before capital contributions and transfers	17,631,422	2,577,472	20,208,894	(5,890,644)
Capital contributions	34,655,981	-	34,655,981	357,470
Transfers in	10,400	262,569	272,969	837,080
Transfers out	(334,084)	(1,613,042)	(1,947,126)	(9,748)
Change in net position	51,963,719	1,226,999	53,190,718	(4,705,842)
Total net position - beginning of year	<u>729,329,150</u>	<u>26,553,714</u>		<u>63,650,149</u>
Total net position - end of year	<u>\$ 781,292,869</u>	<u>\$ 27,780,713</u>		<u>\$ 58,944,307</u>
Adjustment to reflect the consolidation of internal service fund related to enterprise funds			(2,168,201)	
Change in net position of business-type activities			<u>\$ 51,022,517</u>	

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, 2023

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Cash Flow from Operating Activities:				
Receipts from customers	\$ 109,959,812	\$ 7,242,351	\$ 117,202,163	\$ 3,774,186
Receipts from interfund services provided	5,502,987	360,666	5,863,653	42,682,843
Member agencies	-	13,938,286	13,938,286	-
Payments to suppliers	(34,054,262)	(7,329,924)	(41,384,186)	(45,066,810)
Payments to employees	(40,368,680)	(11,056,638)	(51,425,318)	(4,297,110)
Other receipts (payments)	(5,872,062)	-	(5,872,062)	-
 Net cash provided (used) by operating activities	 35,167,795	 3,154,741	 38,322,536	 (2,906,891)
Cash Flows from Noncapital Financing Activities:				
Contributions/grants	384,054	42,533	426,587	-
Transfers received	456,290	262,569	718,859	682,896
Transfers paid	(334,084)	(1,613,042)	(1,947,126)	-
 Net cash provided (used) by noncapital financing activities	 506,260	 (1,307,940)	 (801,680)	 682,896
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	17,305,259	-	17,305,259	-
Acquisition and construction of capital assets	(46,902,925)	(1,830,042)	(48,732,967)	(2,102,933)
Principal paid on leases	(214,558)	(153,692)	(368,250)	(53,470)
Interest paid on leases	(13,570)	(51,058)	(64,628)	(9,492)
Principal paid on SBITA	(172,010)	(5,467)	(177,477)	(173,033)
Interest paid on SBITA	(9,098)	(234)	(9,332)	(14,378)
Principal paid on debt	(14,988,000)	-	(14,988,000)	-
Interest paid on debt	(4,081,750)	-	(4,081,750)	-
Sale of property	-	-	-	208,160
 Net cash provided (used) by capital related financing activities	 (49,460,706)	 (2,040,493)	 (51,501,199)	 (2,145,146)
Cash Flows from Investing Activities:				
Interest on investments	2,639,134	211,294	2,850,428	913,698
 Net increase (decrease) in cash and cash equivalents	 (11,147,517)	 17,602	 (11,129,915)	 (3,455,443)
Cash and cash equivalents - beginning of year	119,707,504	9,715,976	129,423,480	40,719,611
Cash and cash equivalents - end of year	\$ 108,559,987	\$ 9,733,578	\$ 118,293,565	\$ 37,264,168

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, 2023

	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)	\$ 24,362,743	\$ 2,331,486	\$ 26,694,229	\$ (6,933,723)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	21,211,882	1,691,403	22,903,285	4,467,586
Other income (expense)	(5,391,901)	(182,700)	(5,574,601)	(9,748)
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
Accounts receivable	(3,573,320)	(100,605)	(3,673,925)	(84,768)
Inventories and prepayments	(57,518)	(2,309)	(59,827)	(501,838)
Deferred outflows related to pensions	(84,743)	(23,225)	(107,968)	(6,307)
Deferred OPEB outflows-RHIA	42,532	11,434	53,966	4,081
Deferred OPEB outflows-City	78,654	41,630	120,284	5,733
Accounts payable and accrued liabilities	(1,378,994)	(502,691)	(1,881,685)	(112,729)
Compensated absences payable	(61,266)	22,066	(39,200)	98,560
Claims reserve	-	-	-	151,000
Net pension liability	8,410,450	2,304,914	10,715,364	625,974
Net OPEB asset	(54,441)	6,761	(47,680)	(7,120)
OPEB liability	177,556	(75,484)	102,072	27,954
Deferred inflows related to pensions	(8,468,797)	(2,320,905)	(10,789,702)	(630,318)
Deferred OPEB inflows-City	92,346	(6,980)	85,366	8,441
Deferred OPEB inflow-RHIA	(137,388)	(40,054)	(177,442)	(9,669)
Net cash provided (used) by operating activities	<u>\$ 35,167,795</u>	<u>\$ 3,154,741</u>	<u>\$ 38,322,536</u>	<u>\$ (2,906,891)</u>
Non-cash investing, capital, and financing activities				
Contributions of capital assets	\$ 13,234,943	\$ -	\$ 13,234,943	\$ 58,773
Contribution of capital assets from governmental funds	4,269,939	-	4,269,939	519,411
				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, 2023

	Custodial
Assets	
Cash and investments	\$ 1,671,351
Accounts receivable, net	56
Total assets	1,671,407
 Liabilities	
Due to other governments	102,666
Total liabilities	102,666
 Net Position	
Restricted for:	
Other governments and individuals	1,275,941
Specific programs	292,800
Total fiduciary net position	\$ 1,568,741

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	\$ 1,818,105
Program revenues:	
Outside parties	1,190,658
Governmental funds	300,000
Restitution collections	13,661
Investment earnings	9,376
Police seizures	61,254
	<u>3,393,054</u>
Deductions	
Fees and assessments distributed to other governments	1,536,536
Administrative expense	273,429
Restitution payments	11,817
Expenditures - Community Service and Development	628,350
Seized assets distributions:	
Payments to other governments	26,147
Returned to individuals	8,910
Forfeited to governmental funds	1,444
	<u>2,486,633</u>
Total deductions	<u>2,486,633</u>
Change in fiduciary net position	906,421
Total fiduciary net position - beginning of year	<u>662,320</u>
Total fiduciary net position - end of year	<u><u>\$ 1,568,741</u></u>

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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.....	74
A. Deposits and investments	74
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, 2023 is as follows:	78
2. Depreciation and amortization expense for governmental activities is charged to functions as follows:	79
3. Capital asset activity for business-type activities for the year ended June 30, 2023 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, 2022 is as follows:.....	80
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, 2023

E. Interfund receivables, payables, advances, and transfers	80
1. Advances.....	80
2. Transfers	81
F. Subscription	82
1. GASB Statement No. 96, Subscription-Based Information Technology Arrangements	82
2. SBITA payable	82
G. Leases	83
1. GASB Statement No. 87, Leases	83
2. Lessor lease receivables	84
3. Lessee lease payable	86
H. Due to other agencies	88
I. Compensated absences.....	88
J. Debt	88
1. Changes in long term debt.....	89
2. Governmental activity general obligation bonds.....	89
3. Limited tax pension obligation.....	90
4. Governmental activity urban renewal bonds	90
5. Governmental activity notes.....	91
6. Governmental activity future maturities of long-term debt	91
7. Business-type activity revenue bonds.....	91
8. Business-type activity notes.....	92
9. Business-type activity future maturities of long-term debt	92
10. Short-term debt.....	92
K. Conduit debt.....	93
L. Fund balance	94
M. Net position	95
IV. OTHER INFORMATION	96
A. Risk management	96
B. Commitments and contingencies.....	97
1. Grants	97
2. Litigation matters	98
3. Construction commitments	98
C. Defined benefit pension plan (PERS)	98
1. Plan description	98
2. Benefits provided.....	98
3. Contributions	100

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions	101
5. Actuarial methods and assumptions	102
6. Long-term expected rate of return	103
7. Discount rate	103
8. Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate	104
9. Pension plan fiduciary net position.....	104
D. Other postemployment benefit plans	104
E. Defined benefit other postemployment benefit plan (RHIA)	105
1. Plan description	105
2. Benefits provided.....	105
3. Contributions	105
4. OPEB assets, liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB	105
5. Actuarial methods and assumptions	106
6. Sensitivity of the proportionate share of the net OPEB liability (asset) to changes in the discount rate	106
7. OPEB plan fiduciary net position	106
F. Postemployment benefits other than pensions (OPEB)	107
1. General information about the OPEB plan	107
2. Total OPEB liability	107
3. Changes in the total OPEB liability	108
4. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.....	108
G. Outstanding encumbrances.....	109
H. Deficit net position	109
I. Tax abatement disclosure	109
J. Related party transactions.....	110
K. Prior period adjustment	110
L. Adoption of new GASB pronouncements	111
M. Future GASB pronouncements.....	111

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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, 2023

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 119).

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, 2023

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, 2023

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, 2023

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 \$368,893 for fiscal year 2022-23 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, 2023

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, 2023

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, 2023

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 2022-23:

- Transfer of \$301,390 from contingency to transfers out in the General fund, in order to fund construction of the Customer Service Center in the Capital improvements fund.
- Transfer of \$30,000 from contingency to materials and services in the General fund to fund the Capitol JAM event.
- Transfer of \$300,000 from materials and services to transfers out in the Miscellaneous federal and state grants fund to fund construction of the navigation center in the Capital improvements fund.
- Transfer of \$129,500 from contingency to transfers out in the General fund to assist the Airport fund in preparation for commercial air services.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

- Transfer of \$262,570 from materials and services to transfers out in the Salem Convention Center gain/loss reserve fund in order to reimburse the Convention Center for its net operating loss in fiscal year 2021.
- Transfer of \$47,390 from contingency to materials and services in the General fund for payment of unanticipated court-awarded attorney fees related to a land use board of appeals case.
- Transfer of \$1,900,000 from contingency to transfers out in the General fund to provide funding for construction of Airport terminal improvements in the Capital improvements fund.
- Transfer of \$266,000 from contingency to transfers out in the General fund to provide funding for additional staffing in the Airport fund.
- Transfer of \$200,000 from contingency to Fire department personal services in the General fund to add firefighter/medics as required for commercial air service at the airport.
- Supplemental budget of \$1,400,000 in transfers out in the Emergency Services fund in order to support unanticipated overtime in the General fund Fire department. Additional medic staff time has been obligated to support required coverage of ambulance services in Salem.
- Supplemental budget of \$1,400,000 in personal services in the General fund for required medic/ambulance coverage.
- Supplemental budget of \$2,150,000 in the Emergency Services fund to cover write-off of increased ambulance billing receivables due to medicare/medicaid payment policy.
- Transfer of \$70,000 from General fund personnel to transfers out in order to fund Library facility improvements in the Capital improvements fund.
- Supplemental budget of \$2,100,000 in materials and services and \$900,000 in transfers out in the Salem Convention Center fund to provide additional budget authority for the higher than anticipated activity at the Convention Center as it recovers from the COVID shutdown.
- Supplemental budget of \$721,000 in materials and services in the the Emergency Services fund for additional billing write-off expenditure related to the increased ambulance service provided by City staff.
- Supplemental budget of \$69,200 in materials and services in the the Police Regional Records System fund for unanticipated software expenses.
- Supplemental budget of \$100,000 in materials and services in the the City Services fund for mail, inventory and equipment purchases.
- Supplemental budget of \$600,000 in materials and services in the the City Services fund for automotive parts and vehicle maintenance.
- Transfer of \$595,000 from transfers out to personnel and materials and services in the General fund for unplanned intern employees in Human Resources, vacancy coverage in the Fire department, and higher than anticipated government relations expenses in the Mayor and Council department.
- Transfer \$40,000 from contingency to materials and services in the Police Regional Records System fund for increased expenditures related to adding two new client agencies.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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, 2023 consisted of the following:

	Book Value
Cash on hand	\$ 11,602
Deposits with financial institutions	117,046,908
Investments	357,131,755
Total cash and investments	\$ 474,190,265

1. Deposits

As of June 30, 2023, City bank deposits had a book balance of \$117,046,908 and a bank balance of \$118,662,842. 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, 2023, \$319,543 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, 2023, the City held the following investments and maturities:

Investment Type	Fair Value	Weighted Avg. Maturity in Months	% of Investment Portfolio
Corporate bonds	\$ 35,400,247	28.46	10.17%
Local Government Investment Pool	112,340,630	0.03	32.26%
U.S. Agency securities	31,619,466	8.69	9.08%
U.S. Treasury securities	168,866,998	17.63	48.49%
Total	\$ 348,227,341	12.24	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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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, 2023 is \$56,763,000 per customer number. The limit is updated each September based on the U.S. City Average Consumer Price Index. The limit can be temporarily exceeded for ten business days if the excess is due to funds deposited on a pass-through basis. At June 30, 2023, the book value of the City's LGIP deposits totaled \$55,879,650 of City funds and \$56,878,184 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, 2023, two issuers composed more than 5% of the City's portfolio: Federal Home Loan Banks with 7.3% and the U.S. Treasury with 48.5% of the City's total investments.

As of June 30, 2023, the credit risk for the City's investments is as follows:

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

<u>Investment type</u>	<u>Fair Value</u>	<u>Credit Risk</u>
Corporate bonds:		
Amazon	\$ 4,503,241	AA
Apple	6,894,067	AA+
Bank of America	2,461,306	A-
Blackrock	1,985,124	AA-
Chevron	3,755,097	AA-
JP Morgan Chase	4,754,693	A-
Microsoft	1,932,673	AAA
Nike	2,364,946	AA-
Toronto Dominion Bank	2,221,001	A
Visa	2,287,718	AA-
Walmart	2,240,381	AA
Local Government Investment Pool	112,340,630	Unrated
U.S. Agency securities:		
Federal Home Loan Banks	25,473,465	AA+
Federal Home Loan Mortgage Corp	6,146,001	AA+
U.S. Treasury:		
U.S. Treasury bonds	168,866,998	AA+
Total	<u>\$ 348,227,341</u>	

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

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

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, 2023 for governmental funds, net of allowance for uncollectible accounts, are as follows:

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

	General Operating Fund	Capital Improvements	Tax Allocation Improvements	Community Renewal	General Debt	Other Governmental Funds	Total
Accounts	\$ 6,794,479	\$ 149,435	\$ 59,923	\$ 691,304	\$ -	\$ 4,356,023	\$ 12,051,164
Property Taxes	2,688,462	-	-	-	572,521	583,157	3,844,140
Interest	750,814	517	712	303,490	-	21,465	1,076,998
Assessments	10,643	-	-	-	-	273,806	284,449
Loans and notes	-	-	2,088,554	16,348,651	-	-	18,437,205
Total	\$ 10,244,398	\$ 149,952	\$ 2,149,189	\$ 17,343,445	\$ 572,521	\$ 5,234,451	\$ 35,693,956

Approximately \$18.4 million in assessments, loans, and notes is not expected to be received within the next year.

Property tax levies for the year beginning July 1, 2023 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 \$18,765,580 for retirement of general obligation long-term debt due in fiscal year 2023-24.

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, 2023, the various components of deferred inflows of financial resources reported in the governmental funds are as follows:

	Deferred Inflows
Assessments	1,047,997
Community Development Block Grant/HOME loans	16,652,141
Property taxes (General fund)	1,985,267
Property taxes (Debt service funds)	851,149
System development charges	289,642
Urban renewal loans	2,089,211
Total unavailable revenue	22,915,407

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

Receivables as of June 30, 2023 for proprietary funds, net of allowance for uncollectible accounts, are as follows:

	Utility	Other Funds	Total Enterprise	Internal Services
Accounts	\$ 17,028,438	\$ 1,405,816	\$ 18,434,254	\$ 136,186
Assessments	362,732	-	362,732	-
Interest	63,258	-	63,258	691
Less: Allowance for uncollectible accounts	(385,659)	(509,720)	(895,379)	-
Total	\$ 17,068,769	\$ 896,096	\$ 17,964,865	\$ 136,877

C. Capital assets

1. Capital asset activity for governmental activities for the year ended June 30, 2023 is as follows:

<u>Governmental activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Land, land improvements, and art	\$ 275,157,952	\$ 5,132,689	\$ -	\$ 280,290,641
Construction work-in-progress	137,129,971	46,508,179	(38,131,679)	145,506,471
Total non-depreciable	<u>412,287,923</u>	<u>51,640,868</u>	<u>(38,131,679)</u>	<u>425,797,112</u>
Buildings and building improvements	72,877,986	29,053,688	-	101,931,674
Other improvements	72,974,422	1,427,588	-	74,402,010
Motor pool	40,720,272	3,076,530	(802,151)	42,994,651
Equipment and machinery	49,698,950	777,191	-	50,476,141
Infrastructure	497,415,917	6,802,326	(45,219)	504,173,024
Intangible lease/right of use	1,041,994	-	-	1,041,994
Intangible SBITA/right of use	-	1,371,425	-	1,371,425
Total depreciable/amortizable	<u>734,729,541</u>	<u>42,508,748</u>	<u>(847,370)</u>	<u>776,390,919</u>
Less accumulated depreciation/amortization				
Buildings and building improvements	(38,382,568)	(1,600,390)	-	(39,982,958)
Other improvements	(35,574,548)	(2,460,129)	-	(38,034,677)
Motor pool	(20,804,001)	(3,048,712)	747,241	(23,105,472)
Equipment and machinery	(33,947,431)	(2,309,289)	-	(36,256,720)
Infrastructure	(332,531,104)	(13,537,594)	45,219	(346,023,479)
Intangible lease/right of use	(164,211)	(183,359)	-	(347,570)
Intangible SBITA/right of use	-	(431,841)	-	(431,841)
Total accumulated depreciation/amortization	<u>(461,403,863)</u>	<u>(23,571,314)</u>	<u>792,460</u>	<u>(484,182,717)</u>
Governmental activities capital assets, net	\$ 685,613,601	\$ 70,578,302	\$ (38,186,589)	\$ 718,005,314

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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

General government	\$ 1,210,816
Public safety	733,882
Community development	1,300,323
Community service	768,936
Transportation	14,511,171
Library services	578,600
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	4,467,586
Total depreciation/amortization expense for governmental activities	\$ 23,571,314

3. Capital asset activity for business-type activities for the year ended June 30, 2023 is as follows:

<u>Business-type activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land, land improvements, and art	\$ 19,263,236	\$ -	\$ -	\$ 19,263,236
Construction work-in-progress	115,077,033	50,960,832	(22,545,551)	143,492,314
Total non-depreciable	134,340,269	50,960,832	(22,545,551)	162,755,550
Buildings and building improvements	33,987,580	-	-	33,987,580
Equipment and machinery	11,161,218	503,994	-	11,665,212
Water and sewer system	1,008,257,321	38,719,045	(19,619)	1,046,956,747
Intangible lease/right of use	2,543,463	-	(874,503)	1,668,960
Intangible SBITA/right of use	-	1,354,279	-	1,354,279
Total depreciable/amortizable	1,055,949,582	40,577,318	(894,122)	1,095,632,778
Accumulated depreciation/amortization				
Buildings and building improvements	(11,467,858)	(795,513)	-	(12,263,371)
Equipment and machinery	(7,182,122)	(781,411)	-	(7,963,533)
Water and sewer system	(401,021,850)	(20,639,314)	19,618	(421,641,546)
Intangible lease/right of use	(282,607)	(381,109)	292,836	(370,880)
Intangible SBITA/right of use	-	(305,938)	-	(305,938)
Total accumulated depreciation/amortization	(419,954,437)	(22,903,285)	312,454	(442,545,268)
Business-type activities capital assets, net	\$ 770,331,015	\$ 68,634,865	\$ (23,127,219)	\$ 815,843,060

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

Utility	\$ 21,211,882
Emergency medical services	170,838
WVPS Communications Center	237,508
Police regional records system	444,170
Salem Convention Center	838,887
Total depreciation/amortization expense for business-type activities	\$ 22,903,285

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

5. Capital asset activity for discretely presented component unit – Housing Authority of the City of Salem for its fiscal year ended September 30, 2022 is as follows:

<u>Business-type activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 1,794,468	\$ -	\$ (239,552)	\$ 1,554,916
Construction work-in-progress	1,860,203	913,520	(1,770,076)	1,003,647
Total non-depreciable	<u>3,654,671</u>	<u>913,520</u>	<u>(2,009,628)</u>	<u>2,558,563</u>
Buildings and structures	23,574,586	133,592	(3,327,357)	20,380,821
Equipment	1,464,997	78,130	(33,755)	1,509,372
Total depreciable	<u>25,039,583</u>	<u>211,722</u>	<u>(3,361,112)</u>	<u>21,890,193</u>
Accumulated depreciation				
Buildings, structures & equipment	<u>(13,557,826)</u>	<u>(636,117)</u>	<u>2,039,122</u>	<u>(12,154,821)</u>
Business-type activities, net	<u>\$ 15,136,428</u>	<u>\$ 489,125</u>	<u>\$ (3,331,618)</u>	<u>\$ 12,293,935</u>

D. Deferred outflows of resources and deferred inflows of resources

In governmental activities, refunding of general obligation bonds in fiscal year 2022-23 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, 2023 is \$465,271 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, 2023 is \$2,090,780 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: \$2,113,018 in governmental activities and \$105,717 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, 2023 are as follows. Governmental deferred outflows are \$48,153,165 for pensions and \$2,138,878 for OPEB, and deferred inflows are \$34,872,606 for pensions and \$3,536,799 for OPEB. Business-type deferred outflows are \$17,898,797 for pensions and \$947,794 for OPEB, and deferred inflows are \$12,432,181 for pensions and \$1,567,255 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 final repayment was made in the year ended June 30, 2023.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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, 2023 is \$811,679.

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, 2023 is \$2,451,747.

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.

General fund transfers to the Capital Improvements Fund are for park improvement projects, facility improvement projects, and information technology capital purchases. General Fund transfers to nonmajor governmental funds are for the Historic Toolbox Grant Program and the Senior Center facility maintenance reserve. General Fund transfers to the Equipment Replacement Reserve internal service fund are for parking meter replacements. Cultural Tourism Fund transfers to the General Fund are for historic and City landscape maintenance. Cultural Tourism Fund transfer to the Capital Improvements Fund is for improvement projects. Cultural Tourism Fund transfer to the Public Art Fund is for art collection maintenance and acquisition. Transportation Services Fund transfers to Capital Improvements fund are for transportation improvement projects. Streetlight Services Fund transfers to Capital Improvements fund are for streetlight installation and replacement projects. Leasehold Fund transfers to the Equipment Replacement Reserve internal service fund are for leasehold and parking structure improvement projects. Tax Allocation Debt fund transfers to Tax Allocation Improvements fund are for capital and other projects. Utility Fund transfers to the Capital Improvement Fund are for a software purchase. Emergency Services Fund transfers to the General Fund are reimbursement for ambulance service support by firefighter/medics. Salem Convention Center transfer to the Convention Center reserve in the Community Enhancement nonmajor governmental fund is for remittance of annual operating income per contract. Utility Fund transfers to internal service funds are for fleet purchases. Transfers between internal service funds are for fleet purchases.

Transfers out	Transfers in							Total Transfers Out
	General Operating Fund	Capital Improvement	Tax Allocation Improvement	Nonmajor Governmental	Utility	Nonmajor Business	Internal Services	
General	\$ -	\$2,803,043	\$ -	\$ 17,500	\$ -	\$ -	\$ 139,248	\$ 2,959,791
Nonmajor gov't	2,550,248	1,792,266	17,543,790	75,000	10,400	262,569	500,000	22,734,273
Utility	-	146,000	-	-	-	-	188,084	334,084
Nonmajor business	1,341,007	-	-	272,035	-	-	-	1,613,042
Internal services	-	-	-	-	-	-	9,748	9,748
Total transfers in	\$3,891,255	\$4,741,309	\$17,543,790	\$ 364,535	\$10,400	\$ 262,569	\$ 837,080	\$27,650,938

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

F. Subscription

1. GASB Statement No. 96, Subscription-Based Information Technology Arrangements

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

2. SBITA payable

In accordance with GASB Statement No. 96, SBITAs, the City records intangible right-to-use assets and subscription liabilities based on the present value of expected payments over the term of the respective subscription agreements. The expected payments are discounted using the interest rate charged on the subscription, 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 entered into certain subscription agreements that do not qualify for GASB Statement No. 96, SBITAs accounting and reporting treatment. These subscriptions are either short-term in nature or outside the scope of the standard. These subscription agreements have not been recognized and measured as part of the City's SBITA payable, and the receipts related to these agreements are recognized as expense as appropriate under standard GAAP expense recognition rules.

During the fiscal year ended June 30, 2023, the City held 11 subscriptions, which meet the SBITA criteria as defined by GASB Statement No. 96, SBITAs. The subscriptions support various technology needs including those of general government, internal services, public services, community development, utilities, police regional records, and WVPS (911). The subscription terms cover various ranges with the latest expiring January 31, 2028. The assumed interest rate for all subscriptions is 3.63% and annual payments for the current year range from \$3,902 to \$210,000. The City did not recognize any outflows of resources for variable payments or other payments, such as termination penalties, not previously included in the measurement of the subscription liabilities as no such payments were required to be made by the City during the current year.

As of June 30, 2023, the City does not hold any commitments for SBITAs that have not yet commenced and there are no impairments or any loss associated with the intangible right-to-use assets and subscription liabilities.

