

**CITY OF SALEM
FINANCE DEPARTMENT**

Si necesita ayuda para comprender esta información, por favor llame 503-588-6274

Disability-related modification or accommodation, including auxiliary aids or services, in order to participate in this meeting or event, are available upon request. Sign language and interpreters for languages other than English are also available on request. To request such an accommodation or interpretation, contact the Finance Department at 503-588-6040 at least **two business days** before meeting; or TTD/TTY telephone (503) 588-6439, is also available 24/7.

**CITY OF SALEM
FINANCE COMMITTEE**

Committee Members

Councilor Tom Andersen, Chair
Councilor Virginia Stapleton
Councilor Trevor Phillips
Councilor Jose Gonzalez
Alternate-Councilor Jackie Leung

City Staff

Steve Powers, City Manager
Dan Atchison, City Attorney
Robert Barron, Chief Financial Officer
Josh Eggleston, Budget Officer
Jeremy Morgan, Accounting Supervisor
Anja Hill, Treasury Supervisor
Kelli Blechschmidt, Management Analyst I
Shengnan Thomas, Administrative Analyst I

Next Scheduled Meeting: May 24th, 2021

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 97. The City also fully complies with Title VI of the Civil Rights Act of 1964, and related statutes and regulations, in all programs and activities.

**MEETING AGENDA
Meeting Virtually**

View Via YouTube:

https://www.youtube.com/channel/UCQLj9RKZNHu4wfYcs_TC0TA

To sign up to testify via Zoom or to submit public comment, contact the Finance Department via email at finance@cityofsalem.net or telephone at [503-588-6040](tel:503-588-6040) by 1PM on April 26th, 2021.

**April 26th, 2021
4:00PM-5:00PM**

1. Call to Order
2. Approval of Minutes
 - a. February 22, 2021 (pages 2-3)
3. Public Comment
(Appearance of persons wishing to address the Committee on any matter other than those which appear on this Agenda.)
4. Management Update/Information Items
 - a. Monthly Investment Report month ending March 31, 2021 (presentation 4-8, PFM 9-48)
 - b. 2012 and 2013 General Obligation Bonds Refinance (Press Release 49-53, Report 54-61, Summary 62)
 - c. Review of Auditor Request for Proposal response (Policy 63-65, RFP 66-109, Response 110-281)
5. Action Items
 - a. Recommendation to the City Council for a 5-year contract for auditing services with Grove, Mueller, Swank, P.C."
6. Continued Business
7. New Business Adjournment

**Finance Committee of the Salem City Council and the Urban Renewal
Agency of the City of Salem
Minutes**

DATE: February 22, 2021

CHAIRPERSON: Tom Andersen

PLACE: Zoom

STAFF LIAISON:

Robert Barron

503-588-6174

rbarron@cityofsalem.net

Members Present:

Chair Andersen
Councilor Stapleton
Councilor Phillips
Councilor Gonzalez
Alternate-Councilor Leung

Staff Present:

Dan Atchison, City Attorney
Robert Barron, Chief Financial Officer
Josh Eggleston, Budget Officer
Jeremy Morgan, Accounting Supervisor
Anja Hill, Treasury Supervisor
Kelli Blechschmidt, Management Analyst I
Shengnan Thomas, Administrative Analyst I

Members Absent:

Guests Present:

1. CALL TO ORDER: 4:02 PM / Quorum

2. APPROVAL OF COMMITTEE MINUTES

a. January 25, 2021

3. ITEMS REQUIRING ACTION

a. Auditor Request for Proposal

Questions were asked by Chair Andersen and Member Phillips with responses by Robert Barron, Chief Financial Officer. Staff requested Finance Committee approval of request for proposal template. Motion was moved by Member Phillips, seconded by Member Gonzalez and carried by the following vote:

Aye: Unanimous

Nay: None

Abstentions: None

b. Refunding/refinancing 2012 and 2013 general obligation bonds

Question was asked by Member Stapleton with response by Robert Barron, Chief Financial Officer. Staff requested Finance Committee forward the recommendation to the City Council for approval. Motion was moved by Member Stapleton, seconded by Member Phillips and carried by the following vote:

Aye: Unanimous

Nay: None

Abstentions: None

4. MANAGEMENT UPDATE / INFORMATION ITEMS

- a. Monthly investment report for month ending January 31, 2021 presented by Robert Barron.

5. NEW BUSINESS

- a. Chair Andersen asked about the City's investment policy and alerted staff he may ask for future analysis of the policy at a future meeting.

6. ADJOURNMENT: 4:52 PM

The next meeting is scheduled for Monday, March 22, 2021 at 4:00PM.



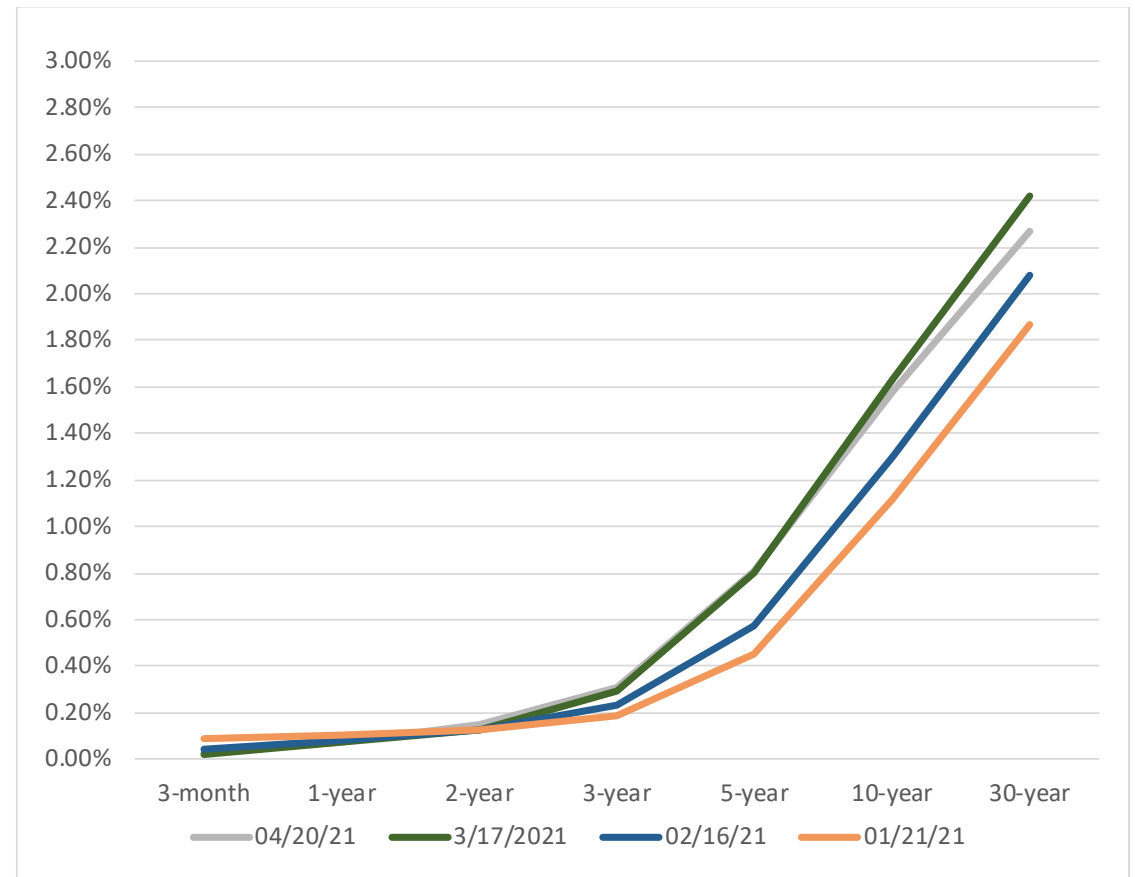
City of Salem, Oregon

April 26, 2021 - Finance Committee Meeting
(Zoom)

U.S. Treasury Yield Curve - Normal Upward Sloping Curve (Small drop in long-term treasury yields, 10 and 30-year)

The higher the yields on long-term U.S. Treasuries, the more confidence investors have in the economic outlook. But high long-term yields can also be a signal of rising inflation in the future.

	04/20/21	03/17/21	02/16/21	01/21/21
3-month	0.03%	0.02%	0.04%	0.09%
1-year	0.07%	0.07%	0.08%	0.10%
2-year	0.15%	0.13%	0.13%	0.13%
3-year	0.31%	0.29%	0.23%	0.19%
5-year	0.81%	0.80%	0.57%	0.45%
10-year	1.58%	1.63%	1.30%	1.12%
30-year	2.27%	2.42%	2.08%	1.87%



<https://emma.msrb.org/ToolsAndResources/TreasuryYieldCurve?daily=True>

03/31/21 PFM Account Statement

The City of Salem's Investment Program

Managed by City Staff		Managed by PFM		
U.S. Bank	LGIP	GO Bond Portfolios	Short-Term Portfolio	Long-Term Portfolio
* High degree of liquidity	* High degree of liquidity	* Bond Proceeds from: 2018 Library Project, 2017 Police Facility Salem Streets & Bridges, and 2020 Water-Sewer	* Complement to LGIP and U.S. Bank balances	* "Core" portfolio whose assets may be invested to take advantage of longer maturity securities at potentially higher yields
* Competitive yield	* Competitive yield	* Invested to meet draw scheduled needs of CIP	* Targets cash needs up to 12 months	
* Suitable for operational cash needs	* Suitable for operational cash needs	* Reasonable level of liquidity	* Capitalizes on yields in money market sector	
No Benchmark	No Benchmark	Matched to Project Needs	Benchmark: Oregon LGIP	Benchmark: Bank of America/Merrill Lynch 1- 5 Year US Treasury Index
Balances as of:	(excludes accrued interest) Total market value			
March 31, 2021	\$403,897,404			
\$86,034,959 21.3%	\$95,895,871 23.7%	\$16,897,111 4.2%	\$20,994,551 5.2%	\$184,074,913 45.6%
February 28, 2021	\$395,223,448			
\$77,355,146 19.6%	\$95,695,807 24.2%	\$16,285,615 4.1%	\$30,240,822 7.7%	\$175,646,058 44.4%
January 31, 2021	\$406,531,873			
\$84,279,220 20.7%	\$95,082,815 23.4%	\$16,942,208 4.2%	\$30,235,002 7.4%	\$179,992,628 44.3%
December 31, 2020	\$422,617,066			
\$104,000,318 24.6%	\$95,118,385 22.5%	\$17,264,993 4.1%	\$20,981,552 5.0%	\$185,251,818 43.8%

03/31/21 PFM Account Statement

Market Value Trend and Investment Sector Compliance

- Market Value increase of \$8.7 million. This is due to the addition of \$9.3M of deposits in transit not shown in the February balance.
- Weighted Average Maturity (WAM) growing over the past four months due to maturities in the LT portfolio being reinvested in 2-5 year securities.
- Sector Distribution Within Policy Limits.

MONTHLY SUMMARY				
	ME 02/28/21	ME 02/28/21	ME 01/31/21	ME 12/31/20
Market Value (MV)	\$ 403,897,404	\$ 395,223,448	\$ 406,531,873	\$ 422,617,066
Weighted Average Maturity (years)	1.02	0.99	0.95	0.93
Weighted Average Maturity (months)	12.27	11.86	11.37	11.18
Cash Basis Earnings for Period (PFM)	\$ 259,513	\$ 321,162	\$ 429,871	\$ 214,632

SECTOR DISTRIBUTION			
Sector	Market Value	% of Portfolio	Allowed by Policy
U.S. Treasuries	\$ 142,698,226	35.3%	100%
Federal Agencies	\$ 21,622,088	5.4%	100%
Municipal Obligations	\$ 1,480,000	0.4%	10%
Commercial Paper	\$ 27,099,547		
Corporate Notes	\$ 29,066,714		
	\$ 56,166,260	13.9%	35%
LGIP	\$ 95,895,871	23.7%	ORS Limit (\$51.2M each URA & City)
Collateralized Deposit Accounts	\$ 86,034,959	21.3%	100%
Total	\$ 403,897,404	100.0%	

03/31/21 PFM Account Statement

Market Value Trend by Investment Category

	03/31/21			02/28/21			01/31/21			12/31/20		
	Security MV	Accrued Int	Total MV	Security MV	Accrued Int	Total MV	Security MV	Accrued Int	Total MV	Security MV	Accrued Int	Total MV
Long-Term	\$ 184,074,913	\$ 812,539	\$ 184,887,452	\$ 175,646,058	\$ 793,878	\$ 176,439,935	\$ 179,992,628	\$ 822,449	\$ 180,815,077	\$ 185,251,818	\$ 829,174	\$ 186,080,992
Short-Term	\$ 20,994,551		\$ 20,994,551	\$ 30,240,822		\$ 30,240,822	\$ 30,235,002		\$ 30,235,002	\$ 20,981,552	\$ -	\$ 20,981,552
Streets & Bridges	\$ 1,614,956		\$ 1,614,956	\$ 1,614,856		\$ 1,614,856	\$ 1,614,661		\$ 1,614,661	\$ 1,614,451	\$ -	\$ 1,614,451
Police	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Library	\$ 749,997		\$ 749,997	\$ 749,912		\$ 749,912	\$ 749,816	\$ -	\$ 749,816	\$ 1,059,928	\$ 1,784	\$ 1,061,712
Water-Sewer	\$ 14,532,158	\$ 43,254	\$ 14,575,412	\$ 13,920,847	\$ 25,165	\$ 13,946,012	\$ 14,577,732	\$ 28,246	\$ 14,605,978	\$ 14,590,614	\$ 93,824	\$ 14,684,438
Bonds Total	\$ 16,897,111	\$ 43,254	\$ 16,940,365	\$ 16,285,615	\$ 25,165	\$ 16,310,780	\$ 16,942,208	\$ 28,246	\$ 16,970,454	\$ 17,264,993	\$ 95,608	\$ 17,360,601
PFM MANAGED	\$ 221,966,574	\$ 855,793	\$ 222,822,368	\$ 222,172,495	\$ 819,043	\$ 222,991,537	\$ 227,169,837	\$ 850,695	\$ 228,020,532	\$ 223,498,363	\$ 924,782	\$ 224,423,145
<i>LGIP-City</i>	\$ 51,867,255		\$ 51,867,255	\$ 51,812,830		\$ 51,812,830	\$ 51,066,487		\$ 51,066,487	\$ 51,260,278		\$ 51,260,278
<i>LGIP-URA</i>	\$ 44,028,616		\$ 44,028,616	\$ 43,882,977		\$ 43,882,977	\$ 44,016,328		\$ 44,016,328	\$ 43,858,107		\$ 43,858,107
Total LGIP	\$ 95,895,871	\$ -	\$ 95,895,871	\$ 95,695,807	\$ -	\$ 95,695,807	\$ 95,082,815	\$ -	\$ 95,082,815	\$ 95,118,385	\$ -	\$ 95,118,385
US Bank	\$ 86,034,959		\$ 86,034,959	\$ 77,355,146		\$ 77,355,146	\$ 84,279,220		\$ 84,279,220	\$ 104,000,318		\$ 104,000,318
CITY MANAGED	\$ 181,930,830	\$ -	\$ 181,930,830	\$ 173,050,953	\$ -	\$ 173,050,953	\$ 179,362,035	\$ -	\$ 179,362,035	\$ 199,118,703	\$ -	\$ 199,118,703
PORTFOLIO TOTAL	\$ 403,897,404	\$ 855,793	\$ 404,753,198	\$ 395,223,448	\$ 819,043	\$ 396,042,491	\$ 406,531,873	\$ 850,695	\$ 407,382,567	\$ 422,617,066	\$ 924,782	\$ 423,541,848



Customer Service
 PO Box 11813
 Harrisburg, PA 17108-1813

ACCOUNT STATEMENT

CITY OF SALEM, OR

For the Month Ending
March 31, 2021

Client Management Team

Lauren Brant

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 503-837-8445
 brantl@pfm.com

Allison Kaune

Senior Managing Consultant
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Robert Cheddar, CFA

Managing Director
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 717-232-2723
 cheddarr@pfm.com

Contents

- Cover/Disclosures
- Summary Statement
- Individual Accounts

Accounts included in Statement

76950000	CITY OF SALEM LONG-TERM PORTFOLIO
76950002	CITY OF SALEM STREETS & BRIDGES GO BONDS
76950003	CITY OF SALEM SHORT TERM PORTFOLIO
76950005	CITY OF SALEM LIBRARY PROJ GO BONDS 2018
76950006	CITY OF SALEM WATER-SEWER REV BOND 2020

CITY OF SALEM, OR
 ANJA HILL
 555 LIBERTY ST. SE- ROOM 230
 SALEM, OR 97301

Online Access www.pfm.com

Customer Service 1-717-232-2723



Important Disclosures

Important Disclosures

This statement is for general information purposes only and is not intended to provide specific advice or recommendations. PFM Asset Management LLC ("PFM") is an investment advisor registered with the Securities and Exchange Commission, and is required to maintain a written disclosure statement of our background and business experience. If you would like to receive a copy of our current disclosure statement, please contact Service Operations at the address below.

Proxy Voting PFM does not normally receive proxies to vote on behalf of its clients. However, it does on occasion receive consent requests. In the event a consent request is received the portfolio manager contacts the client and then proceeds according to their instructions. PFM's Proxy Voting Policy is available upon request by contacting Service Operations at the address below.

Questions About an Account PFM's monthly statement is intended to detail our investment advisory activity as well as the activity of any accounts held by clients in pools that are managed by PFM. The custodian bank maintains the control of assets and executes (i.e., settles) all investment transactions. The custodian statement is the official record of security and cash holdings and transactions. PFM recognizes that clients may use these reports to facilitate record keeping and that the custodian bank statement and the PFM statement should be reconciled and differences resolved. Many custodians use a settlement date basis which may result in the need to reconcile due to a timing difference.

Account Control PFM does not have the authority to withdraw funds from or deposit funds to the custodian. Our clients retain responsibility for their internal accounting policies; implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions.

Market Value Generally, PFM's market prices are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv or Bloomberg. Where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par. Although PFM believes the prices to be reliable, the values of the securities do not always represent the prices at which the securities could have been bought or sold. Explanation of the valuation methods for a registered investment company, local government investment program, or TERM funds is contained in the appropriate fund offering documentation or information statement.

Amortized Cost The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short term securities (those with less than one year to maturity at time of issuance) is amortized on a straightline basis. Such discount or premium with respect to longer term securities is amortized using the constant yield basis.

Tax Reporting Cost data and realized gains / losses are provided for informational purposes only. Please review for accuracy and consult your tax advisor to determine the tax consequences of your security transactions. PFM does not report such information to the IRS or other taxing authorities and is not responsible for the accuracy of such information that may be required to be reported to federal, state or other taxing authorities.

Financial Situation In order to better serve you, PFM should be promptly notified of any material change in your investment objective or financial situation.

Callable Securities Securities subject to redemption prior to maturity may be redeemed in whole or in part before maturity, which could affect the yield represented.

Portfolio The securities in this portfolio, including shares of mutual funds, are not guaranteed or otherwise protected by PFM, the FDIC (except for certain non-negotiable certificates of deposit) or any government agency. Investment in securities involves risks, including the possible loss of the amount invested. Actual settlement values, accrued interest, and amortized cost amounts may vary for securities subject to an adjustable interest rate or subject to principal paydowns. Any changes to the values shown may be reflected within the next monthly statement's beginning values.

Rating Information provided for ratings is based upon a good faith inquiry of selected sources, but its accuracy and completeness cannot be guaranteed.

Shares of some money market and TERM funds are marketed through representatives of PFM's wholly owned subsidiary, PFM Fund Distributors, Inc. PFM Fund Distributors, Inc. is registered with the SEC as a broker/dealer and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Municipal Securities Rulemaking Board ("MSRB"). You may reach the FINRA by calling the FINRA Regulator Public Disclosure Hotline at 1-888-289-9999 or at the FINRA Regulation Internet website address www.nasd.com. A brochure describing the FINRA Regulation Public Disclosure Program is also available from the FINRA upon request.

Key Terms and Definitions

Dividends on money market funds consist of interest earned, plus any discount ratably amortized to the date of maturity, plus all realized gains and losses on the sale of securities prior to maturity, less ratable amortization of any premium and all accrued expenses to the fund. Dividends are accrued daily and may be paid either monthly or quarterly. The monthly earnings on this statement represent the estimated dividend accrued for the month for any program that distributes earnings on a quarterly basis. There is no guarantee that the estimated amount will be paid on the actual distribution date.

Current Yield is the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical fund account with a balance of one share over the seven-day base period including the statement date, expressed as a percentage of the value of one share (normally \$1.00 per share) at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by

365 and dividing the result by 7. The yields quoted should not be considered a representation of the yield of the fund in the future, since the yield is not fixed. **Average maturity** represents the average maturity of all securities and investments of a portfolio, determined by multiplying the par or principal value of each security or investment by its maturity (days or years), summing the products, and dividing the sum by the total principal value of the portfolio. The stated maturity date of mortgage backed or callable securities are used in this statement. However the actual maturity of these securities could vary depending on the level or prepayments on the underlying mortgages or whether a callable security has or is still able to be called.

Monthly distribution yield represents the net change in the value of one share (normally \$1.00 per share) resulting from all dividends declared during the month by a fund expressed as a percentage of the value of one share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month. **YTM at Cost** The yield to maturity at cost is the expected rate of return, based on the original cost, the annual interest receipts, maturity value and the time period from purchase date to maturity, stated as a percentage, on an annualized basis.

YTM at Market The yield to maturity at market is the rate of return, based on the current market value, the annual interest receipts, maturity value and the time period remaining until maturity, stated as a percentage, on an annualized basis. **Managed Account** A portfolio of investments managed discretely by PFM according to the client's specific investment policy and requirements. The investments are directly owned by the client and held by the client's custodian. **Unsettled Trade** A trade which has been executed however the final consummation of the security transaction and payment has not yet taken place.

Please review the detail pages of this statement carefully. If you think your statement is wrong, missing account information, or if you need more information about a transaction, please contact PFM within 60 days of receipt. If you have other concerns or questions regarding your account you should contact a member of your client management team or PFM Service Operations at the address below.

PFM Asset Management LLC
Attn: Service Operations
213 Market Street
Harrisburg, PA 17101



Consolidated Summary Statement

CITY OF SALEM, OR

Portfolio Summary

Portfolio Holdings	Cash Dividends and Income	Closing Market Value
PFM Managed Account	259,512.89	221,966,574.23
LGIP- CITY	0.00	51,867,255.16
LGIP-URA	0.00	44,028,615.59
US Bank	0.00	86,034,959.36
Total	\$259,512.89	\$403,897,404.34

Investment Allocation

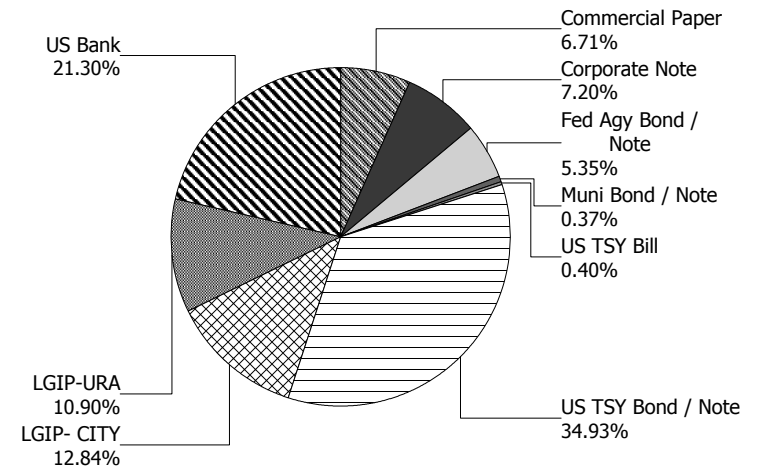
Investment Type	Closing Market Value	Percent
Commercial Paper	27,099,546.87	6.71
Corporate Note	29,066,713.58	7.20
Federal Agency Bond / Note	21,622,088.11	5.35
Municipal Bond / Note	1,480,000.00	0.37
U.S. Treasury Bill	1,614,956.07	0.40
U.S. Treasury Bond / Note	141,083,269.60	34.93
LGIP- CITY	51,867,255.16	12.84
LGIP-URA	44,028,615.59	10.90
US Bank	86,034,959.36	21.30
Total	\$403,897,404.34	100.00%

Maturity Distribution (Fixed Income Holdings)

Portfolio Holdings	Closing Market Value	Percent
Under 30 days	187,263,384.86	46.37
31 to 60 days	3,511,804.70	0.87
61 to 90 days	31,234,518.00	7.73
91 to 180 days	10,368,280.12	2.57
181 days to 1 year	40,833,868.11	10.11
1 to 2 years	38,053,113.51	9.42
2 to 3 years	30,250,312.00	7.49
3 to 4 years	40,036,287.28	9.91
4 to 5 years	22,345,835.76	5.53
Over 5 years	0.00	0.00
Total	\$403,897,404.34	100.00%

Weighted Average Days to Maturity 374

Sector Allocation





Account Statement

For the Month Ending **March 31, 2021**

Consolidated Summary Statement

CITY OF SALEM, OR

Account Number	Account Name	Opening Market Value	Purchases / Deposits	Redemptions / Sales / Maturities	Unsettled Trades	Change in Value	Closing Market Value	Cash Dividends and Income
76950000	CITY OF SALEM LONG-TERM PORTFOLIO	175,646,057.63	8,898,895.27	0.00	0.00	(470,040.09)	184,074,912.81	250,185.61
76950002	CITY OF SALEM STREETS & BRIDGES GO BONDS	1,614,856.43	0.00	0.00	0.00	99.64	1,614,956.07	0.00
76950003	CITY OF SALEM SHORT TERM PORTFOLIO	30,240,821.75	0.00	(9,250,000.00)	0.00	3,728.75	20,994,550.50	3,188.68
76950005	CITY OF SALEM LIBRARY PROJ GO BONDS 2018	749,911.75	0.00	0.00	0.00	85.50	749,997.25	0.00
76950006	CITY OF SALEM WATER-SEWER REV BOND 2020	13,920,847.00	5,355,469.31	(4,725,000.00)	0.00	(19,158.71)	14,532,157.60	6,138.60
Total		\$222,172,494.56	\$14,254,364.58	(\$13,975,000.00)	\$0.00	(\$485,284.91)	\$221,966,574.23	\$259,512.89



Managed Account Summary Statement

For the Month Ending **March 31, 2021**

CITY OF SALEM LONG-TERM PORTFOLIO - 76950000

Transaction Summary - Managed Account

Opening Market Value	\$175,646,057.63
Maturities/Calls	0.00
Principal Dispositions	0.00
Principal Acquisitions	8,898,895.27
Unsettled Trades	0.00
Change in Current Value	(470,040.09)
Closing Market Value	\$184,074,912.81

Cash Transactions Summary - Managed Account

Maturities/Calls	0.00
Sale Proceeds	0.00
Coupon/Interest/Dividend Income	295,771.88
Principal Payments	0.00
Security Purchases	(8,944,481.54)
Net Cash Contribution	8,648,709.66
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account

Interest/Dividends/Coupons Received	295,771.88
Less Purchased Interest Related to Interest/Coupons	(45,586.27)
Plus Net Realized Gains/Losses	0.00
Total Cash Basis Earnings	\$250,185.61

Cash Balance

Closing Cash Balance **\$0.00**

Earnings Reconciliation (Accrual Basis)

	Total
Ending Amortized Value of Securities	180,482,284.89
Ending Accrued Interest	812,539.35
Plus Proceeds from Sales	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	0.00
Plus Coupons/Dividends Received	295,771.88
Less Cost of New Purchases	(8,944,481.54)
Less Beginning Amortized Value of Securities	(171,567,466.10)
Less Beginning Accrued Interest	(793,877.86)
Total Accrual Basis Earnings	\$284,770.62



Managed Account Issuer Summary

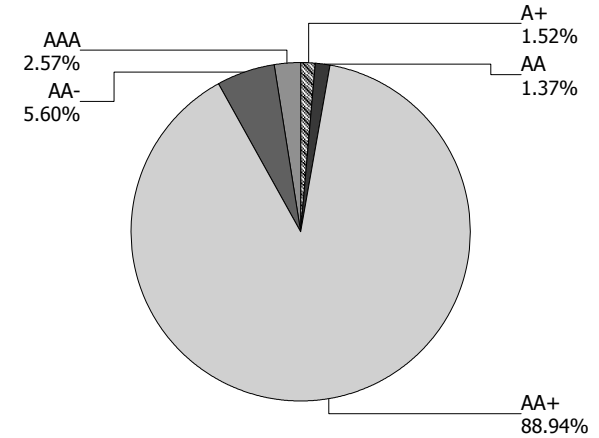
For the Month Ending **March 31, 2021**

CITY OF SALEM LONG-TERM PORTFOLIO - 76950000

Issuer Summary

Issuer	Market Value of Holdings	Percent
APPLE INC	7,435,757.76	4.04
BLACKROCK INC	2,184,084.00	1.19
CHEVRON CORPORATION	4,072,656.00	2.21
FANNIE MAE	3,102,557.50	1.69
FEDERAL HOME LOAN BANKS	4,601,070.00	2.50
FREDDIE MAC	6,631,960.95	3.60
GOOGLE INC	878,676.75	0.48
JOHNSON & JOHNSON	2,542,677.50	1.38
MICROSOFT CORP	2,179,506.00	1.18
PROCTER & GAMBLE CO	2,565,182.50	1.39
STATE OF CALIFORNIA	1,480,000.00	0.80
TOYOTA MOTOR CORP	2,801,609.25	1.52
UNITED STATES TREASURY	141,083,269.60	76.65
WAL-MART STORES INC	2,515,905.00	1.37
Total	\$184,074,912.81	100.00%

Credit Quality (S&P Ratings)





Managed Account Detail of Securities Held

For the Month Ending **March 31, 2021**

CITY OF SALEM LONG-TERM PORTFOLIO - 76950000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 05/15/2018 2.625% 05/15/2021	9128284P2	1,015,000.00	AA+	Aaa	05/24/18	05/29/18	1,014,286.33	2.65	10,083.41	1,014,970.98	1,018,171.88
US TREASURY NOTES DTD 05/31/2014 2.000% 05/31/2021	912828WN6	2,500,000.00	AA+	Aaa	06/05/18	06/07/18	2,456,542.97	2.61	16,758.24	2,497,605.67	2,507,812.50
US TREASURY NOTES DTD 05/31/2014 2.000% 05/31/2021	912828WN6	5,200,000.00	AA+	Aaa	06/14/18	06/18/18	5,098,640.63	2.69	34,857.14	5,194,358.48	5,216,250.00
US TREASURY NOTES DTD 06/30/2016 1.125% 06/30/2021	912828S27	5,000,000.00	AA+	Aaa	06/14/18	06/18/18	4,771,679.69	2.70	14,140.19	4,981,454.13	5,013,281.00
US TREASURY NOTES DTD 09/30/2016 1.125% 09/30/2021	912828T34	1,250,000.00	AA+	Aaa	03/06/18	03/07/18	1,190,283.20	2.53	38.42	1,241,658.90	1,256,640.63
US TREASURY NOTES DTD 09/30/2016 1.125% 09/30/2021	912828T34	7,125,000.00	AA+	Aaa	09/11/18	09/12/18	6,774,873.05	2.82	219.01	7,067,797.93	7,162,851.56
US TREASURY NOTES DTD 10/15/2018 2.875% 10/15/2021	9128285F3	9,965,000.00	AA+	Aaa	11/09/18	11/13/18	9,932,691.60	2.99	132,227.88	9,959,034.91	10,116,031.53
US TREASURY NOTES DTD 11/30/2016 1.750% 11/30/2021	912828U65	5,000,000.00	AA+	Aaa	12/04/18	12/07/18	4,850,390.63	2.80	29,326.92	4,966,616.09	5,056,250.00
US TREASURY NOTES DTD 01/15/2019 2.500% 01/15/2022	9128285V8	8,100,000.00	AA+	Aaa	01/30/19	01/31/19	8,085,761.72	2.56	42,513.81	8,096,189.94	8,255,672.28
US TREASURY NOTES DTD 02/28/2017 1.875% 02/28/2022	912828W55	2,500,000.00	AA+	Aaa	02/26/19	02/27/19	2,458,203.13	2.46	4,076.09	2,487,312.34	2,540,625.00
US TREASURY NOTES DTD 04/30/2015 1.750% 04/30/2022	912828WZ9	1,750,000.00	AA+	Aaa	05/08/19	05/13/19	1,726,074.22	2.23	12,859.12	1,741,295.70	1,781,445.40
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	5,400,000.00	AA+	Aaa	05/10/19	05/16/19	5,348,531.25	2.21	42,513.81	5,381,223.44	5,503,781.52
US TREASURY NOTES DTD 05/31/2017 1.750% 05/31/2022	912828XR6	960,000.00	AA+	Aaa	09/19/19	09/20/19	961,312.50	1.70	5,630.77	960,566.88	978,300.00
US TREASURY NOTES DTD 09/15/2019 1.500% 09/15/2022	912828YF1	5,470,000.00	AA+	Aaa	11/13/19	11/15/19	5,448,632.81	1.64	3,790.35	5,459,017.06	5,578,545.59



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2021**

CITY OF SALEM LONG-TERM PORTFOLIO - 76950000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 11/15/2012 1.625% 11/15/2022	912828TY6	5,000,000.00	AA+	Aaa	11/13/19	11/15/19	4,995,117.19	1.66	30,749.31	4,997,358.11	5,119,531.00
US TREASURY NOTES DTD 03/31/2016 1.500% 03/31/2023	912828Q29	3,750,000.00	AA+	Aaa	11/19/19	11/21/19	3,738,574.22	1.59	153.69	3,743,206.04	3,849,609.38
US TREASURY NOTES DTD 05/02/2016 1.625% 04/30/2023	912828R28	4,500,000.00	AA+	Aaa	01/17/20	01/22/20	4,506,503.91	1.58	30,704.42	4,504,134.40	4,634,297.10
US TREASURY NOTES DTD 08/01/2016 1.250% 07/31/2023	912828S92	3,750,000.00	AA+	Aaa	11/19/19	11/21/19	3,702,685.55	1.60	7,769.34	3,720,130.12	3,840,234.38
US TREASURY NOTES DTD 08/31/2016 1.375% 08/31/2023	912828D1	4,500,000.00	AA+	Aaa	01/17/20	01/22/20	4,466,425.78	1.59	5,380.43	4,477,515.21	4,625,156.25
US TREASURY NOTES DTD 09/30/2016 1.375% 09/30/2023	912828T26	3,750,000.00	AA+	Aaa	11/19/19	11/21/19	3,717,480.47	1.61	140.88	3,728,951.16	3,856,640.63
US TREASURY NOTES DTD 01/03/2017 2.250% 12/31/2023	912828V23	3,530,000.00	AA+	Aaa	11/19/19	11/21/19	3,619,491.02	1.61	19,965.95	3,589,859.42	3,718,634.38
US TREASURY NOTES DTD 01/31/2017 2.250% 01/31/2024	912828V80	4,600,000.00	AA+	Aaa	11/26/19	11/27/19	4,718,953.13	1.61	17,154.70	4,680,679.22	4,851,562.50
US TREASURY NOTES DTD 03/31/2017 2.125% 03/31/2024	912828W71	4,600,000.00	AA+	Aaa	11/26/19	11/27/19	4,698,289.06	1.61	267.08	4,667,860.35	4,842,218.52
US TREASURY NOTES DTD 05/31/2017 2.000% 05/31/2024	912828XT2	5,250,000.00	AA+	Aaa	01/17/20	01/22/20	5,333,876.95	1.62	35,192.31	5,310,943.91	5,512,500.00
US TREASURY NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	4,600,000.00	AA+	Aaa	11/26/19	11/27/19	4,678,343.75	1.61	23,127.07	4,655,405.90	4,832,875.00
US TREASURY NOTES DTD 08/31/2019 1.250% 08/31/2024	912828YE4	5,250,000.00	AA+	Aaa	01/17/20	01/22/20	5,163,457.03	1.62	5,706.52	5,185,825.53	5,386,171.88
US TREASURY NOTES DTD 09/30/2019 1.500% 09/30/2024	912828YH7	4,600,000.00	AA+	Aaa	11/26/19	11/27/19	4,575,742.19	1.61	188.52	4,582,475.14	4,759,562.50
US TREASURY NOTES DTD 10/31/2019 1.500% 10/31/2024	912828YM6	5,250,000.00	AA+	Aaa	01/17/20	01/22/20	5,219,238.28	1.63	33,066.30	5,226,911.07	5,428,828.13



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2021**

CITY OF SALEM LONG-TERM PORTFOLIO - 76950000

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note												
US TREASURY NOTES	DTD 11/17/2014 2.250% 11/15/2024	912828G38	4,070,000.00	AA+	Aaa	11/26/19	11/27/19	4,192,735.94	1.62	34,656.84	4,159,532.99	4,319,287.50
US TREASURY NOTES	DTD 12/31/2019 1.750% 12/31/2024	912828Y0	4,750,000.00	AA+	Aaa	01/17/20	01/22/20	4,777,275.39	1.63	20,896.06	4,770,702.10	4,954,843.75
US TREASURY NOTES	DTD 12/31/2020 0.375% 12/31/2025	91282CBC4	2,000,000.00	AA+	Aaa	01/15/21	01/19/21	1,992,500.00	0.45	1,885.36	1,992,798.84	1,953,125.00
US TREASURY NOTES	DTD 02/28/2021 0.500% 02/28/2026	91282CBQ3	2,665,000.00	AA+	Aaa	03/16/21	03/18/21	2,623,255.27	0.82	1,158.70	2,623,578.51	2,612,532.81
Security Type Sub-Total			137,650,000.00					136,837,848.86	2.00	617,198.64	137,666,970.47	141,083,269.60
Municipal Bond / Note												
CA ST TXBL GO BONDS	DTD 04/25/2018 2.800% 04/01/2021	13063DGA0	1,480,000.00	AA-	Aa2	04/18/18	04/25/18	1,480,059.20	2.80	20,720.00	1,480,000.00	1,480,000.00
Security Type Sub-Total			1,480,000.00					1,480,059.20	2.80	20,720.00	1,480,000.00	1,480,000.00
Federal Agency Bond / Note												
FANNIE MAE NOTES	DTD 04/13/2018 2.500% 04/13/2021	3135G0U27	3,100,000.00	AA+	Aaa	04/12/18	04/13/18	3,095,381.00	2.55	36,166.67	3,099,949.43	3,102,557.50
FEDERAL HOME LOAN BANKS NOTES	DTD 02/21/2020 1.375% 02/17/2023	3130AJ7E3	4,500,000.00	AA+	Aaa	04/13/20	04/15/20	4,617,990.00	0.44	7,562.50	4,578,091.65	4,601,070.00
FREDDIE MAC NOTES	DTD 07/23/2020 0.375% 07/21/2025	3137EAEU9	2,850,000.00	AA+	Aaa	11/30/20	12/01/20	2,844,129.00	0.42	2,078.13	2,844,548.60	2,801,267.85
FREDDIE MAC NOTES	DTD 09/25/2020 0.375% 09/23/2025	3137EAEX3	1,400,000.00	AA+	Aaa	09/29/20	09/30/20	1,397,830.00	0.41	116.67	1,398,048.31	1,375,120.60
FREDDIE MAC NOTES	DTD 09/25/2020 0.375% 09/23/2025	3137EAEX3	2,500,000.00	AA+	Aaa	11/30/20	12/01/20	2,490,025.00	0.46	208.33	2,490,711.95	2,455,572.50
Security Type Sub-Total			14,350,000.00					14,445,355.00	0.89	46,132.30	14,411,349.94	14,335,588.45



Managed Account Detail of Securities Held

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CITY OF SALEM LONG-TERM PORTFOLIO - 76950000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
ALPHABET INC CORP NOTE DTD 04/27/2016 3.625% 05/19/2021	02079KAA5	875,000.00	AA+	Aa2	05/16/18	05/17/18	893,357.50	2.89	11,630.21	875,802.51	878,676.75
WAL-MART STORES INC CORP NOTES DTD 06/27/2018 3.125% 06/23/2021	931142EJ8	2,500,000.00	AA	Aa2	06/20/18	06/27/18	2,499,875.00	3.13	21,267.36	2,499,990.50	2,515,905.00
TOYOTA MOTOR CREDIT CORP BONDS DTD 01/09/2017 2.600% 01/11/2022	89236TDP7	2,750,000.00	A+	A1	01/08/19	01/10/19	2,705,972.50	3.16	15,888.89	2,738,561.68	2,801,609.25
JOHNSON & JOHNSON CORP NOTES DTD 03/03/2017 2.250% 03/03/2022	478160CD4	2,500,000.00	AAA	Aaa	03/05/19	03/07/19	2,467,900.00	2.70	4,375.00	2,490,123.08	2,542,677.50
PROCTER & GAMBLE CO/THE CORP NOTES DTD 08/11/2017 2.150% 08/11/2022	742718EU9	2,500,000.00	AA-	Aa3	11/13/19	11/15/19	2,524,850.00	1.78	7,465.28	2,512,350.45	2,565,182.50
APPLE INC (CALLABLE) BONDS DTD 02/09/2017 3.000% 02/09/2024	037833CG3	2,380,000.00	AA+	Aa1	01/17/20	01/22/20	2,477,699.00	1.94	10,313.33	2,447,706.72	2,539,702.76
BLACKROCK INC CORP NOTES DTD 03/18/2014 3.500% 03/18/2024	09247XAL5	2,000,000.00	AA-	Aa3	11/19/19	11/21/19	2,130,520.00	1.92	2,527.78	2,089,438.02	2,184,084.00
CHEVRON CORP (CALLABLE) NOTES DTD 05/11/2020 1.554% 05/11/2025	166764BW9	2,000,000.00	AA-	Aa2	03/11/21	03/15/21	2,048,380.00	0.96	12,086.67	2,047,827.27	2,036,328.00
CHEVRON CORP (CALLABLE) NOTES DTD 05/11/2020 1.554% 05/11/2025	166764BW9	2,000,000.00	AA-	Aa2	03/12/21	03/16/21	2,041,100.00	1.05	12,086.67	2,040,657.77	2,036,328.00
MICROSOFT CORP NOTES DTD 11/03/2015 3.125% 11/03/2025	594918BJ2	2,000,000.00	AAA	Aaa	03/16/21	03/18/21	2,186,160.00	1.06	25,694.44	2,184,618.76	2,179,506.00
APPLE INC (CALLABLE) CORPORATE NOTES DTD 02/08/2021 0.700% 02/08/2026	037833EB2	5,000,000.00	AA+	Aa1	02/08/21	02/10/21	4,996,800.00	0.71	5,152.78	4,996,887.72	4,896,055.00
Security Type Sub-Total		26,505,000.00					26,972,614.00	1.83	128,488.41	26,923,964.48	27,176,054.76
Managed Account Sub-Total		179,985,000.00					179,735,877.06	1.90	812,539.35	180,482,284.89	184,074,912.81



Managed Account Detail of Securities Held

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Securities Sub-Total	\$179,985,000.00	\$179,735,877.06	1.90%	\$812,539.35	\$180,482,284.89	\$184,074,912.81
Accrued Interest						\$812,539.35
Total Investments						\$184,887,452.16



Managed Account Fair Market Value & Analytics

For the Month Ending **March 31, 2021**

CITY OF SALEM LONG-TERM PORTFOLIO - 76950000

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	YTM at Mkt
U.S. Treasury Bond / Note											
US TREASURY NOTES	DTD 05/15/2018 2.625% 05/15/2021	9128284P2	1,015,000.00	MORGAN_S		100.31	1,018,171.88	3,885.55	3,200.90	0.12	0.11
US TREASURY NOTES	DTD 05/31/2014 2.000% 05/31/2021	912828WN6	2,500,000.00	BNP_PARI		100.31	2,507,812.50	51,269.53	10,206.83	0.17	0.13
US TREASURY NOTES	DTD 05/31/2014 2.000% 05/31/2021	912828WN6	5,200,000.00	MERRILL		100.31	5,216,250.00	117,609.37	21,891.52	0.17	0.13
US TREASURY NOTES	DTD 06/30/2016 1.125% 06/30/2021	912828S27	5,000,000.00	BNP_PARI		100.27	5,013,281.00	241,601.31	31,826.87	0.25	0.07
US TREASURY NOTES	DTD 09/30/2016 1.125% 09/30/2021	912828T34	1,250,000.00	MERRILL		100.53	1,256,640.63	66,357.43	14,981.73	0.50	0.06
US TREASURY NOTES	DTD 09/30/2016 1.125% 09/30/2021	912828T34	7,125,000.00	MORGAN_S		100.53	7,162,851.56	387,978.51	95,053.63	0.50	0.06
US TREASURY NOTES	DTD 10/15/2018 2.875% 10/15/2021	9128285F3	9,965,000.00	BARCLAYS		101.52	10,116,031.53	183,339.93	156,996.62	0.53	0.07
US TREASURY NOTES	DTD 11/30/2016 1.750% 11/30/2021	912828U65	5,000,000.00	MERRILL		101.13	5,056,250.00	205,859.37	89,633.91	0.66	0.06
US TREASURY NOTES	DTD 01/15/2019 2.500% 01/15/2022	9128285V8	8,100,000.00	MERRILL		101.92	8,255,672.28	169,910.56	159,482.34	0.79	0.07
US TREASURY NOTES	DTD 02/28/2017 1.875% 02/28/2022	912828W55	2,500,000.00	BARCLAYS		101.63	2,540,625.00	82,421.87	53,312.66	0.91	0.10
US TREASURY NOTES	DTD 04/30/2015 1.750% 04/30/2022	912828WZ9	1,750,000.00	BNP_PARI		101.80	1,781,445.40	55,371.18	40,149.70	1.07	0.09
US TREASURY NOTES	DTD 05/01/2017 1.875% 04/30/2022	912828X47	5,400,000.00	BARCLAYS		101.92	5,503,781.52	155,250.27	122,558.08	1.07	0.10
US TREASURY NOTES	DTD 05/31/2017 1.750% 05/31/2022	912828XR6	960,000.00	BNP_PARI		101.91	978,300.00	16,987.50	17,733.12	1.15	0.12
US TREASURY NOTES	DTD 09/15/2019 1.500% 09/15/2022	912828YF1	5,470,000.00	CITIGRP		101.98	5,578,545.59	129,912.78	119,528.53	1.45	0.14
US TREASURY NOTES	DTD 11/15/2012 1.625% 11/15/2022	912828TY6	5,000,000.00	BNP_PARI		102.39	5,119,531.00	124,413.81	122,172.89	1.60	0.15
US TREASURY NOTES	DTD 03/31/2016 1.500% 03/31/2023	912828O29	3,750,000.00	MORGAN_S		102.66	3,849,609.38	111,035.16	106,403.34	1.98	0.17
US TREASURY NOTES	DTD 05/02/2016 1.625% 04/30/2023	912828R28	4,500,000.00	BARCLAYS		102.98	4,634,297.10	127,793.19	130,162.70	2.04	0.19



Managed Account Fair Market Value & Analytics

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CITY OF SALEM LONG-TERM PORTFOLIO - 76950000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	YTM at Mkt
U.S. Treasury Bond / Note										
US TREASURY NOTES DTD 08/01/2016 1.250% 07/31/2023	912828S92	3,750,000.00	BARCLAYS		102.41	3,840,234.38	137,548.83	120,104.26	2.31	0.22
US TREASURY NOTES DTD 08/31/2016 1.375% 08/31/2023	9128282D1	4,500,000.00	BARCLAYS		102.78	4,625,156.25	158,730.47	147,641.04	2.38	0.22
US TREASURY NOTES DTD 09/30/2016 1.375% 09/30/2023	912828T26	3,750,000.00	MERRILL		102.84	3,856,640.63	139,160.16	127,689.47	2.47	0.23
US TREASURY NOTES DTD 01/03/2017 2.250% 12/31/2023	912828V23	3,530,000.00	MERRILL		105.34	3,718,634.38	99,143.36	128,774.96	2.67	0.30
US TREASURY NOTES DTD 01/31/2017 2.250% 01/31/2024	912828V80	4,600,000.00	MORGAN_S		105.47	4,851,562.50	132,609.37	170,883.28	2.76	0.31
US TREASURY NOTES DTD 03/31/2017 2.125% 03/31/2024	912828W71	4,600,000.00	BARCLAYS		105.27	4,842,218.52	143,929.46	174,358.17	2.92	0.36
US TREASURY NOTES DTD 05/31/2017 2.000% 05/31/2024	912828XT2	5,250,000.00	BARCLAYS		105.00	5,512,500.00	178,623.05	201,556.09	3.07	0.41
US TREASURY NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	4,600,000.00	MORGAN_S		105.06	4,832,875.00	154,531.25	177,469.10	3.15	0.43
US TREASURY NOTES DTD 08/31/2019 1.250% 08/31/2024	912828YE4	5,250,000.00	BARCLAYS		102.59	5,386,171.88	222,714.85	200,346.35	3.35	0.48
US TREASURY NOTES DTD 09/30/2019 1.500% 09/30/2024	912828YH7	4,600,000.00	BNP_PARI		103.47	4,759,562.50	183,820.31	177,087.36	3.42	0.50
US TREASURY NOTES DTD 10/31/2019 1.500% 10/31/2024	912828YM6	5,250,000.00	BARCLAYS		103.41	5,428,828.13	209,589.85	201,917.06	3.48	0.54
US TREASURY NOTES DTD 11/17/2014 2.250% 11/15/2024	912828G38	4,070,000.00	BNP_PARI		106.13	4,319,287.50	126,551.56	159,754.51	3.48	0.54
US TREASURY NOTES DTD 12/31/2019 1.750% 12/31/2024	912828YY0	4,750,000.00	MERRILL		104.31	4,954,843.75	177,568.36	184,141.65	3.63	0.59
US TREASURY NOTES DTD 12/31/2020 0.375% 12/31/2025	91282CBC4	2,000,000.00	CITIGRP		97.66	1,953,125.00	(39,375.00)	(39,673.84)	4.71	0.88
US TREASURY NOTES DTD 02/28/2021 0.500% 02/28/2026	91282CBO3	2,665,000.00	JPM_CHA		98.03	2,612,532.81	(10,722.46)	(11,045.70)	4.86	0.91
Security Type Sub-Total		137,650,000.00				141,083,269.60	4,245,420.74	3,416,299.13	1.94	0.26