SBITA payables currently outstanding as of June 30, 2023 are as follows:

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Software	\$ 1,371,424	\$ -	\$ (432,650)	\$ 938,774
Total governmental activities	<u>\$ 1,371,424</u>	<u>\$ -</u>	<u>\$ (432,650)</u>	<u>\$ 938,774</u>
Business-type activities:				
Software	\$ 1,147,179	\$ 207,100	\$ (343,126)	\$ 1,011,153
Total business-type activities	<u>\$ 1,147,179</u>	<u>\$ 207,100</u>	<u>\$ (343,126)</u>	<u>\$ 1,011,153</u>

Future annual SBITA commitments as of June 30, 2023 are as follows:

Fiscal Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 486,511	\$ 34,077	\$ 334,857	\$ 36,705
2025	306,471	16,417	221,830	24,550
2026	118,131	5,292	222,036	16,497
2027	27,661	1,004	232,430	8,437
	<u>\$ 938,774</u>	<u>\$ 56,790</u>	<u>\$ 1,011,153</u>	<u>\$ 86,189</u>

Intangible right-of-use (ROU) SBITA assets for the fiscal year ended June 30, 2023 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Software	\$ -	\$ 1,371,425	\$ -	\$ 1,371,425
Accumulated amortization				
Software	-	(431,841)	-	(431,841)
Governmental ROU SBITA assets, net	<u>\$ -</u>	<u>\$ 939,584</u>	<u>\$ -</u>	<u>\$ 939,584</u>
Business-type activities				
Software	\$ -	\$ 1,354,279	\$ -	\$ 1,354,279
Accumulated Amortization				
Software	-	(305,938)	-	(305,938)
Business-type ROU SBITA assets, net	<u>\$ -</u>	<u>\$ 1,048,341</u>	<u>\$ -</u>	<u>\$ 1,048,341</u>

G. Leases

1. GASB Statement No. 87, Leases

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 87, Leases. 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. For additional information, refer to the disclosures below.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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. 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 30, 2064. Interest rates for lessor building leases are 3.58%. Annual payments for the current year range from \$9,004 to \$58,363.

The City is the lessor under 5 land lease agreements, which meet the lease criteria as defined by GASB Statement No. 87, Leases. The land leases support various functions such horticulture, vehicular parking, and a golf range. The land leases cover various ranges with the latest expiring on December 31, 2043. Interest rates for lessor land leases range from 3.58% to 3.63%. Annual payments for the current year range from \$3,317 to \$11,315.

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 \$67,607.

Lease receivables for the year ended June 30, 2023 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities				
Building	\$ 2,174,028	\$ -	\$ (252,468)	\$ 1,921,560
Land	31,652	25,623	(17,772)	39,503
Telecommunication	289,547	-	(58,182)	231,365
Total governmental activities	<u>\$ 2,495,227</u>	<u>\$ 25,623</u>	<u>\$ (328,422)</u>	<u>\$ 2,192,428</u>
Business-type activities				
Land	\$ 117,495	\$ -	\$ (10,157)	\$ 107,338
Total business-type activities	<u>\$ 117,495</u>	<u>\$ -</u>	<u>\$ (10,157)</u>	<u>\$ 107,338</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

Future principal and interest lease receivables expected to maturity as of June 30, 2023 are as follows:

Fiscal Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 236,638	\$ 74,662	\$ 10,522	\$ 3,795
2025	209,646	66,677	10,900	3,416
2026	164,021	59,846	7,976	3,024
2027	127,505	54,241	3,263	2,737
2028	100,918	50,432	3,382	2,618
2029 - 2033	532,778	195,851	18,847	11,153
2034 - 2038	535,084	92,951	22,535	7,465
2039 - 2043	31,447	48,543	26,945	3,055
2044 - 2048	40,669	42,129	2,968	31
2049 - 2053	51,803	33,901	-	-
2054 - 2058	65,227	23,485	-	-
2059 - 2063	81,394	10,432	-	-
2064	15,298	252	-	-
Total	\$ 2,192,428	\$ 753,402	\$ 107,338	\$ 37,294

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.

Inflows of resources recognized for the fiscal year ended June 30, 2023 from leases are as follows:

	Governmental Activities	Business-type Activities	Total
Lease revenue	\$ 376,478	\$ 7,156	\$ 383,634
Lease interest income	82,886	5,090	87,976
Total lease inflows	\$ 459,364	\$ 12,246	\$ 471,610

Inflows of resources recognized for the fiscal year ended June 30, 2023 for variable payments not included in the measurement of lease receivables are as follows:

	Governmental Activities
Common area maintenance	\$ 121,906
Operating expenses	15,880
District parking taxes	4,957
Property taxes	11,203
Total variable payments	\$ 153,946

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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

Airport Hangar lease: As of June 30, 2023, the City has 132 non-commercial hangar leases at the Salem Municipal Airport. These hangar leases are subject to exclusive use by counterparties under the agreements. The terms of the hangar leases range from 20 to 60-year terms with the latest expiring on June 30, 2062. The lessees are required to make fixed payments and the frequency of payments vary by lease. The annualized payments range from \$461 to \$149,222 based on the square footage leased. The total rental revenue recognized for all hangar leases by the City for the fiscal year ended June 30, 2023 was \$842,211.

Airport Terminal lease: As of June 30, 2023, the City has 3 non-commercial terminal leases at the Salem Municipal Airport. The terminal leases are subject to exclusive use by counterparties under the agreements. The terminal leases each have a 5-year term with the option to extend for an additional 5 years. The City is reasonably certain all extension options will be exercised by the lessees. The lessees are required to make monthly fixed payments ranging from \$670 to \$1,828 based on the square footage leased. The total rental revenue recognized for all terminal leases by the City for the fiscal year ended June 30, 2023 was \$92,264.

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

<u>Fiscal year ending June 30</u>	<u>Future minimum expected receipts</u>
2024	\$ 886,230
2025	903,955
2026	922,034
2027	940,475
2028	959,284
2029-2033	4,988,666
2034-2038	5,215,225
2039-2043	3,205,319
2044-2048	903,309
2049-2053	967,317
2054-2058	1,020,694
2059-2062	862,502

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 does not have any leases subject to a residual value guarantee, hold any commitments for leases that have not yet commenced, or hold any leases featuring payments tied to indexes. 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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

The City is the lessee under 3 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 \$35,904 to \$204,751.

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 relate 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 \$22,042 to \$40,920.

Lease payables currently outstanding as of June 30, 2023 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Building	\$ 489,599	\$ -	\$ (113,658)	\$ 375,941
Telecommunication	385,789	-	(53,280)	332,509
Total governmental activities	<u>\$ 875,388</u>	<u>\$ -</u>	<u>\$ (166,938)</u>	<u>\$ 708,450</u>
Business-type activities:				
Building	\$ 2,303,711	\$ -	\$ (936,029)	\$ 1,367,682
Total business-type activities	<u>\$ 2,303,711</u>	<u>\$ -</u>	<u>\$ (936,029)</u>	<u>\$ 1,367,682</u>

Future annual lease commitments as of June 30, 2023 are as follows:

Fiscal Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 142,389	\$ 21,622	\$ 162,532	\$ 46,313
2025	147,527	17,089	172,694	40,329
2026	156,036	12,291	183,310	33,974
2027	164,942	7,208	194,399	27,230
2028	47,308	1,962	205,979	20,082
2029-2030	50,248	902	448,768	17,009
	<u>\$ 708,450</u>	<u>\$ 61,074</u>	<u>\$ 1,367,682</u>	<u>\$ 184,937</u>

Variable lease payments not included in lessee lease valuations for the fiscal year ended June 30, 2023 are as follows:

Operating expenses	Governmental Activities
Total variable payments	<u>3,666</u>
	<u>\$ 3,666</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

Intangible right-of-use (ROU) leased assets for the fiscal year end June 30, 2023 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Building	\$ 604,069	\$ -	\$ -	\$ 604,069
Telecommunication	437,925	-	-	437,925
Total governmental ROU lease assets	<u>1,041,994</u>	<u>-</u>	<u>-</u>	<u>1,041,994</u>
Accumulated amortization				
Building	(106,189)	(125,337)	-	(231,526)
Telecommunication	(58,022)	(58,022)	-	(116,044)
Total accumulated amortization	<u>(164,211)</u>	<u>(183,359)</u>	<u>-</u>	<u>(347,570)</u>
Total governmental ROU lease assets, net	<u>\$ 877,783</u>	<u>\$ (183,359)</u>	<u>\$ -</u>	<u>\$ 694,424</u>
Business-type activities				
Building	\$ 2,543,463	\$ -	\$(874,503)	\$ 1,668,960
Accumulated Amortization				
Building	(282,607)	(381,109)	292,836	(370,880)
Business-type ROU lease assets, net	<u>\$ 2,260,856</u>	<u>\$ (381,109)</u>	<u>\$(581,667)</u>	<u>\$ 1,298,080</u>

H. Due to other agencies

\$91,655 in unclaimed property is due to the Oregon Division of State Lands or other state agencies.

I. 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, 2022	Leave Earned	Leave Taken	Balance June 30, 2023	Due Within One Year
Governmental activities	\$ 9,962,102	\$ 9,789,013	\$ 9,213,244	\$ 10,537,871	\$ 1,623,785
Business-type activities	3,660,487	3,363,943	3,403,143	3,621,287	865,323
Total	<u>\$ 13,622,589</u>	<u>\$ 13,152,956</u>	<u>\$ 12,616,387</u>	<u>\$ 14,159,158</u>	<u>\$ 2,489,108</u>

J. 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, 2023. 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, 2023

1. Changes in long term debt

	Original Amount	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Governmental activities:						
General obligation bonds						
Police Facility & refunding, 2017 (2.71%)	\$74,775,000	\$ 57,895,000	\$ -	\$ 4,820,000	\$ 53,075,000	\$ 190,000
Library Seismic, 2018 (2.68%)	18,600,000	15,775,000	-	960,000	14,815,000	-
Refunding Streets-Bridges, 2021 (2.89%)	24,735,000	18,000,000		7,295,000	10,705,000	8,000,000
Community Improvement, 2023A (%)	12,000,000	-	12,000,000	-	12,000,000	1,105,000
Community Improvement, 2023B (%)	88,000,000	-	88,000,000	-	88,000,000	-
Subtotal general obligation bonds		91,670,000	100,000,000	13,075,000	178,595,000	9,295,000
Premium		8,241,534	7,489,935	1,405,065	14,326,404	-
Total general obligation bonds		99,911,534	107,489,935	14,480,065	192,921,404	9,295,000
Other bonds						
Limited tax pension obligation, 2005 (5.04%)	61,685,000	30,465,000	-	4,425,000	26,040,000	4,885,000
Direct borrowing Urban Renewal bonds						
Riverfront/Downtown, Ser. 2009 (4.35%)	3,660,000	625,000	-	305,000	320,000	320,000
Riverfront/Downtown, Ser. 2020A (1.66%)	7,445,000	7,445,000	-	-	7,445,000	458,000
Riverfront/Downtown, Ser. 2020B (1.75%)	2,223,000	1,394,000	-	918,000	476,000	476,000
Total urban renewal bonds		9,464,000	-	1,223,000	8,241,000	1,254,000
Total governmental bonds		139,840,534	107,489,935	20,128,065	227,202,404	15,434,000
Direct borrowing notes						
HUD Sec108, 2015A (2.80%)	2,730,000	77,000	-	76,000	1,000	1,000
OECDL L06001A, Mill Creek, 2007 (4.41%)	3,999,999	3,077,743	-	250,749	2,826,994	261,807
OECDL L06001C, Mill Creek, 2007 (5.00%)	3,772,081	4,776,902	-	319,395	4,457,507	331,916
Total governmental notes		7,931,645	-	646,144	7,285,501	594,723
Total governmental long-term debt		<u>\$ 147,772,179</u>	<u>\$ 107,489,935</u>	<u>\$ 20,774,209</u>	<u>\$ 234,487,905</u>	<u>\$ 16,028,723</u>

	Original Amount	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Business-type activities:						
Revenue bonds						
Utility series 2017 refunding (1.74%)	\$ 55,990,000	\$ 32,325,000	\$ -	\$ 7,470,000	\$ 24,855,000	\$ 7,845,000
Utility series 2020 (3.58%)	56,925,000	53,630,000	-	1,975,000	51,655,000	2,075,000
Direct borrowing revenue bonds						
Utility series 2012A refunding (2.22%)	63,360,000	10,565,000	-	5,543,000	5,022,000	3,927,000
Subtotal revenue bonds		96,520,000	-	14,988,000	81,532,000	13,847,000
Premiums		7,928,677	-	1,121,244	6,807,433	-
Total revenue bonds		104,448,677	-	16,109,244	88,339,433	13,847,000
Notes						
OBDD S21010, 2023 (1.00%)	384,054	-	384,054	-	384,054	13,452
Total business-type activities long-term debt		<u>\$ 104,448,677</u>	<u>\$ 384,054</u>	<u>\$ 16,109,244</u>	<u>\$ 88,723,487</u>	<u>\$ 13,860,452</u>

2. Governmental activity general obligation bonds

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

On February 23, 2023, the City issued \$100,000,000 in General Obligation Community Improvements bonds in accordance with voter approved ballot measure 24-474. The ballot measure authorized borrowing up to \$300,000,000. The City will borrow more under this authority in future years. Series 2023A, \$12,000,000 in taxable bonds, may finance capital projects to purchase or construct affordable housing and branch libraries. Series 2023B, \$88,000,000 in tax-exempt bonds, may finance capital projects to purchase or construct fire equipment, two fire stations, repairs to bridges, construction and repair of streets and sidewalks, repairs to City facilities, parks improvements, cybersecurity infrastructure, and a financial reporting system.

At June 30, 2023, defeased general obligation bonds are as follows:

General obligation bonds	Defeased Debt in Escrow
Streets and bridges series 2009	\$ 3,240,000
Streets and bridges series 2012	6,950,000
Streets and bridges series 2013	7,360,000
Total defeased debt in escrow	\$ 17,550,000

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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, 2023 is \$7,284,501.

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 2022-23 was \$76,959.

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
2023-24	\$ 594,723	\$ 299,418	\$ 320,000	\$ 13,920	\$ 15,114,000	\$ 10,224,792	\$ 16,028,723	\$ 10,538,130
2024-25	618,280	274,848	-	-	18,540,000	8,278,250	19,158,280	8,553,098
2025-26	643,855	249,272	-	-	20,445,000	7,424,045	21,088,855	7,673,317
2026-27	670,493	222,634	-	-	16,271,000	6,433,790	16,941,493	6,656,424
2027-28	698,236	194,891	-	-	14,133,000	5,652,748	14,831,236	5,847,639
2028-33	3,572,671	515,849	-	-	45,383,000	21,421,152	48,955,671	21,937,001
2033-38	487,243	19,100	-	-	28,955,000	14,563,550	29,442,243	14,582,650
2038-43	-	-	-	-	42,900,000	7,641,000	42,900,000	7,641,000
2043-48	-	-	-	-	10,815,000	1,359,800	10,815,000	1,359,800
	<u>\$ 7,285,501</u>	<u>\$ 1,776,012</u>	<u>\$ 320,000</u>	<u>\$ 13,920</u>	<u>\$ 212,556,000</u>	<u>\$ 82,999,127</u>	<u>\$ 220,161,501</u>	<u>\$ 84,789,059</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, 2023, defeased water and sewer revenue bonds are as follows:

<u>Utility Debt</u>	<u>Defeased Debt in Escrow</u>
Series 2005	\$ 3,375,000
Series 2009	39,825,000
Total defeased debt in escrow	<u>\$ 43,200,000</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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.

8. Business-type activity notes

The Utility fund entered into a financing agreement with the Oregon Business Development Department to fund conversion of a small water customer area from private well water to City water service. A total of \$768,108 was drawn, with half being a grant and half being a forgivable loan. Forgiveness is dependent on the project being completed within 36 months of the execution of the financing agreement. The outstanding loan balance as of June 30, 2023 is \$384,054.

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

Year	Direct Borrowing Notes		Direct Borrowing Bonds		Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023-24	\$ 13,452	\$ 1,430	\$ 3,927,000	\$111,488	\$ 9,920,000	\$ 3,359,950	\$ 13,860,452	\$ 3,472,868
2024-25	11,175	3,706	1,095,000	24,309	10,415,000	2,863,950	11,521,175	2,891,965
2025-26	11,287	3,594	-	-	10,940,000	2,343,200	10,951,287	2,346,794
2026-27	11,400	3,481	-	-	2,530,000	2,007,700	2,541,400	2,011,181
2027-28	11,514	3,367	-	-	2,525,000	1,759,950	2,536,514	1,763,317
2028-33	59,319	15,087	-	-	14,470,000	6,952,300	14,529,319	6,967,387
2033-38	62,347	12,061	-	-	17,630,000	3,787,000	17,692,347	3,799,061
2038-43	65,526	8,880	-	-	8,080,000	488,000	8,145,526	496,880
2043-48	68,868	5,537	-	-	-	-	68,868	5,537
2048-2053	69,166	2,027	-	-	-	-	69,166	2,027
	<u>\$ 384,054</u>	<u>\$ 59,170</u>	<u>\$ 5,022,000</u>	<u>\$135,797</u>	<u>\$ 76,510,000</u>	<u>\$23,562,050</u>	<u>\$ 81,916,054</u>	<u>\$ 23,757,017</u>

10. Short-term debt

The Tax Allocation Debt fund of the Urban Renewal Agency issues short-term bonds annually to finance urban renewal projects within the designated project areas. The proceeds are then transferred to the Tax Allocation Improvements fund for expenditure on construction and other projects. These are obligations of the Urban Renewal Agency and are payable solely from tax increment revenues.

	Balance July 1, 2022		Additions	Reductions	Balance June 30, 2023	
Governmental activities:						
Riverfront URA	\$ -	\$ 7,400,000	\$ 7,400,000	\$ -	\$ -	\$ -
North Gateway URA	-	4,000,000	4,000,000	-	-	-
West Salem URA	-	2,225,000	2,225,000	-	-	-
Mill Creek URA	-	1,700,000	1,700,000	-	-	-
McGilchrist URA	-	1,400,000	1,400,000	-	-	-
South Waterfront URA	-	645,000	645,000	-	-	-
Jory	-	173,790	173,790	-	-	-
Total	<u>\$ -</u>	<u>\$ 17,543,790</u>	<u>\$ 17,543,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

K. 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, 2023, the following issues are outstanding.

Date Issued	Purpose	Original Amount	Outstanding Balance June 30, 2023
<u>Capital Manor, Inc.</u>			
10/2018	Revenue Bonds, Series 2018 New development project.	\$ 37,030,000	\$ 35,630,000
02/2022	Revenue Bonds, Series 2022 New development project and to pay off outstanding balance of 2012 bonds.	58,400,000	57,430,000
<u>Salem Health</u>			
11/2016	Revenue Bonds, Series 2016A Refinance a portion of the 2013, 2008 and 2006 bonds.	197,685,000	174,870,000
10/2019	Revenue Bonds, Series 2019A Defease 2008B bonds and related swap agreement, finance construction of new hospital building.	279,480,000	260,230,000
		<u>\$ 622,730,000</u>	<u>\$ 528,160,000</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

L. Fund balance

Fund balances for governmental funds as of June 30, 2023 are as follows:

	General Operating	Capital Improvement	Tax Allocation Improvement	Community Renewal	General Debt	Other Governmental Funds	Total
<u>Nonspendable:</u>							
Prepaid Items	\$ 45,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,073
Permanent fund principal	-	-	-	-	-	11,000	11,000
Total nonspendable	45,073	-	-	-	-	11,000	56,073
<u>Restricted:</u>							
Capital projects	-	101,107,642	64,514,182	-	-	34,844,016	200,465,840
Community renewal	-	-	-	149,631	-	-	149,631
Debt service	-	-	-	-	2,886,980	4,041,283	6,928,263
Permanent funds	-	-	-	-	-	33,320	33,320
General government	-	-	-	-	-	33,144	33,144
Community development:							
SCC Gain/Loss	-	-	-	-	-	3,323,239	3,323,239
Other	-	-	-	-	-	2,426	2,426
Community services	-	-	-	-	-	16,312,620	16,312,620
Library services	-	-	-	-	-	36,354	36,354
Public safety	-	-	-	-	-	452,327	452,327
Transportation services	-	-	-	-	-	7,965,790	7,965,790
Total restricted	-	101,107,642	64,514,182	149,631	2,886,980	67,044,519	235,702,954
<u>Committed:</u>							
Transportation services	-	-	-	-	-	9,109,619	9,109,619
Airport	-	-	-	-	-	1,106,304	1,106,304
Downtown parking	-	-	-	-	-	185,064	185,064
Cultural/Tourism	-	-	-	-	-	4,448,476	4,448,476
Tourism promotion	-	-	-	-	-	6,730	6,730
Public art	51,264	-	-	-	-	-	51,264
Parking leasehold	-	-	-	-	-	393,399	393,399
Building & safety	-	-	-	-	-	17,560,885	17,560,885
Community services	-	-	-	-	-	49,270	49,270
Library services	-	-	-	-	-	944,735	944,735
Public safety	-	-	-	-	-	20,849	20,849
Total committed	51,264	-	-	-	-	33,825,331	33,876,595
<u>Assigned:</u>							
General government	540,480	-	-	-	-	-	540,480
Community development	3,210	-	-	-	-	-	3,210
Public safety	152,480	-	-	-	-	-	152,480
Total assigned	696,170	-	-	-	-	-	696,170
<u>Unassigned:</u>							
	35,891,694	-	-	-	-	-	35,891,694
Total fund balances	\$36,684,201	\$ 101,107,642	\$64,514,182	\$ 149,631	\$2,886,980	\$ 100,880,850	\$ 306,223,486

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

M. 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.

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net investment in capital assets:			
Capital assets	\$ 718,005,314	\$ 815,843,060	\$ 1,533,848,374
Capital asset related debt			
Outstanding debt	(208,447,905)	(88,723,486)	(297,171,391)
Deferred outflows/inflows related to capital debt	(465,271)	2,090,780	1,625,509
Unexpended proceeds	82,778,331	3,967,070	86,745,401
Lease/SBITA liabilities	(1,647,224)	(2,378,835)	(4,026,059)
Net capital asset related debt	<u>(127,782,069)</u>	<u>(85,044,471)</u>	<u>(212,826,540)</u>
Net investment in capital assets	<u>590,223,245</u>	<u>730,798,589</u>	<u>1,321,021,834</u>
Restricted:			
Capital projects			
Capital improvements	102,007,164	51,901,049	153,908,213
Extra capacity facilities	25,006,833	-	25,006,833
Tax allocation improvements	66,603,393	-	66,603,393
Development district	10,126,826	-	10,126,826
Unexpended proceeds moved to investment in capital assets	<u>(82,778,331)</u>	<u>(3,967,070)</u>	<u>(86,745,401)</u>
Total capital projects	<u>120,965,885</u>	<u>47,933,979</u>	<u>168,899,864</u>
Debt service			
General debt	1,312,241	-	1,312,241
Tax allocation debt	4,283,442	-	4,283,442
Community renewal	(12)	-	(12)
Total debt service	<u>5,595,671</u>	<u>-</u>	<u>5,595,671</u>
Other purposes			
Community enhancement	28,125,900	-	28,125,900
Permanent - expendable	33,320	-	33,320
Permanent - non-expendable	11,000	-	11,000
Community renewal	16,801,772	-	16,801,772
OPEB asset	2,111,057	-	2,111,057
Total other purposes	<u>47,083,049</u>	<u>-</u>	<u>47,083,049</u>
Total restricted	<u>173,644,605</u>	<u>47,933,979</u>	<u>221,578,584</u>

Continued

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

	Governmental Activities	Business-type Activities	Total
Unrestricted:			
General operating	\$ 39,716,919	\$ -	\$ 39,716,919
Special revenue			
Transportation services	7,768,514	-	7,768,514
Streetlights	1,341,650	-	1,341,650
Airport	1,106,304	-	1,106,304
Downtown parking	185,064	-	185,064
Cultural and tourism	4,455,206	-	4,455,206
Parking leasehold	393,399	-	393,399
Building and safety	17,560,885	-	17,560,885
Community enhancement	1,014,854	-	1,014,854
Internal service	29,892,904	-	29,892,904
Enterprise			
Utility	-	67,326,939	67,326,939
Emergency services	-	2,656,759	2,656,759
WVPS communications center	-	4,848,007	4,848,007
Police regional records system	-	1,438,770	1,438,770
Salem Convention Center	-	1,180,144	1,180,144
Net pension liability	(114,276,333)	(42,921,035)	(157,197,368)
Pension obligation bond	(26,040,000)	-	(26,040,000)
OPEB liability	(12,249,566)	(4,492,655)	(16,742,221)
Compensated absences	(10,537,871)	(3,621,287)	(14,159,158)
Deferred inflows/outflows related to pensions	13,280,559	5,466,616	18,747,175
Deferred inflows/outflows related to OPEB	(1,397,921)	(619,461)	(2,017,382)
Total unrestricted	<u>(47,785,433)</u>	<u>31,262,797</u>	<u>(16,522,636)</u>
Total net position	<u>\$ 716,082,417</u>	<u>\$ 809,995,365</u>	<u>\$ 1,526,077,782</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 benefits for all eligible participants. Monthly premiums are paid in a cost-sharing arrangement (the City pays a portion and employees pay the remainder) for the HMO and PPO medical plans. The City also offers a high deductible plan, for which the City pays the full premium. Additional premiums for vision and dental benefits are paid, as elected by employees, in accordance with policies and collective bargaining agreements. Insurance premiums are paid to Kaiser Permanente / Willamette Dental for those plans, and no additional costs are incurred by the City for any claims related to these policies. For the PPO plan, the City is self-insured through CIGNA for medical and vision, and through Moda and Willamette Dental for dental. Claims paid through these insurers are reimbursed by the City to CIGNA or Moda.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

Specific claim stop-loss coverage is purchased for individual claims exceeding \$200,000. During fiscal year 2022-23, total medical, vision, and dental claims expense of \$21,379,783 was incurred.

The City self-insures worker's compensation risks up to \$500,000 per occurrence, and \$750,000 per occurrence for police and firefighting. Maximum Coverage limit of \$1,000,000 per occurrence is purchased from a commercial insurance carrier. The State of Oregon annually audits workers compensation reserves based on the open claims and actuarial report.