Municipal Bond / Note



Managed Account Fair Market Value & Analytics

For the Month Ending **March 31, 2021**

CITY OF SALEM LONG-TERM PORTFOLIO - 76950000

Security Type/Description	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	YTM at Mkt
Municipal Bond / Note										
CA ST TXBL GO BONDS DTD 04/25/2018 2.800% 04/01/2021	13063DGA0	1,480,000.00	JPM_CHAS		100.00	1,480,000.00	(59.20)	0.00	0.00	2.76
Security Type Sub-Total		1,480,000.00				1,480,000.00	(59.20)	0.00	0.00	2.76
Federal Agency Bond / Note										
FANNIE MAE NOTES DTD 04/13/2018 2.500% 04/13/2021	3135G0U27	3,100,000.00	NOMURA		100.08	3,102,557.50	7,176.50	2,608.07	0.04	0.21
FEDERAL HOME LOAN BANKS NOTES DTD 02/21/2020 1.375% 02/17/2023	3130AJ7E3	4,500,000.00	CITIGRP		102.25	4,601,070.00	(16,920.00)	22,978.35	1.86	0.18
FREDDIE MAC NOTES DTD 07/23/2020 0.375% 07/21/2025	3137EAEU9	2,850,000.00	NOMURA		98.29	2,801,267.85	(42,861.15)	(43,280.75)	4.27	0.78
FREDDIE MAC NOTES DTD 09/25/2020 0.375% 09/23/2025	3137EAEX3	1,400,000.00	TD		98.22	1,375,120.60	(22,709.40)	(22,927.71)	4.45	0.78
FREDDIE MAC NOTES DTD 09/25/2020 0.375% 09/23/2025	3137EAEX3	2,500,000.00	WELLS_F		98.22	2,455,572.50	(34,452.50)	(35,139.45)	4.45	0.78
Security Type Sub-Total		14,350,000.00				14,335,588.45	(109,766.55)	(75,761.49)	2.63	0.46
Corporate Note										
ALPHABET INC CORP NOTE DTD 04/27/2016 3.625% 05/19/2021	02079KAA5	875,000.00	US_BANCO		100.42	878,676.75	(14,680.75)	2,874.24	0.14	0.53
WAL-MART STORES INC CORP NOTES DTD 06/27/2018 3.125% 06/23/2021	931142EJ8	2,500,000.00	CITIGRP		100.64	2,515,905.00	16,030.00	15,914.50	0.23	0.36
TOYOTA MOTOR CREDIT CORP BONDS DTD 01/09/2017 2.600% 01/11/2022	89236TDP7	2,750,000.00	MKTX		101.88	2,801,609.25	95,636.75	63,047.57	0.77	0.19
JOHNSON & JOHNSON CORP NOTES DTD 03/03/2017 2.250% 03/03/2022	478160CD4	2,500,000.00	GOLDMAN		101.71	2,542,677.50	74,777.50	52,554.42	0.92	0.40
PROCTER & GAMBLE CO/THE CORP NOTES DTD 08/11/2017 2.150% 08/11/2022	742718EU9	2,500,000.00	SUSQ		102.61	2,565,182.50	40,332.50	52,832.05	1.35	0.23
APPLE INC (CALLABLE) BONDS DTD 02/09/2017 3.000% 02/09/2024	037833CG3	2,380,000.00	US_BANCO	12/09/23	106.71	2,539,702.76	62,003.76	91,996.04	2.60	0.63
BLACKROCK INC CORP NOTES DTD 03/18/2014 3.500% 03/18/2024	09247XAL5	2,000,000.00	JPM_CHAS		109.20	2,184,084.00	53,564.00	94,645.98	2.85	0.38



Managed Account Fair Market Value & Analytics

For the Month Ending **March 31, 2021**

CITY OF SALEM LONG-TERM PORTFOLIO - 76950000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	YTM at Mkt
Corporate Note										
CHEVRON CORP (CALLABLE) NOTES DTD 05/11/2020 1.554% 05/11/2025	166764BW9	2,000,000.00	SUSQ	04/11/25	101.82	2,036,328.00	(12,052.00)	(11,499.27)	3.90	1.10
CHEVRON CORP (CALLABLE) NOTES DTD 05/11/2020 1.554% 05/11/2025	166764BW9	2,000,000.00	MERRILL	04/11/25	101.82	2,036,328.00	(4,772.00)	(4,329.77)	3.90	1.10
MICROSOFT CORP NOTES DTD 11/03/2015 3.125% 11/03/2025	594918BJ2	2,000,000.00	JSEB		108.98	2,179,506.00	(6,654.00)	(5,112.76)	4.28	1.11
APPLE INC (CALLABLE) CORPORATE NOTES DTD 02/08/2021 0.700% 02/08/2026	037833EB2	5,000,000.00	BNP_PAR	01/08/26	97.92	4,896,055.00	(100,745.00)	(100,832.72)	4.70	1.14
Security Type Sub-Total		26,505,000.00				27,176,054.76	203,440.76	252,090.28	2.56	0.68
Managed Account Sub-Total		179,985,000.00				184,074,912.81	4,339,035.75	3,592,627.92	2.07	0.36
Securities Sub-Total		\$179,985,000.00				\$184,074,912.81	\$4,339,035.75	\$3,592,627.92	2.07	0.36%
Accrued Interest						\$812,539.35				
Total Investments						\$184,887,452.16				



Managed Account Security Transactions & Interest

For the Month Ending **March 31, 2021**

CITY OF SALEM LONG-TERM PORTFOLIO - 76950000

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
03/11/21	03/15/21	CHEVRON CORP (CALLABLE) NOTES DTD 05/11/2020 1.554% 05/11/2025	166764BW9	2,000,000.00	(2,048,380.00)	(10,705.33)	(2,059,085.33)			
03/12/21	03/16/21	CHEVRON CORP (CALLABLE) NOTES DTD 05/11/2020 1.554% 05/11/2025	166764BW9	2,000,000.00	(2,041,100.00)	(10,791.67)	(2,051,891.67)			
03/16/21	03/18/21	MICROSOFT CORP NOTES DTD 11/03/2015 3.125% 11/03/2025	594918BJ2	2,000,000.00	(2,186,160.00)	(23,437.50)	(2,209,597.50)			
03/16/21	03/18/21	US TREASURY NOTES DTD 02/28/2021 0.500% 02/28/2026	91282CBQ3	2,665,000.00	(2,623,255.27)	(651.77)	(2,623,907.04)			
Transaction Type Sub-Total				8,665,000.00	(8,898,895.27)	(45,586.27)	(8,944,481.54)			
INTEREST										
03/03/21	03/03/21	JOHNSON & JOHNSON CORP NOTES DTD 03/03/2017 2.250% 03/03/2022	478160CD4	2,500,000.00	0.00	28,125.00	28,125.00			
03/15/21	03/15/21	US TREASURY NOTES DTD 09/15/2019 1.500% 09/15/2022	912828YF1	5,470,000.00	0.00	41,025.00	41,025.00			
03/18/21	03/18/21	BLACKROCK INC CORP NOTES DTD 03/18/2014 3.500% 03/18/2024	09247XAL5	2,000,000.00	0.00	35,000.00	35,000.00			
03/23/21	03/23/21	FREDDIE MAC NOTES DTD 09/25/2020 0.375% 09/23/2025	3137EAEX3	3,900,000.00	0.00	7,231.25	7,231.25			
03/31/21	03/31/21	US TREASURY NOTES DTD 09/30/2019 1.500% 09/30/2024	912828YH7	4,600,000.00	0.00	34,500.00	34,500.00			
03/31/21	03/31/21	US TREASURY NOTES DTD 03/31/2017 2.125% 03/31/2024	912828W71	4,600,000.00	0.00	48,875.00	48,875.00			
03/31/21	03/31/21	US TREASURY NOTES DTD 09/30/2016 1.375% 09/30/2023	912828T26	3,750,000.00	0.00	25,781.25	25,781.25			
03/31/21	03/31/21	US TREASURY NOTES DTD 09/30/2016 1.125% 09/30/2021	912828T34	8,375,000.00	0.00	47,109.38	47,109.38			
03/31/21	03/31/21	US TREASURY NOTES DTD 03/31/2016 1.500% 03/31/2023	912828Q29	3,750,000.00	0.00	28,125.00	28,125.00			
Transaction Type Sub-Total				38,945,000.00	0.00	295,771.88	295,771.88			
Managed Account Sub-Total					(8,898,895.27)	250,185.61	(8,648,709.66)			



Managed Account Security Transactions & Interest

For the Month Ending **March 31, 2021**

CITY OF SALEM LONG-TERM PORTFOLIO - 76950000

Total Security Transactions	(\$8,898,895.27)	\$250,185.61	(\$8,648,709.66)
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Managed Account Summary Statement

For the Month Ending **March 31, 2021**

CITY OF SALEM STREETS & BRIDGES GO BONDS - 76950002

Transaction Summary - Managed Account

Opening Market Value	\$1,614,856.43
Maturities/Calls	0.00
Principal Dispositions	0.00
Principal Acquisitions	0.00
Unsettled Trades	0.00
Change in Current Value	99.64
Closing Market Value	\$1,614,956.07

Cash Transactions Summary - Managed Account

Maturities/Calls	0.00
Sale Proceeds	0.00
Coupon/Interest/Dividend Income	0.00
Principal Payments	0.00
Security Purchases	0.00
Net Cash Contribution	0.00
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account

Interest/Dividends/Coupons Received	0.00
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	0.00
Total Cash Basis Earnings	\$0.00

Cash Balance

Closing Cash Balance	\$0.00
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Earnings Reconciliation (Accrual Basis)

	Total
Ending Amortized Value of Securities	1,614,763.70
Ending Accrued Interest	0.00
Plus Proceeds from Sales	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	0.00
Plus Coupons/Dividends Received	0.00
Less Cost of New Purchases	0.00
Less Beginning Amortized Value of Securities	(1,614,614.20)
Less Beginning Accrued Interest	0.00
Total Accrual Basis Earnings	\$149.50



Managed Account Issuer Summary

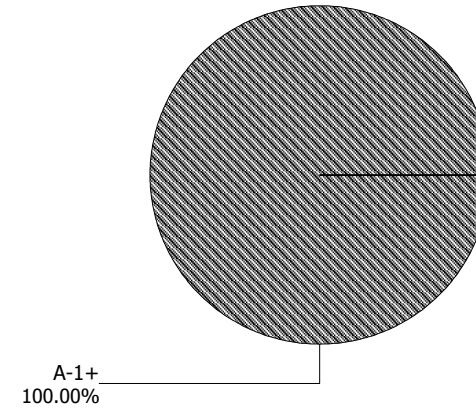
For the Month Ending **March 31, 2021**

CITY OF SALEM STREETS & BRIDGES GO BONDS - 76950002

Issuer Summary

Issuer	Market Value of Holdings	Percent
UNITED STATES TREASURY	1,614,956.07	100.00
Total	\$1,614,956.07	100.00%

Credit Quality (S&P Ratings)





Managed Account Detail of Securities Held

For the Month Ending **March 31, 2021**

CITY OF SALEM STREETS & BRIDGES GO BONDS - 76950002

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bill											
US TREASURY BILL DTD 05/21/2020 0.000% 05/20/2021	9127962Y4	1,615,000.00	A-1+	P-1	09/10/20	09/11/20	1,613,789.54	0.11	0.00	1,614,763.70	1,614,956.07
Security Type Sub-Total		1,615,000.00					1,613,789.54	0.11	0.00	1,614,763.70	1,614,956.07
Managed Account Sub-Total		1,615,000.00					1,613,789.54	0.11	0.00	1,614,763.70	1,614,956.07
Securities Sub-Total		\$1,615,000.00					\$1,613,789.54	0.11%	\$0.00	\$1,614,763.70	\$1,614,956.07
Accrued Interest											\$0.00
Total Investments											\$1,614,956.07



Managed Account Fair Market Value & Analytics

For the Month Ending **March 31, 2021**

CITY OF SALEM STREETS & BRIDGES GO BONDS - 76950002

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	YTM at Mkt
U.S. Treasury Bill										
US TREASURY BILL DTD 05/21/2020 0.000% 05/20/2021	9127962Y4	1,615,000.00	MORGAN_		100.00	1,614,956.07	1,166.53	192.37	0.14	0.02
Security Type Sub-Total		1,615,000.00				1,614,956.07	1,166.53	192.37	0.14	0.02
Managed Account Sub-Total		1,615,000.00				1,614,956.07	1,166.53	192.37	0.14	0.02
Securities Sub-Total		\$1,615,000.00				\$1,614,956.07	\$1,166.53	\$192.37	0.14	0.02%
Accrued Interest						\$0.00				
Total Investments						\$1,614,956.07				



Managed Account Summary Statement

For the Month Ending **March 31, 2021**

CITY OF SALEM SHORT TERM PORTFOLIO - 76950003

Transaction Summary - Managed Account

Opening Market Value	\$30,240,821.75
Maturities/Calls	(9,250,000.00)
Principal Dispositions	0.00
Principal Acquisitions	0.00
Unsettled Trades	0.00
Change in Current Value	3,728.75
Closing Market Value	\$20,994,550.50

Cash Transactions Summary - Managed Account

Maturities/Calls	9,250,000.00
Sale Proceeds	0.00
Coupon/Interest/Dividend Income	0.00
Principal Payments	0.00
Security Purchases	0.00
Net Cash Contribution	(9,250,000.00)
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account

Interest/Dividends/Coupons Received	0.00
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	3,188.68
Total Cash Basis Earnings	\$3,188.68

Cash Balance

Closing Cash Balance **\$0.00**

Earnings Reconciliation (Accrual Basis)

	Total
Ending Amortized Value of Securities	20,991,471.67
Ending Accrued Interest	0.00
Plus Proceeds from Sales	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	9,250,000.00
Plus Coupons/Dividends Received	0.00
Less Cost of New Purchases	0.00
Less Beginning Amortized Value of Securities	(30,236,535.42)
Less Beginning Accrued Interest	0.00
Total Accrual Basis Earnings	\$4,936.25



Managed Account Issuer Summary

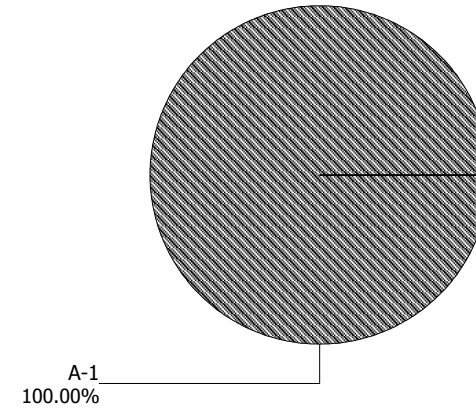
For the Month Ending **March 31, 2021**

CITY OF SALEM SHORT TERM PORTFOLIO - 76950003

Issuer Summary

Issuer	Market Value of Holdings	Percent
CREDIT AGRICOLE SA	10,497,385.50	50.00
MITSUBISHI UFJ FINANCIAL GROUP INC	10,497,165.00	50.00
Total	\$20,994,550.50	100.00%

Credit Quality (S&P Ratings)





Managed Account Detail of Securities Held

For the Month Ending **March 31, 2021**

CITY OF SALEM SHORT TERM PORTFOLIO - 76950003

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Commercial Paper											
MUFG BANK LTD/NY COMM PAPER DTD 10/01/2020 0.000% 06/08/2021	62479LT88	10,500,000.00	A-1	P-1	12/07/20	12/08/20	10,487,260.00	0.24	0.00	10,495,240.00	10,497,165.00
CREDIT AGRICOLE CIB NY COMM PAPER DTD 12/07/2020 0.000% 06/08/2021	22533TT89	10,500,000.00	A-1	P-1	12/07/20	12/08/20	10,489,914.17	0.19	0.00	10,496,231.67	10,497,385.50
Security Type Sub-Total		21,000,000.00					20,977,174.17	0.22	0.00	20,991,471.67	20,994,550.50
Managed Account Sub-Total		21,000,000.00					20,977,174.17	0.22	0.00	20,991,471.67	20,994,550.50
Securities Sub-Total		\$21,000,000.00					\$20,977,174.17	0.22%	\$0.00	\$20,991,471.67	\$20,994,550.50
Accrued Interest											\$0.00
Total Investments											\$20,994,550.50



Managed Account Fair Market Value & Analytics

For the Month Ending **March 31, 2021**

CITY OF SALEM SHORT TERM PORTFOLIO - 76950003

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	YTM at Mkt
Commercial Paper										
MUFG BANK LTD/NY COMM PAPER DTD 10/01/2020 0.000% 06/08/2021	62479LT88	10,500,000.00	MITSU		99.97	10,497,165.00	9,905.00	1,925.00	0.19	0.14
CREDIT AGRICOLE CIB NY COMM PAPER DTD 12/07/2020 0.000% 06/08/2021	22533TT89	10,500,000.00	CRE DAG		99.98	10,497,385.50	7,471.33	1,153.83	0.19	0.13
Security Type Sub-Total		21,000,000.00				20,994,550.50	17,376.33	3,078.83	0.19	0.13
Managed Account Sub-Total		21,000,000.00				20,994,550.50	17,376.33	3,078.83	0.19	0.13
Securities Sub-Total		\$21,000,000.00				\$20,994,550.50	\$17,376.33	\$3,078.83	0.19	0.14%
Accrued Interest						\$0.00				
Total Investments						\$20,994,550.50				



Managed Account Security Transactions & Interest

For the Month Ending **March 31, 2021**

CITY OF SALEM SHORT TERM PORTFOLIO - 76950003

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
MATURITY										
03/25/21	03/25/21	MUFG BANK LTD/NY COMM PAPER DTD 01/11/2021 0.000% 03/25/2021	62479LQR9	9,250,000.00	9,250,000.00	0.00	9,250,000.00	3,188.68	0.00	
Transaction Type Sub-Total				9,250,000.00	9,250,000.00	0.00	9,250,000.00	3,188.68	0.00	
Managed Account Sub-Total					9,250,000.00	0.00	9,250,000.00	3,188.68	0.00	
Total Security Transactions					\$9,250,000.00	\$0.00	\$9,250,000.00	\$3,188.68	\$0.00	



Managed Account Summary Statement

For the Month Ending **March 31, 2021**

CITY OF SALEM LIBRARY PROJ GO BONDS 2018 - 76950005

Transaction Summary - Managed Account

Opening Market Value	\$749,911.75
Maturities/Calls	0.00
Principal Dispositions	0.00
Principal Acquisitions	0.00
Unsettled Trades	0.00
Change in Current Value	85.50
Closing Market Value	\$749,997.25

Cash Transactions Summary - Managed Account

Maturities/Calls	0.00
Sale Proceeds	0.00
Coupon/Interest/Dividend Income	0.00
Principal Payments	0.00
Security Purchases	0.00
Net Cash Contribution	0.00
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account

Interest/Dividends/Coupons Received	0.00
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	0.00
Total Cash Basis Earnings	\$0.00

Cash Balance

Closing Cash Balance	\$0.00
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Earnings Reconciliation (Accrual Basis)

	Total
Ending Amortized Value of Securities	750,000.00
Ending Accrued Interest	0.00
Plus Proceeds from Sales	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	0.00
Plus Coupons/Dividends Received	0.00
Less Cost of New Purchases	0.00
Less Beginning Amortized Value of Securities	(749,879.45)
Less Beginning Accrued Interest	0.00
Total Accrual Basis Earnings	\$120.55



Managed Account Issuer Summary

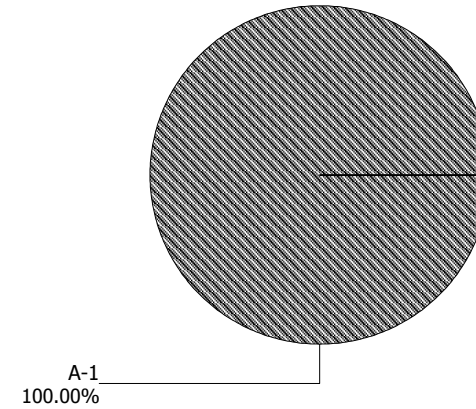
For the Month Ending **March 31, 2021**

CITY OF SALEM LIBRARY PROJ GO BONDS 2018 - 76950005

Issuer Summary

Issuer	Market Value of Holdings	Percent
BNP PARIBAS	249,999.25	33.34
MITSUBISHI UFJ FINANCIAL GROUP INC	249,999.25	33.33
NATIXIS NY BRANCH	249,998.75	33.33
Total	\$749,997.25	100.00%

Credit Quality (S&P Ratings)





Managed Account Detail of Securities Held

For the Month Ending **March 31, 2021**

CITY OF SALEM LIBRARY PROJ GO BONDS 2018 - 76950005

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Commercial Paper											
BNP PARIBAS NY BRANCH COMM PAPER DTD 07/14/2020 0.000% 04/01/2021	09659BR10	250,000.00	A-1	P-1	10/05/20	10/06/20	249,766.46	0.19	0.00	250,000.00	249,999.25
MUFG BANK LTD/NY COMM PAPER DTD 07/14/2020 0.000% 04/01/2021	62479LR15	250,000.00	A-1	P-1	10/05/20	10/06/20	249,766.46	0.19	0.00	250,000.00	249,999.25
NATIXIS NY BRANCH COMM PAPER DTD 07/07/2020 0.000% 04/01/2021	63873JR10	250,000.00	A-1	P-1	10/05/20	10/06/20	249,778.75	0.18	0.00	250,000.00	249,998.75
Security Type Sub-Total		750,000.00					749,311.67	0.19	0.00	750,000.00	749,997.25
Managed Account Sub-Total		750,000.00					749,311.67	0.19	0.00	750,000.00	749,997.25
Securities Sub-Total		\$750,000.00					\$749,311.67	0.19%	\$0.00	\$750,000.00	\$749,997.25
Accrued Interest											\$0.00
Total Investments											\$749,997.25



Managed Account Fair Market Value & Analytics

For the Month Ending **March 31, 2021**

CITY OF SALEM LIBRARY PROJ GO BONDS 2018 - 76950005

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	YTM at Mkt
Commercial Paper										
BNP PARIBAS NY BRANCH COMM PAPER DTD 07/14/2020 0.000% 04/01/2021	09659BR10	250,000.00	BNP_PAR		100.00	249,999.25	232.79	(0.75)	0.00	0.11
MUFG BANK LTD/NY COMM PAPER DTD 07/14/2020 0.000% 04/01/2021	62479LR15	250,000.00	MITSU		100.00	249,999.25	232.79	(0.75)	0.00	0.11
NATIXIS NY BRANCH COMM PAPER DTD 07/07/2020 0.000% 04/01/2021	63873JR10	250,000.00	NATIXIS		100.00	249,998.75	220.00	(1.25)	0.00	0.18
Security Type Sub-Total		750,000.00				749,997.25	685.58	(2.75)	0.00	0.13
Managed Account Sub-Total		750,000.00				749,997.25	685.58	(2.75)	0.00	0.13
Securities Sub-Total		\$750,000.00				\$749,997.25	\$685.58	(\$2.75)	0.00	0.13%
Accrued Interest						\$0.00				
Total Investments						\$749,997.25				



Managed Account Summary Statement

For the Month Ending **March 31, 2021**

CITY OF SALEM WATER-SEWER REV BOND 2020 - 76950006

Transaction Summary - Managed Account

Opening Market Value	\$13,920,847.00
Maturities/Calls	(4,725,000.00)
Principal Dispositions	0.00
Principal Acquisitions	5,355,469.31
Unsettled Trades	0.00
Change in Current Value	(19,158.71)
Closing Market Value	\$14,532,157.60

Cash Transactions Summary - Managed Account

Maturities/Calls	4,725,000.00
Sale Proceeds	0.00
Coupon/Interest/Dividend Income	0.00
Principal Payments	0.00
Security Purchases	(5,355,469.31)
Net Cash Contribution	630,469.31
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account

Interest/Dividends/Coupons Received	0.00
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	6,138.60
Total Cash Basis Earnings	\$6,138.60

Cash Balance

Closing Cash Balance **\$0.00**

Earnings Reconciliation (Accrual Basis)

	Total
Ending Amortized Value of Securities	14,506,989.78
Ending Accrued Interest	43,253.94
Plus Proceeds from Sales	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	4,725,000.00
Plus Coupons/Dividends Received	0.00
Less Cost of New Purchases	(5,355,469.31)
Less Beginning Amortized Value of Securities	(13,891,015.77)
Less Beginning Accrued Interest	(25,164.99)
Total Accrual Basis Earnings	\$3,593.65



Managed Account Issuer Summary

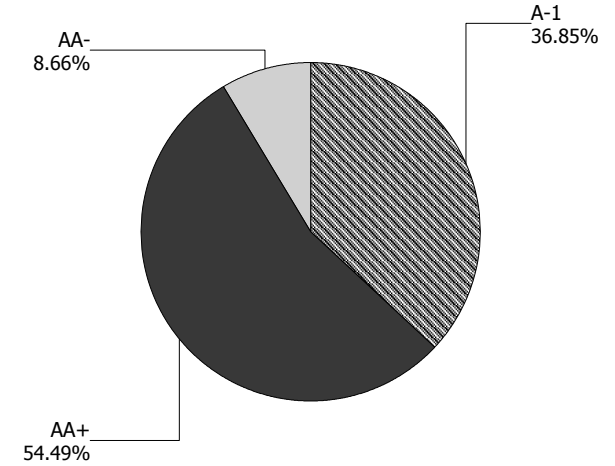
For the Month Ending **March 31, 2021**

CITY OF SALEM WATER-SEWER REV BOND 2020 - 76950006

Issuer Summary

Issuer	Market Value of Holdings	Percent
APPLE INC	631,619.40	4.35
FANNIE MAE	7,286,499.66	50.14
NATIXIS NY BRANCH	5,354,999.12	36.85
PROCTER & GAMBLE CO	631,034.90	4.34
VISA INC	628,004.52	4.32
Total	\$14,532,157.60	100.00%

Credit Quality (S&P Ratings)