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

The changes in the aggregate liability for workers compensation and general liability/casualty claims for fiscal years 2021-22 and 2022-23 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		
2022	\$ 4,714,000	\$ 860,817	\$ (1,373,364)	\$ 507,547	\$ 4,709,000
2023	4,709,000	880,982	(1,877,607)	1,143,625	4,856,000

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		
2022	\$ 1,631,000	\$ 89,169	\$ (475,696)	\$ 533,527	\$ 1,778,000
2023	1,778,000	93,237	(613,483)	524,246	1,782,000

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, 2023

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, 2023, 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 2023-24. The reappropriated budget for these projects is \$152,000.

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, 2023

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, 2023

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, 2023 were \$22,846,441, excluding amounts to fund employer specific liabilities. The rates for the pension plan in effect for the fiscal year ended June 30, 2023 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 \$6,634,105 for the year.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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

At June 30, 2023, the City reported a liability of \$157,197,368 for its proportionate share of the net pension liability. This liability was measured as of June 30, 2022, 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, 2022. 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, 2022, the City's proportion was 1.026625815% a slight increase from its proportion as of June 30, 2021.

For the year ended June 30, 2023, the City recognized a negative pension expense of (\$705,302). At June 30, 2023, 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	\$ 7,630,664	\$ 980,312
Changes in assumptions	24,665,116	225,341
Net difference between projected and actual earnings on investments	-	28,103,849
Changes in proportionate share	10,759,601	91,574
Difference between employer contributions and employer's proportionate share of system contributions	150,140	17,903,711
City's contributions subsequent to the measurement date	22,846,441	N/A
Total	\$ 66,051,962	\$ 47,304,787

\$22,846,441 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:	
2024	\$ 512,549
2025	(3,535,998)
2026	(12,547,804)
2027	12,031,853
2028	(559,866)
Total	\$ (4,099,266)

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020 rolled forward to June 30, 2022
Experience Study Report	2020, published July 20, 2021
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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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 2020 Experience Study which reviewed experience for the four-year period ending December 31, 2020.

6. Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in 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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability (asset)	\$ 278,775,933	\$ 157,197,368	\$ 55,441,721

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	\$ -	\$ 3,046,526	\$ 3,046,526
Deferred Outflows of Resources			
Contributions After Measurement Date	-	17,793	17,793
Differences between expected and actual experience	1,177,742	-	1,177,742
Change in assumptions	1,867,283	23,854	1,891,137
Net difference between projected and actual earnings	-	-	-
Changes in proportionate share	-	-	-
Total Deferred Outflows of Resources	3,045,025	41,647	3,086,672
Total OPEB Liability	17,677,690	-	17,677,690
Deferred Inflows of Resources			
Differences between expected and actual experience	(2,258,513)	(82,559)	(2,341,072)
Change in assumptions	(2,258,999)	(101,550)	(2,360,549)
Net difference between projected and actual earnings	-	(232,337)	(232,337)
Changes in proportionate share	-	(170,096)	(170,096)
Total Deferred Inflows of Resources	(4,517,512)	(586,542)	(5,104,054)
OPEB Expense /(Income)	1,016,562	(558,949)	457,613

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

E. Defined benefit other postemployment benefit plan (RHIA)

1. Plan description

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

2. Benefits provided

Contribution requirements of plan members and participating employers were established and may be amended only by the Oregon Legislature. ORS require that the lesser of \$60 or the total monthly cost of Medicare companion health insurance premiums coverage shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the member in the manner provided in ORS 238.410. To be eligible to receive this subsidy, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement 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, 2020 actuarial valuation. The rates based on a percentage of payroll, first became effective June 30, 2022. 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, 2022 were \$21,079.

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

At June 30, 2023, the City reported an asset of \$3,046,526 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. 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, 2022, the City's proportionate share was 0.857366930%, an increase from its proportion as of June 30, 2021.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

For the year ended June 30, 2023, the City recognized a credit to OPEB expense from this plan of \$558,949. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Net difference between projected and actual experience	\$ -	\$ 82,559
Changes of assumptions	23,854	101,550
Net difference between projected and actual earnings on investments	-	232,337
Change in proportionate share	-	170,096
Contributions subsequent to the measurement date	17,793	N/A
Total	\$ 41,647	\$ 586,542

Deferred outflows of resources related to OPEB of \$17,793 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:	
2024	\$ (340,871)
2025	(149,611)
2026	(146,615)
2027	74,409
Total	\$ (562,688)

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%)
Net OPEB Liability (Asset)	\$ (2,745,779)	\$ (3,046,526)	\$ (3,304,337)

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, 2023

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, 2023, the following employees were covered by the benefit terms:

Retired employees or beneficiaries currently receiving benefits	51
Active Employees	1,218
Total	1,269

2. Total OPEB liability

The City's total OPEB liability of \$17,677,690 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2023 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	4.13%
Healthcare cost trend rates, FY 2023, decreasing 0.5% per year, to an ultimate rate of 4.50% from 2030 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 SOA Pub-2010 General Headcount Weighted Mortality Table, fully generational, using scale MP-2021.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

3. Changes in the total OPEB liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 17,331,498
Changes for the year:	
Service cost	1,109,061
Interest	740,493
Differences between expected and actual experience	(1,178,357)
Changes in assumptions or other inputs	352,979
Benefit payments	(677,984)
Net changes	346,192
Balance at June 30, 2023	\$ 17,677,690

Changes in assumptions reflect a discount rate increase from 4.09% in 2022 to 4.13% in 2023.

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 (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	\$ 19,262,456	\$ 17,677,690	\$ 16,223,831

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	\$ 15,734,561	\$ 17,677,690	\$ 19,952,758

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$1,016,562. At June 30, 2023, 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	\$ 1,177,742	\$ 2,258,513
Changes in assumptions	1,867,283	2,258,999
Total	\$ 3,045,025	\$ 4,517,512

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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:	
2024	\$ (155,008)
2025	(183,293)
2026	(64,533)
2027	(189,376)
2028	(220,614)
Thereafter	<u>(659,663)</u>
Total	<u><u>\$(1,472,487)</u></u>

G. Outstanding encumbrances

At June 30, 2023, the City has encumbered the following commitments that required reappropriation in the 2022-23 fiscal year budget:

Fund	Amount
General	\$ 696,170
Capital improvements	236,000
Non-major governmental	730,760
Internal Service funds	45,360
Total	<u><u>\$ 1,708,290</u></u>

H. Deficit net position

The Willamette Valley Communications Center fund has a deficit net position of \$2,075,811 at June 30, 2023, which is caused by the pension and OPEB reporting requirements of GASB Statements 68 and 75. However, the fund has a positive fund balance of \$2,338,890.

The Self-insurance Risk fund has a deficit net position of \$2,026,208 at June 30, 2023, which is caused by the obligations reported for pension and OPEB under GASB Statements 68 and 75. However, the fund has a positive fund balance of \$5,085,778.

I. Tax abatement disclosure

As of June 30, 2023, 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.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

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 FY 2023</u>
City of Salem	Pringle Square South LLC	Multiple Unit Housing	3/12/2014	Partial	\$ 270,759
State of Oregon		Low Income Hsing	Various	100%	135,644
		Enterprise Zone	Various	Partial	540,166
Polk County		Enterprise Zone	2014	29%-51%	15,333
Total					<u>\$ 961,902</u>

J. Related party transactions

The City provides certain administrative services to the Salem Housing Authority (SHA) 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 for administration of the City's Homeless Rental Assistance Program (HRAP), and other programs to assist low income and homeless clients. In fiscal year 2022-23, the following payments were made to SHA: \$487,754 was reimbursed for the HRAP program, a \$1,000,000 State grant for housing vouchers was passed through to SHA, \$37,599 in COVID mortgage assistance reimbursement, and payment of \$2,632 was made for SHA staff participation in strategic planning work.

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 2022-23, the City paid \$705,494 to the MWVCRC. Separate financial statements for the MWVCRC may be obtained at:

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

K. Prior period adjustment

In fiscal year 2021-22, revenue of \$803,152 was reported in the Community Enhancement fund as a development fee. During fiscal year 2022-23 it was determined that should have been classified as a reimbursable / pass-through charge to be reported in the Reimbursement Districts custodial fund.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2023

L. Adoption of new GASB pronouncements

During the fiscal year ended June 30, 2023, the City implemented the following GASB Pronouncements:

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.

M. Future GASB pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2023:

GASB Statement 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 Statements 63 and 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 100, Accounting Changes and Error Corrections - an amendment of GASB Statement 62. This Statement was issued in June 2022 and defines four categories of accounting changes and error corrections and related accounting and 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 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, 2023

1. Defined benefit pension plan (PERS)

Schedule of The Proportionate Share of the Net Pension Liability (PERS)
For the last ten 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
2023	1.02662815%	\$ 157,197,368	\$ 93,640,759	167.87%	84.50%
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 ten 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
2023	\$ 22,846,441	\$ 22,846,441	\$ -	\$ 99,075,844	23.06%
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	-	80,370,324	24.18%
2019	14,870,738	14,870,738	-	78,129,106	19.03%
2018	14,450,480	14,450,480	-	76,521,581	18.88%
2017	10,099,278	10,099,278	-	76,037,921	13.28%
2016	9,918,275	9,918,275	-	77,123,538	12.86%
2015	9,662,055	9,662,055	-	75,971,067	12.72%
2014	10,237,304	10,237,304	-	73,561,041	13.92%

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

City of Salem, Oregon
Required Supplementary Information
Fiscal Year Ended June 30, 2023

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 seven fiscal years**

Year Ended June 30,	Service Cost	Interest	Changes in benefit terms	Differences between expected and actual experience	Changes in assumptions or other inputs	Benefit payments	Total OPEB Liability
2023	\$1,109,061	\$740,493	\$ -	\$ (1,178,357)	\$ 352,979	\$ (677,984)	\$17,677,690
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, 2023.

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.

2023	4.13%
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, 2023

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

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

Year Ended June 30,	City's	City's	City's covered payroll	City's	Plan fiduciary net position as a percentage of the total OPEB liability
	proportion of the net OPEB liability (asset) (a)	proportionate share of the net OPEB liability (asset) (b)		proportionate share of the net pension liability (asset) as a percentage of its covered payroll (b/c)	
2023	0.85736693%	\$ (3,046,526)	\$ 93,640,759	-3.25%	194.60%
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%

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

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

Schedule of contributions (RHIA)
For the last seven years

Year Ended June 30,	Statutorily	Contributions in	Contribution	City's	Contributions
	required contribution (a)	relation to the statutorily required contribution (b)	deficiency (excess) (a-b)	covered payroll (c)	as a percent of covered payroll (b/c)
2023	\$ 17,793	\$ 17,793	\$ -	\$ 99,075,844	0.02%
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, 2023

	General Fund	Public Art Fund	Total General Operating Fund
Assets			
Cash and investments	\$ 39,473,894	\$ 51,264	\$ 39,525,158
Accounts receivable, net	10,244,398	-	10,244,398
Leases receivable	339,536	-	339,536
Due from other agencies	229,387	-	229,387
Prepayments	45,073	-	45,073
Total assets	<u>\$ 50,332,288</u>	<u>\$ 51,264</u>	<u>\$ 50,383,552</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 10,233,533	\$ -	\$ 10,233,533
Due to other agencies	91,880	-	91,880
Security deposit payable	9,971	-	9,971
Total liabilities	<u>10,335,384</u>	<u>-</u>	<u>10,335,384</u>
Deferred inflows of resources			
Related to leases	331,248	-	331,248
Unavailable revenue	3,032,719	-	3,032,719
	<u>3,363,967</u>	<u>-</u>	<u>3,363,967</u>
Fund balances			
Nonspendable	45,073	-	45,073
Committed	-	51,264	51,264
Assigned	696,170	-	696,170
Unassigned	35,891,694	-	35,891,694
Total fund balances	<u>36,632,937</u>	<u>51,264</u>	<u>36,684,201</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 50,332,288</u>	<u>\$ 51,264</u>	<u>\$ 50,383,552</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, 2023

	<u>General Fund</u>	<u>Public Art Fund</u>	<u>Total General Operating Fund</u>
Revenues			
Property taxes	\$ 81,563,712	\$ -	\$ 81,563,712
Other taxes	1,299,102	-	1,299,102
Sales, fees, licenses, and permits	35,568,477	-	35,568,477
Special assessments	7,127	-	7,127
Rents	1,115,420	-	1,115,420
Grants	1,306,509	-	1,306,509
Intergovernmental	18,530,783	-	18,530,783
Fines and penalties	3,295,369	-	3,295,369
Interest on investments	1,024,803	783	1,025,586
Other	266,407	-	266,407
Total revenues	<u>143,977,709</u>	<u>783</u>	<u>143,978,492</u>
Expenditures			
Current			
General government	25,400,655	758	25,401,413
Community development	8,268,095	-	8,268,095
Community service	11,507,671	-	11,507,671
Public safety	97,649,984	-	97,649,984
Library	5,275,572	-	5,275,572
Capital outlay	1,198,765	-	1,198,765
Debt service			
Principal retirement	246,074	-	246,074
Interest and fiscal charges	64,082	-	64,082
Total expenditures	<u>149,610,898</u>	<u>758</u>	<u>149,611,656</u>
Excess (deficiency) of revenues over expenditures	(5,633,189)	25	(5,633,164)
Other financing sources (uses)			
SBITA financing	587,062	-	587,062
Transfers in	3,866,255	25,000	3,891,255
Transfers out	(2,959,791)	-	(2,959,791)
Total other financing sources (uses)	<u>1,493,526</u>	<u>25,000</u>	<u>1,518,526</u>
Net change in fund balance	(4,139,663)	25,025	(4,114,638)
Fund balances - beginning of year	<u>40,772,600</u>	<u>26,239</u>	<u>40,798,839</u>
Fund balances - end of year	<u>\$ 36,632,937</u>	<u>\$ 51,264</u>	<u>\$ 36,684,201</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 Funds

Permanent funds account for gifts donated for specified purposes and interest earnings. Only the interest earnings may be expended for those specified purposes.

Permanent

This fund accounts for gifts donated for park maintenance and purchase of library materials. 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, 2023

	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	\$ 6,700,180	\$ 983,947	\$ 1,109,505	\$ 193,381	\$ 4,226,924	\$ 74,560	\$ 326,171	\$ 17,014,136
Accounts receivable, net	1,487,873	448,929	12,713	17,599	549,449	137,483	29,238	552,206
Leases receivable	-	-	-	-	-	-	1,582,025	-
Assessments receivable	-	-	-	-	-	-	-	-
Total assets	<u>\$ 8,188,053</u>	<u>\$ 1,432,876</u>	<u>\$ 1,122,218</u>	<u>\$ 210,980</u>	<u>\$ 4,776,373</u>	<u>\$ 212,043</u>	<u>\$ 1,937,434</u>	<u>\$ 17,566,342</u>
Liabilities								
Accounts payable and accrued liabilities	\$ 418,999	\$ 91,226	\$ 15,914	\$ 25,916	\$ 327,897	\$ 205,313	\$ 13,518	\$ 5,457
Due to other funds	-	-	-	-	-	-	-	-
Security deposit payable	540	-	-	-	-	-	1,000	-
Unearned revenues	-	-	-	-	-	-	-	-
Developer reimbursement payable	-	-	-	-	-	-	-	-
Total liabilities	<u>419,539</u>	<u>91,226</u>	<u>15,914</u>	<u>25,916</u>	<u>327,897</u>	<u>205,313</u>	<u>14,518</u>	<u>5,457</u>
Deferred inflows of resources								
Related to leases	-	-	-	-	-	-	1,529,517	-
Unavailable revenue	545	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,529,517</u>	<u>-</u>
Fund balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	7,767,969	1,341,650	1,106,304	185,064	4,448,476	6,730	393,399	17,560,885
Total fund balances	<u>7,767,969</u>	<u>1,341,650</u>	<u>1,106,304</u>	<u>185,064</u>	<u>4,448,476</u>	<u>6,730</u>	<u>393,399</u>	<u>17,560,885</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,188,053</u>	<u>\$ 1,432,876</u>	<u>\$ 1,122,218</u>	<u>\$ 210,980</u>	<u>\$ 4,776,373</u>	<u>\$ 212,043</u>	<u>\$ 1,937,434</u>	<u>\$ 17,566,342</u>

Continued

City of Salem, Oregon
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

	Special Revenue Funds		Permanent Funds	Debt Service Funds	Capital Projects Funds		Total Nonmajor Governmental Funds
	Traffic Safety	Community Enhancement	Permanant	Tax Allocation Bond Debt	Extra Capacity Facilities	Development Districts	
Assets							
Cash and investments	\$ 314	\$ 33,837,697	\$ 44,320	\$ 3,887,559	\$ 24,919,948	\$ 10,273,143	\$ 103,591,785
Accounts receivable, net	-	915,629	-	583,520	499,812	-	5,234,451
Leases receivable	-	-	-	-	-	-	1,582,025
Assessments receivable	-	-	-	-	694,754	520,764	1,215,518
Total assets	\$ 314	\$ 34,753,326	\$ 44,320	\$ 4,471,079	\$ 26,114,514	\$ 10,793,907	\$ 111,623,779
Liabilities							
Accounts payable and accrued liabilities	\$ -	\$ 5,444,739	\$ -	\$ -	\$ 412,928	\$ 146,317	\$ 7,108,224
Due to other funds	-	167,896	-	-	-	-	167,896
Security deposit payable	-	-	-	-	-	-	1,540
Unearned revenues	-	251	-	-	-	-	251
Developer reimbursement payable	-	-	-	-	694,754	520,764	1,215,518
Total liabilities	-	5,612,886	-	-	1,107,682	667,081	8,493,429
Deferred inflows of resources							
Related to leases	-	-	-	-	-	-	1,529,517
Unavailable revenue	-	-	-	429,796	289,642	-	719,983
	-	-	-	429,796	289,642	-	2,249,500
Fund balances							
Nonspendable	-	-	11,000	-	-	-	11,000
Restricted	-	28,125,900	33,320	4,041,283	24,717,190	10,126,826	67,044,519
Committed	314	1,014,540	-	-	-	-	33,825,331
Total fund balances	314	29,140,440	44,320	4,041,283	24,717,190	10,126,826	100,880,850
Total liabilities, deferred inflows of resources, and fund balances	\$ 314	\$ 34,753,326	\$ 44,320	\$ 4,471,079	\$ 9,235,753	\$ 10,793,907	\$ 111,623,779

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, 2023

	Special Revenue Funds							
	Transportation Services	Streetslights	Airport	Downtown Parking	Cultural/Tourism	Tourism Promotion Area	Parking Leasehold	Building & Safety
Revenues								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	4,668,845	-	-	-
Sales, fees, licenses, and permits	518,351	1,991,917	136,057	32,039	-	-	-	7,584,192
Special assessments	778	-	-	347,293	-	1,014,315	-	-
Rents	2,051	-	1,156,725	588,018	-	-	626,514	-
Grants	299,049	-	-	-	6,956	-	-	-
Intergovernmental	16,780,862	-	-	-	-	-	-	4,513
Fines and penalties	-	-	-	-	79,108	-	61,889	346,599
Interest on investments	158,209	23,857	35,518	4,562	18,000	-	2,196	4,043
Other	2,253	551	-	2,504	-	-	-	-
Total revenues	17,761,553	2,016,325	1,328,300	974,416	4,772,909	1,014,315	690,599	7,939,347
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Community development	-	-	1,331,115	963,464	2,714,240	1,011,420	368,656	5,566,560
Community service	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Transportation	18,015,392	1,213,414	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Capital outlay	22,586	-	1,289	-	-	-	-	150
Debt service	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	12,340	562	-	-	-	-	-
Total expenditures	18,037,978	1,225,754	1,332,966	963,464	2,714,240	1,011,420	368,656	5,566,710
Excess (deficiency) of revenues over expenditures	(276,425)	790,571	(4,666)	10,952	2,058,669	2,895	321,943	2,372,637
Other financing sources (uses)								
Transfers in	75,000	-	-	-	-	-	-	-
Transfers out	(584,440)	(799,578)	(43,648)	-	(1,637,920)	-	(200,000)	(500,000)
Total other financing sources (uses)	(509,440)	(799,578)	(43,648)	-	(1,637,920)	-	(200,000)	(500,000)
Net change in fund balance	(785,865)	(9,007)	(48,314)	10,952	420,749	2,895	121,943	1,872,637
Fund balances - beginning of year	8,553,834	1,350,657	1,154,618	174,112	4,027,727	3,835	271,456	15,688,248
Prior period adjustment	-	-	-	-	-	-	-	-
Fund balances - end of year	\$ 7,767,969	\$ 1,341,650	\$ 1,106,304	\$ 185,064	\$ 4,448,476	\$ 6,730	\$ 393,399	\$ 17,560,885

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, 2023

	Special Revenue Funds	Community Enhancement	Permanent Funds	Debt Service Funds	Capital Project Funds	Total	
Traffic Safety			Permanent	Tax Allocation Bond Debt	Extra Capacity Facilities	Development Districts	Governmental Nonmajor Funds
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ 17,843,282	\$ -	\$ -	\$ 17,843,282
Other taxes	-	-	-	-	-	-	4,668,845
Sales, fees, licenses, and permits	-	94,290	-	-	3,935,326	4,100,339	18,392,511
Special assessments	-	8,376	-	-	17,211	-	1,387,973
Rents	-	1,216	-	-	-	-	2,374,524
Grants	-	7,498,689	-	-	278,648	-	8,076,386
Intergovernmental	-	27,529	-	-	-	-	16,819,860
Fines and penalties	-	99,188	-	-	-	-	99,188
Interest on investments	-	725,425	2,001	265,366	512,604	184,108	2,399,246
Other	-	3,631,667	-	-	-	-	3,661,214
Total revenues	-	12,086,380	2,001	18,108,648	4,743,789	4,284,447	75,723,029
Expenditures							
Current							
General government	-	32	-	-	-	-	32
Community development	-	235,862	-	-	-	-	12,191,317
Community service	-	7,238,001	-	-	-	-	7,238,001
Public safety	-	317,981	-	-	-	-	317,981
Transportation	-	106,840	-	-	-	-	19,335,646
Library	-	196,073	1,083	-	-	-	197,156
Capital outlay	-	846,287	-	-	2,727,747	944,782	4,542,841
Debt service	-	-	-	1,793,144	-	-	1,793,144
Principal retirement	-	-	-	500,937	-	-	513,839
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	-	8,941,076	1,083	2,294,081	2,727,747	944,782	46,129,957
Excess (deficiency) of revenues over expenditures	-	3,145,304	918	15,814,567	2,016,042	3,339,665	29,593,072
Other financing sources (uses)							
Transfers in	-	289,535	-	-	-	-	364,535
Transfers out	-	(1,349,897)	-	(17,543,790)	(75,000)	-	(22,734,273)
Total other financing sources (uses)	-	(1,060,362)	-	(17,543,790)	(75,000)	-	(22,369,738)
Net change in fund balance	-	2,084,942	918	(1,729,223)	1,941,042	3,339,665	7,223,334
Fund balances - beginning of year	314	27,858,650	43,402	5,770,506	22,776,148	6,787,161	94,460,668
Prior period adjustment	-	(803,152)	-	-	-	-	(803,152)
Fund balances - end of year	\$ 314	\$ 29,140,440	\$ 44,320	\$ 4,041,283	\$ 24,717,190	\$ 10,126,826	\$ 100,880,850

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, 2023

	Emergency Services	WVPS Communi- cations Center	Police Regional Records System	Salem Convention Center	Total Nonmajor Business-type Funds
Assets					
Current assets					
Cash and investments	\$ 2,422,165	\$ 4,891,474	\$ 1,400,793	\$ 1,019,146	\$ 9,733,578
Accounts receivable, net	248,052	156,195	50,898	440,951	896,096
Due from other governmental agencies	-	-	-	167,896	167,896
Inventories and prepayments	-	-	5,920	47,873	53,793
Total current assets	<u>2,670,217</u>	<u>5,047,669</u>	<u>1,457,611</u>	<u>1,675,866</u>	<u>10,851,363</u>
Noncurrent assets					
OPEB asset	5,003	172,586	-	-	177,589
Capital assets:					
Land and other construction in progress	-	2,446,931	-	1,916,525	4,363,456
Other capital assets, net	1,382,409	1,496,257	1,095,503	21,385,638	25,359,807
Total noncurrent assets	<u>1,387,412</u>	<u>4,115,774</u>	<u>1,095,503</u>	<u>23,302,163</u>	<u>29,900,852</u>
Total assets	<u>4,057,629</u>	<u>9,163,443</u>	<u>2,553,114</u>	<u>24,978,029</u>	<u>40,752,215</u>
Deferred outflows of resources					
Deferred outflows related to pensions	191,913	3,833,680	-	-	4,025,593
Deferred outflows related to OPEB-RHIA	68	2,359	-	-	2,427
Deferred outflows related to OPEB-City	5,000	172,501	-	-	177,501
Total deferred outflows of resources	<u>196,981</u>	<u>4,008,540</u>	<u>-</u>	<u>-</u>	<u>4,205,521</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	13,459	199,661	18,841	271,658	503,619
SBITA payable	-	5,500	166,336	-	171,836
Leases payable	-	162,532	-	-	162,532
Compensated absences due within one year	-	33,812	-	-	33,812
Total current liabilities	<u>13,459</u>	<u>401,505</u>	<u>185,177</u>	<u>271,658</u>	<u>871,799</u>
Noncurrent liabilities					
Security deposit payable	-	-	-	224,064	224,064
SBITA payable	-	-	536,120	-	536,120
Leases payable	-	1,205,150	-	-	1,205,150
OPEB liability	29,027	1,001,445	-	-	1,030,472
Net pension liability	473,260	9,262,674	-	-	9,735,934
Compensated absences	57,514	515,885	-	-	573,399
Total noncurrent liabilities	<u>559,801</u>	<u>11,985,154</u>	<u>536,120</u>	<u>224,064</u>	<u>13,305,139</u>
Total liabilities	<u>573,260</u>	<u>12,386,659</u>	<u>721,297</u>	<u>495,722</u>	<u>14,176,938</u>
Deferred inflows of resources:					
Deferred inflows related to pensions	130,569	2,571,989	-	-	2,702,558
Deferred inflows related to OPEB-City	7,418	255,918	-	-	263,336
Deferred inflows related to OPEB-RHIA	963	33,228	-	-	34,191
Total deferred inflows of resources	<u>138,950</u>	<u>2,861,135</u>	<u>-</u>	<u>-</u>	<u>3,000,085</u>
Net Position					
Net investment in capital assets	1,382,408	2,570,007	393,047	23,302,163	27,647,625
Unrestricted	2,159,992	(4,645,818)	1,438,770	1,180,144	133,088
Total net position	<u>\$ 3,542,400</u>	<u>\$ (2,075,811)</u>	<u>\$ 1,831,817</u>	<u>\$ 24,482,307</u>	<u>\$ 27,780,713</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, 2023

	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	\$ 4,826,655	\$ 23,475	\$ -	\$ 3,405,131	\$ 8,255,261
Rents	-	-	-	1,837,450	1,837,450
Internal and intergovernmental	29,766	13,829,226	330,900	-	14,189,892
Member agencies	-	-	124,036	-	124,036
Fines and penalties	39,214	-	-	-	39,214
Other	5,082	15,614	-	-	20,696
Total operating revenues	<u>4,900,717</u>	<u>13,868,315</u>	<u>454,936</u>	<u>5,242,581</u>	<u>24,466,549</u>
Operating expenses					
Personal services	519,226	10,457,569	-	-	10,976,795
Materials and services	3,438,561	1,760,094	165,700	4,102,510	9,466,865
Depreciation	170,838	237,508	444,170	838,887	1,691,403
Total operating expenses	<u>4,128,625</u>	<u>12,455,171</u>	<u>609,870</u>	<u>4,941,397</u>	<u>22,135,063</u>
Operating income (loss)	<u>772,092</u>	<u>1,413,144</u>	<u>(154,934)</u>	<u>301,184</u>	<u>2,331,486</u>
Non-operating revenues (expenses)					
Interest on investments	69,491	111,632	30,171	-	211,294
Other revenue (expenses)	-	42,533	-	71,980	114,513
Interest on debt	-	(51,292)	(28,529)	-	(79,821)
Total non-operating revenues	<u>69,491</u>	<u>102,873</u>	<u>1,642</u>	<u>71,980</u>	<u>245,986</u>
Net income (loss) before capital contributions and transfers	841,583	1,516,017	(153,292)	373,164	2,577,472
Transfers in	-	-	-	262,569	262,569
Transfers out	(1,341,007)	-	-	(272,035)	(1,613,042)
Change in net position	(499,424)	1,516,017	(153,292)	363,698	1,226,999
Total net position - beginning 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>
Total net position - end of year	<u>\$ 3,542,400</u>	<u>\$ (2,075,811)</u>	<u>\$ 1,831,817</u>	<u>\$ 24,482,307</u>	<u>\$ 27,780,713</u>

City of Salem, Oregon
Combining Statement of Cash Flows
Nonmajor Business-type Funds
For the fiscal year ended June 30, 2023

	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	\$ 2,430,792	\$ 39,089	\$ (50,898)	\$ 4,823,368	\$ 7,242,351
Receipts from interfund services provided	29,766	-	330,900	-	360,666
Member agencies	-	13,814,250	124,036	-	13,938,286
Payments to suppliers	(616,463)	(1,876,322)	(348,229)	(4,488,910)	(7,329,924)
Payments to employees	(488,152)	(10,568,486)	-	-	(11,056,638)
Net cash provided (used) by operating activities	<u>1,355,943</u>	<u>1,408,531</u>	<u>55,809</u>	<u>334,458</u>	<u>3,154,741</u>
Cash Flows from Noncapital Financing Activities:					
Contributions/grants	-	42,533	-	-	42,533
Transfers received	-	-	-	262,569	262,569
Transfers paid	(1,341,007)	-	-	(272,035)	(1,613,042)
Net cash provided (used) by noncapital financing activities	<u>(1,341,007)</u>	<u>42,533</u>	<u>-</u>	<u>(9,466)</u>	<u>(1,307,940)</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	-	(1,594,876)	-	(235,166)	(1,830,042)
Principal paid on leases	-	(153,692)	-	-	(153,692)
Interest paid on leases	-	(51,058)	-	-	(51,058)
Principal paid on SBITA	-	(5,467)	-	-	(5,467)
Interest paid on SBITA	-	(234)	-	-	(234)
Net cash provided (used) by capital related financing activities	<u>-</u>	<u>(1,805,327)</u>	<u>-</u>	<u>(235,166)</u>	<u>(2,040,493)</u>
Cash Flows from Investing Activities:					
Interest on investments	69,491	111,632	30,171	-	211,294
Net increase (decrease) in cash and cash equivalents	84,427	(242,631)	85,980	89,826	17,602
Cash and cash equivalents - beginning 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>
Cash and cash equivalents - end of year	<u>\$ 2,422,165</u>	<u>\$ 4,891,474</u>	<u>\$ 1,400,793</u>	<u>\$ 1,019,146</u>	<u>\$ 9,733,578</u>
Reconciliation of Operating Net Cash Provided by (Used for) Operating Activities					
Operating income (loss)	\$ 772,092	\$ 1,413,144	\$ (154,934)	\$ 301,184	\$ 2,331,486
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	170,838	237,508	444,170	838,887	1,691,403
Other income (expense)	-	-	(182,700)	-	(182,700)
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
Accounts receivable	390,401	(14,975)	(56,818)	(419,213)	(100,605)
Inventories and prepayments	-	-	-	(2,309)	(2,309)
Deferred outflows related to pensions	(1,149)	(22,076)	-	-	(23,225)
Deferred OPEB outflows-RHIA	114	11,320	-	-	11,434
Deferred OPEB outflows-City	(2,117)	43,747	-	-	41,630
Accounts payable and accrued liabilities	(8,462)	(116,229)	6,091	(384,091)	(502,691)
Compensated absences payable	19,272	2,794	-	-	22,066
Net pension liability	114,002	2,190,912	-	-	2,304,914
Net OPEB asset	(2,577)	9,338	-	-	6,761
OPEB liability	14,475	(89,959)	-	-	(75,484)
Deferred inflows related to pensions	(114,793)	(2,206,112)	-	-	(2,320,905)
Deferred OPEB inflows-City	3,861	(10,841)	-	-	(6,980)
Deferred OPEB inflows-RHIA	(14)	(40,040)	-	-	(40,054)
Net cash provided (used) by operating activities	<u>\$ 1,355,943</u>	<u>\$ 1,408,531</u>	<u>\$ 55,809</u>	<u>\$ 334,458</u>	<u>\$ 3,154,741</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, 2023

	City Services	Equipment Replacement Reserve	Self Insurance Benefits	Self Insurance Risk	Total
Assets					
Current assets					
Cash and investments	\$ 4,614,329	\$ 18,257,369	\$ 8,293,952	\$ 5,198,996	\$ 36,364,646
Accounts receivable, net	20,002	116,875	-	-	136,877
Leases receivable	62,360	-	-	-	62,360
Inventories and prepayments	1,217,503	-	608,000	61,129	1,886,632
Total current assets	5,914,194	18,374,244	8,901,952	5,260,125	38,450,515
Noncurrent assets					
Restricted cash and investments	899,522	-	-	-	899,522
Leases receivable	169,005	-	-	-	169,005
OPEB asset	55,028	-	7,504	12,506	75,038
Capital assets:					
Land and other construction in progress	195,157	347,335	-	-	542,492
Other capital assets, net	10,687,716	20,190,769	2,901	-	30,881,386
Total noncurrent assets	12,006,428	20,538,104	10,405	12,506	32,567,443
Total assets	17,920,622	38,912,348	8,912,357	5,272,631	71,017,958
Deferred outflows of resources					
Deferred outflows related to pensions	1,048,420	-	95,270	166,059	1,309,749
Deferred outflows related to OPEB-RHIA	752	-	103	171	1,026
Deferred outflows related to OPEB-City	55,000	-	7,500	12,500	75,000
Total deferred outflows of resources	1,104,172	-	102,873	178,730	1,385,775
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	494,659	152,096	208,673	84,592	940,020
SBITA payable	59,514	126,222	-	-	185,736
Leases payable	55,360	-	2,990	-	58,350
Interest payable	-	9,330	7	-	9,337
Claims and judgments payable	-	-	-	1,575,000	1,575,000
Compensated absences due within one year	31,524	-	-	-	31,524
Total current liabilities	641,057	287,648	211,670	1,659,592	2,799,967
Noncurrent liabilities					
SBITA payable	61,674	130,804	-	-	192,478
Leases payable	277,149	-	-	-	277,149
OPEB liability	319,301	-	43,541	72,569	435,411
Net pension liability	2,632,970	-	240,130	411,602	3,284,702
Claims and judgments payable	-	-	-	5,063,000	5,063,000
Compensated absences	132,184	-	62,837	89,755	284,776
Total noncurrent liabilities	3,423,278	130,804	346,508	5,636,926	9,537,516
Total liabilities	4,064,335	418,452	558,178	7,296,518	12,337,483
Deferred inflows of resources:					
Deferred inflows related to leases	217,476	-	-	-	217,476
Deferred inflows related to pensions	529,865	-	88,788	160,098	778,751
Deferred inflows related to OPEB-City	81,597	-	11,127	18,545	111,269
Deferred inflows related to OPEB-RHIA	10,594	-	1,445	2,408	14,447
Total deferred inflows of resources	839,532	-	101,360	181,051	1,121,943
Net Position					
Net investment in capital assets	10,429,176	20,281,078	(89)	-	30,710,165
Restricted for:					
Capital projects	899,522	-	-	-	899,522
Unrestricted	2,792,229	18,212,818	8,355,781	(2,026,208)	27,334,620
Total net position	\$ 14,120,927	\$ 38,493,896	\$ 8,355,692	\$ (2,026,208)	\$ 58,944,307

City of Salem, Oregon
Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the fiscal year ended June 30, 2023

	City Services	Equipment Replacement Reserve	Self Insurance Benefits	Self Insurance Risk	Total
Operating revenues					
Sales, fees, licenses, and permits	\$ 223	\$ 132,047	\$ 300	\$ 5,804	\$ 138,374
Rents	1,290,350	806,916	-	-	2,097,266
Internal and intergovernmental	10,538,149	1,669,719	26,431,083	4,043,892	42,682,843
Other	6,995	9,562	1,574,186	29,414	1,620,157
Total operating revenues	<u>11,835,717</u>	<u>2,618,244</u>	<u>28,005,569</u>	<u>4,079,110</u>	<u>46,538,640</u>
Operating expenses					
Personal services	2,647,268	-	746,730	962,000	4,355,998
Materials and services	9,242,233	191,780	29,696,517	5,518,249	44,648,779
Depreciation and amortization	1,256,229	3,176,544	34,813	-	4,467,586
Total operating expenses	<u>13,145,730</u>	<u>3,368,324</u>	<u>30,478,060</u>	<u>6,480,249</u>	<u>53,472,363</u>
Operating income (loss)	<u>(1,310,013)</u>	<u>(750,080)</u>	<u>(2,472,491)</u>	<u>(2,401,139)</u>	<u>(6,933,723)</u>
Non-operating revenues (expenses)					
Interest on investments	131,328	385,986	256,972	139,413	913,699
Other revenue (expenses)	(13,891)	143,920	(649)	-	129,380
Total non-operating revenues	<u>117,437</u>	<u>529,906</u>	<u>256,323</u>	<u>139,413</u>	<u>1,043,079</u>
Net income (loss) before capital contributions and transfers	<u>(1,192,576)</u>	<u>(220,174)</u>	<u>(2,216,168)</u>	<u>(2,261,726)</u>	<u>(5,890,644)</u>
Capital contributions	-	357,470	-	-	357,470
Transfers in	-	837,080	-	-	837,080
Transfers out	(9,748)	-	-	-	(9,748)
Change in net position	<u>(1,202,324)</u>	<u>974,376</u>	<u>(2,216,168)</u>	<u>(2,261,726)</u>	<u>(4,705,842)</u>
Total net position - beginning of year	15,323,251	37,519,520	10,571,860	235,518	63,650,149
Total net position - end of year	<u>\$ 14,120,927</u>	<u>\$ 38,493,896</u>	<u>\$ 8,355,692</u>	<u>\$ (2,026,208)</u>	<u>\$ 58,944,307</u>

City of Salem, Oregon
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2023

	City Services	Equipment Replacement Reserve	Self Insurance Benefits	Self Insurance Risk	Total
Cash Flow from Operating Activities:					
Receipts from customers	\$ 1,332,832	\$ 831,650	\$ 1,574,486	\$ 35,218	\$ 3,774,186
Receipts from interfund services provided	10,538,149	1,669,719	26,431,083	4,043,892	42,682,843
Payments to suppliers	(9,072,175)	(467,843)	(30,110,670)	(5,416,122)	(45,066,810)
Payments to employees	(2,658,874)	-	(701,164)	(937,072)	(4,297,110)
Net cash provided (used) by operating activities	<u>139,932</u>	<u>2,033,526</u>	<u>(2,806,265)</u>	<u>(2,274,084)</u>	<u>(2,906,891)</u>
Cash Flows from Noncapital Financing Activities:					
Transfers received	43,648	639,248	-	-	682,896
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(78,773)	(2,024,160)	-	-	(2,102,933)
Principal paid on leases	(53,470)	-	-	-	(53,470)
Interest paid on leases	(9,492)	-	-	-	(9,492)
Principal paid on SBITA	(59,514)	(78,264)	(35,255)	-	(173,033)
Interest paid on SBITA	(4,399)	(9,330)	(649)	-	(14,378)
Sale of property	-	208,160	-	-	208,160
Net cash provided (used) by capital related financing activities	<u>(205,648)</u>	<u>(1,903,594)</u>	<u>(35,904)</u>	<u>-</u>	<u>(2,145,146)</u>
Cash Flows from Investing Activities:					
Interest on investments	131,327	385,986	256,972	139,413	913,698
Net increase (decrease) in cash and cash equivalent	109,259	1,155,166	(2,585,197)	(2,134,671)	(3,455,443)
Cash and cash equivalents - beginning of year	<u>5,404,592</u>	<u>17,102,203</u>	<u>10,879,149</u>	<u>7,333,667</u>	<u>40,719,611</u>
Cash and cash equivalents - end of year	<u>\$ 5,513,851</u>	<u>\$ 18,257,369</u>	<u>\$ 8,293,952</u>	<u>\$ 5,198,996</u>	<u>\$ 37,264,168</u>

Continued

City of Salem, Oregon
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2023

	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)	\$ (1,310,013)	\$ (750,080)	\$ (2,472,491)	\$ (2,401,139)	\$ (6,933,723)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	1,256,229	3,176,544	34,813	-	4,467,586
Other income (expense)	(9,748)	-	-	-	(9,748)
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
Accounts receivable	35,264	(116,875)	-	(3,157)	(84,768)
Inventories and prepayments	106,162	-	(608,000)	-	(501,838)
Deferred outflows related to pensions	(4,126)	-	(773)	(1,408)	(6,307)
Deferred OPEB outflow-RHIA	2,896	-	444	741	4,081
Deferred OPEB outflow-City	2,666	-	1,150	1,917	5,733
Accounts payable and accrued liabilities	15,203	(276,063)	193,847	(45,716)	(112,729)
Compensated absences payable	24,979	-	46,648	26,933	98,560
Claims reserve	-	-	-	151,000	151,000
Net pension liability	409,578	-	76,692	139,704	625,974
Net OPEB asset	(6,515)	-	(227)	(378)	(7,120)
OPEB liability	28,260	-	(115)	(191)	27,954
Deferred inflows related to pensions	(412,420)	-	(77,224)	(140,674)	(630,318)
Deferred OPEB inflow-City	10,461	-	457	(2,477)	8,441
Deferred OPEB inflow-RHIA	(8,944)	-	(1,486)	761	(9,669)
Net cash provided (used) by operating activities	<u>\$ 139,932</u>	<u>\$ 2,033,526</u>	<u>\$ (2,806,265)</u>	<u>\$ (2,274,084)</u>	<u>\$ (2,906,891)</u>
Non-cash investing, capital, and financing activities					
Contributions of capital assets	\$ 58,773	\$ -	\$ -	\$ -	\$ 58,773
Contributions of capital assets from governmental funds	-	519,411	-	-	519,411



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. No trust agreements exist for any Custodial funds.

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, 2023

	Custodial Funds	
	Intergovern- mental	Restitution Trust
Assets		
Cash and investments	\$ 152,826	\$ 2,269
Accounts receivable, net	-	-
Total assets	152,826	2,269
Liabilities		
Due to other governments	102,666	-
Total liabilities	102,666	-
Net Position		
Restricted for:		
Other governments and individuals	50,160	2,269
Specific programs	-	-
Total net position	\$ 50,160	\$ 2,269

Continued

City of Salem, Oregon
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

Custodial Funds

Utility Assistance	Seized Asset Trust	Reimbursement Districts	Total
\$ 292,794 6	\$ 319,850 50	\$ 903,612 -	\$ 1,671,351 56
<u>292,800</u>	<u>319,900</u>	<u>903,612</u>	<u>1,671,407</u>
-	-	-	102,666
-	-	-	<u>102,666</u>
-	319,900	903,612	1,275,941
<u>292,800</u>	<u>-</u>	<u>-</u>	<u>292,800</u>
<u><u>\$ 292,800</u></u>	<u><u>\$ 319,900</u></u>	<u><u>\$ 903,612</u></u>	<u><u>\$ 1,568,741</u></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	\$ 1,818,105	\$ -
Program revenues:		
Outside parties	-	-
Governmental funds	-	-
Restitution collections	-	13,661
Investment earnings	-	-
Police seizures	-	-
	<hr/>	<hr/>
Total additions	1,818,105	13,661
	<hr/>	<hr/>
Deductions		
Fees and assessments distributed to other governments	1,536,536	-
Administrative expense	273,429	-
Restitution payments	-	11,817
Expenditures - Community Service and Development	-	-
Seized assets distributions:		
Payments to other governments	-	-
Returned to individuals	-	-
Forfeited to governmental funds	-	-
	<hr/>	<hr/>
Total deductions	1,809,965	11,817
	<hr/>	<hr/>
Change in net position	8,140	1,844
Total net position - beginning of year	42,020	425
	<hr/>	<hr/>
Total net position - end of year	\$ 50,160	\$ 2,269
	<hr/> <hr/>	<hr/> <hr/>

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
\$ -	\$ -	\$ -	\$ 1,818,105
378,830	-	811,828	1,190,658
300,000	-	-	300,000
-	-	-	13,661
5,830	-	3,546	9,376
-	61,254	-	61,254
684,660	61,254	815,374	3,393,054
-	-	-	1,536,536
-	-	-	273,429
-	-	-	11,817
628,350	-	-	628,350
-	26,147	-	26,147
-	8,910	-	8,910
-	1,444	-	1,444
628,350	36,501	-	2,486,633
56,310	24,753	815,374	906,421
236,490	295,147	88,238	662,320
\$ 292,800	\$ 319,900	\$ 903,612	\$ 1,568,741

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>with</u> <u>Final</u> <u>Budget</u> ¹
Revenues				
Rents	\$ -	\$ -	\$ 21,815	\$ (21,815)
Grants	34,281,930	34,281,930	21,815,831	12,466,099
Intergovernmental	10,284,100	10,284,100	64,066	10,220,034
Interest on investments	196,130	196,130	1,583,936	(1,387,806)
Other	360,000	360,000	14,610	345,390
Total revenues	<u>45,122,160</u>	<u>45,122,160</u>	<u>23,500,258</u>	<u>21,621,902</u>
Expenditures				
Operations	<u>150,720,730</u>	<u>153,292,120</u>	<u>86,125,980</u>	<u>67,166,140</u>
Excess (deficiency) of revenues over expenditures	(105,598,570)	(108,169,960)	(62,625,722)	(45,544,238)
Other financing sources (uses)				
Issuance of debt	-	-	100,000,000	(100,000,000)
Premium on issuance of debt	-	-	7,489,935	(7,489,935)
Sale of property	2,030,050	2,030,050	1,864,251	165,799
Transfers in	<u>34,076,900</u>	<u>36,648,290</u>	<u>35,084,830</u>	<u>1,563,460</u>
Total other financing sources (uses)	<u>36,106,950</u>	<u>38,678,340</u>	<u>144,439,016</u>	<u>(105,760,676)</u>
Net change in fund balance	(69,491,620)	(69,491,620)	81,813,294	(151,304,914)
Fund balance - beginning of year	<u>69,491,620</u>	<u>69,491,620</u>	<u>54,684,990</u>	<u>14,806,630</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>136,498,284</u>	<u>\$ (136,498,284)</u>

Reconciliation to generally accepted accounting principles:

Transfer of net activity and fund balance to Utility fund	(29,269,029)
Advances from Utility fund	(3,263,426)
Transfer of net activity and fund balance to WVPS fund	(1,963,668)
Transfer of net activity and fund balance to City Services fund	(899,522)
Accrued interest payable on leases	517
Long-term lease receivables	21,470
Deferred inflows related to leases	(16,984)
Fund balance - end of year (modified accrual)	<u>\$ 101,107,642</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, 2023

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	with Final Budget ¹
Revenues				
Rents	\$ 35,000	\$ 35,000	\$ 15,900	\$ 19,100
Grants	8,020,420	8,020,420	1,234,949	6,785,471
Intergovernmental	529,400	529,400	963,744	(434,344)
Interest on investments	646,870	646,870	1,155,431	(508,561)
Loan payments received	152,570	152,570	177,945	(25,375)
Other	5,120	5,120	-	5,120
Total revenues	<u>9,389,380</u>	<u>9,389,380</u>	<u>3,547,969</u>	<u>5,841,411</u>
Expenditures				
Operations	<u>86,098,000</u>	<u>86,098,000</u>	<u>14,843,868</u>	<u>71,254,132</u>
Excess (deficiency) of revenues over expenditures	(76,708,620)	(76,708,620)	(11,295,899)	(65,412,721)
Other financing sources (uses)				
Issuance of debt	<u>18,400,000</u>	<u>18,400,000</u>	<u>17,543,790</u>	<u>856,210</u>
Net change in fund balance	(58,308,620)	(58,308,620)	6,247,891	(64,556,511)
Fund balance - beginning of year	<u>58,308,620</u>	<u>58,308,620</u>	<u>58,265,997</u>	<u>42,623</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,513,888</u>	<u>\$ (64,513,888)</u>

Reconciliation to generally accepted accounting principles:

Accrued interest receivable on leases	55
Long-term lease receivables	18,032
Deferred inflows related to leases	(17,793)
Net position at end of year	<u>\$ 64,514,182</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, 2023

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 17,079,850	\$ 17,079,850	\$ 17,329,771	\$ (249,921)
Intergovernmental	5,949,630	5,949,630	5,949,708	(78)
Interest on investments	131,000	131,000	247,421	(116,421)
Total revenues	<u>23,160,480</u>	<u>23,160,480</u>	<u>23,526,900</u>	<u>(366,420)</u>
Expenditures				
Debt service	<u>22,752,070</u>	<u>22,752,070</u>	<u>22,752,069</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	408,410	408,410	774,831	(366,421)
Fund balance - beginning of year	<u>1,453,390</u>	<u>1,453,390</u>	<u>2,112,149</u>	<u>(658,759)</u>
Fund balance - end of year	<u><u>\$ 1,861,800</u></u>	<u><u>\$ 1,861,800</u></u>	<u><u>\$ 2,886,980</u></u>	<u><u>\$ (1,025,180)</u></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, 2023

	<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	\$ 215,920	\$ 215,920	\$ 518,351	\$ (302,431)
Special assessments	5,460	5,460	778	4,682
Rents	2,050	2,050	2,051	(1)
Grants	297,070	297,070	299,049	(1,979)
Intergovernmental	16,773,580	16,773,580	16,780,862	(7,282)
Interest on investments	34,970	34,970	158,209	(123,239)
Other	2,180	2,180	2,253	(73)
Total revenues	<u>17,331,230</u>	<u>17,331,230</u>	<u>17,761,553</u>	<u>(430,323)</u>
Expenditures				
Operations	18,347,940	18,347,940	16,573,778	1,774,162
Contingency	500,000	500,000	-	500,000
Total expenditures	<u>18,847,940</u>	<u>18,847,940</u>	<u>16,573,778</u>	<u>2,274,162</u>
Excess (deficiency) of revenues over expenditures	(1,516,710)	(1,516,710)	1,187,775	(2,704,485)
Other financing sources (uses)				
Transfers in	75,000	75,000	75,000	-
Transfers out	(2,048,640)	(2,048,640)	(2,048,640)	-
Total other financing sources (uses)	<u>(1,973,640)</u>	<u>(1,973,640)</u>	<u>(1,973,640)</u>	<u>-</u>
Net change in fund balance	(3,490,350)	(3,490,350)	(785,865)	(2,704,485)
Fund balance - beginning of year	<u>7,693,900</u>	<u>7,693,900</u>	<u>8,553,834</u>	<u>(859,934)</u>
Fund balance - end of year	<u>\$ 4,203,550</u>	<u>\$ 4,203,550</u>	<u>\$ 7,767,969</u>	<u>\$ (3,564,419)</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, 2023