Managed Account Detail of Securities Held

For the Month Ending **March 31, 2021**

CITY OF SALEM WATER-SEWER REV BOND 2020 - 76950006

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FANNIE MAE NOTES DTD 01/11/2019 2.625% 01/11/2022	3135G0U92	1,080,000.00	AA+	Aaa	04/27/20	04/29/20	1,122,260.40	0.32	6,300.00	1,099,363.69	1,101,510.36
FANNIE MAE NOTES DTD 01/23/2018 2.375% 01/19/2023	3135G0T94	5,950,000.00	AA+	Aaa	04/24/20	04/28/20	6,284,509.00	0.30	28,262.50	6,170,990.89	6,184,989.30
Security Type Sub-Total		7,030,000.00					7,406,769.40	0.30	34,562.50	7,270,354.58	7,286,499.66
Corporate Note											
PROCTER & GAMBLE CO/THE CORP NOTES DTD 08/11/2017 2.150% 08/11/2022	742718EU9	615,000.00	AA-	Aa3	04/24/20	04/28/20	637,847.25	0.51	1,836.46	628,598.90	631,034.90
VISA INC CORPORATE (CALLABLE) NOTES DTD 12/14/2015 2.800% 12/14/2022	92826CAC6	605,000.00	AA-	Aa3	04/27/20	04/29/20	636,490.25	0.79	5,034.94	624,672.64	628,004.52
APPLE CORP NOTES (CALLABLE) DTD 02/23/2016 2.850% 02/23/2023	037833BU3	605,000.00	AA+	Aa1	04/30/20	05/04/20	639,013.10	0.82	1,820.04	627,286.88	631,619.40
Security Type Sub-Total		1,825,000.00					1,913,350.60	0.71	8,691.44	1,880,558.42	1,890,658.82
Commercial Paper											
NATIXIS NY BRANCH COMM PAPER DTD 12/08/2020 0.000% 09/03/2021	63873JW30	5,360,000.00	A-1	P-1	03/05/21	03/08/21	5,355,469.31	0.17	0.00	5,356,076.78	5,354,999.12
Security Type Sub-Total		5,360,000.00					5,355,469.31	0.17	0.00	5,356,076.78	5,354,999.12
Managed Account Sub-Total		14,215,000.00					14,675,589.31	0.31	43,253.94	14,506,989.78	14,532,157.60
Securities Sub-Total		\$14,215,000.00					\$14,675,589.31	0.31%	\$43,253.94	\$14,506,989.78	\$14,532,157.60
Accrued Interest											\$43,253.94
Total Investments											\$14,575,411.54



Managed Account Fair Market Value & Analytics

For the Month Ending **March 31, 2021**

CITY OF SALEM WATER-SEWER REV BOND 2020 - 76950006

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	YTM at Mkt
Federal Agency Bond / Note										
FANNIE MAE NOTES DTD 01/11/2019 2.625% 01/11/2022	3135G0U92	1,080,000.00	WELLS_F		101.99	1,101,510.36	(20,750.04)	2,146.67	0.77	0.07
FANNIE MAE NOTES DTD 01/23/2018 2.375% 01/19/2023	3135G0T94	5,950,000.00	MKTX		103.95	6,184,989.30	(99,519.70)	13,998.41	1.77	0.18
Security Type Sub-Total		7,030,000.00				7,286,499.66	(120,269.74)	16,145.08	1.62	0.16
Corporate Note										
PROCTER & GAMBLE CO/THE CORP NOTES DTD 08/11/2017 2.150% 08/11/2022	742718EU9	615,000.00	WELLS_F		102.61	631,034.90	(6,812.35)	2,436.00	1.35	0.23
VISA INC CORPORATE (CALLABLE) NOTES DTD 12/14/2015 2.800% 12/14/2022	92826CAC6	605,000.00	US_BANC	10/14/22	103.80	628,004.52	(8,485.73)	3,331.88	1.51	0.56
APPLE CORP NOTES (CALLABLE) DTD 02/23/2016 2.850% 02/23/2023	037833BU3	605,000.00	MKTX	12/23/22	104.40	631,619.40	(7,393.70)	4,332.52	1.70	0.52
Security Type Sub-Total		1,825,000.00				1,890,658.82	(22,691.78)	10,100.40	1.52	0.44
Commercial Paper										
NATIXIS NY BRANCH COMM PAPER DTD 12/08/2020 0.000% 09/03/2021	63873JW30	5,360,000.00	NATIXIS		99.91	5,354,999.12	(470.19)	(1,077.66)	0.43	0.22
Security Type Sub-Total		5,360,000.00				5,354,999.12	(470.19)	(1,077.66)	0.43	0.22
Managed Account Sub-Total		14,215,000.00				14,532,157.60	(143,431.71)	25,167.82	1.17	0.22
Securities Sub-Total		\$14,215,000.00				\$14,532,157.60	(\$143,431.71)	\$25,167.82	1.17	0.22%
Accrued Interest						\$43,253.94				
Total Investments						\$14,575,411.54				



Managed Account Security Transactions & Interest

For the Month Ending **March 31, 2021**

CITY OF SALEM WATER-SEWER REV BOND 2020 - 76950006

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
03/05/21	03/08/21	NATIXIS NY BRANCH COMM PAPER DTD 12/08/2020 0.000% 09/03/2021	63873JW30	5,360,000.00	(5,355,469.31)	0.00	(5,355,469.31)			
Transaction Type Sub-Total				5,360,000.00	(5,355,469.31)	0.00	(5,355,469.31)			
MATURITY										
03/25/21	03/25/21	US TREASURY BILL DTD 03/26/2020 0.000% 03/25/2021	9127962F5	4,725,000.00	4,725,000.00	0.00	4,725,000.00	6,138.60	0.00	
Transaction Type Sub-Total				4,725,000.00	4,725,000.00	0.00	4,725,000.00	6,138.60	0.00	
Managed Account Sub-Total					(630,469.31)	0.00	(630,469.31)	6,138.60	0.00	
Total Security Transactions					(\$630,469.31)	\$0.00	(\$630,469.31)	\$6,138.60	\$0.00	

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aa2 to Salem, OR's GO Refunding Bonds, Series 2021

19 Mar 2021

New York, March 19, 2021 -- Moody's Investors Service has assigned an Aa2 rating to the City of Salem, Oregon's \$25.6 million General Obligation Refunding Bonds, Series 2021. Moody's maintains Aa2 ratings on the city's \$91.0 million in outstanding general obligation bonds not refunded by this issue.

RATINGS RATIONALE

The Aa2 rating reflects the city's strong tax base that continued to grow through the coronavirus pandemic, as well as a solid local economy that is driven by the presence of the state capitol. Although the coronavirus pandemic negatively affected employment and general economic activity and socioeconomic measures are slightly below average, the city's financial profile remains healthy, supported by a strong management team with conservative budgeting practices. Given the city's revenue structure, limitations on assessed value growth and significant proportion of tax-exempt properties, the city may face some long-term challenges as demands for services increase with the growing population. Positively, overall liabilities are manageable, with elevated pensions moderated by lower debt levels.

RATING OUTLOOK

Outlooks are not typically assigned to local governments with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Substantial improvement in the socioeconomic measures of the city
- Material improvement in the city's reserve and liquidity positions

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Meaningful or protracted contraction in the city's tax base
- Material weakening of the city's financial position
- Substantial growth in financial leverage from debt, pensions or OPEB

LEGAL SECURITY

The current offering is secured by the city's full faith and credit, and a dedicated and unlimited property tax pledge. Debt service for GOULT bonds in Oregon is funded by a separate property tax levy that is dedicated to bondholders and secured through statute, a beneficial credit strength for bondholders.

USE OF PROCEEDS

Bond proceeds will be used to refinance for savings certain outstanding maturities of the city's previously issued Series 2012 and Series 2013 general obligation bonds.

PROFILE

Located 45 miles south of Portland (Aaa stable), Salem is the Oregon (Aa1 stable) state capitol and the state's third largest city with a population of 169,000 comprising 49.2 square miles in Marion County (Aa2) and Polk County. The city provides a full range of municipal services, including public safety, parks and recreation, streets, planning, zoning and general administrative services.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in

January 2021 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1260094. Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

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CREDIT OPINION

23 March 2021

 Rate this Research

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Salem (City of) OR

Update to credit analysis

Summary

The [City of Salem, Oregon](#) (Aa2) benefits from its strong tax base that continued to grow through the coronavirus pandemic, as well as a solid local economy that is driven by the presence of the state capitol. Although the coronavirus pandemic negatively affected employment and general economic activity and socioeconomic measures are slightly below average, the city's financial profile remains healthy, supported by a strong management team with conservative budgeting practices. Given the city's revenue structure, limitations on assessed value growth and significant proportion of tax-exempt properties, the city may face some long-term challenges as demands for services increase with the growing population. Positively, overall liabilities are manageable, with elevated pensions moderated by lower debt levels.

Credit strengths

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

Credit challenges

- » Somewhat elevated pension liabilities
- » Below average socioeconomic measures
- » Rapidly growing population to increase demand for services

Rating outlook

Outlooks are not typically assigned to local governments with this amount of debt outstanding.

Factors that could lead to an upgrade

- » Substantial improvement in the socioeconomic measures of the city
- » Material improvement in the city's reserve and liquidity positions

Factors that could lead to a downgrade

- » Meaningful or protracted contraction in the city's tax base

- » Material weakening of the city's financial position
- » Substantial growth in financial leverage from debt, pensions or OPEB

Key indicators

Exhibit 1

Salem (City of) OR

	2016	2017	2018	2019	2020
Economy/Tax Base					
Total Full Value (\$000)	\$13,720,026	\$14,807,511	\$16,224,926	\$17,834,151	\$19,644,069
Population	161,975	163,654	166,756	169,259	169,259
Full Value Per Capita	\$84,705	\$90,481	\$97,297	\$105,366	\$116,059
Median Family Income (% of US Median)	86.6%	88.6%	88.5%	88.7%	88.7%
Finances					
Operating Revenue (\$000)	\$115,808	\$121,874	\$129,630	\$137,784	\$144,678
Fund Balance (\$000)	\$27,982	\$26,321	\$25,135	\$23,490	\$26,044
Cash Balance (\$000)	\$31,746	\$28,053	\$26,535	\$24,463	\$24,074
Fund Balance as a % of Revenues	24.2%	21.6%	19.4%	17.0%	18.0%
Cash Balance as a % of Revenues	27.4%	23.0%	20.5%	17.8%	16.6%
Debt/Pensions					
Net Direct Debt (\$000)	\$142,115	\$126,155	\$194,380	\$181,540	\$166,964
3-Year Average of Moody's ANPL (\$000)	\$243,506	\$273,215	\$334,217	\$359,232	\$431,577
Net Direct Debt / Full Value (%)	1.0%	0.9%	1.2%	1.0%	0.8%
Net Direct Debt / Operating Revenues (x)	1.2x	1.0x	1.5x	1.3x	1.2x
Moody's - ANPL (3-yr average) to Full Value (%)	1.8%	1.8%	2.1%	2.0%	2.2%
Moody's - ANPL (3-yr average) to Revenues (x)	2.1x	2.2x	2.6x	2.6x	3.0x

Sources: US Census Bureau, Salem (City of) OR's financial statements and Moody's Investors Service

Profile

Located 45 miles south of [Portland](#) (Aaa stable), Salem is the [Oregon State](#) (Aa1 stable) capital and the state's third largest city with a population of 169,000 comprising 49.2 square miles in [Marion County](#) (Aa2) and Polk County. The city provides a full range of municipal services, including public safety, parks and recreation, streets, planning, zoning and general administrative services.

Detailed credit considerations

Economy and tax base: Oregon state capital showing solid tax base growth

Salem's tax base and economy are strengths that will continue support a strong credit profile into the future. The city's real market value, a meaningful portion of which is not counted because it is nontaxable state property, is substantial at \$20.7 billion. Although growth slowed for 2021, the increase was nonetheless significant at 5.3% year over year. Over the past decade real market value has increased by 54% and is expected to continue to show growth as demand increases from substantial population growth. Over the past decade, the city's population has grown by near 10%, and the city's managers are forecasting population to grow by 60,000 residents over the next fifteen years (from a 2020 estimate of 169,000).

Despite strong population and tax base growth, socioeconomic measures are somewhat weak. Median family income is just 88.7% of the US, and full value per capita, a proxy measure of wealth, is \$122,244, though that figure is likely depressed the number of unassessed properties. Poverty rates in the city are slightly above the state and national averages, and homelessness is an increasing challenge.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

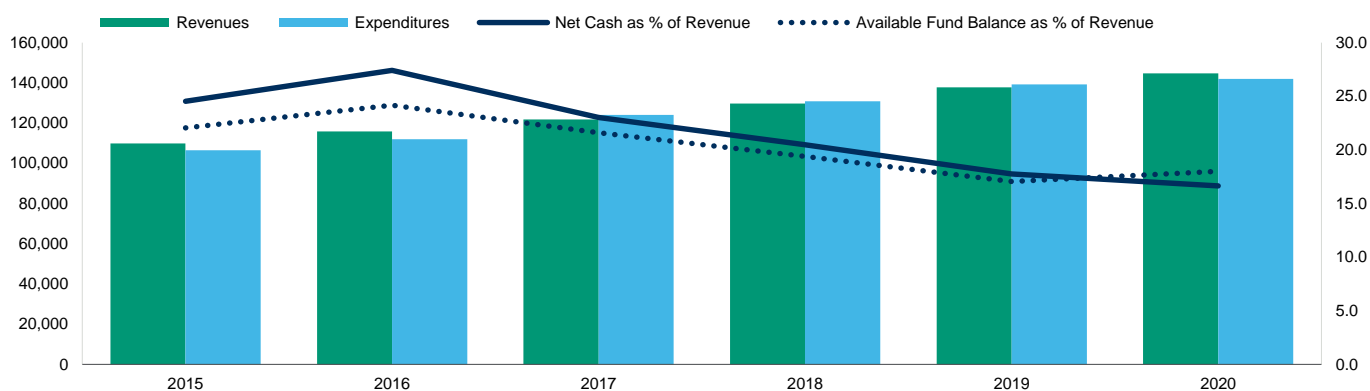
Positively, the city's unemployment rate has recovered fairly quickly from the early days of the coronavirus pandemic and is current in-line with the state and below that of the nation. Employment from state and local government employers (including the city and local school districts) should provide long-term economic stability to the area.

Financial operations and reserves: healthy finances will get near-term boost from federal aid

The city's financial profile is satisfactory and will remain stable in the near-term, though long-term financial challenges could arise as population growth places increasing demands on city services. At the close of fiscal 2020, the city held operating fund reserves of \$26.0 million, equal to 18% of revenue. This is a modest decline over the city's five year average of 20%, mostly reflective of growth in revenue as overall reserves have remained nominally level (five year average of \$25.8 million). Revenue has grown by a compound annual growth rate of 5.7% since 2015, driven primarily by strong property tax growth, though the city did notably raise utility franchise fees (operating fee) starting in calendar year 2020, and the city is anticipating (though not budgeting) for an increase in the allowable marijuana tax rate. The operating fee generated \$3.5 million for the first six month of 2020 and should remain stable over the near-term.

Exhibit 2

Nominal reserves have been flat but have declined as a % as revenue increased



Source: Salem (City of) OR's financial statements and Moody's Investors Service

For fiscal 2021, the city has budgeted for a modest use of reserves, primarily for one-time uses to address the impacts of the coronavirus. The budgeted use of reserves (\$2.5 million) is likely to be offset by substantial unbudgeted vacancies. The city is also expecting to receive a substantial amount of federal aid under the American Recovery Plan of more than \$30 million, though the timing of that allocation (and when it accrues) is unclear; although there is some modest risk that the amount is reduced from an offset in state aid, the federal support is likely to be additive to the city's near-term financial profile.

Over the long-term, the city is exploring ways of augmenting its revenue base to support a rapidly growing city population. Because the city is the capital of the state, a large portion of the property within its boundaries is exempt from property taxes. Additionally, state law effectively limits property tax revenue growth to 3% plus new construction; that growth could decline substantially if increases in real market value (RMV) slow and the gap between RMV and assessed value compresses. In addition to the operating fee and marijuana tax, the city is exploring a possible employee paid payroll tax. The payroll tax was scheduled as a ballot measure for May 2020 but was postponed due to the coronavirus pandemic. It is unclear if or when that payroll tax idea will be brought back to voters.

Liquidity

The city's liquidity position is healthy and may improve in the near-term as coronavirus-related federal aid is distributed. At the end of fiscal 2020, the city held \$24.0 million in cash and investments in its operating funds, or 16.6% of revenue. This is down modestly from its five-year average of \$27.0 million, or 21.1%.

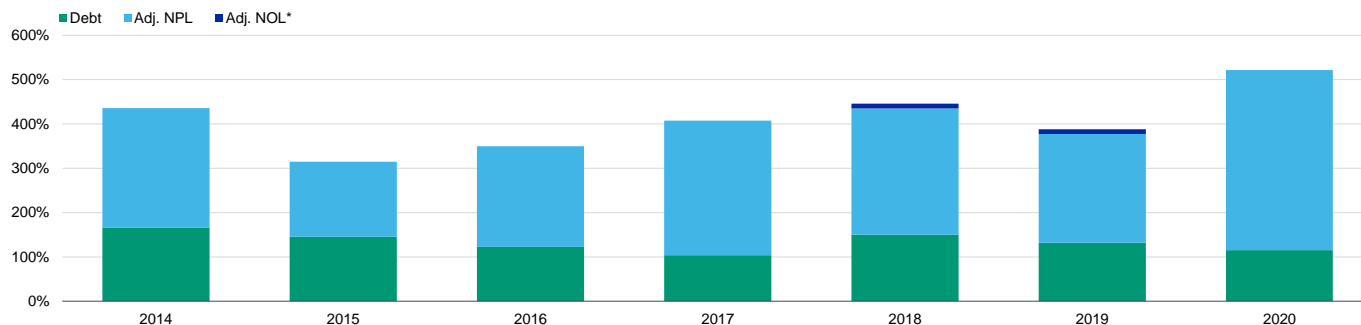
Debt and pensions: elevated pension liabilities are manageable; debt and OPEB are modest

Salem's elevated pension liability is a credit challenge that is somewhat offset by the city's modest net direct debt. The city's net direct debt to full value is just 0.85% and 1.2x operating revenue. Although the city has no plans to issue additional debt in the near term, it

has identified as much as \$250 million in needs over the next decade, though how much would be financed via debt is undetermined. A portion of the city's existing debt includes pension obligation bonds issued in 2005 that has to date generated a \$17.0 million net benefit through 2020.

Exhibit 3

Changes in financial leverage driven by pensions rather than debt



Source: Salem (City of) OR's financial statements and Moody's Investors Service

Legal security

The city's GOULT bonds are payable from the city's full faith and credit, and a dedicated and unlimited property tax pledge. Debt service for GOULT bonds in Oregon is funded by a separate property tax levy that is dedicated to bondholders and secured through statute, a beneficial credit strength for bondholders.

Debt structure

The city's GOULT bonds amortize fairly rapidly, with a significant step down from 2023 (\$16.9 million) to 2025 (\$8.0 million) and beyond. The final maturity of currently outstanding GOULT debt is in 2037. The city's pension obligation bonds, which were issued in 2005, have modestly escalating requirements that peak at \$7.0 million in 2027 before a final year payment of \$3.6 million in 2028. This structure would allow the city to layer in substantial amounts of debt without material increases in tax rates, though as noted previously the city has not determined how it will finance its identified capital needs. All of the city's existing debt are fixed rate.

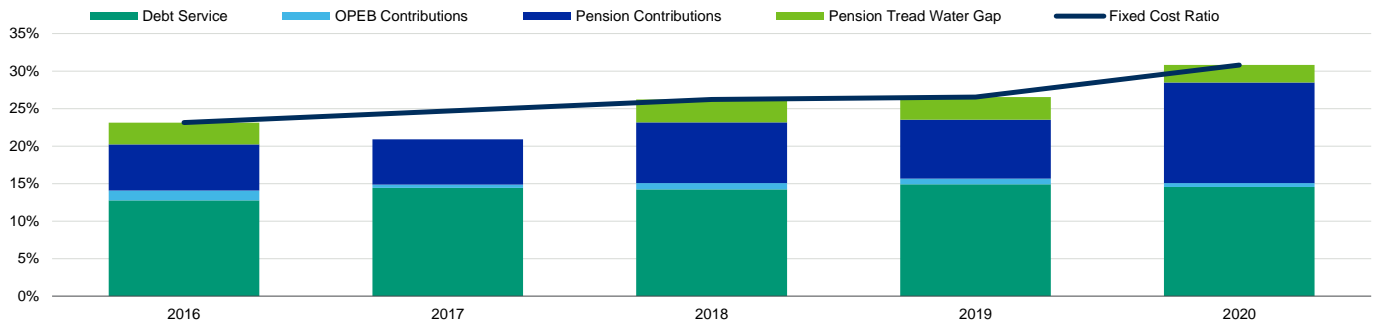
Debt-related derivatives

The city has no debt-related derivatives.

Pensions and OPEB

The city's pension burden is elevated but manageable. Salem participates in the Oregon Public Employees' Retirement System (OPERS), a statewide cost-sharing plan. Moody's calculated adjusted net pension liability (ANPL) for 2020 was \$587.4 million, or an elevated 4.1x of revenue and 3.0% of full value. The city annually funds 100% of its actuarially required pension contributions, which were \$19.4 million in 2020, net of side account contributions. This is a somewhat elevated but manageable 13.4% of revenue. Because of the rate collaring and less than full staffing levels, the city's contribution in fiscal 2021 will increase modestly to \$20.6 million. In fiscal 2022, assuming full staffing (no vacancies), the estimated contribution will increase to a still manageable \$23.1 million.

Exhibit 4

Increases in fixed costs to moderate in 2021 and 2022 as pension contributions level out

Source: Salem (City of) OR's financial statements and Moody's Investors Service

In Oregon, rate collaring generally limits the pace of contribution rate increases to no more than 3% of payroll, or 20% of the current rate. Rate collaring defers a portion of pension contribution hikes and increases unfunded liabilities and smooths out the budget effect of asset and liability changes. Changes to rate collaring are being discussed by the OPERS board.

The city's OPEB liabilities are modest, with a Moody's calculated adjusted net OPEB liability of just \$15.7 million. OPEB contributions in 2020 were just \$712,000.

ESG considerations

Environmental

Environmental considerations are not considered a key driver of the city's credit profile. The city does have high risk exposure to extreme rainfall, according to Moody's affiliated Four Twenty-Seven, but has generally little to no risk for other environmental challenges, including water or heat stress, or sea level rise.

Social

Social factors, including the impact of the coronavirus, local resident wealth and incomes are incorporated into the city's credit profile and discussed more in the sections above.

Governance

Oregon Cities have an institutional framework score ¹ of "Aa," which is strong. Property tax, a major revenue source, is subject to a cap that can be overridden with voter approval only; the cap of approximately 3% for most properties still allows for moderate revenue-raising ability. Revenue predictability is strong, with highly stable and predictable revenue sources. Expenditure reduction ability is moderate, with fixed costs generally between 10-25% of expenditures driven by growing pension contributions for many. Major expenditures, typically for public safety, tend to be highly stable, for strong expenditure predictability.

The city's management practices are solid, and include a general fund balance policy of 15% of current year budgeted revenue. Managers annually produce a five-year financial forecast and are fairly conservative in their use of debt.

Rating methodology and scorecard factors

The US Local Government General Obligation Debt methodology includes a scorecard, a tool providing a composite score of a local government's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare local government credits.

Exhibit 5

Salem (City of) OR

Rating Factors	Measure	Score
Economy/Tax Base (30%)[1]		
Tax Base Size: Full Value (in 000s)	\$20,690,977	Aaa
Full Value Per Capita	\$122,244	Aa
Median Family Income (% of US Median)	88.7%	A
Notching Factors:[2]		
Institutional Presence		Up
Finances (30%)		
Fund Balance as a % of Revenues	18.0%	Aa
5-Year Dollar Change in Fund Balance as % of Revenues	1.2%	A
Cash Balance as a % of Revenues	16.6%	Aa
5-Year Dollar Change in Cash Balance as % of Revenues	-2.0%	Baa
Management (20%)		
Institutional Framework	Aa	Aa
Operating History: 5-Year Average of Operating Revenues / Operating Expenditures	1.0x	A
Debt and Pensions (20%)		
Net Direct Debt / Full Value (%)	0.8%	Aa
Net Direct Debt / Operating Revenues (x)	1.1x	A
3-Year Average of Moody's Adjusted Net Pension Liability / Full Value (%)	2.1%	A
3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues (x)	3.0x	A
Notching Factors:[2]		
Unusually Strong or Weak Security Features		Up
	Scorecard-Indicated Outcome	Aa2
	Assigned Rating	Aa2

[1] Economy measures are based on data from the most recent year available.

[2] Notching Factors are specifically defined in the US Local Government General Obligation Debt methodology.

[3] Standardized adjustments are outlined in the GO Methodology Scorecard Inputs publication.

Sources: US Census Bureau, {OrgName}'s financial statements and Moody's Investors Service

Endnotes

- 1 The institutional framework score assesses a municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See [US Local Government General Obligation Debt \(July 2020\)](#) methodology report for more details.