	<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	\$ 1,952,120	\$ 1,952,120	\$ 1,991,917	\$ (39,797)
Interest on investments	16,530	16,530	23,857	(7,327)
Total revenues	<u>1,968,650</u>	<u>1,968,650</u>	<u>2,016,325</u>	<u>(47,675)</u>
Expenditures				
Operations	1,257,100	1,257,100	1,213,414	43,686
Debt service	211,920	211,920	211,918	2
Contingency	200,000	200,000	-	200,000
Total expenditures	<u>1,669,020</u>	<u>1,669,020</u>	<u>1,425,332</u>	<u>243,688</u>
Excess (deficiency) of revenues over expenditures	299,630	299,630	590,993	(291,363)
Other financing sources (uses)				
Transfers out	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
Net change in fund balance	(300,370)	(300,370)	(9,007)	(291,363)
Fund balance - beginning of year	<u>1,352,930</u>	<u>1,352,930</u>	<u>1,350,657</u>	<u>2,273</u>
Fund balance - end of year	<u>\$ 1,052,560</u>	<u>\$ 1,052,560</u>	<u>\$ 1,341,650</u>	<u>\$ (289,090)</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, 2023

	<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	\$ 48,100	\$ 48,100	\$ 136,057	\$ (87,957)
Rents	1,221,620	1,221,620	1,156,725	64,895
Grants	-	-	-	-
Interest on investments	18,000	18,000	35,518	(17,518)
Total revenues	<u>1,287,720</u>	<u>1,287,720</u>	<u>1,328,300</u>	<u>(40,580)</u>
Expenditures				
Operations	1,482,680	1,878,180	1,332,404	545,776
Debt service	44,230	44,230	44,210	20
Contingency	550,060	550,060	-	550,060
Total expenditures	<u>2,076,970</u>	<u>2,472,470</u>	<u>1,376,614</u>	<u>1,095,856</u>
Excess (deficiency) of revenues over expenditures	(789,250)	(1,184,750)	(48,314)	(1,136,436)
Other financing sources (uses)				
Transfers in	-	395,500	-	395,500
Net change in fund balance	(789,250)	(789,250)	(48,314)	(740,936)
Fund balance - beginning of year	<u>789,250</u>	<u>789,250</u>	<u>1,154,618</u>	<u>(365,368)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,106,304</u>	<u>\$ (1,106,304)</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, 2023

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 30,000	\$ 30,000	\$ 32,039	\$ (2,039)
Rents	904,080	904,080	935,311	(31,231)
Interest on investments	1,750	1,750	4,562	(2,812)
Other	10,000	10,000	2,504	7,496
Total revenues	<u>945,830</u>	<u>945,830</u>	<u>974,416</u>	<u>(28,586)</u>
Expenditures				
Operations	1,010,040	1,010,040	963,464	46,576
Contingency	163,810	163,810	-	163,810
Total expenditures	<u>1,173,850</u>	<u>1,173,850</u>	<u>963,464</u>	<u>210,386</u>
Excess (deficiency) of revenues over expenditures	(228,020)	(228,020)	10,952	(238,972)
Fund balance - beginning of year	<u>228,020</u>	<u>228,020</u>	<u>174,112</u>	<u>53,908</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,064</u>	<u>\$ (185,064)</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, 2023

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Other taxes	\$ 4,191,730	\$ 4,191,730	\$ 4,668,845	\$ (477,115)
Grants	-	-	-	-
Intergovernmental	5,400	5,400	6,956	(1,556)
Interest on investments	7,000	7,000	79,108	(72,108)
Other	12,000	12,000	18,000	(6,000)
Total revenues	<u>4,216,130</u>	<u>4,216,130</u>	<u>4,772,909</u>	<u>(556,779)</u>
Expenditures				
Operations	2,714,240	2,714,240	2,714,240	-
Contingency	200,000	200,000	-	200,000
Total expenditures	<u>2,914,240</u>	<u>2,914,240</u>	<u>2,714,240</u>	<u>200,000</u>
Excess (deficiency) of revenues over expenditures	1,301,890	1,301,890	2,058,669	(756,779)
Other financing sources (uses)				
Transfers out	<u>(1,749,920)</u>	<u>(1,749,920)</u>	<u>(1,637,920)</u>	<u>(112,000)</u>
Net change in fund balance	(448,030)	(448,030)	420,749	(868,779)
Fund balance - beginning of year	<u>2,047,540</u>	<u>2,047,540</u>	<u>4,027,727</u>	<u>(1,980,187)</u>
Fund balance - end of year	<u>\$ 1,599,510</u>	<u>\$ 1,599,510</u>	<u>\$ 4,448,476</u>	<u>\$ (2,848,966)</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, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Interest on investments	\$ 300	\$ 300	\$ 783	\$ (483)
Expenditures				
Operations	46,000	46,000	758	45,242
Excess (deficiency) of revenues over expenditures	(45,570)	(45,570)	25	(45,595)
Fund balance - beginning of year	20,570	20,570	26,239	(5,669)
Fund balance - end of year	\$ -	\$ -	\$ 51,264	\$ (51,264)

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, 2023

	<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	\$ 1,164,590	\$ 1,164,590	\$ 1,014,315	\$ 150,275
Expenditures				
Operations	1,116,350	1,116,350	1,011,420	104,930
Excess (deficiency) of revenues over expenditures	48,240	48,240	2,895	45,345
Other financing sources (uses)				
Transfers out	(48,240)	(48,240)	-	(48,240)
Net change in fund balance	-	-	2,895	(2,895)
Fund balance - beginning of year	-	-	3,835	(3,835)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,730</u>	<u>\$ (6,730)</u>

1 () indicates revenue/expenditures in excess budget

City of Salem, Oregon
Parking Leasehold
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2023

	<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	\$ 631,380	\$ 631,380	\$ 644,131	\$ (12,751)
Grants	-	-	-	-
Interest on investments	2,300	2,300	5,014	(2,714)
Total revenues	<u>633,680</u>	<u>633,680</u>	<u>651,341</u>	<u>(17,661)</u>
Expenditures				
Operations	487,970	487,970	368,656	119,314
Contingency	79,280	79,280	-	79,280
Total expenditures	<u>567,250</u>	<u>567,250</u>	<u>368,656</u>	<u>198,594</u>
Excess (deficiency) of revenues over expenditures	66,430	66,430	282,685	(216,255)
Other financing sources (uses)				
Transfers out	(200,000)	(200,000)	(200,000)	-
Net change in fund balance	(133,570)	(133,570)	82,685	(216,255)
Fund balance - beginning of year	142,880	142,880	253,486	(110,606)
Fund balance - end of year	<u>\$ 9,310</u>	<u>\$ 9,310</u>	<u>336,171</u>	<u>\$ (326,861)</u>

Reconciliation to generally accepted accounting principles:

Accrued interest receivable on leases	4,720
Long-term lease receivables	1,582,025
Deferred inflows related to leases	(1,529,517)
Net position at end of year	<u>\$ 393,399</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, 2023

	<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	\$ 6,398,900	\$ 6,398,900	\$ 7,584,192	\$ (1,185,292)
Intergovernmental	-	-	4,513	(4,513)
Interest on investments	209,980	209,980	346,599	(136,619)
Other	-	-	4,043	(4,043)
Total revenues	<u>6,608,880</u>	<u>6,608,880</u>	<u>7,939,347</u>	<u>(1,330,467)</u>
Expenditures				
Operations	6,691,900	6,691,900	5,566,710	1,125,190
Contingency	300,000	300,000	-	300,000
Total expenditures	<u>6,991,900</u>	<u>6,991,900</u>	<u>5,566,710</u>	<u>1,425,190</u>
Excess (deficiency) of revenues over expenditures	(383,020)	(383,020)	2,372,637	(2,755,657)
Other financing sources (uses)				
Transfers out	(500,000)	(500,000)	(500,000)	-
Net change in fund balance	(883,020)	(883,020)	1,872,637	(2,755,657)
Fund balance - beginning of year	<u>14,316,670</u>	<u>14,316,670</u>	<u>15,688,248</u>	<u>(1,371,578)</u>
Fund balance - end of year	<u>\$ 13,433,650</u>	<u>\$ 13,433,650</u>	<u>\$ 17,560,885</u>	<u>\$ (4,127,235)</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, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Fines and penalties	\$ -	\$ -	\$ -	\$ -
Expenditures				
Operations	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	314	(314)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314</u>	<u>\$ (314)</u>

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2023

	<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	\$ 135,000	\$ 135,000	\$ 94,290	\$ 40,710
Special assessments	-	-	8,376	(8,376)
Rents	1,500	1,500	1,216	284
Grants	-	-	7,498,689	(7,498,689)
Intergovernmental	-	-	27,529	(27,529)
Fines and penalties	13,000	13,000	99,188	(86,188)
Interest on investments	209,960	209,960	725,425	(515,465)
Other	2,057,850	2,057,850	3,631,667	(1,573,817)
Total revenues	<u>2,417,310</u>	<u>2,417,310</u>	<u>12,086,380</u>	<u>(9,669,070)</u>
Expenditures				
Operations	<u>23,743,860</u>	<u>23,181,290</u>	<u>8,941,076</u>	<u>14,240,214</u>
Excess (deficiency) of revenues over expenditures				
	(21,326,550)	(20,763,980)	3,145,304	(23,909,284)
Other financing sources (uses)				
Sale of property	-	-	-	-
Transfers in	17,500	17,500	17,500	-
Transfers out	(1,239,960)	(1,802,530)	(1,349,897)	(452,633)
Total other financing sources (uses)	<u>(1,222,460)</u>	<u>(1,785,030)</u>	<u>(1,332,397)</u>	<u>(452,633)</u>
Net change in fund balance	(22,549,010)	(22,549,010)	1,812,907	(24,361,917)
Fund balance - beginning of year	<u>34,471,280</u>	<u>34,471,280</u>	<u>28,130,685</u>	<u>6,340,595</u>
Prior period adjustment			(803,152)	
Fund balance - end of year	<u>\$ 11,922,270</u>	<u>\$ 11,922,270</u>	<u>\$ 29,140,440</u>	<u>\$ (18,021,322)</u>

1 () indicates revenue/expenditures in excess of budget

City of Salem, Oregon
Permanent
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest on investments	\$ 900	\$ 900	\$ 2,001	\$ (1,101)
Other	9,680	9,680	-	9,680
Total revenues	<u>10,580</u>	<u>10,580</u>	<u>2,001</u>	<u>8,579</u>
Expenditures				
Operations	<u>23,820</u>	<u>23,820</u>	<u>1,083</u>	<u>22,737</u>
Excess (deficiency) of revenues over expenditures	(13,240)	(13,240)	918	(14,158)
Fund balance - beginning of year	<u>43,980</u>	<u>43,980</u>	<u>43,402</u>	<u>578</u>
Fund balance - end of year	<u>\$ 30,740</u>	<u>\$ 30,740</u>	<u>\$ 44,320</u>	<u>\$ (13,580)</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, 2023

	<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	\$ 18,027,260	\$ 18,027,260	\$ 17,843,282	\$ 183,978
Interest on investments	103,980	103,980	265,366	(161,386)
Total revenues	<u>18,131,240</u>	<u>18,131,240</u>	<u>18,108,648</u>	<u>22,592</u>
Expenditures				
Debt service	<u>20,700,230</u>	<u>20,700,230</u>	<u>19,837,871</u>	<u>862,359</u>
Excess (deficiency) of revenues over expenditures	(2,568,990)	(2,568,990)	(1,729,223)	(839,767)
Fund balance - beginning of year	<u>4,945,710</u>	<u>4,945,710</u>	<u>5,770,506</u>	<u>(824,796)</u>
Fund balance - end of year	<u>\$ 2,376,720</u>	<u>\$ 2,376,720</u>	<u>\$ 4,041,283</u>	<u>\$ (1,664,563)</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, 2023

	<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	\$ 12,300,000	\$ 12,300,000	\$ 7,605,212	\$ 4,694,788
Special assessments	-	-	37,568	(37,568)
Grants	5,676,080	5,676,080	278,648	5,397,432
Intergovernmental	2,500,000	2,500,000	-	2,500,000
Interest on investments	-	-	959,900	(959,900)
Total revenues	<u>20,476,080</u>	<u>20,476,080</u>	<u>8,881,328</u>	<u>11,594,752</u>
Expenditures				
Operations	<u>60,977,600</u>	<u>60,977,600</u>	<u>7,451,173</u>	<u>53,526,427</u>
Excess (deficiency) of revenues over expenditures	(40,501,520)	(40,501,520)	1,430,155	(41,931,675)
Other financing sources (uses)				
Transfers out	<u>(570,000)</u>	<u>(570,000)</u>	<u>(570,000)</u>	<u>-</u>
Net change in fund balance	(41,071,520)	(41,071,520)	860,155	(41,931,675)
Fund balance - beginning of year	<u>41,071,520</u>	<u>41,071,520</u>	<u>42,494,462</u>	<u>(1,422,942)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	43,354,617	<u>\$ (43,354,617)</u>
Reconciliation to generally accepted accounting principles:				
Transfer of net activity and fund balance to Utility fund			<u>(18,637,427)</u>	
Net position at end of year			<u>\$ 24,717,190</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, 2023

	<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	\$ 9,339,860	\$ 9,339,860	\$ 4,100,339	\$ 5,239,521
Interest on investments	120,000	120,000	184,108	(64,108)
Other	420,000	420,000	-	420,000
Total revenues	<u>9,879,860</u>	<u>9,879,860</u>	<u>4,284,447</u>	<u>5,595,413</u>
Expenditures				
Operations	<u>20,022,660</u>	<u>20,022,660</u>	<u>944,782</u>	<u>19,077,878</u>
Excess (deficiency) of revenues over expenditures	(10,142,800)	(10,142,800)	3,339,665	(13,482,465)
Fund balance - beginning of year	<u>10,142,800</u>	<u>10,142,800</u>	<u>6,787,161</u>	<u>3,355,639</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,126,826</u>	<u>\$ (10,126,826)</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, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Sales, fees, licenses, and permits	\$ 108,607,800	\$ 108,607,800	\$ 113,078,796	\$ (4,470,996)
Special assessments	7,670	7,670	8,024	(354)
Rents	25,000	25,000	15,369	9,631
Grants	-	-	447,324	(447,324)
Intergovernmental	6,063,880	6,063,880	5,555,243	508,637
Interest on investments	610,000	610,000	1,400,084	(790,084)
Loan payments received	586,940	586,940	645,705	(58,765)
Other	209,000	209,000	222,975	(13,975)
Total revenues	116,110,290	116,110,290	121,373,520	(5,263,230)
Expenditures				
Operations	88,132,240	88,132,240	75,165,750	12,966,490
Debt service	19,077,400	19,077,400	19,054,743	22,657
Contingency	3,000,000	3,000,000	-	3,000,000
Total expenditures	110,209,640	110,209,640	94,220,493	15,989,147
Excess (deficiency) of revenues over expenditures	5,900,650	5,900,650	27,153,027	(21,252,377)
Other financing sources (uses)				
Issuance of debt	1,132,810	1,132,810	384,054	748,756
Transfers in	545,400	545,400	505,400	40,000
Transfers out	(28,608,800)	(28,608,800)	(28,608,800)	-
Total other financing sources (uses)	(26,930,590)	(26,930,590)	(27,719,346)	788,756
Net change in fund balance	(21,029,940)	(21,029,940)	(566,319)	(20,463,621)
Fund balance - beginning of year	64,446,980	64,446,980	62,670,174	1,776,806
Fund balance - end of year	\$ 43,417,040	\$ 43,417,040	62,103,855	\$ (18,686,815)

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, 2023

Reconciliation to generally accepted accounting principles:

Utility ending fund balance (previous page)	\$ 62,103,855
Net activity and fund balance from Capital Improvements	29,269,030
Net activity and fund balance from Extra Capacity Facilities	18,637,427
Inventories	1,229,106
Advance to Capital Improvements fund	3,263,426
Net OPEB asset	757,880
Capital assets	786,119,798
Accrued interest receivable on leases	929
Lease receivables	107,338
Deferred charge on refunding	2,090,780
Deferred outflows related to pensions	13,873,204
Deferred outflows related to OPEB	767,866
Interest payable	(284,232)
SBITA liabilities	(303,197)
Long-term debt	(88,723,487)
Net OPEB liability	(4,397,652)
Net pension liability	(33,185,101)
Deferred inflows related to leases	(105,717)
Deferred inflows related to OPEB	(1,269,728)
Deferred inflows related to pensions	(9,729,623)
Accrued revenue from deferred inflows	<u>1,070,967</u>
Net position at end of year	<u><u>\$ 781,292,869</u></u>

Concluded

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

For the fiscal year ended June 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Sales, fees, licenses, and permits	\$ 881,650	\$ 5,152,650	\$ 4,826,655	\$ 325,995
Intergovernmental	10,000	10,000	29,766	(19,766)
Fines and penalties	120,000	120,000	39,214	80,786
Interest on investments	74,160	74,160	69,491	4,669
Other	1,000	1,000	5,082	(4,082)
Total revenues	1,086,810	5,357,810	4,970,208	387,602
Expenditures				
Operations	1,169,120	4,040,120	3,783,267	256,853
Contingency	60,000	60,000	-	60,000
Total expenditures	1,229,120	4,100,120	3,783,267	316,853
Excess (deficiency) of revenues over expenditures	(142,310)	1,257,690	1,186,941	70,749
Other financing sources (uses)				
Transfers out	-	(1,400,000)	(1,341,007)	(58,993)
Net change in fund balance	(142,310)	(142,310)	(154,066)	11,756
Fund balance - beginning of year	2,549,850	2,549,850	3,239,403	(689,553)
Fund balance - end of year	\$ 2,407,540	\$ 2,407,540	3,085,337	\$ (677,797)
Reconciliation to generally accepted accounting principles:				
Allowance for Doubtful Accounts			(486,092)	
Net OPEB asset			5,003	
Capital assets			1,382,408	
Deferred outflows related to pensions			191,913	
Deferred outflows related to OPEB			5,068	
Net pension liability			(473,260)	
Net OPEB liability			(29,027)	
Deferred inflows related to pensions			(130,569)	
Deferred inflows related to OPEB			(8,381)	
Net position at end of year			\$ 3,542,400	

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, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Sales, fees, licenses, and permits	\$ 23,000	\$ 23,000	\$ 23,475	\$ (475)
Grants	-	-	42,533	(42,533)
Intergovernmental	13,801,560	13,801,560	13,829,226	(27,666)
Interest on investments	35,980	35,980	52,198	(16,218)
Other	-	-	2,914	(2,914)
Total revenues	13,860,540	13,860,540	13,950,346	(89,806)
Expenditures				
Operations	13,776,460	13,776,460	12,582,388	1,194,072
Contingency	500,000	500,000	-	500,000
Total expenditures	14,276,460	14,276,460	12,582,388	1,694,072
Excess (deficiency) of revenues over expenditures	(415,920)	(415,920)	1,367,958	(1,783,878)
Other financing sources (uses)				
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Net change in fund balance	(1,415,920)	(1,415,920)	367,958	(1,783,878)
Fund balance - beginning of year	1,584,550	1,584,550	1,970,932	(386,382)
Fund balance - end of year	\$ 168,630	\$ 168,630	2,338,890	\$ (2,170,260)
Reconciliation to generally accepted accounting principles:				
Transfer of net activity and fund balance from Capital Improvements			1,963,668	
Interest payable related to leases/SBITA			(4,247)	
Net OPEB asset			172,586	
Capital assets			3,943,187	
Deferred outflows related to pensions			3,833,680	
Deferred outflows related to OPEB			174,860	
Long-term SBITA liabilities			(5,500)	
Long-term lease liabilities			(1,367,681)	
Net OPEB liability			(1,001,445)	
Net pension liability			(9,262,674)	
Deferred inflows related to OPEB			(289,146)	
Deferred inflows related to pensions			(2,571,989)	
Net position at end of year			\$ (2,075,811)	

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, 2023

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 357,890	\$ 357,890	\$ 330,900	\$ 26,990
Member agencies	124,030	193,230	124,036	69,194
Interest on investments	10,670	10,670	30,171	(19,501)
Total revenues	<u>492,590</u>	<u>561,790</u>	<u>485,107</u>	<u>76,683</u>
Expenditures				
Operations	<u>239,200</u>	<u>348,400</u>	<u>348,400</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	213,390	213,390	136,707	76,683
Fund balance - beginning of year	<u>1,066,640</u>	<u>1,066,640</u>	<u>1,314,813</u>	<u>(248,173)</u>
Fund balance - end of year	<u>\$ 1,280,030</u>	<u>\$ 1,280,030</u>	1,451,520	<u>\$ (171,490)</u>
Reconciliation to generally accepted accounting principles:				
Leases payable			(702,456)	
Interest payable related to SBITA			(12,750)	
Capital assets			<u>1,095,503</u>	
Net position at end of year			<u>\$ 1,831,817</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 1,770,000	\$ 3,695,000	\$ 3,405,131	\$ 289,869
Rents	725,000	1,800,000	1,837,450	(37,450)
Total revenues	<u>2,495,000</u>	<u>5,495,000</u>	<u>5,242,581</u>	<u>252,419</u>
Expenditures				
Operations	<u>2,448,380</u>	<u>4,548,380</u>	<u>4,337,676</u>	<u>210,704</u>
Excess (deficiency) of revenues over expenditures	46,620	946,620	904,905	41,715
Other financing sources (uses)				
Transfers in	-	-	262,569	(262,569)
Transfers out	-	(900,000)	-	(900,000)
Total other financing sources (uses)	<u>-</u>	<u>(900,000)</u>	<u>262,569</u>	<u>(1,162,569)</u>
Net change in fund balance	46,620	46,620	1,167,474	(1,120,854)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>(21,881)</u>	<u>21,881</u>
Fund balance - end of year	<u>\$ 46,620</u>	<u>\$ 46,620</u>	1,145,593	<u>\$ (1,098,973)</u>
Reconciliation to generally accepted accounting principles:				
Net marketing advance from City			34,551	
Capital assets			<u>23,302,163</u>	
Net position at end of year			<u>\$ 24,482,307</u>	

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 223	\$ (223)
Rents	1,312,930	1,312,930	1,294,306	18,624
Intergovernmental	9,960,730	10,660,730	10,538,149	122,581
Interest on investments	42,360	42,360	101,011	(58,651)
Loan payments received	43,390	43,390	44,210	(820)
Other	5,510	5,510	6,433	(923)
Total revenues	<u>11,364,920</u>	<u>12,064,920</u>	<u>11,984,332</u>	<u>80,588</u>
Expenditures				
Operations	<u>13,000,700</u>	<u>13,700,700</u>	<u>11,981,458</u>	<u>1,719,242</u>
Excess (deficiency) of revenues over expenditures	(1,635,780)	(1,635,780)	2,874	(1,638,654)
Other financing sources (uses)				
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	-	<u>(40,000)</u>
Net change in fund balance	(1,675,780)	(1,675,780)	2,874	(1,678,654)
Fund balance - beginning of year	<u>5,141,280</u>	<u>5,141,280</u>	<u>4,700,149</u>	<u>441,131</u>
Fund balance - end of year	<u>\$ 3,465,500</u>	<u>\$ 3,465,500</u>	<u>4,703,023</u>	<u>\$ (1,237,523)</u>

Reconciliation to generally accepted accounting principles:

Transfer of net activity and fund balance from Capital Improvements	899,522
Inventories	494,898
Net OPEB asset	55,028
Accounts Receivable	690
Accrued interest payable on SBITA	(4,399)
Accrued interest payable on leases	(745)
Capital assets	10,882,873
Long-term lease receivables	231,365
Deferred outflows related to pensions	1,048,420
Deferred outflows related to OPEB	55,752
Long-term SBITA liabilities	(121,188)
Long-term lease liabilities	(332,509)
Net OPEB liability	(319,301)
Net pension liability	(2,632,970)
Deferred inflows related to leases	(217,476)
Deferred inflows related to OPEB	(92,191)
Deferred inflows related to pensions	(529,865)
Net position at end of year	<u>\$ 14,120,927</u>

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 132,047	\$ (132,047)
Rents	-	-	806,916	(806,916)
Intergovernmental	1,571,700	1,571,700	1,669,719	(98,019)
Interest on investments	165,300	165,300	385,986	(220,686)
Other	-	-	9,562	(9,562)
Total revenues	<u>1,737,000</u>	<u>1,737,000</u>	<u>3,004,230</u>	<u>(1,267,230)</u>
Expenditures				
Operations	<u>19,955,660</u>	<u>19,955,660</u>	<u>2,303,534</u>	<u>17,652,126</u>
Excess (deficiency) of revenues over expenditures	(18,218,660)	(18,218,660)	700,696	(18,919,356)
Other financing sources (uses)				
Sale of property	201,900	201,900	208,160	(6,260)
Transfers in	<u>1,487,600</u>	<u>1,487,600</u>	<u>639,248</u>	<u>848,352</u>
Total other financing sources (uses)	<u>1,689,500</u>	<u>1,689,500</u>	<u>847,408</u>	<u>842,092</u>
Net change in fund balance	(16,529,160)	(16,529,160)	1,548,104	(18,077,264)
Fund balance - beginning of year	<u>16,529,160</u>	<u>16,529,160</u>	<u>16,674,044</u>	<u>(144,884)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	18,222,148	<u>\$ (18,222,148)</u>
Reconciliation to generally accepted accounting principles:				
Transfer of net activity and fund balance from Capital Improvements (page 138)			-	
Advance From Capital Improvements fund (page 138)			-	
Inventories			-	
Capital assets			20,538,104	
Accrued interest payable on SBITA			(9,330)	
Long term SBITA liabilities			(257,026)	
Net position at end of year			<u>\$ 38,493,896</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 300	\$ (300)
Intergovernmental	25,466,700	25,466,700	26,431,083	(964,383)
Interest on investments	142,060	142,060	256,972	(114,912)
Other	1,830,040	1,830,040	1,574,186	255,854
Total revenues	27,438,800	27,438,800	28,262,541	(823,741)
Expenditures				
Operations	38,375,810	38,375,810	30,480,233	7,895,577
Excess (deficiency) of revenues over expenditures				
	(10,937,010)	(10,937,010)	(2,217,692)	(8,719,318)
Fund balance - beginning of year	10,937,010	10,937,010	10,848,134	88,876
Fund balance - end of year	\$ -	\$ -	8,630,442	\$ (8,630,442)
Reconciliation to generally accepted accounting principles:				
Capital assets			2,901	
Accounts payable			(7)	
Deferred outflows related to pensions			95,270	
Deferred outflows related to OPEB			103	
Deferred OPEB outflow-City			7,500	
Long-term lease liabilities			(2,990)	
Net OPEB Liability			(36,037)	
Net pension liability			(240,130)	
Deferred OPEB inflow-RHIA			(1,445)	
Deferred inflows related to OPEB			(11,127)	
Deferred inflows related to pensions			(88,788)	
Net position at end of year (accrual)			\$ 8,355,692	

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, 2023

	<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	\$ -	\$ -	\$ 5,804	\$ (5,804)
Intergovernmental	6,581,250	6,581,250	4,043,892	2,537,358
Interest on investments	147,640	147,640	139,413	8,227
Other	-	-	29,414	(29,414)
Total revenues	<u>6,728,890</u>	<u>6,728,890</u>	<u>4,218,523</u>	<u>2,510,367</u>
Expenditures				
Operations	<u>14,890,820</u>	<u>14,890,820</u>	<u>6,331,254</u>	<u>8,559,566</u>
Excess (deficiency) of revenues over expenditures	(8,161,930)	(8,161,930)	(2,112,731)	(6,049,199)
Fund balance - beginning of year	<u>8,161,930</u>	<u>8,161,930</u>	<u>7,198,509</u>	<u>963,421</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	5,085,778	<u>\$ (5,085,778)</u>
Reconciliation to generally accepted accounting principles:				
Net OPEB asset			12,506	
Deferred outflows related to pensions			166,059	
Deferred outflows related to OPEB			171	
Deferred OPEB outflow-City			12,500	
Claims and judgments			(6,638,000)	
Net OPEB liability			(72,569)	
Net pension liability			(411,602)	
Deferred OPEB inflow-RHIA			(2,408)	
Deferred inflows related to OPEB			(18,545)	
Deferred inflows related to pensions			(160,098)	
Net position at end of year			<u>\$ (2,026,208)</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, 2023

	<u>Issued/ Maturity Date</u>	<u>True Interest Cost</u>	<u>Original Amount</u>	<u>Principal Balance June 30, 2022</u>	<u>Additions</u>
<u>Governmental activity</u>					
General obligation bonds					
Police Facility, Series 2017	8/24/17-37	2.71	74,775,000	\$ 57,895,000	\$ -
Library, Series 2018	3/22/18-31	2.68	18,600,000	15,775,000	-
Refunding Streets-Bridges, Series 2021	4/14/21-26	2.89	24,735,000	18,000,000	-
Community Improvement, Series 2023A	2/23/23-26	4.35	12,000,000	-	12,000,000
Community Improvement, Series 2023B	2/23/23-48	3.76	88,000,000	-	88,000,000
Subtotal general obligation bonds				91,670,000	100,000,000
Premium				8,241,534	7,489,935
Total general obligation bonds				99,911,534	107,489,935
Limited tax pension obligation, Series 2005	9/23/05-28	5.04	61,685,000	30,465,000	-
Urban renewal bonds					
Riverfront/Downtown, Series 2009	9/17/09-24	4.35	3,660,000	625,000	-
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	1,394,000	-
Total urban renewal bonds				9,464,000	-
Total governmental bonds				139,840,534	107,489,935
Notes					
HUD Sec 108, Series 2015A	5/28/15-23	2.80	2,730,000	77,000	-
OECD L06001A, Mill Creek, Series 2007	6/23/11-35	4.41	3,999,999	3,077,743	-
OECD L06001C, Mill Creek, Series 2007	10/17/13-33	5.00	3,772,081	4,776,902	-
Total notes				7,931,645	-
Total governmental activity long-term debt				\$ 147,772,179	\$ 107,489,935
<u>Business-type activity</u>					
Revenue bonds - water and sewer					
Series 2012 A refunding	10/16/12-25	2.22	63,360,000	\$ 10,565,000	\$ -
Series 2017 refunding	7/8/17-27	1.74	55,990,000	32,325,000	-
Series 2020	4/2/20-40	3.58	56,925,000	53,630,000	-
Subtotal revenue bonds				96,520,000	-
Premium				7,928,677	-
Total revenue bonds				104,448,677	-
Notes					
OECD S21010, Sleepy Hollow Water	6/17/22-52	1.00	384,054	-	384,054
Total business-type activity long-term debt				\$ 104,448,677	\$ 384,054
Total long-term debt				\$ 252,220,856	\$ 107,873,989

Continued

Continued

City of Salem, Oregon
Schedule of Bond Principal and Bond Interest Transactions
For the fiscal year ended June 30, 2023

<u>Principal Paid</u>	<u>Principal Balance June 30, 2023</u>	<u>Interest Paid</u>	<u>Total Principal and Interest Paid</u>	<u>Current Portion</u>	
				<u>Principal</u>	<u>Interest</u>
\$ 4,820,000	\$ 53,075,000	\$ 2,116,550	\$ 6,936,550	\$ 190,000	\$ 2,065,550
960,000	14,815,000	711,050	1,671,050	-	663,050
7,295,000	10,705,000	900,000	8,195,000	8,000,000	535,250
-	12,000,000	-	-	1,105,000	708,707
-	88,000,000	-	-	-	5,007,276
<u>13,075,000</u>	<u>178,595,000</u>	<u>3,727,600</u>	<u>16,802,600</u>	<u>9,295,000</u>	<u>8,979,833</u>
1,405,065	14,326,404	-	1,405,065	-	-
<u>14,480,065</u>	<u>192,921,404</u>	<u>3,727,600</u>	<u>18,207,665</u>	<u>9,295,000</u>	<u>8,979,833</u>
4,425,000	26,040,000	1,524,469	5,949,469	4,885,000	1,303,042
305,000	320,000	27,188	332,188	320,000	13,920
-	7,445,000	123,587	123,587	458,000	123,587
918,000	476,000	24,395	942,395	476,000	8,330
<u>1,223,000</u>	<u>8,241,000</u>	<u>175,170</u>	<u>1,398,170</u>	<u>1,254,000</u>	<u>145,837</u>
<u>20,128,065</u>	<u>227,202,404</u>	<u>5,427,238</u>	<u>25,555,303</u>	<u>15,434,000</u>	<u>10,428,712</u>
76,000	1,000	959	76,959	1,000	14
250,749	2,826,994	135,728	386,477	261,807	135,728
319,395	4,457,507	187,255	506,650	331,916	174,734
<u>646,144</u>	<u>7,285,501</u>	<u>323,942</u>	<u>970,086</u>	<u>594,723</u>	<u>310,477</u>
<u>\$ 20,774,209</u>	<u>\$ 234,487,905</u>	<u>\$ 5,751,180</u>	<u>\$ 26,525,389</u>	<u>\$ 16,028,723</u>	<u>\$ 10,739,188</u>
\$ 5,543,000	\$ 5,022,000	\$ 234,543	\$ 5,777,543	\$ 3,927,000	\$ 111,488
7,470,000	24,855,000	1,526,000	8,996,000	7,845,000	1,152,500
1,975,000	51,655,000	2,306,200	4,281,200	2,075,000	2,207,450
<u>14,988,000</u>	<u>81,532,000</u>	<u>4,066,743</u>	<u>19,054,743</u>	<u>13,847,000</u>	<u>3,471,438</u>
1,121,244	6,807,433	-	1,121,244	-	-
<u>16,109,244</u>	<u>88,339,433</u>	<u>4,066,743</u>	<u>20,175,987</u>	<u>13,847,000</u>	<u>3,471,438</u>
-	384,054	-	-	13,452	1,430
<u>\$ 16,109,244</u>	<u>\$ 88,723,487</u>	<u>\$ 4,066,743</u>	<u>\$ 20,175,987</u>	<u>\$ 13,860,452</u>	<u>\$ 3,472,868</u>
<u>\$ 36,883,453</u>	<u>\$ 323,211,392</u>	<u>\$ 9,817,923</u>	<u>\$ 46,701,376</u>	<u>\$ 29,889,175</u>	<u>\$ 14,212,057</u>

Concluded

City of Salem, Oregon
Schedule of Future Long-term Debt Service Requirements
June 30, 2023

Governmental Activities						
General Obligation, Urban Renewal, & Limited Tax Pension Obligation Bonds						
Fiscal Year	Notes		Pension Obligation Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023-24	\$ 594,723	\$ 299,418	\$ 15,434,000	\$ 10,238,712	\$ 16,028,723	\$ 10,538,130
2024-25	618,280	274,848	18,540,000	8,278,250	19,158,280	8,553,098
2025-26	643,855	249,272	20,445,000	7,424,045	21,088,855	7,673,317
2026-27	670,493	222,634	16,271,000	6,433,790	16,941,493	6,656,424
2027-28	698,236	194,891	14,133,000	5,652,748	14,831,236	5,847,639
2028-29	727,132	165,996	11,619,000	5,043,394	12,346,132	5,209,390
2029-30	757,228	135,900	7,976,000	4,565,111	8,733,228	4,701,011
2030-31	788,572	104,555	8,623,000	4,262,347	9,411,572	4,366,902
2031-32	830,580	71,907	8,215,000	3,959,050	9,045,580	4,030,957
2032-33	469,159	37,491	8,950,000	3,591,250	9,419,159	3,628,741
2033-34	487,243	19,100	4,925,000	3,236,250	5,412,243	3,255,350
2034-35	-	-	5,245,000	3,088,500	5,245,000	3,088,500
2035-36	-	-	5,815,000	2,931,150	5,815,000	2,931,150
2036-37	-	-	6,285,000	2,751,800	6,285,000	2,751,800
2037-38	-	-	6,685,000	2,555,850	6,685,000	2,555,850
2038-39	-	-	7,300,000	2,221,600	7,300,000	2,221,600
2039-40	-	-	7,950,000	1,856,600	7,950,000	1,856,600
2040-41	-	-	8,560,000	1,538,600	8,560,000	1,538,600
2041-42	-	-	9,205,000	1,196,200	9,205,000	1,196,200
2042-43	-	-	9,885,000	828,000	9,885,000	828,000
2043-44	-	-	1,860,000	432,600	1,860,000	432,600
2044-45	-	-	2,005,000	358,200	2,005,000	358,200
2045-46	-	-	2,155,000	278,000	2,155,000	278,000
2046-47	-	-	2,315,000	191,800	2,315,000	191,800
2047-48	-	-	2,480,000	99,200	2,480,000	99,200
Totals	\$ 7,285,501	\$ 1,776,012	\$212,876,000	\$ 83,013,047	\$220,161,501	\$ 84,789,059

Business-type Activities						
Revenue Bonds						
Fiscal Year	Notes		Revenue Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023-24	\$ 13,452	\$ 1,430	\$ 13,847,000	\$ 3,471,438	\$ 13,860,452	\$ 3,472,868
2024-25	11,175	3,706	11,510,000	2,888,259	11,521,175	2,891,965
2025-26	11,287	3,594	10,940,000	2,343,200	10,951,287	2,346,794
2026-27	11,400	3,481	2,530,000	2,007,700	2,541,400	2,011,181
2027-28	11,514	3,367	2,525,000	1,759,950	2,536,514	1,763,317
2028-29	11,629	3,252	2,650,000	1,633,700	2,661,629	1,636,952
2029-30	11,745	3,136	2,785,000	1,501,200	2,796,745	1,504,336
2030-31	11,863	3,019	2,895,000	1,389,800	2,906,863	1,392,819
2031-32	11,981	2,900	3,010,000	1,274,000	3,021,981	1,276,900
2032-33	12,101	2,780	3,130,000	1,153,600	3,142,101	1,156,380
2033-34	12,222	2,659	3,255,000	1,028,400	3,267,222	1,031,059
2034-35	12,345	2,537	3,385,000	898,200	3,397,345	900,737
2035-36	12,468	2,413	3,520,000	762,800	3,532,468	765,213
2036-37	12,593	2,289	3,660,000	622,000	3,672,593	624,289
2037-38	12,719	2,163	3,810,000	475,600	3,822,719	477,763
2038-39	12,846	2,036	3,960,000	323,200	3,972,846	325,236
2039-40	12,974	1,907	4,120,000	164,800	4,132,974	166,707
2040-41	13,104	1,777	-	-	13,104	1,777
2041-42	13,235	1,646	-	-	13,235	1,646
2042-43	13,367	1,514	-	-	13,367	1,514
2043-44	13,501	1,380	-	-	13,501	1,380
2044-45	13,636	1,245	-	-	13,636	1,245
2045-46	13,772	1,109	-	-	13,772	1,109
2046-47	13,910	971	-	-	13,910	971
2047-48	14,049	832	-	-	14,049	832
2048-49	14,190	692	-	-	14,190	692
2049-50	14,332	550	-	-	14,332	550
2050-51	14,475	407	-	-	14,475	407
2051-52	14,620	262	-	-	14,620	262
2052-53	11,549	116	-	-	11,549	116
Totals	\$ 384,054	\$ 59,170	\$ 81,532,000	\$ 23,697,847	\$ 81,916,054	\$ 23,757,017



City of Salem, Oregon
Schedule of Internal Service Funds Adjustments
for Preparation of Government-wide
Statement of Net Position
June 30, 2023

Assets

Current assets	
Cash and investments	\$ 36,364,646
Accounts receivable, net	136,877
Leases receivable	62,360
Inventories and prepayments	1,886,632
Total current assets	38,450,515
Noncurrent assets	
Restricted cash	899,522
Leases receivable	169,005
OPEB asset	75,038
Capital assets:	
Land and construction in progress	542,492
Other capital assets, net	30,881,386
Total noncurrent assets	32,567,443
Total assets	71,017,958

Deferred outflows of resources:

Deferred outflows related to pensions	1,309,749
Deferred outflows related to OPEB	76,026
Total deferred outflows of resources	1,385,775

Liabilities

Current liabilities	
Accounts payable and accrued liabilities	940,020
SBITA payable	185,736
Leases payable	58,350
Interest payable	9,337
Claims and judgments due within one year	1,575,000
Compensated absences due within one year	31,524
Total current liabilities	2,799,967
Noncurrent liabilities	
SBITA payable	192,478
Leases payable	277,149
OPEB liability	435,411
Net pension liability	3,284,702
Claims and judgments payable	5,063,000
Compensated absences payable	284,776
Total noncurrent liabilities	9,537,516
Total liabilities	12,337,483
	Continued

City of Salem, Oregon
Schedule of Internal Service Funds Adjustments
for Preparation of Government-wide
Statement of Net Position
June 30, 2023

Deferred inflows of resources:

Deferred inflows related to leases	\$ 217,476
Deferred inflows related to pensions	778,751
Deferred inflows related to OPEB	125,716
Total deferred inflows of resources	1,121,943

Net position

Net investment in capital assets	30,710,165
Restricted for capital projects	899,522
Unrestricted	27,334,620
Total net position	\$ 58,944,307

Tie to Government-wide statement

Total net position	\$ 58,944,307
Back out:	
Amount reflected in capital assets	(31,423,878)
Deferred outflows	(1,385,775)
Add in:	
Amount due from (to) Business-type funds, from prior year	(3,089,984)
Amount due from (to) Business-type funds for current year	2,168,201
Interest payable	9,337
SBITA payable	378,214
Leases payable	335,499
Compensated absences	316,300
Net OPEB asset/liability	360,373
Net pension liability	3,284,702
Deferred inflows for pension and OPEB	904,467
Amount reflected from Internal Service funds	\$ 30,801,763

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, 2023

	Internal Service Funds	Governmental Funds	Business-type Funds
Operating revenues			
Sales, fees, licenses, and permits	\$ 138,374	\$ 91,516	\$ 35,074
Rents	2,097,266	1,387,064	531,606
Internal and intergovernmental	42,682,843	28,229,048	10,819,063
Other revenue	1,620,157	-	-
Total operating revenues	<u>46,538,640</u>	<u>29,707,628</u>	<u>11,385,743</u>
Operating expenses			
Personal services	4,355,998	2,880,916	1,104,140
Materials and services	44,648,779	29,529,255	11,317,380
Depreciation	4,467,586	2,954,717	1,132,424
Allocated to programs in governmental activities			
Business type	-	-	-
General governmental	-	-	-
Community development	-	-	-
Community services	-	-	-
Public safety	-	-	-
Transportation	-	-	-
Library	-	-	-
Total operating expenses	<u>53,472,363</u>	<u>35,364,888</u>	<u>13,553,944</u>
Operating income (loss)	<u>(6,933,723)</u>	<u>(5,657,260)</u>	<u>(2,168,201)</u>
Non-Operating revenues (expenses)			
Interest on investments	913,699	-	-
Other revenue (expenses)	129,380	-	-
Total non-operating revenues (expenses)	<u>1,043,079</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	(5,890,644)	-	-
Capital contributions	357,470	-	-
Transfers in	837,080	-	-
Transfers out	(9,748)	-	-
Change in net position	(4,705,842)	-	-
Total net position - beginning of year	<u>63,650,149</u>	<u>-</u>	<u>-</u>
Total net position - end of year	<u>\$ 58,944,307</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, 2023

Other Outside	Allocation Of Loss / Gain To Programs	Governmental Government- wide Statement	Business-type Government- wide Statement
\$ 11,784	\$ -	\$ 11,784	\$ -
178,596	-	178,596	-
3,634,732	-	3,634,732	-
1,620,157	-	1,620,157	-
<hr/>	<hr/>	<hr/>	<hr/>
5,445,269	-	5,445,269	-
<hr/>	<hr/>	<hr/>	<hr/>
370,942	-	370,942	-
3,802,144	-	3,802,144	-
380,445	-	380,445	-
-	-	-	2,168,201
-	1,086,194	1,086,194	-
-	428,255	428,255	-
-	464,461	464,461	-
-	2,873,888	2,873,888	-
-	677,740	677,740	-
-	126,723	126,723	-
<hr/>	<hr/>	<hr/>	<hr/>
4,553,531	5,657,261	10,210,792	2,168,201
<hr/>	<hr/>	<hr/>	<hr/>
891,738	(5,657,261)	(4,765,523)	(2,168,201)
<hr/>	<hr/>	<hr/>	<hr/>
-	-	913,699	-
-	-	129,380	-
<hr/>	<hr/>	<hr/>	<hr/>
-	-	1,043,079	-
<hr/>	<hr/>	<hr/>	<hr/>
-	-	(3,722,444)	(2,168,201)
-	-	357,470	-
-	-	837,080	-
-	-	(9,748)	-
<hr/>	<hr/>	<hr/>	<hr/>
-	-	(2,537,642)	(2,168,201)
<hr/>	<hr/>	<hr/>	<hr/>
-	-	63,650,149	-
<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ 61,112,507	\$ (2,168,201)

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	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	\$ 435,779,633	\$ 446,247,364	\$ 461,124,572	\$ 469,688,116	\$ 486,192,364
Restricted	79,809,835	87,107,980	88,589,657	90,895,275	101,208,199
Unrestricted ¹	46,783,853	(15,683,375)	(38,572,412)	(51,923,202)	(56,962,990)
Total governmental activities	562,373,321	517,671,969	511,141,817	508,660,189	530,437,573
Business-type activities					
Net investment in capital assets	487,328,016	502,345,165	515,232,134	541,522,659	559,922,636
Restricted	11,344,749	16,242,400	15,955,649	21,197,516	31,438,499
Unrestricted	51,883,370	46,486,440	40,847,394	47,348,468	45,605,799
Total business-type activities	550,556,135	565,074,005	572,035,177	610,068,643	636,966,934
Primary government					
Net investment in capital assets	923,107,649	948,592,529	976,356,706	1,011,210,775	1,046,115,000
Restricted	91,154,584	103,350,380	104,545,306	112,092,791	132,646,698
Unrestricted	98,667,223	30,803,065	2,274,982	(4,574,734)	(11,357,191)
Total primary government	\$ 1,112,929,456	\$ 1,082,745,974	\$ 1,083,176,994	\$ 1,118,728,832	\$ 1,167,404,507
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	2019	2020	2021	2022	2023
Governmental activities					
Net investment in capital assets	\$ 513,764,853	\$ 538,552,046	\$ 565,499,786	\$ 575,714,723	\$ 590,223,245
Restricted	109,621,306	106,802,948	109,477,858	141,667,383	173,644,605
Unrestricted ¹	(60,208,953)	(65,490,270)	(72,380,877)	(46,784,850)	(47,785,433)
Total governmental activities net position	563,177,206	579,864,724	602,596,767	670,597,256	716,082,417
Business-type activities					
Net investment in capital assets	583,866,415	618,782,483	641,118,546	674,603,073	730,798,589
Restricted	37,671,221	33,651,779	66,782,199	57,703,838	47,933,979
Unrestricted	40,439,162	36,592,904	12,838,970	26,665,937	31,262,797
Total business-type activities net position	661,976,798	689,027,166	720,739,715	758,972,848	809,995,365
Primary government					
Net investment in capital assets	1,097,631,268	1,157,334,529	1,206,618,332	1,250,317,796	1,321,021,834
Restricted	147,292,527	140,454,727	176,260,057	199,371,221	221,578,584
Unrestricted	(19,769,791)	(28,897,366)	(59,541,907)	(20,118,913)	(16,522,636)
Total primary government net position	\$ 1,225,154,004	\$ 1,268,891,890	\$ 1,323,336,482	\$ 1,429,570,104	\$ 1,526,077,782
					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)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fiscal year ended June 30,										
Expenses										
Governmental activities:										
General government	\$ 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	\$ 27,663,634
Public safety	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	101,714,590
Community development	22,641,646	25,640,012	25,365,523	28,815,600	25,993,824	28,676,371	42,204,461	31,725,690	29,707,264	35,178,144
Community services	8,315,343	7,413,884	10,845,896	10,130,820	11,484,088	10,749,116	13,343,669	14,901,391	19,541,160	24,966,224
Transportation	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	35,691,196
Library services	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	6,258,334
Interest on debt	8,005,607	7,063,013	6,267,919	5,494,769	7,560,950	7,890,417	7,268,602	6,875,063	6,632,618	7,417,300
Total governmental activities	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	238,889,422
Business-type activities:										
Water and sewer	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	106,754,023
Emergency services	1,093,116	860,417	928,245	765,666	675,440	681,058	806,352	847,535	2,000,870	4,128,625
WVPS communications center	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	12,455,171
Police regional records system	239,226	168,121	149,157	260,572	355,390	301,791	174,181	366,386	443,012	609,870
Salem Convention Center	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	4,941,397
Total business-type activities	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	128,889,086
Total expenses	\$ 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	\$ 367,778,508
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 12,955,700
Public safety	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	3,232,083
Community development	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	22,990,289
Community services	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	6,435,664
Transportation	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	5,226,833
Library services	839,415	826,307	857,018	869,078	909,075	744,945	744,945	683,863	612,609	490,993
Interest on debt	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	5,949,708
Operating grants and contributions	13,339,534	13,840,258	12,551,092	14,032,904	13,933,773	15,461,861	17,781,469	27,374,481	51,417,952	25,709,550
Capital grants and contributions	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	28,671,746
Total governmental activities	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	111,662,546
Business-type activities:										
Charges for services										
Water and sewer	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	118,682,562
Emergency services	858,984	862,363	726,734	775,125	909,589	893,713	824,961	836,550	3,053,554	4,900,717
WVPS communications center	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	13,868,315
Police regional records system	311,775	322,900	348,058	359,880	377,870	396,750	416,570	437,370	458,980	454,936
Salem Convention Center	3,476,830	3,739,372	3,729,105	4,631,840	4,652,705	5,212,461	3,848,954	320,405	5,314,561	5,314,561
Operating grants and contributions	62,804	-	-	-	-	-	159,720	49,370	2,614,888	105,803
Capital grants and contributions	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	34,208,657
Total business-type activities	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	177,535,551
Total program revenues	\$ 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	\$ 289,198,097
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (127,226,876)
Business-type activities	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	48,646,465
Total net expense	\$ (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)	\$ (78,580,411)

Continued

SCHEDULE 2

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

Fiscal year ended June 30,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues										
Governmental activities:										
Property tax	\$ 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	\$ 116,767,104
Transient occupancy tax	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	4,668,844
Other taxes	-	-	-	121,502	758,247	1,004,285	1,160,850	1,584,048	1,777,348	1,299,102
Shared state revenue	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	7,885,459
Franchise fees based on gross receipts	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	20,721,487
City operations fee	-	-	-	-	-	-	3,563,046	7,205,667	7,475,556	7,952,954
Payment in lieu of taxes	102,646	99,835	96,571	106,006	117,226	134,763	122,921	99,146	102,498	121,389
Investment earnings	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	6,388,615
Gain on sale of assets	13,160	48,197	166,457	239,594	23,640	639,153	336,350	159,308	2,206,527	1,993,631
Miscellaneous	217,028	593,905	869,803	1,478,317	1,851,020	1,749,388	1,386,609	1,329,778	761,816	4,042,447
Transfers in (out)	(427,343)	(585,500)	911,634	625,778	1,104,688	158,550	1,457,730	(1,050,003)	2,101,926	1,674,157
Total governmental activities	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	173,515,189
Business-type activities:										
Investment earnings	315,511	383,525	529,852	791,230	1,385,091	2,228,266	2,354,591	1,779,618	1,186,279	2,850,428
Gain or (loss) on sale of assets	8,150	13,049	-	16,217,200	872,567	-	255,623	5,000	-	-
Miscellaneous	314,474	795,832	295,891	308,438	3,899,140	1,282,898	1,013,206	1,135,268	1,163,590	1,199,781
Transfers in (out)	427,343	585,500	(911,634)	(625,778)	(1,104,688)	(158,550)	(1,457,730)	1,050,003	(2,101,926)	(1,674,157)
Total business-type activities	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	2,376,052
Total primary government	\$ 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	\$ 175,891,241
Change in Net Position										
Governmental activities	\$ 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	\$ 46,288,313
Business-type activities	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	51,022,517
Total	\$ 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	\$ 97,310,830