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REPORT NUMBER

1272330

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Salem \$25,555,000 General Obligation Refunding Bonds, Series 2021

The following bids were submitted using *PARITY*[®] and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input type="checkbox"/>	Morgan Stanley & Co. LLC	0.288560
<input type="checkbox"/>		0.304549
<input type="checkbox"/>		0.305776
<input type="checkbox"/>		0.316262
<input type="checkbox"/>		0.317789
<input type="checkbox"/>		0.319311
<input type="checkbox"/>		0.323387
<input type="checkbox"/>		0.325308
<input type="checkbox"/>		0.333469
<input type="checkbox"/>		0.349283
<input type="checkbox"/>		0.364669
<input type="checkbox"/>		0.371714

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

Salem \$25,555,000 General Obligation Refunding Bonds, Series 2021

Maturity Date	Amount \$	Coupon %
06/01/2021	290M	5.0000
06/01/2022	6,765M	5.0000
06/01/2023	7,540M	5.0000
06/01/2024	8,185M	5.0000
06/01/2025	1,345M	5.0000
06/01/2026	1,430M	5.0000

Total Interest Cost: \$3,113,317.36
 Premium: \$2,919,188.54
 Net Interest Cost: \$194,128.82
 TIC: 0.288560
 Time Last Bid Received On: 03/31/2021 8:56:13 PDST

COUNCIL POLICY NO. C-4

TITLE: POLICY ON THE SELECTION OF THE CITY AUDITOR

POLICY: See attachment.

REFERENCE: ORS Chapter 297, City Public Contracting Rules

Council Policy Manual/Council/Auditor Selection 1

CITY OF SALEM
POLICY ON THE SELECTION OF THE CITY AUDITOR

WHEREAS, Oregon Revised Statutes (ORS) 297.405 – 297.990 pertain to municipal audits; and

WHEREAS, ORS 297.425 provide that the accounts and fiscal affairs of every municipal corporation shall be audited and reviewed at least once each calendar or fiscal year, and

WHEREAS, The audits and reviews shall be made by accountants pursuant to contracts entered into by the governing body, or managing or executive officer, and accountants, or by the Secretary of State pursuant to a duly adopted ordinance or resolution, and

WHEREAS, The compensation for audits and reviews performed by accountants shall be as agreed upon between the governing body, or managing or executive officer of the municipal corporation, and the accountant, and shall be paid in the same manner as other claims against the municipal corporation are paid, and

WHEREAS, Audits and review required under ORS 297.425 shall inquire into:

- (a) The principles of accounting and methods followed by the municipal corporation in recording, summarizing and reporting its financial transactions and financial condition;
- (b) The accuracy and legality of the transactions, accounts, records, files and financial reports of the officers and employees of the municipal corporation as they relate to its fiscal affairs; and
- (c) Compliance with requirements, orders and regulations of other public officials which pertain to the financial condition or financial operations of the municipal corporation,

and

WHEREAS, Pursuant to ORS 297.466, the City's auditor shall submit the audit report to the City Council, and

WHEREAS, Pursuant ORS 297.466(2) the City Council has the obligation to determine measures it considers necessary to address any deficiencies disclosed in an audit report, and

WHEREAS, It is essential that the City Council trust and have confidence in the City's auditor, and therefore the City Council, in compliance with State and City public contracting rules, should participate in the selection of the City's auditor, and

WHEREAS, this Policy is consistent with Salem City Charter Section 23(10), which prohibits a member of Council from attempting to influence the City Manager (or candidate for City Manager) regarding the award of any City contract, because Council, as the City's local contract review board, has the authority to delegate its obligations under state public contracting law. Therefore, individual members of Council, acting as an appointed member of the Finance Committee, are acting under the authority of the Council.

Council Policy Manual/Council/Auditor Selection 2

Now, therefore, the City of Salem hereby adopts the following policy:

1. The City Council shall award the contract for the City's auditor to provide auditor services required under ORS 297.405 – 297.990.
2. The Joint Finance Committee of the Salem City Council and Urban Renewal Agency Board ("Finance Committee" or "Committee") shall serve as the Request for Proposals (RFP) Review Committee, and shall make a recommendation to the City Council regarding auditor selection.
3. Subject to the requirements of State public contracting laws, and the City's public contracting rules, the Committee shall review the RFP prior to issuance, and may direct staff to modify the RFP to ensure that it meets the Council's needs.
4. Each member of Council participating in the review of RFP responses, and award of a contract shall, prior to participation, execute a written declaration stating whether or not they have any conflict of interest in participating in process. Members of Council shall not discuss the auditor selection process with any party other than other members of Council and City staff.
5. The auditor shall serve as the auditor for the City and for the Urban Renewal Agency of the City of Salem ("Agency"). Due to the unique nature of housing authority finance issues and federal regulations, the auditor for the Housing Authority of the City of Salem may, but is not required to, be a different entity than that serving as the City's or Agency's auditor.
6. The City shall undertake a competitive RFP process to award an auditing services contract every five years.



Finance Department

**FINANCIAL AUDITING
SERVICES**

**RFP NUMBER: 212015
CLOSING DATE: March 26, 2021 AT 4:00 PM (LOCAL TIME)**

REQUEST FOR PROPOSALS (RFP) NUMBER: 212015
FINANCE DEPARTMENT
FINANCIAL AUDITING SERVICES

INTRODUCTION

The City of Salem “City” and Urban Renewal Agency of the City of Salem “Agency” (including a separate audit of the Salem Convention Center, which is part of the Agency), hereafter collectively referred to as “Salem” invites qualified firms to submit proposals to provide **Financial Audit Services** based upon the scope of services contained in this RFP. The City of Salem Housing Authority’s financials (independent audit) are presented in Salem’s CAFR as a discrete component unit.

Proposals will be received until, but **not after 4:00 p.m. (local time), March 26, 2021**. Proposals will only be accepted electronically thru Equity Hub’s Bid Locker.

Completed proposals must arrive electronically via Equity Hub’s Bid Locker at https://bidlocker.us/a/salem_or/BidLocker. The City will **not** accept proposals submitted in any other matter.

NO LATE PROPOSALS WILL BE ACCEPTED.

Your proposal must be uploaded prior to the Closing Date and Time. The City strongly recommends that you give yourself sufficient time and at least ONE (1) day before the closing date and time to begin the uploading process and to finalize your submission. The City accepts no responsibility for non-receipt and/or delays in receipt caused by transmission and reception problems, equipment failure, or any other similar cause. Each Proposal is instantly sealed and will only be visible to the City after the closing date and time. Uploading large documents may take significant time, depending on the size of the file(s) and your internet connection speed. You will receive an email confirmation receipt once you finalize your submission.

Minimum system requirements: Internet Explorer 11, Microsoft Edge, Google Chrome, or Mozilla Firefox. Javascript must be enabled. Browser cookies must be enabled.

Need Help?

Please contact Equity Hub at help@equityhub.us or (267) 225-1407 for technical questions related to your submission.

The Vendor Guide for Bid Locker can be found at [Vendor Guide for Bid Locker](#).

Prospective Proposers may obtain these solicitation documents by registering on the Oregon Procurement Information Network (ORPIN) website and downloading them. Proposers shall consult the ORPIN system regularly until closing date and time to avoid missing any notices. To register on ORPIN go to <http://orpin.oregon.gov/open.dll/welcome>. The City shall advertise all Addenda on ORPIN. Prospective proposers are solely responsible for checking ORPIN to determine whether or not any Addenda have been issued. RFP documents will not be mailed to prospective proposers.

Any objections to or comments upon the RFP specifications must be submitted in writing to the office of the Contracts and Procurement Manager, by email sself@cityofsalem.net. They must be received no later than March 12, 2021 at 5:00 PM (local time).

Proposals received will be held confidential until a recommendation for award has been approved by the Department Director. Thereafter, all Proposals will be available for public inspection by submitting a Public Records Request through the City Records Office (<https://www.cityofsalem.net/Pages/public-records-request.aspx>).

The City will be the sole judge in determining award of Agreement and reserves the right to reject all Proposals.

Human Rights: It is the express policy of the City that no person shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity on the grounds of race, religion, color, national origin, sex, marital status, familial status or domestic partnership, age, mental or physical disability, sexual orientation, gender identify or source of income as provided by Salem Revised Code Chapter 97, Title VI of the Civil Rights Act of 1964, and other federal nondiscrimination laws. The City's complete Title VI Plan may be viewed at <https://www.cityofsalem.net/Pages/equity-and-accessibility.aspx>. Proposer agrees to comply with all applicable requirements of federal, state, and local civil rights and rehabilitation statutes, rules, and regulations if awarded an agreement by the City.

Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations either by competitive bidding or negotiation made by the successful Proposer for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the successful Proposer of the successful Proposer's obligations under this Agreement and the Salem Revised Code Chapter 97, Title VI of the Civil Rights Act of 1964 and other federal nondiscrimination laws.

Note: Errors and Omissions Liability Insurance Coverage will be required.

The City is an **Equal Employment Opportunity** employer.

Questions regarding the City's RFP process may be addressed to Shawna Self, CPPB, Contracts and Procurement Manager, who may be reached at (503) 588-6445 or by email at sself@cityofsalem.net during City business hours.

The City operates and maintains **Americans with Disabilities Act** compliant facilities. Reasonable accommodations are available upon request.

CITY OF SALEM, OREGON

Shawna Self, CPPB, Manager
Contracts and Procurement

FIRST DATE OF SOLICITATION: **February 23, 2021**
REQUEST FOR PROPOSAL NUMBER: **212015**
REQUEST FOR PROPOSAL CLOSING: **March 26, 2021 at 4:00 pm (Local Time)**

RFP #212015
Finance Department
FINANCE AUDITING SERVICES

The City of Salem (“City”) is a municipal corporation serving a community with a population of approximately 168,970. It is the capitol of the State of Oregon and the county seat of Marion County. The City has a Council-Manager form of government with an elected mayor and council. The City has approximately 1,200 employees and ten operating departments (listed below).

Mayor, Council, Manager	Human Resources	Legal
Information Technology	Police	Fire
Community Development	Public Works	
Urban Development	Finance	

SECTION 1: BACKGROUND

1.1 City of Salem and Urban Renewal Agency of the City of Salem

A. General:

The City of Salem serves an area of 49 square miles with a population of 168,970. The City provides a full range of municipal services, including but not limited to; water, sewer and stormwater utilities; police; fire; ambulance; municipal court; airport; public works (including parks and recreation); community development; and library.

Annual appropriations for fiscal year 2020-21 for the general fund and all funds combined are \$147.4 million and \$671.4 million respectively. For 2019-20, the City incurred salary and wage expense of \$98.0 million for 1,305 full and part time employees. The City is organized into ten (10) departments. The accounting and financial reporting functions of the City are centralized.

The Urban Renewal Agency of the City of Salem, hereinafter referred to as “Agency” has eight (8) active urban renewal areas (for 2020-21) established under the provisions of Oregon Revised Statute 457, and are included as a blended component unit in the City of Salem June 30, 2020 financial statements.

The Agency also provides the Salem Convention Center (SCC) a gain/loss reserve fund to fund working capital shortfalls and capital projects of the SCC. This fund is recorded in the Agency’s Component Unit report under Governmental Funds. The SCC operations are accounted for in the Agency’s Proprietary Fund category. SCC requires a separate audit.

1.2 Finance Operations:

The Finance Department (including Budget and Contracts & Procurement) consists of 31 employees. The principal functions performed and the number of employees assigned to each is as follows:

Function	# of Employees
Administration	2
Budget	5
Accounting and reporting	5
Treasury (including receipting)	6
Accounts receivable	2
Contracts & Procurement	3
Accounts payable	2
Project/Grant accounting	2
Payroll	4

A. Budgetary Basis of Accounting:

The City prepares its budgets on a modified accrual basis.

B. Component Units:

The City is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. Using these criteria, component units are included in the City's financial statements. City management identified the following component units for inclusion in the City financial statements:

- Urban Renewal Agency of the City of Salem – Blended component unit
- Housing Authority of the City of Salem – Discretely presented component unit

C. Financial Reporting Fund Types and Account Groups:

Fund Type	# of Funds - Legally Adopted Budgets
General fund	1
Special revenue funds	12
Debt service funds	2
Capital projects funds	4
Permanent funds	1
Enterprise funds	5
Internal service funds	4
Trust/Agency	1

D. Financial Information Available Online:

Prior City, Agency, Federal Grant Compliance, and SCC audit reports can be found on the City's website at <https://www.cityofsalem.net/Pages/view-city-of-salem-financial->

[reports.aspx](#). The latest published Housing Authority budget and financial reports are available here: <https://www.salemhousingor.com/what-we-do>

E. Pension Plan:

The City participates in a cost-sharing multiple-employer defined benefit pension plan that is provided through the Oregon Public Employees Retirement System.

F. Computer Systems:

The City uses Oracle E-Business Suite for Human Resources, Time & Labor, Payroll, Purchasing, Accounts Payable, Projects, Accounts Receivable, Capital Assets, and General Ledger. The general ledger module has inbound interfaces with multiple external systems (e.g. utility billing, building permits, etc); approximately 200 pay and benefits elements; custom built reports, forms, tables, and processes; and an external reporting application. The City currently uses Oracle Release 12.1.3 and Board software for budgeting, forecasting and capital improvement planning.

1.3 OTHER BACKGROUND INFORMATION

A. General:

Council Policy No. C-4 requires a formal RFP selection process be conducted at least every five years. There were no disagreements with our prior audit firm. No management letter was issued for any of the entities because there were no issues/recommendations that needed to be communicated in a management letter.

There may be refunding or bond sales over the next few years for any of the entities, depending on market conditions and project timing.

There are generally no significant audit adjustments for any entity. Any potential adjustments are discussed and evaluated as to whether they will be made.

All coordination with the auditors is done through Jeremy Morgan for the City/Agency/Single Audit/SCC. Required communication with the appropriate oversight entity is also coordinated through staff.

B. Fees paid in FY 2019-20

Entity	Fee
City	\$69,687
Single Audit	8,613
Urban Renewal Agency	3,350
Salem Convention Center	8,650
Total	\$90,300

No additional fees were paid.

C. Audit timing

1. City/Agency – Interim fieldwork to be completed no later than June 15. Historically, the audit work has been completed the last two weeks of October while staff continues to finalize the CAFR.
2. Single Audit – The SEFA is generally complete by September 15.
3. Salem Convention Center – Books are ready for audit by mid-July, with a draft report due by August 15 and the final report due by August 31.

D. Staffing

1. City/Agency – 4 general ledger staff with 0-12 years experience with the City and preparing its financial reports.
2. Single Audit – One Finance staff with 4 years of experience tracks all grant activity and coordinates grant compliance requirements with grant management staff in operating departments.

SECTION 2: SCOPE OF REQUESTED SERVICES

2.1 TERM “SALEM” INCLUDES:

The Finance Department of the City of Salem, Oregon, acting on behalf of the City of Salem (“City”), Urban Renewal Agency of the City of Salem ("Agency"), and Salem Convention Center (“SCC”), collectively referred to hereinafter as "Salem", is soliciting proposals from qualified independent public accounting firms to provide auditing services over the next five (5) years.

2.2 AUDITING SERVICES:

By submitting a proposal, each proposer agrees to and accepts this contractual relationship if awarded a contract. The following audits are to be performed in accordance with the provisions contained in this RFP:

Entity	Audit	Mgmt Letter	CAFR /Fin. Report	A-133 Audit
City of Salem	X	X	X	X
Urban Renewal Agency:				
Urban Renewal Areas	X		X	
Salem Convention Center	X		X	

A. Conformance with Federal/State Laws and GAAS:

Each audit will be conducted in accordance with Generally Accepted Auditing Standards (GAAS) promulgated by the American Institute of Certified Public Accountants, Government Auditing Standards issued by the Comptroller General of the United States, the Minimum Standards for Audits of Oregon Municipal Corporations promulgated by the Secretary of State, OMB Circular A-133 and A-50, Audits of State and Local Governments, Oregon and local laws and regulations, City Charter and Code provisions.

The auditor is not required to audit the supporting schedules contained in the Comprehensive Annual Financial Report (CAFR). However, the auditor is to provide an "in-relation-to" opinion on the supporting schedules and individual/combined financial statements based on audit. The auditor will consider the comments received from the Government Finance Officers Association (GFOA) Certificate of Achievement review for the City CAFR as appropriate. The auditor is not required to audit the introductory, statistical, or SEC 15c2-12 sections of the report.

B. Management Letter:

The City requires a "Letter of Recommendation" (Management Letter) to accompany the CAFR when, in the auditor's opinion, there are issues that need to be addressed by management that reach a level of importance that the auditor is required to communicate those issues to the appropriate oversight body. The Letter may cover such areas as internal controls, accounting practices and procedures or other areas of concern, and is intended to assist the City in making continual improvements to overall financial management. Recommendations for improvement applicable to the other entities are encouraged and may be communicated in a less formal manner.

C. CAFR, Urban Renewal Financial Report, Schedule of Expenditures of Federal Awards (SEFA), and SCC:

City staff prepares the CAFR, the Urban Renewal Financial Report, and the Schedule of Expenditures of Federal Awards (SEFA). They work in conjunction with the auditors to complete the electronic submittal of the SEFA information on Form SF-SAC using the Internet Data Entry System. The audit field work for SCC is completed in early August with the completed report due by August 31. The audit field work is generally conducted in late October for the City, Agency & SEFA.

The audit firm will prepare and publish:

- The SCC financial report
- The Single Audit for the City of Salem

D. Technical Assistance:

Each entity is responsible for closing its books, preparing trial balances, reconciling bank accounts, and performing other financial management functions. As a part of the overall audit contract, the City, the Agency, and the SCC expect to receive from the audit firm as part of the fee quoted, routine technical assistance throughout the fiscal year. This assistance includes answers to accounting, reporting, internal control, financial reporting, or other questions that arise as part of the entities' operations. Any assistance provided during the year for which the audit firm expects to invoice as additional service must be requested in writing and authorized by the appropriate entity prior to receiving the assistance in order for the firm to receive payment.

E. Exit Conferences:

At the option of each entity, a post-audit conference to review the various reports and financial statements may be held with appropriate officials at a mutually agreeable date.

F. Audit Presentation to Specific Audience:

The selected audit firm will be required to present the financial statements and applicable management letters to the City Finance Committee. Other presentations may be required for the City, Agency, and SCC.

The audit reports will be addressed to the following governing boards:

Entity	Governing Board
City of Salem	City Council
Urban Renewal Agency	Agency Board
Salem Convention Center	Agency Board

2.3 TIMELINESS OF AUDITING SERVICES:

A. Planning:

The scope of each audit shall be planned so as to preclude the necessity for exceptions arising from scope limitations and shall be sufficient to enable the auditor to issue a management letter for the City as appropriate. The scope of audits, as detailed in a formal Audit Plan, including report submission deadlines, will be reviewed and approved annually by the Chief Financial Officer and Chief Accountant in coordination with appropriate City, Agency, and SCC personnel.

B. Commencement of Work:

Pre-audit conferences with City and Agency staff will be held no later than May 15th for contract years one through five to discuss the audit schedules and responsibilities. The audit firm will commence on the current audit at a mutually agreeable date.

C. Submission Deadlines:

Entity	Fiscal Year	Report	Deadline
City of Salem	July 1 – June 30	CAFR published A-133 Audit	December 31
Urban Renewal Agency			
Urban Renewal Areas	July 1 – June 30	Audit	December 31
Salem Convention Center	July 1 – June 30	Audit	August 31

2.4 WORKING PAPER RETENTION AND ACCESS:

The auditing firm will maintain materials and working papers developed during the engagement for a minimum of five (5) years from the date of the financial reports. Materials and working papers will be made available for examinations by authorized representatives of appropriate federal and state agencies, the U.S. General Accounting Office, and the City, Agency, and SCC and authorized representatives of the cognizant federal audit agency of the City of Salem.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

2.5 SALEM STAFF RESPONSIBILITIES:

City staff are responsible for closing the books, reconciling bank accounts and subsidiary systems to the General Ledger, preparing all year-end adjusting journals, preparing analyses in support of significant balance sheet accounts, researching technical issues (in consultation with auditors which would be included in the audit fee), and incorporating legal and contractual compliance issues into the accounting system. The City will prepare and publish financial statements for the City and Agency audits.

2.6 ACCEPTABLE SIGNERS:

Under OAR 801-20-620(2) unless a partnership, limited liability company, or professional corporation (registered under the provisions of ORS 673.090, 673.130 or ORS 58.345) has at least one member on the roster of accountants authorized to conduct municipal audits, the partnership, limited liability company, or professional corporation may not bid on, contract for, or issue municipal audits. That member on the roster must sign bids, contracts, or audits on behalf of the firm. However, if the firm name only is used (signed), all partners and shareholders must be municipal auditors.

An individual CPA or PA must have a Municipal Audit License and may sign their own name.

2.7 PROCUREMENT AUTHORIZATION UNDER THIS RFP:

The authority to contract for Audit Services and all terms and conditions stated within this RFP document shall apply to the City, the Agency, and the SCC.

2.8 FIELDWORK:

Scheduling of preliminary fieldwork and completion of audit fieldwork will be arranged with the respective entities.

2.9 REPORT PREPARATION:

- A. CAFR and Agency: Report preparation, printing, and binding shall be the responsibility of the City. Audit letters and review of the reports for suggested modifications shall be the responsibility of the auditor.
- B. SCC and Federal Grant Compliance: Report preparation, printing, and binding shall be the responsibility of the auditor. Report editing, audit letters, and completeness shall be the responsibility of the auditor.
- C. Web reporting: The City/Agency will be responsible for placing their respective reports on the Web.

2.10 DATE FINAL REPORTS ARE DUE:

The Finance Department, with auditor assistance as needed, shall prepare financial statements, transmittal letter, MD&A, notes and all required supplementary schedules, statistical data and SEC disclosures. The auditor shall provide ongoing recommendations, revisions, and suggestions for improvement to the Chief Accountant. In addition, the auditors will assist the Chief Accountant if needed in the formulation of responses to comments received from the Government Finance Officers Association as part of the CAFR review. A draft of the City management letter will be made available to the Finance Department by December 31.

2.11 DEPARTMENT AND CLERICAL ASSISTANCE:

The respective department staff and responsible management personnel will be available during an audit to assist the selected firm by providing information, documentation, and explanations. The Chief Accountant will be the primary point of contact for arranging such meetings. The preparation of confirmations will be the responsibility of the respective entities being audited in consultation with the auditor.

2.12 WORK AREA, TELEPHONES, PHOTOCOPYING AND FAX MACHINES:

The City of Salem (for the City and Agency), and the SCC will provide the auditor with reasonable workspace, desks, chairs, etc. The auditor will also be provided with access to a telephone, photocopier/scanner, and internet access.

SECTION 3: PROPOSAL SUBMITTAL REQUIREMENTS

Organization of the Proposal

Proposers must organize and present their proposal materials in the same order as presented below, and include page numbers. Proposals received without following this format, or received after the deadline and stated place of deliver, may be rejected as non-responsive.

A. Letter of Transmittal:

All proposals must include a cover letter addressed to Jeremy Morgan, **Acting Chief Accountant**, and signed by a duly constituted official legally authorized to bind the applicant to submitted proposal. The cover letter must include the proposing firm's name, address, and telephone number; along with the name, title, address, telephone number, FAX number and email address of the person(s) to contact. Contact person(s) must be authorized to represent and bind the proposer on behalf of the firm.

B. Table of Contents with clear identification of each section and page number.

C. Executive Summary:

The proposer may use this section to introduce the Proposal or to summarize:

- Understanding of the proposed work to be performed
- Highlight firm qualifications and differentiating qualities

D. Mandatory Elements:

1. Proof the audit firm is properly licensed for public practice as a municipal auditor with the Oregon State Board of Accountancy.
2. A written statement that the audit firm meets the independence standards as defined by generally accepted auditing standards, the U.S. General Accounting Office's Government Auditing Standards (1994) and that it is independent of all component units of the City of Salem as defined by those same standards.
3. Written statement that the Proposer's independence in performing the audits is not compromised by any existing professional relationships. Potentially conflicting relationships must be identified.

Sections E – I on the following pages represent the RFP’s scored elements and there is a maximum of 350 points possible. In order to facilitate scoring, Proposers must clearly identify each response with the appropriate letter/number/title sequence.

SCORED ELEMENTS

E. Audit Team and Qualifications (100 possible points):

1. A description of the audit firm’s:
 - a. Organization and size,
 - b. Size of the firm’s governmental audit staff,
 - c. Location of the office from which the work on this engagement is to be performed, demonstrating the firm’s availability and ability to undertake an audit of this complexity/size.

2. Qualifications of staff and consultants assigned to the audit, demonstrated through resumes stating education and experience in the following audit areas:
 - a. Municipal audits,
 - b. Federal grant compliance audits,
 - c. Enterprises similar to the Convention Center.

3. Management availability to respond to accounting, reporting, internal control, or other questions that may arise throughout the year.

4. Provide the firm’s policy with regard to rotation of audit staff and indicate how the quality of assigned staff over the term of the agreement will be assured.

5. Should an issue be identified during the audit, describe your firm’s approach in:
 - a. Communicating the issue(s) to management,
 - b. Assisting management in planning corrective procedures,
 - c. Availability of additional audit team members to address the issue and meet the reporting deadlines.

6. Provide a statement describing the capability to complete all phases of the audit and other services within the agreed upon time schedule.

Scoring / Maximum Points
20
25
20
10
10
15

F. Proposer’s Background Information (50 possible points):

1. The firm shall also provide information on the results of any federal, state, or peer reviews of its audits during the past three (3) years. Specify which government engagements were included in peer review.

The firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years.

2. A copy of an annual comprehensive financial report and management letter the firm has audited in the last three years that would most closely match the City of Salem’s organization.

3. For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last three years that are similar to the engagement described in this request for proposal. These engagements should be on the basis of total staff hours.

Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

4. Additional Information: Any other information that the proposer feels applicable to the evaluation of the Proposal, or the qualifications for accomplishing the audit services should be included in this section. Proposer’s distinguishing services or characteristics may be included in this section. If there is no additional information to present, state, “There is no additional information we wish to present.”

Maximum Points
10
10
25
5

G. Audit Firm’s Approach to the Audits (75 possible points):

1. For each entity (City, Agency, and SCC,) describe how your firm would approach the engagement. Outline a work plan, audit milestones and dates, and how you propose to meet each milestone. Will you be relying primarily on PBC schedules or will you be using those as a basis for your own audit work papers?

Indicate whether you intend to use any; computer-assisted audit procedures, statistical sampling procedures, specialized governmental audit programs, and/or specialists (e.g. actuaries).

2. Describe the procedures followed in the technical review of audit reports prior to their issuance by qualified personnel independent of the audit personnel. Indicate whether this would be done in the local office or elsewhere.

3. Describe how you would propose to use City personnel, if at all, to assist you during the audit and indicate the approximate time requirement.

4. Indicate the extent to which, if any, you estimate you would need computer or programming resources from the City information technology department.

5. Comment on your firm’s ability to provide constructive suggestions for improving the City internal accounting controls and administrative procedures. This shall include an explanation of any modifications of the work items and scope of work presented in this RFP.

Maximum Points
30
10
10
10
15

H. Cost Proposal (75 possible points):

1. Audit Services

Provide a breakdown of estimated hours and costs as it relates to the entire audit contract and as individual components separately priced. The Cost Proposal shall list the total hours and dollar amounts, including out-of-pocket costs, for the entities listed below.

H.1. AUDIT SERVICES COST PROPOSAL (60 points)			
ENTITY	SERVICE	HOURS	DOLLARS
City	Audit		\$
	CAFR		\$
	Management Letter		\$
	Single Audit/Fin. Rpt.		\$
Agency			
Urban Renewal Areas	Audit		\$
Salem Conv. Center	Audit/Financial Report		\$
	Cost Proposal Totals		\$

2. Additional/Extraordinary Services

Proposals shall contain provisions for dealing with extraordinary circumstances discovered during the audit that may require an expansion of audit work beyond that which was originally planned. In addition, the audit firm may be requested to perform additional services for the City, the Agency, or the SCC during the year. Provide a brief description of any services that your firm could provide (e.g. brown bag classes regarding governmental accounting, training courses, GASB updates, etc.) and an approximation of the hourly charge for each service.

Proposals should describe the types of services available from the firm and the standard hourly fees to be charged for such services. Provide a breakdown of out-of-pocket costs, if any.

H.2. ADDITIONAL/EXTRAORDINARY SERVICES HOURLY RATES (15 points)		
EMPLOYEE CATEGORY	HOURLY RATE WITH CONTRACT	HOURLY RATE WITHOUT CONTRACT
Partner	\$	\$
Manager	\$	\$
Supervisor	\$	\$
Senior	\$	\$
Junior	\$	\$
OUT-OF-POCKET	CATEGORY	RATE

I. References (50 possible points):

Upon the identification of the top proposals, Salem will conduct reference checks. Please provide a list of four professional references most similar to the proposed scope of services. Include the organization, contact name, contact title, and telephone numbers.

SECTION 4: PROPOSAL EVALUATION CRITERIA AND SELECTION PROCESS

4.1 Evaluation Criteria

Although cost of services is important, the City will not necessarily select the lowest cost proposal for the award. The City reserves the right to award a contract based on initial proposal submittals or, at the sole discretion of the City, to conduct interviews with any or all of the Proposers. Any interviews shall be held for the purpose of clarity of proposals and will not be scored. However, the Proposal Selection Committee members may use the interview process as an opportunity to adjust their original proposal scores to reflect any additional understanding of proposals that they derived from the interviews. In addition to submitted proposal information, the City reserves the right to use any information that it is aware of, independent of the submitted proposals, in determining consideration of contract award.

The City will not pay for any costs incurred by Proposer in responding to this RFP to include costs to the Proposer to conduct interviews and presentations.

The evaluation criteria to be used for this RFP are summarized below:

Evaluation Criteria	Maximum Points
Letter of Transmittal	Pass/Fail
Table of Contents	Pass/Fail
Executive Summary	Pass/Fail
Mandatory Elements	Pass/Fail
Audit Team and Qualifications	100 points
Proposer's Background Information	50 points
Audit Firm's Approach to the Audits	75 points
Cost Proposal	75 points
References	50 points
Total Maximum Points Possible	350 points

4.2 Selection Process

An RFP Selection Committee will be appointed by the City to evaluate and rank all qualifying proposals received by the closing date. Interviews/oral presentations may be conducted with the top ranked proposers. Those proposers selected for interviews/oral presentations will be notified by the City. Any interviews shall be held for the purpose of clarity of proposals and will not be scored. However, the RFP Selection Committee

members may use the interview process as an opportunity to adjust their original proposal scores to reflect any additional understanding of proposals that they derived from the interviews. If no acceptable arrangements can be made, negotiations with the next highest ranked Proposer will occur.

The successful Proposer will be required to complete an Agreement in the form of a Personal Services Agreement (sample included in Appendix A), which will incorporate this RFP and Proposer’s response as a part of the Agreement.

SECTION 5: INFORMATION AND INSTRUCTIONS TO PROPOSERS

This section contains administrative and procedural information and instructions for preparation and submittal of the proposal. *Note: This RFP process offers several opportunities for prospective Proposers to submit formal protests. Filing a protest with the City requires submitting \$500.00 with the formal written protest. Prospective Proposers and Proposers wishing to submit objections to or comments on RFP specifications of a non-protest nature, must submit them in writing to the office of the Contracts & Procurement, by email sself@cityofsalem.net. They must be received no later than March 12, 2021, at 5:00 p.m. (local time). There is no fee for filing objections to or comments on RFP specifications of this non-protest nature.*

5.1 Anticipated Schedule (subject to change)

February 23, 2021	Begin RFP Solicitation
March 12, 2021 at 5:00 PM (local time).....	Questions/Clarifications Due
March 26, 2021 at 4:00 PM (local time)	RFP Closing Date
April 2021	Notice of Intent to Award Agreement
April 2021	Agreement Award (Anticipated Date)
April / May 2021.....	Notice to Proceed

5.2 Qualification Requirements

Each Proposer shall respond to the proposal requirements as presented in **Section 3, Proposal Submittal Requirements**, of this RFP. Proposals received without the required information may be rejected as being non-responsive.

The City shall have the right to disqualify any proposal as a result of the information gathered in its research.

5.3 Pre-Proposal Interpretation of RFP and Requested Changes

Technical questions relating to the requirement and scope of services of this RFP and/or the RFP process should be directed in writing to the Contracts and Procurement Manager, Contracts and Procurement, by email: sself@cityofsalem.net.

Any clarification or interpretation of the proposal documents will be made only by written notification. The City is not responsible for any explanation, clarification, or interpretation given in any manner except by written notification.

Any person who contemplates submitting a proposal in response to this RFP and who wishes to have the City consider a change in any part of this RFP shall submit to the Contracts and Procurement Manager of the City of Salem a written request for a change or substitution no later than 5:00 p.m. (local time), March 12, 2021. The request shall include the proposed change and the reason for the change. Protest against award based on the scope of services or other content of this RFP will not be considered after this time. Changes to this RFP document shall only be by written addenda.

A copy of any written clarification, interpretation and addendum will be posted on ORPIN.

5.4 Protest of Solicitation Document and the Procurement Process

A prospective proposer may protest the procurement process or the solicitation document for an Agreement. A prospective proposer must deliver a written protest to the Contracts and Procurement Manager (email: sself@cityofsalem.net) no later than 5:00 p.m. (local time), March 12, 2021. The prospective proposers shall indicate the reasons for the disagreement through a written protest and shall include a statement of the desired changes to the procurement process or the solicitation document that the prospective proposer believes will remedy the conditions upon which the prospective proposer based its protest.

The written protest must be submitted with a certified check or cashier's check in the amount of \$500.00 to cover the costs of processing the protest. The check shall be submitted via USPS, UPS, or FedEx.

5.5 Execution of the Proposal

The proposal shall be executed in the name of the Proposer followed by the signature of the officer authorized to sign for the printed or typewritten designation of the office held.

If the proposal is made by a partnership, it shall be executed in the name of the partnership followed by the signature of an authorized partner.

If the proposal is made by a Limited Liability Company (LLC), it shall be executed in the name of the LLC followed by the signature of the authorized member(s) or manager(s) authorized to sign for the LLC and the printed or typewritten designation of the office held in the LLC.

If the proposal is made by a corporation, it shall be executed in the name of the corporation followed by the signature of the officer authorized to sign for the corporation and the printed or typewritten designation of the office they hold in the corporation.

If the proposal is made by a joint venture, it shall be executed by each participant of the joint venture.

5.6 Submission of Proposal

Proposals will be received until, but **not after 4:00 p.m. (local time), March 26, 2021**. Proposals will only be accepted electronically thru Equity Hub's Bid Locker.

Completed proposals must arrive electronically via Equity Hub's Bid Locker

at https://bidlocker.us/a/salem_or/BidLocker. The City will **not** accept proposals submitted in any other matter.

NO LATE PROPOSALS WILL BE ACCEPTED.

Your proposal must be uploaded prior to the Closing Date and Time. The City strongly recommends that you give yourself sufficient time and at least ONE (1) day before the closing date and time to begin the uploading process and to finalize your submission. The City accepts no responsibility for non-receipt and/or delays in receipt caused by transmission and reception problems, equipment failure, or any other similar cause. Each Proposal is instantly sealed and will only be visible to the City after the closing date and time. Uploading large documents may take significant time, depending on the size of the file(s) and your internet connection speed. You will receive an email confirmation receipt once you finalize your submission.

Minimum system requirements: Internet Explorer 11, Microsoft Edge, Google Chrome, or Mozilla Firefox. Javascript must be enabled. Browser cookies must be enabled.

Need Help?

Please contact Equity Hub at help@equityhub.us or (267) 225-1407 for technical questions related to your submission.

The Vendor Guide for Bid Locker can be found at [Vendor Guide for Bid Locker](#).

5.7 Response Date

Delivery in the manner stated herein and completeness of submittals as required by this RFP shall be solely the responsibility of the Proposer(s). Submission of proposals or additional information offered after the closing date and time shall not be accepted or considered.

5.8 Withdrawal of Proposal

Proposer(s) may withdraw their proposal, by written notice submitted on the Proposer's letterhead, signed by the Proposer's authorized representative, delivered to the Contracts and Procurement Office by email at contracts@cityofsalem.net. To be effective, the withdrawal must be received prior to closing date and time. The Proposer shall mark a written request to withdraw its proposal as follows: "Proposal Withdrawal - RFP #212015."

5.9 Notice to Proceed

The successful Proposer(s) may be given ten (10) calendar days to execute the Agreement and return it to the City. Contractual work may not begin until the notice to proceed has been issued. The notice to proceed will be issued after execution of the Agreements by the City. The notice to proceed will authorize commencement of the work based on the Agreement.

5.10 Rights of City to Award or Reject Proposals

This RFP does not commit the City to award or enter into an Agreement. Under no circumstances will the City pay the costs incurred in the preparation of a response to this RFP. The City reserves the right to:

- Accept or reject any or all proposals or any portion thereof received as a result of this RFP.
- Negotiate with any Proposer(s).
- Accept a proposal and subsequent offers for Agreement from other than the lowest cost proposed.
- Waive any immaterial defects and irregularities in proposals and to waive or modify any irregularities in proposals received, after prior notification to the Proposer(s).
- In determining the most responsive proposer, take into consideration any or all information supplied by the proposer in the proposal and the City's investigation into the experience of the Proposer. In addition, the City may accept or reject proposals based on minor variations from the stated scope of services and when such action is deemed to be in the City's best interest.
- Negotiate a final scope and price with the selected proposer that may differ in some respects from this RFP.
- To seek clarifications of each proposal.
- If proposer chooses to participate in negotiations, they may be asked to submit additional information, or other revisions to their proposal as may be required.
- Consider proposal modifications received at any time before the award is made, if such action is in the best interest of the City.
- To negotiate a final Agreement that is in the best interest of the City.

5.11 Contract Administrator

The Contract Administrator is Jeremy Morgan, Acting Chief Accountant. All questions relating to the RFP process should be directed in writing to Shawna Self, CPPB, Contracts and Procurement Manager, by email to: sself@cityofsalem.net.

5.12 Economy of Proposal Preparation

Proposals should be prepared simply and economically, by providing a straightforward, concise description of the Proposer's capabilities related to specified elements units or services. Proposals should not include any information not specifically identified or specified as a required response.

5.13 Addenda

In the event that it becomes necessary to revise any part of this RFP, addenda will be posted on ORPIN. Prospective proposers are solely responsible for checking ORPIN to determine whether or not any addenda have been issued. The City is not responsible for any explanation, clarification, interpretation, or approval made or given in any manner except

by addenda. Addenda, if necessary, will be issued not later than five (5) City business days prior to the RFP closing date. Addenda shall be signed by the same individual that signs the proposal and **SHALL BE SUBMITTED** with the proposal. Proposals received without properly signed addenda may be considered non-responsive.

5.14 Protests of Addenda

A prospective Proposer may submit a written protest to an addendum within forty-eight (48) hours by the close of the City's next business day after issuance of the addendum. The written protest shall (1) Sufficiently identify the addendum being protested; (2) Identify the specific grounds that demonstrate how the addenda is contrary to law, unnecessarily restrictive, legally flawed or improperly specifies a brand name; (3) Include evidence or supporting documentation that supports the grounds on which the protest is based; (4) Identify the relief sought; and (5) Include a statement of the desired changes to the addendum that the prospective proposer believes will remedy the conditions upon which the prospective proposer based its protest. The City will not consider a protest to matters not added or modified by the protested addendum. Delivered to the City Manager's Office, via email to contracts@cityofsalem.net.

The written protest must be submitted with a certified check or cashier's check in the amount of \$500.00 to cover the costs of processing the protest. The check shall be submitted via USPS, UPS, or FedEx.

5.15 Acceptance of Proposal Content

The contents of the proposal of the successful Proposer will become contractual obligations if acceptance action ensues. Failure of the successful Proposer to accept these obligations in an Agreement may result in cancellation of the award.

5.16 Public Records and Confidentiality of Proposal

This RFP and one copy of each original response received, together with copies of all documents pertaining to the selection of the successful Proposer and execution of a copy of the executed agreement, shall be kept for the City by the Contracts and Procurement Office for a period of five (5) years and made a part of a file or record which shall be open to public inspection.

Public Records. By submitting a proposal, the Proposer acknowledges that information submitted in response to this RFP is open to public inspection under the Oregon Public Records Law, ORS 192.311 through 192.513. The Proposer are responsible for becoming familiar with and understanding the provisions of the Public Records Law.

Note: Under no circumstances will any proposal information be disclosed by the Contracts and Procurement Office prior to receiving a written recommendation to award from the Department Head.

5.17 Human Rights

It is the express policy of the City that no person shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity on the grounds of race, religion, color, national origin, sex, marital status,

familial status or domestic partnership, age, mental or physical disability, sexual orientation, gender identity or source of income as provided by the Salem Revised Code Chapter 97, Title VI of the Civil Rights Act of 1964 and other federal non-discrimination laws. The City's complete Title VI Plan may be viewed at www.cityofsalem.net. Successful Proposer agrees to comply with all applicable requirements of federal, state, and local civil rights and rehabilitation statutes, rules and regulations if awarded an Agreement by the City.

Solicitations for Subcontracts, Including Procurements of Materials and Equipment:

In all solicitations either by competitive bidding or negotiation made by the successful Proposer for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the successful Proposer of the successful Proposer's obligations under this Agreement and the Salem Revised Code Chapter 97, Title VI of the Civil Rights Act of 1964 and other federal non-discrimination laws. (See Appendix B.)

5.18 Discrimination in Subcontracting Prohibited

Proposer agrees not to discriminate against disadvantaged business enterprise, a minority-owned business, a woman-owned business, a business that a service-disabled veteran owns or an emerging small business certified under ORS 200.055 in awarding subcontracts as required by ORS 279A.110.

5.19 Notice of Intent to Award

All responsive and evaluated Proposers to this RFP will be notified of the City's intent to award an Agreement not less than seven (7) days prior to award. The City will issue a notice of intent to award based on the results of its evaluation process. The notice of intent to award will be posted on ORPIN only.

5.20 Protest of Intent to Award

A Proposer may protest the award of the Agreement or the intent to award such Agreement, whichever occurs first, if the Proposer claims to have been adversely affected or aggrieved by the selection of a Proposer. A Proposer submitting a protest must claim that the protesting Proposer is the highest ranked Proposer because the proposals of all higher ranked Proposers failed to meet the requirements of this RFP or because the highest ranked proposers otherwise are not qualified to perform the services described in this RFP. The Proposer must deliver the written protest to the City Manager's Office to contracts@cityofsalem.net, within seven (7) days after issuance of the notice of intent to award the Agreement or if no notice of intent to award is issued, within forty-eight (48) hours after award. A Proposer's written protest shall specify the grounds for protest to be considered by the City pursuant to ORS 279B.410(2). The City Manager shall not consider a proposer's award protest submitted after the above timeline. **The written protest must be submitted with a certified check or cashier's check in the amount of \$500.00 to cover the costs of processing the protest. The check shall be submitted via USPS, UPS, or FedEx.**

5.21 Incurred Costs

Neither the City, nor its officers, agents, or employees are liable for any cost incurred by Proposer(s) prior to issuance of an agreement, or purchase order. All prospective Proposer(s) who respond to this RFP do so solely at the Proposer's cost and expense.

5.22 No Warranty

All facts and opinion stated within this RFP and all supporting documents and data are based upon information available from a variety of sources. No representation or warranty is made with respect thereto.

5.23 Statement of Time

A period of time, unless stated as a number of City business days, shall include Saturdays, Sundays, and holidays.

The word “day” as used in this RFP document, and any resulting Agreement awarded as a result of this process, shall constitute a calendar day of twenty-four (24) hours measured from midnight to the next midnight.

When a time period is identified by days, it is computed by excluding the first day and including the last day. When the last day falls on a Saturday, Sunday, or City’s holiday, that time period shall extend to the next City business day.

5.24 Right to Audit

The successful Proposer shall maintain financial records and other records as may be prescribed by the City or by applicable federal and state laws, rules, and regulations. The successful Proposer(s) shall retain these records for a period of five (5) years after final payment, or until they are audited by the City, whichever event occurs first. These records shall be made available during the term of the Agreement and the subsequent five-year period for examination, transcription, and audit by the City, its designees, or other authorized bodies.

5.25 Accept or Reject Proposals

The City reserves the right to accept or reject any or all proposals in response to this RFP without cause or to delay or cancel this RFP process without liability to the City if the City determines it is in the public interest to do so.

5.26 Additional Information

The City reserves the right to request additional information following their initial review of the proposal documents that the City deems reasonably necessary to evaluate, rank, and select the most qualified Proposer(s). The City staff may conduct a review and verification of confidential information with staff and consultants.

5.27 Right to Modify Process

The City reserves the right to modify the selection process or other aspects of this RFP process at its sole discretion. The Contracts and Procurement Office will take reasonable steps to ensure that any modification or clarification to this RFP are posted on ORPIN.

5.28 Debarment of Proposer

The Contracts and Procurement Manager may debar prospective Proposers from consideration for Agreements for a period of not more than three (3) years if:

1. The prospective Proposer has been convicted of a criminal offense as an incident in obtaining or attempting to obtain a public or private contract subcontract or in the performance of such contract or subcontract;
2. The prospective Proposer has been convicted under state or federal statutes of embezzlement, theft, forgery, bribery, falsification, or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty that currently, seriously, and directly affects the prospective Proposer's responsibility as a contractor;
3. The prospective Proposer has been convicted under state or federal antitrust statutes;
4. The prospective Proposer has committed a violation of a contract provision that is regarded by the Contracts & Procurement Manager or the Construction Contractors Board to be so serious as to justify debarment. A violation may include but is not limited to a failure to perform the terms of a contract or an unsatisfactory performance in accordance with the terms of the contract. A failure to perform or an unsatisfactory performance caused by acts beyond the control of the contractor may not be considered to be a basis for debarment; or
5. The prospective Proposer does not carry any insurance as required by applicable law.

The Contracts and Procurement Manager shall give written notice of the reasons for the debarment and the proposed length of debarment to the person for whom debarment is being considered. The Proposer shall be given not less than fourteen (14) days to respond to the Contracts and Procurement Manager in writing. The Contracts and Procurement Manager shall issue a written decision that states the reason for the action taken and that informs the Proposer of the Proposer's appeal rights.

5.29 Proposals submitted by City Employees Prohibited

The City will not purchase any goods or services from City employees unless City Council expressly authorizes the purchase or the purchase is necessary during a state of emergency and the City Manager approves the purchase.

SECTION 6: AGREEMENT TERMS AND REQUIREMENTS

6.1 Forfeiture of the Agreement

This Agreement may be canceled at the election of the City at any time for any willful failure or refusal by the successful Proposer to perform according to the terms of an Agreement as herein provided.

6.2 Non-Assignment

If an Agreement is awarded, it shall not be assigned, nor duties be delegated, in part or in total without consent of the City. Reasonable requests for assignment of the Agreements may be granted based on the sole determination of the City.

6.3 Liability Insurance

Successful Proposer shall obtain and maintain during the term of this Agreement, a policy or policies of liability insurance including commercial general liability insurance with a combined single limit, or the equivalent, of not less than \$2,000,000 (two million dollars) for each occurrence for Bodily Injury and Property Damage.

The insurance required shall include the following coverages:

- Comprehensive General or Commercial General Liability, including personal injury, contractual liability, and products/completed operations coverage;
- Automobile Liability.

Each policy of such insurance shall be on an "occurrence" and not a "claims made" form, and shall:

- Name as additional insured "the City of Salem, Oregon, its officers, agents and employees";
- Apply to each named and additional named insured as though a separate policy had been issued to each, provided that the policy limits shall not be increased thereby;
- Apply as primary coverage for each additional named insured except to the extent that two or more such policies are intended to "layer" coverage and, taken together, they provide total coverage from the first dollar of liability;
- Successful Proposer shall immediately notify the City of any change in insurance coverage;
- Successful Proposer shall supply an endorsement naming the City, its officers, employees and agents as additional insureds within sixty (60) days of the Effective Date of the Agreement; and
- Be evidenced by a certificate or certificates of such insurance approved by the City.

6.4 Errors and Omissions

Successful Proposer shall carry Errors and Omissions (professional liability) insurance coverage with combined single limits of not less than \$2,000,000 (two million dollars). Successful Proposer shall furnish evidence of such coverage through a certificate of insurance in a form acceptable to the City.

6.5 Workers' Compensation Law

All subject employers working under an awarded Agreement are either employers that will comply with ORS 656.017 or employers that are exempt under ORS 656.126. Proof of compliance will be required prior to Agreement execution. (See Appendix A)

6.6 Laws of the State of Oregon

By submitting a proposal in response to this RFP, Proposer(s) agree that, any terms and conditions stated within any agreement that is awarded as a result of this solicitation shall also include the following laws of the State of Oregon are hereby incorporated by reference into the Agreement: ORS 279B.220, 279B.230, and 279B.235.

Any Agreements awarded and/or purchase order issued as a result of this RFP shall be governed by the laws of the State of Oregon without regard to conflict of laws principles. Exclusive venue for litigation of any action arising under the Agreement shall be in the Circuit Court of the State of Oregon for Marion County unless exclusive jurisdiction is in federal court, in which case exclusive venue shall be in the federal district court for the district of Oregon. Each party expressly waives any and all rights to maintain an action under this Agreement in any other venue, and expressly consents that, upon motion of the other party, any case may be dismissed or its venue transferred, as appropriate, so as to effectuate this choice of venue.

6.7 Successful Proposer's Compliance with Tax Laws

Successful Proposer represents and warrants to the City that:

1. Successful Proposer shall, throughout the term of this Agreement, including any extensions hereof, comply with:
 - A. All tax laws of the State of Oregon, including but not limited to ORS 305.620 and ORS chapters 316, 317, and 318;
 - B. Any tax provisions imposed by a political subdivision of the State of Oregon applicable to successful Proposer; and
 - C. Any rules, regulations, charter provisions, or ordinances that implement or enforce any of the foregoing tax laws or provisions.
2. If applicable, the successful Proposer, for a period of no fewer than six (6) calendar years preceding the Effective Date of this Agreement, has faithfully complied with:
 - A. All tax laws of the State of Oregon, including but not limited to ORS 305.620 and ORS chapters 316, 317, and 318;
 - B. Any tax provisions imposed by a political subdivision of the State of Oregon applicable to successful Proposer; and
 - C. Any rules, regulations, charter provisions, or ordinances that implement or enforce any of the foregoing tax laws or provisions.

Successful Proposer's failure to comply with the tax laws of the State of Oregon and all applicable tax laws of any political subdivision of the State of Oregon shall constitute a material breach of this Agreement. Further, any violation of successful Proposer's warranty, as set forth in this Article, shall constitute a material breach of this Agreement. Any material breach of this Agreement shall entitle the City to terminate this Agreement

and to seek damages and any other relief available under this Agreement, at law, or in equity.

Any Work delivered to the City under this Agreement shall be provided to the City free and clear of any and all restrictions on or conditions of its use, transfer, modification, or assignment, and shall be free and clear of any and all liens, claims, mortgages, security interests, liabilities, charges, and encumbrances of any kind.