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	2014	2015	2016	2017	2018
General Operating fund					
Nonspendable:					
Prepaid items	\$ 452	\$ 484	\$ 517	\$ 9	\$ -
Committed for:					
Public art ¹	4	1	32	43	33
Assigned to:					
General government	-	-	-	299	242
Community development	-	-	-	302	816
Community services	-	-	-	35	-
Library services	-	-	-	-	-
Public safety	-	-	-	372	186
Unassigned	20,545	23,516	26,264	24,728	22,967
Total General Operating fund	<u>\$ 21,001</u>	<u>\$ 24,001</u>	<u>\$ 26,813</u>	<u>\$ 25,788</u>	<u>\$ 24,244</u>
All other governmental funds					
Nonspendable:					
Prepaid items	\$ 63	\$ 64	\$ 48	\$ -	\$ -
Permanent fund principal	11	11	11	11	11
Restricted for:					
Capital projects	69,176	65,503	58,916	48,447	142,135
Community renewal	25	47	15	284	2,180
Debt service	17,121	16,331	17,729	19,198	8,631
Permanent funds - spendable	240	245	248	201	216
General government	181	59	58	58	64
Community development-SCC Gain/Loss	4,065	4,217	4,305	4,397	4,872
Community development-Other	67	68	68	69	70
Community services	733	676	634	565	670
Library services	39	36	40	48	37
Public safety	405	544	528	706	1,022
Transportation services	1,549	1,448	1,648	1,627	4,237
Committed for:					
Transportation services	2,024	3,208	5,557	4,880	4,647
Airport	631	683	952	921	1,137
Downtown parking	376	622	935	669	308
Economic improvement	173	99	33	-	-
Cultural/Tourism	1,266	1,216	1,219	546	789
Parking leasehold	573	783	669	748	647
Building & safety	4,789	4,987	5,359	6,156	7,690
General government-replace phone system	1,704	1,683	1,502	1,545	-
Community services	45	25	30	42	24
Library services	881	924	970	937	939
Public safety	16	16	17	6	5
Total all other governmental funds	<u>\$ 106,153</u>	<u>\$ 103,495</u>	<u>\$ 101,491</u>	<u>\$ 92,061</u>	<u>\$ 180,331</u>

Continued

SCHEDULE 3

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

As of June 30	2019	2020	2021	2022	2023
General Operating fund					
Nonspendable:					
Prepaid items	\$ 132	\$ 252	\$ 135	\$ 90	\$ 45
Committed for:					
Public art ¹	39	49	40	26	51
Assigned to:					
General government	1,043	988	638	411	541
Community development	174	148	37	140	3
Community services	-	19	-	79	-
Library services	-	-	285		
Public safety	121	209	132	723	152
Unassigned	20,309	23,324	29,818	39,330	35,892
Total General Operating fund	\$ 21,818	\$ 24,989	\$ 31,085	\$ 40,799	\$ 36,684
All other governmental funds					
Nonspendable:					
Prepaid items	\$ -	\$ 7	\$ -	\$ -	\$ -
Permanent fund principal	11	11	11	11	11
Restricted for:					
Capital projects	138,699	112,243	88,134	100,041	200,466
Community renewal	1,704	1,299	867	424	150
Debt service	7,329	6,085	7,341	7,883	6,928
Permanent funds - spendable	269	282	253	32	33
General government	64	56	50	35	33
Community development-SCC Gain/Loss	6,220	5,443	4,213	3,804	3,323
Community development-Other	71	42	2	2	3
Community services	861	1,091	1,112	15,620	16,313
Library services	40	43	61	39	36
Public safety	1,410	1,084	681	838	452
Transportation services	4,428	4,747	5,384	6,489	7,966
Committed for:					
Transportation services	4,129	4,321	7,012	9,904	9,110
Airport	1,186	1,209	1,005	1,155	1,106
Downtown parking	186	74	174	174	185
Economic improvement	-	-	-	-	-
Cultural/Tourism	661	382	1,837	4,032	4,455
Parking leasehold	534	387	342	271	393
Building & safety	9,592	12,295	13,999	15,688	17,561
General government-replace phone system	-	-	-	-	-
Community services	39	47	42	52	49
Library services	958	954	992	957	945
Public safety	8	24	25	23	21
Total all other governmental funds	\$ 178,399	\$ 152,126	\$ 133,537	\$ 167,474	\$ 269,539
					Concluded

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

1. The Public Art fund was combined with the General fund to create the "General Operating fund" for GAAP reporting in FY2019.

SCHEDULE 4

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

Fiscal year ended June 30,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Property taxes	\$ 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	\$ 116,736,765
Other taxes	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	5,967,947
Sales, fees, licenses, and permits	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	53,961,048
Special assessments	767,990	476,972	514,942	487,167	3,899,954	469,202	759,550	1,100,485	1,417,740	1,395,100
Rents	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	3,530,050
Grants	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	23,753,287
Intergovernmental	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	42,328,161
Fines and penalties	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	3,394,557
Interest on investments	642,954	855,930	1,116,741	1,575,317	5,173,757	4,384,477	4,157,024	2,630,388	1,992,807	5,550,205
Loan payments received	1,723,421	1,608,618	2,694,311	2,305,210	963,207	1,824,844	675,788	1,111,130	1,153,131	577,284
Other	1,026,446	946,805	1,297,748	1,164,904	1,753,005	1,131,585	1,727,362	1,279,517	818,463	3,938,696
Total revenues	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	261,133,100
Expenditures										
General government	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	25,401,445
Community development	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	25,362,083
Community service	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	18,745,672
Public safety	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	97,967,965
Transportation	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	19,335,646
Library	4,386,708	4,356,433	4,433,093	4,842,454	4,748,270	4,654,437	4,587,789	4,477,772	5,163,915	5,472,728
Capital outlay	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	55,571,843
Debt service										
Principal retirement	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	19,763,457
Interest and fiscal charges	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	5,801,612
Total expenditures	172,955,232	167,089,002	178,727,323	185,048,366	192,426,524	211,358,856	260,453,024	247,020,490	230,393,537	273,422,451
Excess (deficiency) of revenues over (under) expenditures	(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	(12,289,351)
Other financing sources (uses)										
Issuance of debt	49,461,855	-	6,130,000	-	93,375,000	905,808	15,673,031	9,668,000	-	100,000,000
Issuance of refunding bonds	-	-	-	-	-	-	-	24,735,000	-	-
Bond issuance premium	2,928,425	-	-	-	9,485,781	-	-	2,843,359	-	7,489,935
Payments to refunded bond escrow agents	-	-	-	-	(14,933,756)	-	-	(27,469,644)	-	-
Proceeds from SBITA's	-	-	-	-	-	-	-	-	-	841,704
Proceeds from leases	-	-	-	-	-	-	-	-	543,147	-
Sale of capital assets	17,329	6,247	166,347	210,397	18,623	559,722	207,500	84,416	2,087,304	1,864,251
Transfers in	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	26,540,889
Transfers out	(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)	(25,694,064)
Total other financing sources (uses)	51,879,700	(611,858)	6,528,572	(371,697)	87,871,997	2,609,500	16,595,138	7,919,650	3,603,552	111,042,715
Net change in fund balances	\$ 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	\$ 98,763,364
Debt service as a percentage of noncapital expenditures	16.05%	13.65%	18.25%	12.75%	11.61%	12.25%	17.75%	12.29%	11.92%	11.22%

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
							Value	Value				
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%	
2023	9,756,833	12,081	4,446,907	196,446	414,976	477,012	15,304,255	7.83	26,937,456	26,968,061	56.75%	

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							
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	
2023	5.47	1.16	1.20		7.83	6.97	2.83	2.02	19.65	

Source: Marion County Summary of Tax Roll

SCHEDULE 7

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

	2023			2014		
	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	\$ 149,491,000	1	0.98%	\$ 82,757,900	1	0.80%
Northwest Natural Gas Company	114,510,000	2	0.75%	67,881,000	2	0.65%
Lumen Technologies Inc	67,647,000	3	0.44%			
Comcast Corporation	68,628,000	4	0.45%	31,004,380	9	0.30%
State Accident Insurance Fund	59,027,730	5	0.39%			
Lancaster Development Company LLC	55,047,000	6	0.36%	29,534,890	10	0.28%
Snyders-Lance Inc	50,489,600	7	0.33%	63,861,330	3	0.61%
State Investments LLC	44,965,520	8	0.29%	34,217,843	6	0.33%
Newport Hill LLC	39,889,230	9	0.26%			
Wal-Mart Real Estate Business	36,854,760	10	0.24%	32,392,310	8	0.31%
Metropolitan Life Insurance Company				42,822,470	4	0.41%
CenturyLink				37,044,600	5	0.36%
HD Salem OR Landlord LLC				32,423,630	7	0.31%
All other taxpayers	14,617,705,060		95.51%	9,930,438,601		95.64%
Total	\$ 15,304,254,900		100.00%	10,384,378,954		100.00%

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

SCHEDULE 8

**City of Salem, Oregon
Property Tax Levies and Collections
Last Seven Fiscal Years¹
(Includes Urban Renewal Tax Increment)**

Fiscal Year of Levy	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments and Discounts	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections, Discounts, and Adjustments in Subsequent Years	Total Collections to Date		Outstanding Taxes Levied by Fiscal Year
				Amount Collected	Percent of Original Levy		Amount	Percent of Adjusted Levy	
2016-17	\$ 90,160,345	\$ 2,718,367	87,441,978	\$ 85,404,556	94.73%	\$ 2,006,728	\$ 87,411,284	99.96%	\$ 30,694
2017-18	95,271,746	2,665,202	92,606,544	90,442,603	94.93%	2,115,326	92,557,929	99.95%	48,615
2018-19	101,644,856	2,862,986	98,781,870	96,762,295	95.20%	1,943,889	98,706,184	99.92%	75,686
2019-20	104,952,393	2,923,310	102,029,083	99,954,690	95.24%	1,874,810	101,829,500	99.80%	199,583
2020-21	109,396,127	3,105,856	106,290,271	104,409,545	95.44%	1,447,497	105,857,042	99.59%	433,229
2021-22	114,695,165	3,304,445	111,390,720	109,388,269	95.37%	1,201,482	110,589,751	99.28%	800,969
2022-23	119,423,525	3,478,736	115,944,789	113,866,777	95.35%	-	113,866,777	98.21%	2,078,012

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	Governmental Activities					
	General Obligation Bonds ³	Limited Tax Pension Obligation Bonds	Urban Renewal Bonds	Notes	Leases Payable ⁴	SBITA's Payable ⁵
2014	\$ 96,754,845	\$ 52,750,000	\$ 15,956,000	\$ 12,330,992	\$ -	\$ -
2015	89,597,612	51,015,000	11,527,000	11,280,992	-	-
2016	82,108,916	49,020,000	5,975,000	8,305,501	-	-
2017	71,650,013	46,750,000	2,128,000	8,445,555	-	-
2018	149,857,523	44,180,000	1,730,000	9,578,919	-	-
2019	138,815,050	41,290,000	1,470,000	9,845,923	-	-
2020	127,044,888	38,055,000	1,200,000	9,568,735	-	-
2021	113,209,627	34,460,000	10,588,000	8,773,901	-	-
2022	99,911,534	30,465,000	9,464,000	7,931,645	875,388	-
2023	192,921,404	26,040,000	8,241,000	7,285,501	708,450	938,774

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.
4. Lease payable information not available prior to FY22 when GASB 87 was implemented
5. SBITA payable information not available prior to FY23 when GASB 96 was implemented

Continued

SCHEDULE 9

City of Salem, Oregon
Ratios of Outstanding Debt by Type¹
Last Ten Fiscal Years

		Business-type Activities						
Water/Sewer Revenue Bonds	Water/Sewer Revenue / Full Faith and Credit Bonds	Notes	Leases Payable⁴	SBITA's Payable⁵	Total	Percent of Total		
						Income²	Per Capita²	
\$ 88,081,263	\$ 82,230,000	\$ 5,130,308	\$ -	\$ -	\$ 353,233,408	6.21%	\$ 2,239	
75,569,312	78,285,000	4,966,743	-	-	322,241,659	5.29%	2,023	
63,970,361	74,180,000	4,797,035	-	-	288,356,813	4.54%	1,794	
48,980,000	73,145,410	-	-	-	251,098,978	3.77%	1,549	
101,701,286	4,660,000	-	-	-	311,707,728	4.43%	1,907	
89,872,744	-	-	-	-	281,293,717	3.81%	1,702	
134,622,164	-	-	-	-	310,490,787	3.89%	1,855	
119,992,920	-	-	-	-	287,024,448	3.51%	1,699	
104,448,676	-	-	2,303,711	-	255,399,954	2.71%	1,437	
88,339,433	-	384,054	1,367,682	1,011,153	327,237,451	N/A	1,822	

Concluded

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
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
2023	179,605	15,304,254,900	192,921,404	-	2,646,401	190,275,003	1.24%	1,059

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, 2023
(dollars in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Chemeketa Community College	\$ 111,857	24.15%	\$ 27,014
Marion County	54,403	21.19%	11,529
Marion County School District 24J	859,047	64.94%	557,883
Marion County School District 5	13,657	0.04%	5
Polk County	12,808	32.85%	4,207
Willamette ESD	16,035	10.53%	1,689
Subtotal, overlapping debt			602,327
General obligation bonds ²			192,921
Limited tax pension obligation bonds ³			26,040
Urban renewal bonds ⁴			8,241
Notes ⁵			7,286
Leases payable			708
SBITA's payable			939
Subtotal, City direct debt ⁶			236,135
			\$ 838,462

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. Urban Renewal Agency notes (\$7,285,501) are not obligations of the City.

6. "City direct debt" on this schedule includes all governmental activities debt, including notes, leases payable, SBITA's payable, 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, leases, and SBITA's 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,	2014	2015	2016	2017	2018
Real market value (RMV)	\$ 12,243,883,002	\$ 12,917,229,291	\$ 13,697,349,090	\$ 14,782,421,957	\$ 16,198,654,069
Legal debt margin:					
Debt limit (3% of RMV) ¹	367,316,490	387,516,879	410,920,473	443,472,659	485,959,622
Debt applicable to limit:					
General Obligation Bonds	96,754,845	89,597,612	82,108,916	71,650,013	149,857,523
Less:					
Funds applicable to the payment of principal ²	(307,721)	(693,010)	(1,680,942)	(533,726)	(851,050)
Premium received on issuance for Streets-Bridges, Police Facility, and Library Facility, Community Improvement Series 2013, 2017, 2018 & 2023	(4,003,673)	(3,648,943)	(3,294,213)	(2,818,866)	(10,966,105)
Total net debt applicable to limit	<u>92,443,451</u>	<u>85,255,659</u>	<u>77,133,761</u>	<u>68,297,421</u>	<u>138,040,368</u>
Legal debt margin ³	<u>\$ 274,873,039</u>	<u>\$ 302,261,220</u>	<u>\$ 333,786,712</u>	<u>\$ 375,175,238</u>	<u>\$ 347,919,254</u>
Total net debt applicable to limit as a percentage of limit	<u>25.17%</u>	<u>22.00%</u>	<u>18.77%</u>	<u>15.40%</u>	<u>28.41%</u>

Continued

SCHEDULE 12

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

As of June 30,	2019	2020	2021	2022	2023
Real market value (RMV)	\$ 17,807,968,607	\$ 19,617,175,751	\$ 20,690,976,632	\$ 25,909,453,452	\$ 26,937,456,385
Legal debt margin:					
Debt limit (3% of RMV) ¹	534,239,058	588,515,273	620,729,299	777,283,604	808,123,692
Debt applicable to limit:					
General Obligation Bonds	138,815,050	127,044,888	113,209,627	99,911,534	192,921,404
Less:					
Funds applicable to the payment of principal ²	(1,732,365)	(1,206,431)	(1,011,103)	(1,916,920)	(2,646,401)
Premium received on issuance for Streets-Bridges, Police Facility, and Library Facility, Community Improvement Series 2013, 2017, 2018 & 2023	(9,880,842)	(8,904,888)	(9,539,627)	(8,241,534)	(14,326,405)
Total net debt applicable to limit	<u>127,201,843</u>	<u>116,933,569</u>	<u>102,658,897</u>	<u>89,753,080</u>	<u>175,948,598</u>
Legal debt margin ³	<u>\$ 407,037,215</u>	<u>\$ 471,581,704</u>	<u>\$ 518,070,402</u>	<u>\$ 687,530,524</u>	<u>\$ 632,175,094</u>
Total net debt applicable to limit as a percentage of limit	<u>23.81%</u>	<u>19.87%</u>	<u>16.54%</u>	<u>11.55%</u>	<u>21.77%</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	
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
2023	120,708	74,107	46,601	14,988	4,067	2.45

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
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	52,971	9,412,629	49	3,626	6.2%
2023	179,605	N/A	N/A	49	3,665	3.2%

- 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	2023			2014		
	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	22,400	1	26.27%	21,900	1	27.19%
Salem-Keizer School District ³	5,608	2	6.58%	4,074	2	5.06%
Salem Health/Salem Hospital ³	5,419	3	6.35%	3,900	3	4.84%
Marion County ³	1,742	4	2.04%	1,492	5	1.85%
Federal Government	1,500	5	1.76%	1,400	6	1.74%
Amazon Fulfillment Center	1,400	6	1.64%			
City of Salem ³	1,391	7	1.63%	1,312	7	1.63%
Chemeketa Community College ³	1,126	8	1.32%	1,662	4	2.06%
Wal-Mart	975	9	1.14%			
State Accident Insurance Fund (SAIF)	944	10	1.11%	854	10	1.06%
Kaiser Permanente				1,200	8	1.49%
Norpac Foods Incorporated ³				1,106	9	1.37%
Total	42,505		49.84%	38,900		48.30%

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 2022-23 was 85,975
2. U.S. Department of Labor, Bureau of Labor, Salem, OR (MSA) - The average labor force for fiscal year 2013-14 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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
General government										
City manager's office	9	10	9	12	7	8	7	7	9	10
Human resources ³	8	8	8	8	9	9	9	10	10	15
Legal	13	15	15	15	15	15	14	14	14	14
Facilities	27	27	27	27	27	27	27	32	32	33
Customer service center ²	0	0	0	0	0	0	0	0	0	8
Finance ^{2,3}	33	33	33	30	32	32	32	31	31	23
Municipal court	14	14	14	14	14	14	15	15	15	15
City services	29	29	29	29	29	26	26	26	26	26
Self insurance	7	7	7	7	8	9	9	10	10	12
Information technology	35	37	40	42	47	50	48	54	55	56
Public safety										
Police	228	228	228	230	233	234	233	241	247	254
Fire	154	152	152	164	165	177	177	177	177	180
Community development										
Administrative/planning ⁴	30	30	30	31	31	34	33	36	33	44
Airport	5	5	4	4	4	4	4	4	4	4
Building and safety	21	22	21	23	25	25	27	29	29	34
Urban development ⁴	30	29	33	33	33	32	31	31	31	20
Public works transportation ^{1,2}	77	73	48	53	53	56	57	60	60	64
Library services	45	45	45	45	44	43	41	45	45	44
Parks & recreation services ¹	10	10	42	49	50	50	50	51	51	56
Business-type activities										
Utility	296	294	300	304	310	317	323	332	333	334
Emergency services	6	2	2	2	2	2	2	2	2	2
WVPS center	70	70	73	73	73	73	73	76	76	76
Total	1,147	1,140	1,160	1,195	1,211	1,237	1,238	1,282	1,290	1,323

Source: City of Salem Budget

Notes:

1. 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, 2023**

Function / Program	2014	2015	2016	2017	2018
Public safety					
Police					
F.B.I. Index Crimes reported ¹	7,476	7,684	7,417	7,386	8,596
F.B.I. Index Crimes cleared by arrest	1,831	1,935	1,882	1,832	1,861
Citations and warnings issued	25,224	25,059	30,785	30,913	32,202
Fire					
Emergency & non-emergency responses	17,960	19,592	20,927	22,862	24,093
Fires extinguished	401	476	477	468	565
Inspections-buildings, hazardous use, etc	1,344	1,312	1,201	1,965	479
Community development					
Plan checks	3,858	3,807	4,262	4,791	5,161
Inspections completed	22,487	22,372	22,097	24,884	26,980
Building permits issued	1,892	1,814	1,979	2,135	2,294
Community services					
Recreation participant/registrations ^{2,5}	220,005	238,583	246,390	251,091	253,663
Special activities permits issued ^{3,5}	893	963	1,174	1,562	1,734
Senior Center average daily attendance	742	806	856	851	854
Ball fields and gymnasiums (hrs used) ⁵	55,148	55,719	59,324	65,351	58,281
Transportation					
Street cut permit inspections	533	406	477	523	519
Street resurfacing (miles)	3	4	3	3	4
Potholes repaired	1,638	1,388	1,764	2,868	1,531
Library services					
Volumes in collection	404,617	376,016	341,088	337,373	323,808
Items in circulation	1,226,379	1,235,209	1,203,686	1,226,790	1,334,705
Utility					
Citizens served-water	189,829	191,388	192,835	194,440	196,050
Water utility accounts	51,491	52,107	52,725	52,895	55,446
New water connections	327	278	308	420	407
Water lines repaired	235	223	267	154	83
Average daily consumption	26	26	26	26	29
Citizens served-sewer	229,666	231,152	232,855	234,820	237,040
Sewer utility accounts	61,988	62,649	63,320	63,547	65,229
New sewer connections	88	40	79	95	122
Sewer lines repaired	322	785	244	442	292
Average daily sewage treatment (ccf)	48,342	49,719	55,614	64,856	52,403
Citizens served-stormwater ⁸	-	-	-	-	-
Stormwater utility accounts	42,210	42,879	43,625	43,625	44,048
Emergency services					
Total medical aid responses	13,503	14,638	15,490	17,214	17,840
Billings ⁴	\$ 177,296	\$ 219,841	\$ 42,844	\$ 56,151	\$ 84,262
WVPS communications center ⁶					
Emergency calls taken	145,899	181,789	182,487	214,040	217,788
Dispatches issued	300,580	312,108	331,356	325,628	334,012

Continued

Source: Various City of Salem departments

Notes: Indicators are not available for the general government function.