6.8 Agreement Term

The Agreement shall commence on the issuance of the notice to proceed for the fiscal year 2020-21 audit (anticipated to be issued on May 12, 2021) and continue until June 30, 2022, and upon renewal (see renewal clause) shall continue for each additional consecutive fiscal year until canceled or expiration of the Agreement term.

6.9 Renewal

If the City determines that it is in the City's best interest, the City may elect to extend the Agreement for four (4) additional one (1) year periods at the end of each fiscal year, July 1 through June 30, subject to the following conditions:

- a. Approval by City and budget approval.
- b. Service has been determined, by the Contract Administrator, to be satisfactory.
- c. Price remains firm for the additional year; adjusted only for any escalation/ de-escalation allowed under the terms of the Agreement.
- d. Agreement to extend the Agreements, in writing, by the successful Proposer after a minimum sixty (60) calendar days' notice by City prior to the expiration of the Agreement.

6.10 Termination for Lack of Appropriations

The City may terminate all or portions of the Agreement for lack of funds, if the successful Proposer is notified by certified mail thirty (30) calendar days in advance.

6.11 Cooperative Purchasing

Pursuant to ORS 279A.205 thru 279A.215, other public agencies, Urban Renewal Agency of the City of Salem, Housing Authority of the City of Salem, and members of the Oregon Cooperative Purchasing Program (ORCPP) may use the service agreement resulting from this RFP unless Proposer expressly notes in their proposal that the prices quoted are available to the City only. The condition of such use by other agencies is that any such agency must make and pursue contact, purchase order, delivery arrangements, and all contractual remedies directly with the successful Proposer; the City accepts no responsibility for performance by either the successful Proposer or such other agency using this agreement. With such condition, the City consents to such use by any other public agency.

6.12 Escalation/ De-Escalation Agreement

Prices shall remain firm throughout the initial Agreement term except in the case of price decreases. Price decreases will be allowed the first of the month following receipt of communication, or the effective date, whichever is later.

Price increases will be considered at the time of Agreement renewal. Successful Proposer(s) must submit a written request with documentation justifying any price increase at least ninety (90) days prior to Agreement renewal to the Contracts and Procurement Division. Proposed price increases shall not exceed the consumer price index for this region. Proposer is to provide all documentation for verification purposes.

The City shall have the option of accepting the price increase or allowing the Agreements to expire (non-renewal) and rebidding the contract. The City reserves the right to audit the records of the successful Proposer when requesting price increases to the extent that such records relate to cost or pricing data.

6.13 Type of Agreement

This is a non-exclusive one-year annual Agreement; with renewal provisions (see Subsection 6.9) and escalation/de-escalation agreement (see Subsection 6.12).

6.14 Form of Procurement Agreement

Any Personal Services Agreement that is awarded as a result of this RFP will incorporate the RFP document, the successful Proposer's written proposal, any required certificates, and all other documents incorporated by reference therein.

It is the City's intent to award Agreements in substantially the form of the Agreement attached as Appendix A. Proposer may submit an alternative Agreement for City's review. The City, at its sole determination, may approve the Proposer's offered Agreement as is, require modifications, or reject the Proposer's Agreement and require that the City's Agreement be executed for the purpose of this RFP.

A Proposer may not condition its Proposal on execution of any Agreement it submits. Any such condition shall result in rejection of their Proposal.

Any additional Agreements shall contain the following provisions:

1. The following laws of the State of Oregon are hereby incorporated by reference into the agreement: ORS 279B.220, 279B.230, and 279B.235.
2. The Agreement shall be governed by the laws of the State of Oregon without regard to conflict of laws principles. Exclusive venue for litigation of any action arising under the Agreement shall be in the Circuit Court of the State of Oregon for Marion County unless exclusive jurisdiction is in federal court, in which case exclusive venue shall be in the federal district court for the district of Oregon. Each party expressly waives any and all rights to maintain an action under this Agreement in any other venue, and expressly consents that, upon motion of the other party, any case may be dismissed or its venue transferred, as appropriate, so as to effectuate this choice of venue.

3. No person shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity on the grounds of race, religion, color, national origin, sex, marital status, familial status or domestic partnership, age, mental or physical disability, sexual orientation, gender identity, or source of income as provided by Salem Revised Code Chapter 97, Title VI of the Civil Rights Act of 1964 and other federal non-discrimination laws. Proposer agrees to comply with all applicable requirements of federal, state, and local civil rights and rehabilitation statutes, rules and regulations. Further, Proposer agrees not to discriminate against disadvantaged business enterprise, a minority-owned business, a woman-owned business, a business that a service-disabled veteran owns or an emerging small business certified under ORS 200.055 in awarding subcontracts as required by ORS 279A.110.
4. Successful Proposer shall obtain and maintain during the term of this Agreement, a policy or policies of liability insurance including commercial general liability insurance with a combined single limit, or the equivalent, of not less than \$2,000,000 (two million dollars) for each occurrence for Bodily Injury and Property Damage.

The insurance required in this Article shall include the following coverages:

- Comprehensive General or Commercial General Liability, including personal injury, contractual liability, and products/completed operations coverage;
- Automobile Liability.

Each policy of such insurance shall be on an "occurrence" and not a "claims made" form, and shall:

- Name as additional insured "the City of Salem, Oregon, its officers, agents and employees" with respect to claims arising out of successful Proposer's Work under this Agreement;
- Apply to each named and additional named insured as though a separate policy had been issued to each, provided that the policy limits shall not be increased thereby;
- Apply as primary coverage for each additional named insured except to the extent that two or more such policies are intended to "layer" coverage and, taken together, they provide total coverage from the first dollar of liability;
- Proposer shall immediately notify the City of any change in insurance coverage;
- Proposer shall supply an endorsement naming the City, its officers, employees and agents as additional insureds within sixty (60) days of the Effective Date of the Agreement; and
- Be evidenced by a certificate or certificates of such insurance approved by the City.

All subject employers working under this Agreement are either employers that will comply with ORS 656.017 or employers that are exempt under ORS 656.126.

Successful Proposer shall carry Errors and Omissions (professional liability) insurance coverage with combined single limits of not less than \$2,000,000 (two million dollars). Successful Proposer shall furnish evidence of such coverage through a certificate of insurance in a form acceptable to the City.

6.15 IDENTITY THEFT PREVENTION PROGRAM

If the City engages a service provider (“Proposer”) to perform an activity or service that involves processing, storing, or transmitting City or City employee personal, financial, or account information, the contract shall include the following clauses:

“Successful Proposer acknowledges that it is the City’s responsibility to ensure that activities of the successful Proposer are conducted in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identity theft, and shall comply with the federal Fair and Accurate Credit Transactions Act of 2003, as amended, and the Oregon Consumer Identity Theft Protection Act (ORS 646A.600 to 646A.628), as amended. By successful Proposer’s signature hereon, the successful Proposer certifies and warrants that the successful Proposer maintains its own Identity Theft Prevention Program, consistent with the guidance of the red flag rules (16 C.F.R. Part 681) and validated by appropriate due diligence;

Successful Proposer agrees to defend, indemnify, and hold harmless the City, its officers, employees, and agents from and against any and all claims arising out of or related to successful Proposer violating: (i) the federal Fair and Accurate Credit Transaction Act of 2003, as amended; (ii) the Oregon Consumer Identity Theft Protection Act (ORS 646A.600 to 646A.628), as amended;

A statement that in the event of a breach of City or City employee personal, financial, or account information, the successful Proposer will immediately notify the City and take steps to reduce the risk of identity theft; and if applicable; and

A statement that successful Proposer’s software and data transmission process is, and will remain, compliant with Payment Card Industry (PCI) Data Security Standards (DSS).”

6.16 PAY EQUITY COMPLIANCE

As required by ORS 279B.235, successful Proposer shall comply with ORS 652.220 and shall not discriminate against any of successful Proposer’s employees in the payment of wages or other compensation for work of comparable character, the performance of which requires comparable skills, or pay any employee at a rate less than another for comparable work, based on an employee’s membership in a protected class.

Commencing on January 1, 2019, successful Proposer must comply with ORS 652.220 as amended and shall not unlawfully discriminate against any of successful Proposer’s employees in the payment of wages or other compensation for work of comparable character on the basis of an employee’s membership in a protected class. “Protected class” means a group of persons distinguished by race, color, religion, sex, sexual orientation, national origin, marital status, veteran status, disability or age. Successful Proposer’s compliance with this section constitutes a material element of this Agreement and a failure to comply constitutes a breach that entitles the City to terminate this Agreement for cause.

Successful Proposer may not prohibit any of successful Proposer’s employees from discussing the employee’s rate of wage, salary, benefits, or other compensation with another employee or

another person. Successful Proposer may not retaliate against an employee who discusses the employee's rate of wage, salary, benefits, or other compensation with another employee or another person.

If selected for award and as applicable, Proposer shall submit to the City a true and correct copy of an unexpired Pay Equity Compliance Certificate issued by the Oregon Department of Administrative Services (under ORS 279A.167). The Bidder upon completion of the curriculum and assessment understands the prohibitions set forth in ORS 652.220 and in other laws or rules that prohibit discrimination in compensation or wage payment. The certificate is only required if the Proposer employs 50 or more full time workers and submitted a proposal for a procurement with an estimated contract price that exceeds \$500,000.

See <https://www.oregon.gov/das/Procurement/Pages/PayEquity.aspx> for training requirements.

6.17 AUDIT FEES

Audit fees for interim work for the City will be billed and are considered payable after July 1 following the year being audited (2021 interim work for FYE 6/30/21 will be paid after July 1, 2021).

6.18 MANNER OF INVOICING FOR PAYMENT

Payment(s) for the City and Agency will be made by the Finance Department, Room 230, City Hall, 555 Liberty St SE, Salem, OR 97301 for invoices submitted for the successful completion of work authorized within the scope of services. Invoices for interim work completed shall be submitted after July 1st of the subsequent fiscal year for payment.

Invoices submitted for work done for the SCC shall be submitted to Salem Convention Center, 200 Commercial St SE, Salem OR 97301-3426.

6.19 NON-SPECIFIED COVERAGE

Salem reserves the right to place any coverage not specified and all employee benefit insurance in the most expedient (as determined by the Benefits Manager) means possible.

Appendix A: SAMPLE PERSONAL SERVICES AGREEMENT

**AGREEMENT #Type Agreement #
PERSONAL SERVICES AGREEMENT**

This Agreement is made between:

**THE CITY OF SALEM,
An Oregon Municipal Corporation,
("City"),
and**

**Type Company Name,
("Provider"),**

for
"Type Title of Agreement"

1. PROVIDER'S OBLIGATIONS

- 1.1 Provide Type Description of Services, as set forth in the "SUPPORTING DOCUMENTS" attached hereto and, by this reference, incorporated herein. Provider expressly acknowledges that time is of the essence of any completion date set forth in the SUPPORTING DOCUMENTS, and that no waiver or extension of such deadline may be authorized except in the same manner as herein provided for authority to exceed the maximum compensation. These tasks and services defined and described in the "SUPPORTING DOCUMENTS" shall hereinafter be referred to as "Work."
- 1.2 Provider shall obtain and maintain during the term of this Agreement and until City's final acceptance of all Work performed hereunder, a policy or policies of liability insurance including commercial general liability insurance with a combined single limit, or the equivalent, of not less than \$2,000,000 (two million dollars) for each occurrence for Bodily Injury and Property Damage.
- 1.2.1 The insurance required in this Article shall include the following coverages:
- Comprehensive General or Commercial General Liability, including personal injury, contractual liability, and products/completed operations coverage;
 - Automobile Liability.
- 1.2.2 Each policy of such insurance shall be on an "occurrence" and not a "claims made" form, and shall:
- Name as additional insured "the City of Salem, Oregon, its officers, agents and employees" with respect to claims arising out of Provider's Work under this Agreement;
 - Apply to each named and additional named insured as though a separate policy had been issued to each, provided that the policy limits shall not be increased thereby;
 - Apply as primary coverage for each additional named insured except to the extent that two or more such policies are intended to "layer" coverage and, taken together, they provide total coverage from the first dollar of liability;

- Provider shall immediately notify the City of any change in insurance coverage
 - Provider shall supply an endorsement naming the City, its officers, employees and agents as additional insureds within sixty (60) days of the Effective Date of this Agreement; and
 - Be evidenced by a certificate or certificates of such insurance approved by the City.
- 1.3 All subject employers working under this Agreement are either employers that will comply with ORS 656.017 or employers that are exempt under ORS 656.126.
- 1.4 Provider agrees that no person shall, on the grounds of race, color, religion, creed, sex, marital status, familial status or domestic partnership, national origin, age, mental or physical disability, sexual orientation, gender identity or source of income, suffer discrimination in the performance of this Agreement when employed by Provider. Provider agrees to comply with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations. Further, Provider agrees not to discriminate against a disadvantaged business enterprise, minority-owned business, woman-owned business, a business that a service-disabled veteran owns or an emerging small business enterprise certified under ORS 200.055, in awarding subcontracts as required by ORS 279A.110.
- 1.5 In all solicitations either by competitive bidding or negotiation made by Provider for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the Providers of the Provider's obligations under this Agreement and the Salem Revised Code Chapter 97, Title VI of the Civil Rights Act of 1964 and other federal nondiscrimination laws.
- 1.6 As required by ORS 279B.235, Provider shall comply with ORS 652.220 and shall not discriminate against any of Provider's employees in the payment of wages or other compensation for work of comparable character, the performance of which requires comparable skills, or pay any employee at a rate less than another for comparable work, based on an employee's membership in a protected class. Commencing on January 1, 2019, Provider must comply with ORS 652.220 as amended and shall not unlawfully discriminate against any of Provider's employees in the payment of wages or other compensation for work of comparable character on the basis of an employee's membership in a protected class. "Protected class" means a group of persons distinguished by race, color, religion, sex, sexual orientation, national origin, marital status, veteran status, disability or age. Provider's compliance with this article constitutes a material element of this Agreement and a failure to comply constitutes a breach that entitles the City to terminate this Agreement for cause. Provider may not prohibit any of Provider's employees from discussing the employee's rate of wage, salary, benefits, or other compensation with another employee or another person. Provider may not retaliate against an employee who discusses the employee's rate of wage, salary, benefits, or other compensation with another employee or another person.

2. CITY'S OBLIGATIONS

- 2.1 City shall pay Provider the sum of \$Type Agreement Amount as provided herein as full compensation for Provider's performance of the Work specified in the SUPPORTING DOCUMENTS.
- 2.2 In no event shall Provider's total of all compensation and reimbursement under this Agreement exceed the sum of \$Type Agreement Amount without express, written approval from the City official whose signature appears below, or such official's successor in office. Provider expressly acknowledges that no other person has authority to order or authorize work exceeding this maximum sum, and that any authorization from the responsible official must be in writing. Provider further acknowledges that any work done or expenses incurred without authorization as provided herein is done at Provider's own risk and as a volunteer without expectation of compensation or reimbursement.

3. GENERAL PROVISIONS

- 3.1 This is a non-exclusive Agreement. Provider is obligated to provide service at the rates set forth above during the term of this Agreement unless Provider is unavailable because of prior commitment. City is not obligated to assign any amount of work to Provider, and is free to engage the similar services of other providers in its sole discretion.
- 3.2 Provider is an independent contractor and not an employee or agent of the City for any purpose.
- 3.3 Provider is not entitled to, and expressly waives all claims to City benefits such as health and disability insurance, paid leave, and retirement.
- 3.4 Provider shall not assign, subcontract or sublet any interest in this Agreement, it being understood that Provider's services are personal and Provider was chosen on the basis of the quality and suitability of those personal services.
- 3.5 This Agreement embodies the full and complete understanding of the parties respecting the subject matter hereof. It supersedes all prior agreements, negotiations, and representations between the parties, whether written or oral.
- 3.6 This Agreement may be amended only by written instrument executed with the same formalities as this Agreement.
- 3.7 The following laws of the State of Oregon are hereby incorporated by reference into this Agreement: ORS 279B.220, 279B.225, 279B.230 and 279B.235.
- 3.8 This Agreement shall be governed by the laws of the State of Oregon without regard to conflict of laws principles. Exclusive venue for litigation of any action arising under this Agreement shall be in the Circuit Court of the State of Oregon for Marion County unless exclusive jurisdiction is in federal court, in which case exclusive venue shall be in the federal district court for the district of Oregon. Each party expressly waives any and all rights to maintain an action under this Agreement in any other venue, and expressly consents that, upon motion of the other party, any case may be dismissed or its venue

transferred, as appropriate, so as to effectuate this choice of venue.

- 3.9 Provider shall defend, save, hold harmless and indemnify the City and its officers, employees and agents from and against all claims, suits, actions, losses, damages, liabilities costs and expenses of any nature resulting from or arising out of, or relating to the activities of Provider or its officers, employees, contractors, or agents under this Agreement.
- 3.10 Neither party to this Agreement shall hold the other responsible for damages or delay in performance caused by acts of God, strikes, lockouts, accidents, or other events beyond the control of the other or the other's officers, employees or agents.
- 3.11 If any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permitted the intent of Provider and the City set forth in this Agreement.
- 3.12 Pursuant to ORS 279A.200 to 279A.225, the parties intend that this Agreement may be used by other public contracting agencies. Any such cooperative procurement shall be between the purchasing public contracting agency and the Provider, and those parties shall be solely responsible for ensuring that such procurement is in compliance with Oregon law. The City makes no representations or warranties as to the ability of another public contracting agency and the Provider to use this Agreement as a cooperative procurement.

4. OWNERSHIP OF WORK PRODUCT AND INTELLECTUAL PROPERTY.

- 4.1 Definitions. As used in this Article and elsewhere in this Agreement, the following terms have the meanings set forth below:
 - 4.1.1 "Provider Intellectual Property" means any intellectual property owned by Provider and developed independently from the Work.
 - 4.1.2 "Third Party Intellectual Property" means any intellectual property owned by parties other than City or Provider.
 - 4.1.3 "Work Product" means every invention, discovery, work of authorship, trade secret document or other tangible or intangible item and all intellectual property rights therein that Provider is required to deliver to City pursuant to the Work.
- 4.2 Original Works. All Work Product created by Provider pursuant to this Agreement, including derivative works and compilations, and whether or not such Work Product is considered a Work made for hire or an employment to invent, shall be the exclusive property of City. City and Provider agree that such original Work Product is "Work made for hire" of which City is the author within the meaning of the United States Copyright Act. Provider hereby irrevocably assigns to City any and all of its rights, title, and interest in all original Work Product created pursuant to the Work, whether arising from copyright, patent, trademark, trade secret, or any other state or federal intellectual property law or doctrine shall vest in and is hereby assigned to the City. Provider retains no right,

ownership, or title in any copyright, patent, trademark, proprietary or any other protected intellectual property right resulting from the Work as defined under this Agreement. Upon City's reasonable request, Provider shall execute such further documents and instruments necessary to fully vest such rights in City. Provider forever waives any and all rights relating to original Work Product created pursuant to this Agreement, including without limitation, any and all rights arising under 17 USC §106A.

- 4.3 Provider Intellectual Property. In the event that any Work Product is Provider Intellectual Property Provider hereby grants to City an irrevocable, non-exclusive, perpetual, royalty-free license to use, reproduce, prepare derivative works based upon, distribute copies of, perform and display the Provider Intellectual Property and an irrevocable, non-exclusive, perpetual, royalty-free license to authorize others to do the same on City's behalf.
- 4.4 Third Party Works. In the event that Work Product is Third Party Intellectual Property, Provider shall secure on the City's behalf and in the name of the City, an irrevocable, non-exclusive, perpetual, royalty-free license to use, reproduce, prepare derivative works based upon, distribute copies of, perform and display the Third Party Intellectual Property and an irrevocable, non-exclusive, perpetual, royalty-free license to authorize others to do the same on City's behalf.
- 4.5 All drawings, specifications, data, maps, photographs, renderings, documents, recordings, computer files (including but not limited to programs), and other like material furnished by the City are instruments of service for the Work only, and shall remain the property of the City whether the project is completed or not. Provider is granted a limited license to use such materials in conjunction with Work under this Agreement only. Provider shall not use them for any other purpose.

5. SUPPORTING DOCUMENTS

- 5.1 The following documents are, by this reference, expressly incorporated in this Agreement, and are collectively referred to in this Agreement as the "SUPPORTING DOCUMENTS:"
 - The City's Request for Proposals #Type RFP #, together with any documents incorporated by reference therein.
 - The Provider's complete written Proposal dated Type Date of Proposal.
- 5.2 This Agreement and the SUPPORTING DOCUMENTS shall be construed to be mutually complimentary and supplementary wherever possible. In the event of a conflict which cannot be so resolved, the provisions of this Agreement itself shall control over any conflicting provisions in any of the SUPPORTING DOCUMENTS. In the event of conflict between provisions of two of the SUPPORTING DOCUMENTS, the several supporting documents shall be given precedence in the order listed in Article 5.1.

6. REMEDIES

- 6.1 In the event Provider is in default of this Agreement, City may, at its option, pursue any or all of the remedies available to it under this Agreement and at law or in equity, including, but not limited to:
 - 6.1.1 termination of this Agreement;

- 6.1.2 withholding all monies due for Work and Work Products that Provider has failed to deliver within any scheduled completion dates or has performed inadequately or defectively;
 - 6.1.3 initiation of an action or proceeding for damages, specific performance, or declaratory or injunctive relief;
 - 6.1.4 exercise of its right of setoff.
 - 6.1.5 These remedies are cumulative to the extent the remedies are not inconsistent, and City may pursue any remedy or remedies singly, collectively, successively or in any order whatsoever.
- 6.2 In the event City terminates the Agreement, or in the event City is in default, Provider's sole monetary remedy shall be:
- 6.2.1 with respect to services compensable on an hourly basis, a claim for unpaid invoices, hours worked within any limits set forth in this Agreement but not yet billed, authorized expenses incurred and interest of two-thirds of one percent per month, but not more than eight percent per annum, and
 - 6.2.2 with respect to deliverable-based Work, a claim for the sum designated for completing the deliverable multiplied by the percentage of Work completed and accepted by City, less previous amounts paid and any claim(s) that City has against Provider.
 - 6.2.3 In no event shall City be liable to Provider for any expenses related to termination of this Agreement or for anticipated profits. If previous amounts paid to Provider exceed the amount due, Provider shall pay immediately any excess to City upon written demand provided.

7. TERM AND TERMINATION

7.1 Term

- 7.1.1 This Agreement shall be effective from the date of execution on behalf of the City as set forth below (the "Effective Date"), and shall continue in full force and effect until End of First Year, unless sooner terminated as provided in Subsection 7.2.
- 7.1.2 This Agreement may be extended for no more than four (4) additional one-year terms upon mutual written consent of the parties.

7.2 Termination

- 7.2.1 The City and Provider may terminate this Agreement by mutual agreement at any time.
- 7.2.2 The City may, upon not less than thirty (30) days' prior written notice, terminate this Agreement for any reason deemed appropriate in its sole discretion.
- 7.2.3 Either party may terminate this Agreement, with cause, by not less than fourteen (14) days prior written notice if the cause is not cured within that fourteen (14) day period after written notice. Such termination is in addition to and not in lieu of any other remedy at law or equity.

8. NOTICE

- 8.1 Whenever notice is required or permitted to be given under this Agreement, such notice shall be given in writing to the other party by personal delivery, by sending via a reputable commercial overnight courier, by mailing using registered or certified United States mail,

return receipt requested, postage prepaid, or by electronically confirmed at the address or facsimile number set forth below:

If to the City:

City Department
Attn: Contract Administrator
Address
Salem, OR 97301
Phone: (503) Phone Number
Email: Email Address

With a copy to:

Contracts & Procurement Division
City of Salem, Oregon
555 Liberty Street SE, Room 330
Salem, OR 97301-3503
Phone: (503) 588-6136
Fax: (503) 588-6400
Email: contracts@cityofsalem.net

If to Provider:

Providers Company Name
Attn: Providers Project Manager
Address
City, State, Zip
Phone: Phone Number
Email: Email Address

9. WAIVER OF BREACH

9.1 One or more waivers or failures to object by either party to the other's breach of any provision, term, condition, or covenant contained in this Agreement shall not be construed as a waiver of any subsequent breach, whether or not of the same nature.

10. PROVIDER'S COMPLIANCE WITH TAX LAWS

10.1 Provider represents and warrants to the City that:

10.1.1 Provider shall, throughout the term of this Agreement, including any extensions hereof, comply with:

- (i) All tax laws of the State of Oregon, including but not limited to ORS 305.620 and ORS chapters 316, 317, and 318;
- (ii) Any tax provisions imposed by a political subdivision of the State of Oregon applicable to Provider; and
- (iii) Any rules, regulations, charter provisions, or ordinances that implement or enforce any of the foregoing tax laws or provisions.

10.1.2 Provider, for a period of no fewer than six (6) calendar years preceding the Effective Date of this Agreement, has faithfully complied with:

- (i) All tax laws of the State of Oregon, including but not limited to ORS 305.620 and ORS chapters 316, 317, and 318;
- (ii) Any tax provisions imposed by a political subdivision of the State of Oregon applicable to Provider; and
- (iii) Any rules, regulations, charter provisions, or ordinances that implement or enforce any of the foregoing tax laws or provisions.

10.2 Provider’s failure to comply with the tax laws of the State of Oregon and all applicable tax laws of any political subdivision of the State of Oregon shall constitute a material breach of this Agreement. Further, any violation of Provider’s warranty, as set forth in this Article 10, shall constitute a material breach of this Agreement. Any material breach of this Agreement shall entitle the City to terminate this Agreement and to seek damages and any other relief available under this Agreement, at law, or in equity.