1. F.B.I. Index Crimes include:
 - a. the violent crimes of murder, forcible rape, robbery and aggravated assault, and
 - b. the property crimes of burglary, larceny-theft, motor vehicle theft, and arson.
 - 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, 2023**

Function / Program	2019	2020	2021	2022	2023
Public safety					
Police					
F.B.I. Index Crimes reported ¹	8,081	8,058	7,906	18,214	1,951
F.B.I. Index Crimes cleared by arrest	1,773	N/A ⁷	7,119	6,492	6,824
Citations and warnings issued	28,205	24,250	22,226	32,054	24,283
Fire					
Emergency & non-emergency responses	26,311	25,039	27,788	30,441	32,077
Fires extinguished	564	482	791	747	781
Inspections-buildings, hazardous use, etc	907	591	537	531	1,169
Community development					
Plan checks	5,310	5,605	4,716	3,792	5,050
Inspections completed	28,791	25,611	30,934	28,304	27,770
Building permits issued	2,356	2,375	2,033	1,802	2,005
Community services					
Recreation participant/registrations ^{2,5}	269,972	269,972	176,533	172,915	250,000
Special activities permits issued ^{3,5}	1,056	1,356	93	538	586
Senior Center average daily attendance	904	800	800	287	287
Ball fields and gymnasiums (hrs used) ⁵	30,437	42,359	3,767	12,716	14,015
Transportation					
Street cut permit inspections	520	432	506	729	415
Street resurfacing (miles)	3	3	3	3	8
Potholes repaired	2,510	2,271	1,699	1,699	2,022
Library services					
Volumes in collection	314,724	301,170	312,863	403,488	205,238
Items in circulation	1,351,684	1,063,744	611,610	1,065,333	287,164
Utility					
Citizens served-water	197,500	199,820	202,770	212,643	215,084
Water utility accounts	55,931	54,641	55,407	55,666	55,886
New water connections	478	493	479	462	345
Water lines repaired	122	118	93	109	108
Average daily consumption	28	28	28	27	26
Citizens served-sewer	238,905	241,413	245,275	255,698	258,098
Sewer utility accounts	65,925	66,772	67,527	67,813	68,540
New sewer connections	131	145	115	132	267
Sewer lines repaired	245	267	490	846	1,110
Average daily sewage treatment (ccf)	47,797	47,594	50,382	57,282	52,097
Citizens served-stormwater ⁸	-	-	-	177,694	177,694
Stormwater utility accounts	44,508	44,918	45,644	45,816	46,027
Emergency services					
Total medical aid responses	19,588	18,613	19,636	30,441	23,174
Billings ⁴	\$ 94,089	\$ 73,085	\$ 148,515	\$ 2,186,097	\$ 3,894,479
WVPS communications center⁶					
Emergency calls taken	214,267	218,192	203,253	220,569	227,571
Dispatches issued	342,162	341,057	306,544	305,193	307,020
					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	2014	2015	2016	2017	2018
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	50	53	53	48	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	94
Parks and recreation acreage ²	1,903	2,238	2,265	2,265	2,310
Senior community centers	1	1	1	1	1
Transportation					
Streets (miles) ⁴	639	663	637	640	645
Bridges	57	57	57	57	57
Street lights	11,500	11,543	11,626	11,453	11,408
Traffic signals	266	266	259	261	266
Library services					
Buildings	2	2	2	2	2
Utility					
Water main (miles)	749	754	758	761	765
Fire hydrants	4,930	4,963	4,963	5,056	5,136
Water storage capacity (ccf)	181,818	181,818	181,818	181,818	181,818
Sanitary sewer lines (miles)	800	785	796	799	802
Storm sewer (miles) ⁵	620	611	633	662	651
Treatment capacity winter (ccf)	274,064	274,064	274,064	274,064	274,064
Emergency services					
Ambulances - reserve ³	3	2	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	2019	2020	2021	2022	2023
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	54	52	48	49	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	89	90	90	90
Parks and recreation acreage ²	2,310	2,326	2,338	2,338	2,338
Senior community centers	1	1	1	1	1
Transportation					
Streets (miles) ⁴	646	651	651	652	647
Bridges	57	57	58	58	58
Street lights	11,422	12,093	12,265	12,265	13,366
Traffic signals	266	265	269	269	268
Library services					
Buildings	2	2	2	2	2
Utility					
Water main (miles)	767	814	817	820	781
Fire hydrants	5,182	5,231	5,258	5,404	5,399
Water storage capacity (ccf)	181,818	181,818	181,818	181,818	181,818
Sanitary sewer lines (miles)	811	817	821	825	829
Storm sewer (miles) ⁵	651	493	501	503	508
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	12	10	10	25	25
Base stations	3	3	3	7	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 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 2022-23 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, 2023

Debt Summary

Outstanding debt

Long-term:

Gross bonded debt (certain debt with a general obligation excluding issuance premium)	\$ 178,595,000
Net direct debt (debt paid in whole or in part by taxes)	178,595,000
Net overlapping debt	602,326,819
Total net direct and overlapping debt	\$ 780,921,819

Debt Ratio

	<u>Values</u>	<u>Per Capita</u>	<u>Percent of RMV</u>
2022 estimated population	179,605		
2022-23 real market value	\$ 26,937,456,385	\$ 149,982	
Net direct debt (G.O. debt excluding issuance premium)	\$ 178,595,000	\$ 994	0.66%
Net overlapping debt	602,326,819	3,354	2.24%
Net direct debt (G.O.) and overlapping debt	\$ 780,921,819	\$ 4,348	2.90%

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>	
2022-23 RMV	\$ 26,937,456,385
Debt limitation (3.00 % of RMV)	\$ 808,123,692
Applicable bonded debt	175,948,599
Debt margin	\$ 632,175,093
Percent of limit issued	22%

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
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						
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%	N/A
2017	9,930,071,244	2,003,737,937	11,933,809,181	4.49%	77,766,683	6.52	94.73%	99.96%
2018	10,250,553,534	2,088,042,348	12,338,595,882	3.39%	82,193,282	6.66	94.93%	99.95%
2019	10,733,515,398	2,142,044,831	12,875,560,229	4.35%	86,852,570	6.75	95.20%	99.92%
2020	11,227,739,757	2,235,424,736	13,463,164,493	4.56%	88,828,322	6.60	95.24%	99.80%
2021	11,667,575,355	2,360,623,677	14,028,199,032	4.20%	93,026,123	6.63	95.44%	99.59%
2022	12,173,810,178	2,460,320,577	14,634,130,755	4.32%	97,415,806	6.66	95.37%	99.28%
2023	12,767,029,712	2,537,225,188	15,304,254,900	4.58%	101,164,855	6.61	95.35%	95.35%

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

*2022-23 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	\$ 5.1070	\$ 2.9873	\$ 8.0943
Local government	10.1672	1.1557	11.3229
Urban Renewal Special Levy	0.0000	0.2327	0.2327
Totals	<u>\$ 15.2742</u>	<u>\$ 4.3757</u>	<u>\$ 19.6499</u>

Source: Marion County Assessor's Office

*2022-23 REPRESENTATIVE CONSOLIDATED
TAX RATE FOR POLK COUNTY CODE AREA
3201*

Municipal Corporation	Tax Rate For Operations	Tax Rate For Bonds	Total
Schools	\$ 5.1070	\$ 2.9873	\$ 8.0943
Local government	9.3080	1.1557	10.4637
Urban Renewal Special Levy	0.0000	0.2327	0.2327
Totals	<u>\$ 14.4150</u>	<u>\$ 4.3757</u>	<u>\$ 18.7907</u>

Source: Polk County Assessor's Office

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

As of June 30,	2019	2020	2021	2022	2023
Assets					
Cash and investments	\$ 22,771,759	\$ 22,864,398	\$ 30,537,407	\$ 41,392,394	\$ 39,473,894
Receivables	7,239,377	9,743,694	8,618,326	9,736,756	10,244,398
Leases receivable	-	-	-	350,182	339,536
Due from other agencies	188,842	-	-	-	229,387
Prepaid items	132,242	252,355	135,214	90,144	45,073
Total assets	\$ 30,332,220	\$ 32,860,447	\$ 39,290,947	\$ 51,569,476	\$ 50,332,288
Liabilities					
Accounts payable	\$ 1,509,967	\$ 1,610,292	\$ 2,062,627	\$ 1,962,881	\$ 2,548,363
Accrued payroll liabilities	3,925,206	3,528,429	3,899,440	4,348,944	7,685,170
Due to other funds	551,817	279,670	-	-	-
Due to other agencies	4,553	6,090	21,599	62,986	91,880
Security deposit payable	8,988	3,392	1,734	11,054	9,971
Unearned revenue	-	-	-	1,415,892	-
Total liabilities	6,000,531	5,427,873	5,985,400	7,801,757	10,335,384
Deferred inflows of resources					
Related to leases	-	-	-	345,758	331,248
Unavailable revenue	2,552,928	2,492,730	2,260,826	2,649,361	3,032,719
Total deferred inflows of resources	2,552,928	2,492,730	2,260,826	2,995,119	3,363,967
Fund balance					
Nonspendable	132,242	252,355	135,214	90,144	45,073
Committed	-	-	-	-	-
Assigned	1,337,900	1,363,070	1,091,940	1,352,350	696,170
Unassigned	20,308,619	23,324,419	29,817,567	39,330,106	35,891,694
Total fund balance	21,778,761	24,939,844	31,044,721	40,772,600	36,632,937
Total liabilities, deferred inflows of resources, and fund balance	\$ 30,332,220	\$ 32,860,447	\$ 39,290,947	\$ 51,569,476	\$ 50,332,288

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

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,	2019	2020	2021	2022	2023
Revenues					
Property taxes	\$ 70,028,752	\$ 71,146,768	\$ 74,536,268	\$ 77,817,603	\$ 81,563,712
Other taxes	1,004,285	1,160,850	1,584,048	1,777,348	1,299,102
Franchise fees	18,003,359	18,091,467	18,818,078	19,958,970	20,894,297
Licenses and permits	1,522,440	1,406,990	1,588,726	2,068,881	1,976,964
Fees	1,186,425	840,037	664,479	1,081,363	1,137,053
Fines and penalties	2,977,913	2,039,690	1,631,719	2,137,929	3,295,369
Special assessments	1,409	10,405	1,232	-	7,127
Rents	2,161,366	1,582,858	538,882	760,236	1,115,420
Charges for services	2,746,109	6,280,103	10,460,517	12,066,088	11,560,163
Other revenues	171,856	339,432	200,570	243,396	266,407
Intergovernmental	8,476,183	9,065,844	9,619,997	8,956,154	10,586,681
Federal grants	458,039	3,849,001	10,634,332	13,567,476	1,260,631
State grants	21,504	-	10,230	819,000	45,878
Intrafund reimbursements	6,797,043	6,795,935	7,087,614	7,149,740	7,944,102
Loan payments received	(126)	302	-	-	-
Interest on investments	767,042	699,802	503,134	385,785	1,024,803
Total revenues	116,323,599	123,309,484	137,879,826	148,789,969	143,977,709
Expenditures					
Personal services	98,596,858	103,118,277	108,298,680	114,491,153	124,025,986
Materials and services	19,147,985	17,620,842	23,219,611	26,352,763	24,075,992
Capital outlay	579,588	189,928	764,835	859,065	1,198,765
Debt service	20,829	13,295	47,494	143,876	310,155
Total expenditures	118,345,260	120,942,342	132,330,620	141,846,857	149,610,898
Excess (deficiency) of revenues over expenditures	(2,021,661)	2,367,142	5,549,206	6,943,112	(5,633,189)
Other financing sources (uses)					
Proceeds from leases	-	-	-	543,147	-
Sale of capital assets	-	-	-	497,111	-
Proceeds from SBITA's	-	-	-	-	587,062
Transfers in	1,320,470	1,625,201	1,894,460	3,102,256	3,866,255
Transfers out	(1,730,950)	(831,260)	(1,338,789)	(1,357,747)	(2,959,791)
Total other financing sources (uses)	(410,480)	793,941	555,671	2,784,767	1,493,526
Excess (deficiency) of revenues over expenditures and other sources (uses)	(2,432,141)	3,161,083	6,104,877	9,727,879	(4,139,663)
Fund balance - beginning of year	24,210,902	21,778,761	24,939,844	31,084,878	43,772,600
Fund balance - end of year	\$ 21,778,761	\$ 24,939,844	\$ 31,084,878	\$ 43,772,600	\$ 39,632,937

*Note this information is for the General fund only, not the General Operating fund that appears in the basic financial statements combined with the Public Art fund.

Source: Derived from audited annual financial statements.

SCHEDULE F

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

As of June 30,	2019	2020	2021	2022	2023
Assets					
Cash and investments	\$ 1,691,060	\$ 1,209,753	\$ 1,025,312	\$ 1,981,631	\$ 2,735,812
Receivables	568,711	573,209	418,687	555,832	572,521
Total assets	\$ 2,259,771	\$ 1,782,962	\$ 1,443,999	\$ 2,537,463	\$ 3,308,333
Liabilities					
Payables	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred inflows of resources					
Unavailable revenue	415,986	426,863	256,122	425,314	421,353
Fund balance					
Restricted for debt service	1,843,785	1,356,099	1,187,877	2,112,149	2,886,980
Total liabilities, deferred inflows of resources, and fund balance	\$ 2,259,771	\$ 1,782,962	\$ 1,443,999	\$ 2,537,463	\$ 3,308,333

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,	2019	2020	2021	2022	2023
Revenues					
Property taxes	\$ 16,175,501	\$ 15,083,157	\$ 16,020,690	\$ 17,156,291	\$ 17,329,771
Interest on investments	193,258	195,111	140,840	95,139	247,421
Intergovernmental	5,091,950	5,296,110	5,499,520	5,719,820	5,949,708
Total revenues	<u>21,460,709</u>	<u>20,574,378</u>	<u>21,661,050</u>	<u>22,971,250</u>	<u>23,526,900</u>
Expenditures					
Debt service	<u>20,540,610</u>	<u>21,062,064</u>	<u>21,829,272</u>	<u>22,046,978</u>	<u>22,752,069</u>
Excess (deficiency) of revenues over expenditures	<u>920,099</u>	<u>(487,686)</u>	<u>(168,222)</u>	<u>924,272</u>	<u>774,831</u>
Other financing sources (uses)					
Issuance of debt			24,626,285		
Premium on issuance of debt			2,843,359		
Payment to refunded bond escrow agent	-	-	(27,469,644)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	920,099	(487,686)	(168,222)	924,272	774,831
Fund balance - beginning 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>
Fund balance - end of year	<u>\$ 1,843,785</u>	<u>\$ 1,356,099</u>	<u>\$ 1,187,877</u>	<u>\$ 2,112,149</u>	<u>\$ 2,886,980</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, 2023

	<u>Book Value</u>
Corporate Bonds	\$ 37,793,473
Local Government Investment Pool	112,757,834
U.S. Agencies	32,300,965
U.S. Treasury	<u>174,279,483</u>
Total	<u><u>\$ 357,131,755</u></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 2022-23 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, 2023, 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
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 215,643. The total number of accounts was 55,886 at the end of the fiscal year 2022-23, 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, 2023. 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	2018-19	2019-20	2020-21	2021-22	2022-23
1. Residential	439,616,600	415,173,400	458,382,200	433,552,800	453,042,000
2. Multiple dwellings	196,655,900	192,958,000	206,393,700	211,557,700	208,167,600
3. Commercial	146,079,300	139,734,700	140,022,500	148,059,300	159,885,500
4. Industrial	43,458,000	38,857,700	37,454,200	33,489,300	38,323,100
5. Institutional	41,953,900	45,934,100	38,699,800	35,332,200	34,201,400
6. Wholesale ^A	78,504,300	79,829,500	90,321,570	83,143,800	91,564,500
7. Irrigation	51,819,700	39,932,500	47,458,000	43,218,400	53,849,500
8. Public building	18,011,300	15,633,600	12,415,300	13,279,800	15,946,000
Total	<u>1,016,099,000</u>	<u>968,053,500</u>	<u>1,031,147,270</u>	<u>1,001,633,300</u>	<u>1,054,979,600</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
	2018-19	2019-20	2020-21	2021-22	2022-23	Adopted
Rates Implemented on:	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	2023-24
						1/1/2024
Customer Class:						
Residential, Single Family						
Base Rate - 5/8 - 3/4" Meter	\$ 10.15	\$ 11.38	\$ 11.72	\$ 12.07	\$ 12.44	\$ 12.90
Volume rate - per ccf ¹	2.56	2.54	2.62	2.70	2.87	3.02
Monthly Bill @ 11 ccf	38.31	39.32	40.54	41.77	44.01	46.12
Multiple Dwellings						
Base Rate - 1" Meter	12.83	15.41	15.87	16.35	17.94	18.65
Volume rate - per ccf	2.16	2.14	2.20	2.27	2.37	2.49
Complex @ 82 ccf	189.95	190.89	196.27	202.49	212.28	222.83
Cost Per Unit	19.00	19.09	19.63	20.25	21.23	22.28
Commercial						
Base Rate - 2" Meter	32.24	40.23	41.44	42.68	45.90	47.85
Volume rate - per ccf	2.26	2.24	2.31	2.38	2.49	2.62
Monthly Bill @ 65 ccf	179.14	185.83	191.59	197.38	207.75	218.15
Number of Customers	55,446	55,931	54,641	55,407	55,666	55,886

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	2022-23 Annual Revenue	Percent of Total Gross Water System Revenue*
Suburban East Salem Water	\$ 955,654	2.7%
State of Oregon Corrections	666,066	1.9%
Salem-Keizer School District	534,130	1.5%
Salem Hospital	228,033	0.6%
City of Turner	212,742	0.6%
Creekside Golf Course LLC	205,382	0.6%
Baxters North America Inc	189,411	0.5%
Pacific Coast Producers	136,863	0.4%
Capital Manor	131,350	0.4%
Northwest Natual	117,051	0.3%
	<u>\$ 3,376,681</u>	<u>9.6%</u>
*Total gross water system revenue	<u>\$ 35,300,908</u>	

Concluded

SCHEDULE K

WASTEWATER SYSTEM

Service Area and Customers

The system provides wastewater service to a population of approximately 258,098, 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 2022-23 was 68,540, which includes the City of Keizer, which billed 12,177, and the City of Turner, which billed 1,053.

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, 2023. 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
	2018-19	2019-20	2020-21	2021-22	2022-23	Adopted
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024
Rates implemented on:						
<u>Customer Class:</u>						
Residential, Single Family						
Base Rate - per account	\$ 14.88	\$ 15.01	\$ 15.46	\$ 15.92	\$ 17.21	\$ 18.38
Volume Rate - per ccf ¹	3.49	3.60	3.71	3.82	3.93	4.09
Monthly Bill @ 6.5 ccf ¹	37.57	38.41	39.58	40.75	42.76	44.97
Multiple Dwellings						
Base Rate - per account	19.97	20.12	20.72	21.34	23.16	24.75
Additional Base Rate - per unit over five	1.27	1.28	1.32	1.36	1.49	1.59
Volume Rate - per ccf ¹	3.49	3.60	3.71	3.82	3.93	4.09
Monthly Billing for 10 unit @ 82 ccf ¹	312.50	321.72	331.54	341.38	352.87	368.08
Cost Per Unit	31.25	32.17	33.15	34.14	35.29	36.81
Commercial						
Base Rate - per account	21.91	22.45	23.12	23.81	25.75	27.57
Volume Rate - per ccf ¹	4.80	4.95	5.09	5.24	5.54	5.78
Monthly Bill @ 65 ccf ¹	333.91	344.20	353.97	364.41	385.85	403.27
Number of Customers	65,229	65,925	66,772	67,527	67,813	68,540

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	2022-23 Annual Revenue	Percent of Total Gross Wastewater Revenue ¹
City of Keizer	\$ 6,505,618	12.7%
State of Oregon Corrections	1,388,412	2.7%
Pacific Coast Producers	988,235	1.9%
Salem Hospital	353,274	0.7%
Kerr Concentrates	347,311	0.7%
City of Turner	346,815	0.7%
Salem-Keizer School District	324,823	0.6%
Yamasa	320,633	0.6%
Snyders-Lance Inc	298,748	0.6%
Baxters North America	184,609	0.4%
Totals	\$ 11,058,478	21.6%
¹ Total gross wastewater revenue	\$ 51,263,875	

Concluded

Source: City of Salem

SCHEDULE L

STORMWATER SYSTEM

Service Area and Customers

The system provides stormwater services to 45,881 stormwater accounts inside the Salem City limits. Of these, 41,405 are single family residential accounts and 4,476 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, 2023. 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
	2018-19	2019-20	2020-21	2021-22	2022-23	Adopted
Rates implemented on:	1/1/2019	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024
<u>Customer Class:</u>						
Residential, Single Family						
Base Rate - per account	\$ 10.63	\$ 11.09	\$ 11.64	\$ 12.22	\$ 12.66	\$ 13.22
Volume Rate - per EDU	5.76	6.08	6.38	6.70	7.10	7.49
Monthly Bill @ 1 EDU	16.39	17.17	18.02	18.92	19.76	20.71
All Other Classes (Commercial, Multifamily, Industrial, Institutional)						
Base Rate - per account	10.63	11.09	11.64	12.22	12.66	13.22
Volume Rate - per EDU	5.76	6.08	6.38	6.70	7.10	7.49
Monthly Bill @ 20 EDU	125.83	132.69	139.24	146.22	154.66	163.02
Number of Customers	43,627	44,048	44,508	44,918	45,816	45,881

Ten Largest Stormwater System Customers

Customer	2022-23 Annual Revenue	Percent of Total Gross Stormwater Revenue
Salem-Keizer School District	\$ 346,788	2.2%
State of Oregon, Department of Corrections	126,829	0.8%
Oregon State Fair	99,748	0.6%
Lancaster Development Co.	67,702	0.4%
State of Oregon, Military Department	65,644	0.4%
Amazon.com Services Inc	59,370	0.4%
State of Oregon, Department of Administrative Ser	57,863	0.4%
River Bend Sand and Gravel	54,895	0.3%
Oregon State Hospital	52,686	0.3%
Home Depot #5639	41,861	0.3%
Totals	<u>\$ 973,386</u>	<u>6.0%</u>
Total gross stormwater revenue	<u>\$ 16,092,955</u>	

Source: City of Salem

SCHEDULE M

FIVE-YEAR UTILITY FUND CONSECUTIVE NET POSITION

As of June 30,	2019	2020	2021	2022	2023
Assets					
Current assets					
Cash and investments	\$ 39,910,576	\$ 46,917,522	\$ 50,808,982	\$ 59,158,940	\$ 53,696,656
Accounts receivable, net	13,970,863	13,805,787	14,969,775	9,579,016	17,068,769
Leases receivable	-	-	-	10,157	10,522
Due from other agencies	34,344	22,898	11,452	-	-
Inventories and prepayments	1,106,734	1,080,687	1,232,787	1,220,350	1,277,868
Advances to other funds	2,171,299	1,701,872	4,318,267	3,803,257	3,263,426
Total current assets	<u>57,193,816</u>	<u>63,528,766</u>	<u>71,341,263</u>	<u>73,771,720</u>	<u>75,317,241</u>
Noncurrent assets					
Restricted cash and investments ¹	42,358,151	94,730,288	73,426,304	60,548,564	54,863,331
Leases receivable	-	-	-	107,338	96,816
Notes receivable	6,308,673	3,530,903	804,684	707,488	650,907
Deferred assessments	3,397,056	3,558,608	3,373,298	3,282,203	3,182,711
OPEB asset	235,379	412,038	283,814	703,439	757,880
Capital assets:					
Land and construction in progress	54,627,212	84,558,279	119,754,106	131,752,451	158,392,094
Other capital assets, net	590,649,510	583,737,458	589,781,623	609,879,415	627,727,703
Total noncurrent assets	<u>697,575,981</u>	<u>770,527,574</u>	<u>787,423,829</u>	<u>806,980,898</u>	<u>845,671,442</u>
Total assets	<u>754,769,797</u>	<u>834,056,340</u>	<u>858,765,092</u>	<u>880,752,618</u>	<u>920,988,683</u>
Deferred outflows of resources					
Deferred outflows related to OPEB	479,957	530,687	1,040,827	2,613,475	2,090,780
Deferred OPEB outflow-City	-	10,645	111,519	13,788,461	13,873,204
Deferred outflows related to pensions	11,445,747	11,287,089	14,553,639	52,892	10,360
Deferred charge on refunding	4,181,560	3,658,865	3,136,170	836,160	757,506
Total deferred outflows of resources	<u>16,107,264</u>	<u>15,487,286</u>	<u>18,842,155</u>	<u>17,290,988</u>	<u>16,731,850</u>
Total assets and deferred outflows of resources	<u>\$ 770,877,061</u>	<u>\$ 849,543,626</u>	<u>\$ 877,607,247</u>	<u>\$ 898,043,606</u>	<u>\$ 937,220,533</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	\$ 7,137,942	\$ 7,020,160	\$ 9,249,101	\$ 8,272,987	\$ 12,335,673
SBITA payable	-	-	-	-	163,021
Leases payable	-	-	-	276,872	-
Interest payable	271,149	1,016,792	369,442	323,999	276,571
Long-term debt-due within one year	14,806,000	13,508,000	14,423,000	14,988,000	13,860,452
Compensated absences-due within one year	562,069	604,861	640,235	873,966	831,511
Total current liabilities	<u>22,777,160</u>	<u>22,149,813</u>	<u>24,681,778</u>	<u>24,735,824</u>	<u>27,467,228</u>
Noncurrent liabilities					
Security deposit payable	36,547	36,547	36,547	36,548	36,547
Unearned revenue	1,109,281	1,043,721	1,555,882	1,455,236	1,357,656
SBITA payable	-	-	-	-	140,176
Leases payable	-	-	-	506,349	-
Developer reimbursement payable ²	2,157,377	2,512,254	1,692,636	1,692,636	1,692,636
Long-term debt	75,066,744	121,114,164	105,569,921	89,460,677	74,863,035
OPEB liability	3,742,858	3,936,104	4,937,505	4,220,096	4,397,652
Net pension liability	29,705,049	34,296,954	43,633,714	24,774,651	33,185,101
Compensated absences payable	1,748,689	1,885,655	2,281,665	2,201,376	2,182,565
Total noncurrent liabilities	<u>113,566,545</u>	<u>164,825,399</u>	<u>159,707,870</u>	<u>124,347,569</u>	<u>117,855,368</u>
Total liabilities	<u>136,343,705</u>	<u>186,975,212</u>	<u>184,389,648</u>	<u>149,083,393</u>	<u>145,322,596</u>
Deferred inflows of resources					
Deferred inflows related to leases	-	-	-	112,873	105,717
Deferred inflows related to pensions	367,040	410,056	342,387	18,198,420	9,729,623
Deferred inflows related to OPEB	-	80,138	44,232	1,031,469	1,123,815
Deferred inflows related to pensions	2,352,357	1,879,567	1,196,499	283,301	145,913
Total deferred inflows of resources	<u>2,719,397</u>	<u>2,369,761</u>	<u>1,583,118</u>	<u>19,626,063</u>	<u>11,105,068</u>
Net position					
Net investment in capital assets	559,585,538	594,257,438	614,869,075	647,424,414	703,150,964
Restricted for:					
Capital projects	37,671,221	33,651,779	43,096,471	57,703,838	47,933,979
Unrestricted					
Water and sewer rate stabilization	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000
Other unrestricted	27,657,200	25,389,436	26,768,935	17,300,898	23,307,926
Total net position	<u>631,813,959</u>	<u>660,198,653</u>	<u>691,634,481</u>	<u>729,329,150</u>	<u>781,292,869</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 770,877,061</u>	<u>\$ 849,543,626</u>	<u>\$ 877,607,247</u>	<u>\$ 898,038,606</u>	<u>\$ 937,220,533</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,	2019	2020	2021	2022	2023
Gross Revenues	\$ 103,334,021	\$ 105,439,681	\$ 110,824,916	\$ 112,360,061	\$ 120,707,908
Operating Expenses	65,365,081	68,787,591	70,433,956	71,878,559	74,106,703
Net Revenues	37,968,940	36,652,090	40,390,960	40,481,502	46,601,205
Annual Debt Service					
<i>Parity Obligations</i>					
Series 2012 Bonds A & B (Refinance)	9,943,139	9,009,496	5,796,104	5,777,934	5,777,543
Series 2017 Bonds (Refinance 2009 Full Faith & Credit bond)	4,149,750	8,998,250	8,995,500	8,996,750	8,996,000
Series 2017 Bonds (Refinance 2009 Full Faith & Credit bond)	-	-	4,285,911	4,285,450	4,281,200
Total Parity Annual Debt Service	14,092,889	18,007,746	19,077,515	19,060,134	19,054,743
Parity Debt Service Coverage ¹	2.69	2.04	2.12	2.12	2.45
Net Revenues less Parity Debt Service	\$ 23,876,051	\$ 18,644,344	\$ 21,313,445	\$ 21,421,368	\$ 27,546,462
<i>Subordinate Obligations</i>					
Full Faith and Credit Bond	\$ 4,846,400	-	-	-	-
Debt Service Coverage (incl. RSA Transfer) ²	4.93	N/A	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.

Auditor's Comments and Disclosures



GROVE, MUELLER & SWANK

redw
Advisors & CPAs

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, 2023 and have issued our report thereon dated January 15, 2024.

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:

- Deficit fund balances as described in the Note IV-H 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.

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
CERTIFIED PUBLIC ACCOUNTANTS



By: _____

Ryan T. Pasquarella, Principal
January 15, 2024