10.3 Any Work delivered to the City under this Agreement shall be provided to the City free and clear of any and all restrictions on or conditions of its use, transfer, modification, or assignment, and shall be free and clear of any and all liens, claims, mortgages, security interests, liabilities, charges, and encumbrances of any kind.

IN WITNESS WHEREOF the parties have caused this Agreement to be signed in their respective names by their duly authorized representatives as of the dates set forth below.

THE CITY OF SALEM, OREGON

PROVIDER NAME

By: _____
Steven D. Powers, City Manager

By: _____

Printed Name: _____

Date: _____

Title: _____

Date: _____

Appendix B: CITY OF SALEM EQUAL OPPORTUNITY POLICY FOR CONTRACTORS

City of Salem Equal Opportunity Policy For Contractors

1. Non-Discrimination Policy, General.

It is the policy of the City of Salem to promote equal opportunity to all persons regardless of race, color, religion, national origin, sex, age, or handicap in respect to employment, housing, and public services, facilities, and accommodations. This policy is reinforced by obligations assumed by the City as a condition of receipt of federal and state funds. This policy thus becomes an obligation which must be assumed by the Contractor as well. Because in some cases religion, sex, age, or disability may properly be the basis for denial or restriction of privileges with respect to employment, housing, or public services, facilities, or accommodations, the following more specific obligations, terms and conditions shall apply.

2. Discrimination Because of Religious Belief.

With respect to terms and conditions of employment and hiring only, the Contractor shall be deemed to have complied with the general obligation of according equal opportunity without regard to religion if every reasonable effort has been made to accommodate the particular religious beliefs or practices of an employee or applicant for employment, but such accommodations cannot be made without undue hardship to the employer.

3. Discrimination Because of Sex.

With respect to terms and conditions of employment and hiring only, the Contractor shall be deemed to have complied with the general obligation of according equal opportunity notwithstanding any rule, standard, practice, or decision which accords an employee or applicant different treatment because of sex, if such rule, standard, practice, or decisions is based upon a bona fide occupational qualification which the employer cannot, without undue hardship, modify or waive to accommodate the employee or applicant.

With respect to housing and to public services, facilities and accommodations, the Contractor shall be deemed to have complied with the general obligation of according equal opportunity notwithstanding any rule, standard, practice, or decision which restricts or limits access to such on the basis of sex where:

- (a) Physical facilities such as restrooms, bathing facilities, dressing rooms, etc. must be segregated on the basis of sex to accord personal privacy or comply with local, state, or federal law, or ordinance, or administrative regulation; or
- (b) The content or subject matter of a program or service is clearly of benefit to persons of a particular sex only because it deals with medical, psychological, or sociological factors inherently linked to the characteristics of one sex only, or its effectiveness in providing benefit to persons of one sex would be unreasonably and adversely affected by the participation of persons of the opposite sex.

4. Discrimination Because of Disability.

With respect to terms and conditions of employment and hiring only, the Contractor shall be deemed to have complied with the general obligation of according equal opportunity to persons who are physically or mentally disabled if every reasonable effort has been made to accommodate any physical or mental disabilities of an employee or applicant, but such accommodations cannot be made without undue hardship to the employer; or where, because of such disability, the employee or applicant cannot meet a bona fide occupational qualification that cannot be waived or modified without hardship to the employer.

With respect to housing and to public services, facilities, and accommodations only, the Contractor shall be deemed to have complied with the general obligation of according equal opportunity to persons who are physically or mentally disabled where:

- (a) Architectural barriers limiting access to facilities owned or occupied by the Contractor cannot be eliminated without structural alterations, and are permitted to remain under the provisions of the Oregon State Structural Specialty Code; or
- (b) A program or activity, viewed in its entirety, is readily accessible to and usable by persons who are physically or mentally disabled.
- (c) The purpose of the program, service, or facility is to provide a special benefit to persons characterized by a particular disability in some respect specially related to the educational, medical, psychological, mobility, social, or economic needs of persons so disabled.

5. Discrimination Because of Age.

With respect to terms and conditions of employment and hiring only, the Contractor shall be deemed to have complied with the general obligation of according equal opportunity regardless of age where:

- (a) Certain positions include duties which must, by law or ordinance, be performed by persons over a certain age, and the employer cannot accommodate the employment of a person under that minimum age without undue hardship;
- (b) The employee or applicant has passed any applicable age established by the Congress of the United States beyond which an employer may reject an employment application or mandate an employee's retirement.

With respect to housing and to public services, facilities and accommodations only, the Contractor shall be deemed to have complied with the general obligation of according equal opportunity without regard to age where:

- (a) The purpose of the service, facility, or accommodation is to benefit or serve persons under 18 years of age or their adult custodians in some respect specially related to the needs of such person; or
- (b) The purpose of the service, facility, or accommodation is to benefit or serve persons 65 years of age or older in some respect specially related to the educational, medical, psychological, mobility, social, or economic needs common to persons of that age group.

6. Definitions.

As used in this Policy, there are several terms specifically defined in various federal, state, and local laws, ordinances, and administrative regulations applicable either because of the City's receipt of federal or state funds, or because they are general laws and ordinances prohibiting discrimination. In addition, judicial and administrative decisions have created an additional body of law further defining these terms in their application. Because of the magnitude and complexity of these various legal definitions and interpretations, it is not possible to provide exhaustive definitions herein. The Contractor should be guided by the following general rules:

- (a) Where two separate legal definitions or interpretations may apply in a given situation, the one according the greatest degree of protection to the person entitled to their protection shall govern.
- (b) "Disability" and "handicap" are intended to be synonymous.
- (c) The Contractor is entitled to advisory options as to the specific application of this policy from the designated representative of the City's Director of Community Development. The Contractor is entitled to rely on such advice only to the extent of the completeness

and accuracy of the facts presented by the Contractor who is requesting such advice. The City expressly disclaims any responsibility for the Contractor's reliance on advice which later proves erroneous or inapplicable because of facts not known to the City's representative who gave the advice.

- (d) The Contractor is cautioned that restrictions in deeds, leases, collective bargaining agreements, and other contracts may not in every case justify an otherwise discriminatory act, policy, or practice. The Contractor must, at his own risk and expense, comply with this policy regardless of contractual restrictions which do not justify Contractor's acts, policies, or practices.

7. Advertising and Promotional Material.

(a) In all advertising, postings, and promotional material relating to hiring, the Contractor shall include the following statement:

(Name of Contractor) is an equal opportunity employer, and does not discriminate in hiring, promotion, layoff, discipline, transfer, compensation, or other terms of employment because of a person's race, sex, age, handicap, religion, ethnic background, or national origin.

EXCEPTION: In "Classified" advertising the Contractor need only include the statement "an equal opportunity employer."

(b) In all advertising, postings, and promotional material relating to housing, and to programs and services funded in whole or in part under a contract with the City of Salem, the Contractor shall include the following statement:

This (housing, program, or service as applicable) is open to all persons without regard to race, sex, age, handicap, religion, ethnic background or national origin. For further information about this equal opportunity policy, contact (name of Contractor's representative) at (phone number).

8. Retaliation.

The Contractor shall not, in any manner, accord different or unequal treatment to or in any way discriminate against any person because of such person's filing of or participation in any grievance or complaint of discrimination contrary to its policy, whether such grievance or complaint is logged with the City of Salem, or any state or federal court or agency.

9. Grievance Procedure.

During the term of this Contract, and for at least six months thereafter, the Contractor shall conspicuously display the attached "Notice: Your Rights to Have Discrimination Complaints Heard" in locations accessible to the public at its principal office and all other premises within the City of Salem where it conducts any operations. Likewise, the Contractor shall fully cooperate with designated representatives of the City of Salem, and state and federal civil rights compliance agencies in investigating, mediating, and otherwise handling complaints or grievances concerning this Policy.

10. Violations.

Violation by the Contractor of any provision of this Policy may, in addition to any remedy accorded an aggrieved person, be cause for termination of the Contract, debarment from participation in future City of Salem contracts, or both.

11. Contracts Directly Funded by Federal or State Agencies.

If this Contract is funded in whole or in part by federal or state grants, there may be imposed on the Contractor the additional obligation of "affirmative action" to ensure equal opportunity, and specific standards and reporting requirements to be met. "Affirmative action", in general, means taking positive and

affirmative steps to involve historically disadvantaged classes of persons in the performance of the work or participation in the benefits of this Contract. These steps may include special recruitment efforts, specific goals as to percentages of such persons employed in certain jobs, specific standards for the amount of work to be subcontracted to minority-owned businesses, etc.

If there are such additional requirements beyond this Policy, the Invitation to Bidders or Request for Proposals will state, "This project is funded in whole or in part through (name of agency). Special equal opportunity requirements imposed by that agency are contained in the bid documents, and bidders are cautioned to examine them carefully in preparing their bid."

NOTICE:

YOUR RIGHTS TO HAVE DISCRIMINATION COMPLAINTS HEARD

This organization receives funding or contract payments from the City of Salem. Some or all of those funds may originate with one or more federal or state agency. Organizations receiving grants or contracts from the City of Salem are obligated to accord equal opportunity in employment, and in access to programs and services without regard to a person's race, sex, age, religion, handicap, ethnic background, or national origin.

If you believe that this organization has discriminated against you in violation of that obligation, you have a right to complain without fear of retaliation. The City of Salem has a process for investigating and acting on your complaint. In addition, there may be federal or state courts or agencies who have a process for responding to your complaint.

The duty not to discriminate is clear, but the various agencies who have discrimination complaint procedures each have special rules.

To assist you in the filing of a complaint with the proper agency, you should contact the City of Salem Human Rights and Relations Commission Staff at (503) 588-6261, or visit or write to:

City of Salem Human Rights & Relations Advisory Commission Staff,
Room 300, City Hall
555 Liberty Street SE
Salem, Oregon 97301-3503

CITY OF SALEM, OREGON

March 26, 2021

**Proposal to Provide Auditing Services
June 30, 2021**

Grove, Mueller & Swank, P.C.
475 Cottage Street NE, Suite 200
Salem, OR 97301
Phone: 503-581-7788 Fax: 503-581-0152
Contact: Katherine R. Wilson, Shareholder
Contact Email: katherine.wilson@gmscpa.com



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

www.gmscpa.com

(503) 581-7788 • FAX (503) 581-0152

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

March 26, 2021

City of Salem, Oregon
Attn: Jeremy Morgan, Acting Chief Accountant
555 Liberty Street SE
Salem, Oregon 97301

We are pleased to present this proposal to the City of Salem, to provide audit services to the City, and on behalf of the City, the Urban Renewal Agency and the Salem Convention Center, collectively "the City", for the fiscal year ending June 30, 2021 and four additional years. We have read the proposal "Financial Auditing Services RFP Number 212015." We understand the technical requirements of the request for proposal and can comply with all specifications - the time requirements, a pre-audit conference, beginning date as mutually agreed upon, exit conference and attendance at Council and other meetings. It is our goal to exceed your expectations.

Katherine Wilson, Shareholder, is authorized to make representations for Grove, Mueller & Swank, P.C. Ms. Wilson may be contacted by e-mail at katherine.wilson@gmscpa.com, in writing at 475 Cottage Street NE, Suite 200, Salem, Oregon 97301, or by phone at 503-581-7788, FAX 503-581-0152. Ms. Wilson, as signer of this letter, is also authorized to submit this bid, and sign a contract on behalf of Grove, Mueller & Swank, P.C.

The Firm is a resident bidder as described in ORS 279A.120(1)(b) and properly licensed in the State of Oregon to perform municipal audits. This is an irrevocable offer for 90 days.

We believe the quality of our services is best expressed by our clients and our record of their retention.

Very truly yours,

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


By: 
Katherine R. Wilson, Shareholder

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A – Firm License	
B – Résumés	
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Ryan T. Pasquarella	
Toby S. Roth	
C – Peer Review Report	
Other information included in the Proposal Package:	
• Comprehensive Annual Financial Report for the City of Woodburn for the fiscal year ended June 30, 2020	
• Example management letter for the fiscal year ended June 30, 2019	

EXECUTIVE SUMMARY

Understanding of the Work to be Performed

Our Firm will perform the audits for the City of Salem, the Salem Urban Renewal Agency, and the Salem Convention Center (collectively known as the City) for the year ending June 30, 2021 and four additional years as detailed in the request for proposal. Our audits will be performed in accordance with auditing standards generally accepted in the United States of America and in accordance with *Government Auditing Standards* and OMB Uniform Guidance, if required, and will include:

- an opinion on the basic financial statements
- “in–relation–to” reports on supplementary statements and schedules
- a report on the City’s compliance with the Minimum Standards of Oregon Municipal Corporations
- a report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*, as applicable
- a report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB *Title 2 CFR, Part 200, Subpart F*, as applicable
- letter summarizing certain matters required by professional standards to be communicated to those charged with governance
- letter to management and governance communicating internal control findings and/or significant noncompliance noted during procedures, and recommendations for improvements and efficiencies in internal controls and procedures, as applicable

Firm Qualifications

Grove, Mueller & Swank is a Salem based local accounting firm of 40 employees, including 33 professionals. Our office is located at 475 Cottage Street NE, Suite 200. The firm was incorporated in 1983. We provide a full range of auditing, accounting, consulting, and tax related services. We are a member of the Group of 400 (G400) determined by the American Society of Certified Public Accountants (AICPA) and have one of the largest and most experienced group of municipal auditors in the State. Our professionals include seven certified municipal auditors (four shareholders and three managers) and eleven additional experienced municipal staff.

Experience with Similar Engagements

We have been your auditors since June 30, 2016 and were your auditors previously through June 30, 2011. You know our capabilities and our quality of service. We are the auditors for 25 other cities including the cities of Springfield, Woodburn, and Keizer. We are also the auditors for Salem-Keizer Schools, Beaverton School District, Salem Mass Transit District, Marion County Housing Authority and Linn-Benton Housing Authority.

Professional Involvement

All certified professionals in our Firm are members of the AICPA, the Oregon Society of Certified Public Accountants (OSCPA), and the AICPA Governmental Audit Quality Center (GAQC). Our Firm strictly adheres to the “Yellow Book” requirements for governmental audit and accounting training. This means all

audit staff receive at least 80 hours of accounting and auditing training every two years. This training is accomplished by attendance at OSCPAs governmental training courses, webcasts, and GAQC trainings. Each of our licensed municipal auditors attends the OSCPA's annual governmental conference as part of their related governmental training.

Involvement in the Salem Community

We truly take the term "community involvement" to heart. We are board members and/or members of the Salem Area Chamber of Commerce, Keizer Chamber of Commerce, three Salem and Keizer area Rotary clubs, Salem Police Foundation and Salem Art Association. We provide less than full fee services to at least 20 Salem area charitable organizations, including Marion-Polk Food Share, Mid-Willamette Community Action Agency, Family Building Blocks, Salem Library Foundation, Salem Free Clinics, Chemeketa Community College Foundation, and Western Oregon Foundation.

MANDATORY ELEMENTS

1. Grove, Mueller & Swank, P.C. is a professional corporation registered with the State Board of Accountancy, and supervisory staff who will be assigned to these audits are currently licensed Certified Public Accountants and municipal auditors in the State of Oregon. A copy of the Firm's license is attached to this proposal as **Attachment A**.
2. Grove, Mueller & Swank, P.C. is independent under the guidelines of the U.S. General Accounting Office's *Government Auditing Standards (2016)* and the American Institute of Certified Public Accountants with respect to the City of Salem and related entities.
3. We are not aware of any professional relationships which would comprise our independence.

SCORED ELEMENTS

Audit Team and Qualifications

1. A description of the audit firm

The firm of Grove, Mueller & Swank, PC is one of the larger local accounting firms in Oregon. The Firm has grown from seven employees to the current 40. Our seven partners are supported by nine managers and 16 accountants. This group contains 18 certified public accountants, eight of which are licensed municipal auditors. The number of personnel qualified to perform governmental audits are four partners, three managers and 11 staff associates. Our office is located in Salem.

2. Qualifications of staff assigned to the engagement

The firm of Grove, Mueller & Swank has been performing municipal audits in Oregon since 1987. The number of current municipal clients total 73, and include 26 cities, 7 school districts, 5 housing authorities and a variety of special districts. Of those, 22 require a Single Audit (we also perform Single Audits for a number of non-profits). We have a number of commercial clients with services similar to the Salem Convention Center.

The audit of the City will be accomplished by experienced professionals under the supervision of Katherine Wilson, Shareholder.

Kathy has 14 years' experience auditing local governments and performing audits under *Government Auditing Standards*, including the audit requirements imposed by the Single Audit Act and the U.S. Office of Management and Budget (OMB) Uniform Guidance. She is a licensed certified public accountant (12830) and municipal auditor (1518), and serves on the Government Finance Officers Association (GFOA) Special Review Committee, which evaluates annual financial reports of municipalities throughout the country for eligibility to receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

She will be assisted by senior associate Toby Roth, who has four years' experience auditing local governments and performing audits under *Government Auditing Standards*, including the audit requirements imposed by the Single Audit Act and the U.S. Office of Management and Budget (OMB) Uniform Guidance. He is a licensed certified public accountant (15822) and has been the lead auditor for the City's audit the last two years.

Ryan Pasquarella will provide engagement quality control oversight for the audits. Ryan has 16 years' experience auditing local governments and performing audits under *Government Auditing Standards*, including the audit requirements imposed by the Single Audit Act and the U.S. Office of Management and Budget (OMB) Uniform Guidance., and is a licensed certified public accountant (12375) and municipal auditor (1511). Ryan is the Board Chair of the OSCPA's Governmental Accounting and Auditing Committee. He also performs peer reviews of Oregon accounting firms on behalf of the OSCPA and AICPA.

Up to three additional associates will be assigned to the City's engagements.

Resumes for Kathy Wilson, Ryan Pasquarella, and Toby Roth are included as **Attachment B**.

3. Availability of management

Our management group has always been available to City personnel for accounting, reporting and internal control questions they might have. Kathy will be on-site during the audit to answer any questions as they arise. Both Kathy and Ryan are available to meet with or respond to inquiries throughout the year. Our policy is to not bill for client inquiries. We want our clients to contact us as often as necessary without fear of being billed for every phone call.

4. Rotation of staff

Grove, Mueller & Swank, P.C. does not have a policy which requires rotation of audit personnel from engagements. In fact, we believe that it is better to return as many of our people to an engagement as possible. This allows relationships to develop and our knowledge about your operations to grow. Should it become necessary to change personnel on the engagement we will do so in consultation with City personnel to make sure the most qualified personnel staff the engagement.

5. Reporting of management issues

If, during the course of our procedures, we encounter issues which need to be brought to the attention of management, we will solicit input to fully understand the issue and will meet with management to determine corrective action. As indicated in #3 above, we are close by and available to meet on short notice.

6. Timing

We have previously shown our ability and will continue to meet each of the time requirements of the City engagement.

Proposer Background Information

1. Peer review

The Firm's peer review for the year ended September 30, 2019 was completed in January 2020. The report was issued January 30, 2020. A copy of that report is attached to this proposal as **Attachment C**.

There has been no disciplinary action taken or pending against the Firm within the last 3 years.

2. Financial reporting

The Comprehensive Annual Financial Report for the City of Salem for the year ended June 30, 2020 and an example management letter are included separately.

3. Comparable Audit Engagements

City of Salem (et al.) - This engagement is a comprehensive annual financial report and Single Audit for the City, an annual financial report for the Urban Renewal Agency and an annual financial report for the Salem Convention Center. Work is accomplished in June, August, and October. The report has been awarded a GFOA certificate for 22 years. Audit leader is Kathy Wilson. Partner hours are 100, total hours are 760. Contact is Jeremy Morgan at (503) 588-6015 or jmorgan@cityofsalem.net for the City and URA, and Steve Johnson at (503)779-1604 or steve.j@vipsinc.net for the Salem Convention Center.

City of Springfield - This engagement is a comprehensive annual financial report and Single Audit. Work is accomplished in June and November. The report has been awarded a GFOA certificate for 39 years. Audit leader is Ryan Pasquarella. Partner hours are 75, total hours are 600. Contact is Nathan Bell at (541) 726-3782 or nbell@springfield-or.gov.

City of Woodburn - This engagement is a comprehensive annual financial report for the City and an annual report for the Woodburn URA. Occasionally a Single Audit is required. Work is accomplished May and September. The report was submitted for the first time in 2019 and awarded the GFOA certificate. Audit leader is Kathy Wilson. Partner hours are 80, total hours are 450. Contact is Tony Turley at (503) 982-5211 or tony.turley@ci.woodburn.or.us.

City of Keizer - This engagement is a comprehensive annual financial report. Work is accomplished July and September. The report has been awarded the GFOA certificate for 21 years. Audit leader is Kathy Wilson. Partner hours are 45, total hours are 375. Contact is Tim Wood at (503) 856-3413 or woodt@keizer.org.

Salem-Keizer School District - This engagement is a comprehensive annual report and Single Audit. Work is accomplished in May and October. The report has been awarded the GFOA certificate for 37 years. Audit leader is Larry Grant. Partner hours are 80, total hours are 550. Contact is Sarah Head at (503) 399-3015 or head_sarah@salkeiz.k12.or.us.

4. Additional Information

There is no additional information we wish to present.

Audit Approach

1. For each of the engagements, our primary objective is to conduct our audit in accordance with auditing standards generally accepted in the United States of America, which should enable us to express an opinion as to whether the financial statements are fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit is planned to provide reasonable, not absolute, assurance that the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. For the City, we will also conduct an audit so as to satisfy the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States as well as the audit requirements imposed by the Single Audit Act and the U.S. Office of Management and Budget (OMB) Uniform Guidance. We will also perform compliance testing over Oregon Revised Statutes as required by the Minimum Standards for Audits of Oregon Municipal Corporations.

These standards require the following:

- Obtain a broad understanding of the audited entity and its environment, including its internal control to identify the risks of material misstatement in the financial statements and what the entity is doing to mitigate them.
- Perform a rigorous assessment of the risks of material misstatement of the financial statements based on that understanding.
- Demonstrate linkage between the assessed risks and the audit procedures performed in response to those risks.
- Perform substantive audit procedures for all significant accounts, transaction classes, and financial statement disclosures, regardless of the risk assessment for those items.
- Determine sample sizes and documentation requirements to comply with generally accepted auditing standards and, if applicable, the OMB Uniform Guidance.
- Provide for quality control reviews on the firm's engagements.
- Perform work to gather information and form an understanding of the entity and its environment.
- Perform extensive procedures to evaluate internal control design and operating effectiveness.
- Involve experienced audit personnel in gathering information about the entity and its internal control.

- Perform work in response to identified risks of material misstatement, especially for those identified risks deemed to be significant risks.

We will use this knowledge and understanding, together with other factors, to first assess the risk that errors or fraud may cause a material misstatement at the financial statement level. The assessment of the risks of material misstatement at the financial statement level provides us with parameters within which to design the audit procedures for specific account balances and classes of transactions. Our risk assessment process at the account-balance or class-of-transactions level consists of:

- An assessment of inherent risk (the susceptibility of an assertion relating to an account balance or class of transactions to a material misstatement, assuming there are no related controls); and
- An evaluation of the design effectiveness of internal control over financial reporting and our assessment of control risk (the risk that a material misstatement could occur in an assertion and not be prevented or detected on a timely basis by your internal control).

We then determine the nature, timing, and extent of tests of controls and substantive procedures necessary given the risks identified and the controls as we understand them.

For the City (including the Urban Renewal Agency) our work plan will include interim procedures during which planning and system testing will be performed prior to year-end. For Salem Convention Center only planning will be performed prior to year-end. All other procedures will be performed after year end.

<i>Entity</i>	<i>Phase I Planning</i>	<i>Phase II Interim</i>	<i>Phase III Year-End</i>	<i>Financial Statement Issuance</i>
<i>City, including URA and Single Audit</i>	<i>May</i>	<i>June</i>	<i>October</i>	<i>November/December</i>
<i>Salem Convention Center</i>	<i>May</i>	<i>n/a</i>	<i>August</i>	<i>August</i>

The audit plan has been carefully divided into three phases as follows:

Phase I - Planning

We believe that planning involving client personnel is critical to successful accomplishment of our audit procedures. By involving client personnel, we make the audit a team effort and everyone benefits. In the planning phase we determine which financial information systems we will rely on. We then design our test procedures as a combination of the testing of controls.

Phase I Planning includes the following steps:

- Client risk evaluation
- Internal control system documentation
- Preliminary analytical review
- Independence documentation

Single Audit planning
Documentation of compliance with *Government Auditing Standards* (as applicable)
Fraud and illegal acts planning
Compliance with laws and regulations
Establishment of materiality
Engagement administration
Client coordination
Confirmations
Review of Minutes
Sampling decisions

Phase II - Interim

Phase II involves a study and evaluation of the City's internal control structure, followed by tests of procedures and transactions as appropriate for the circumstances. We will analyze the City's systems, procedures, and control environment for revenues, expenditures, payroll, budgeting, data processing, and grant compliance.

Phase II Interim includes the following steps:

Tests of controls
Evaluation of control tests
Setting the scope for the year end procedures

Each of the City's systems of internal control must be carefully evaluated to determine the relevant controls and determine whether they have been placed in operation. The auditor must be able to determine that the City's controls are adequate to reduce risk of material misstatement to a low level or report to the governing body that such an assessment was not possible. When the risk of material financial statement misstatement is other than low the auditor must design sufficient substantive tests to reduce the risk of material misstatement to a low level.

Test of internal controls will be performed on all accounting systems to substantiate that the assessment of the capability of those systems is operating as designed. Tests of internal controls include a combination of:

- Inquiries of appropriate entity personnel regarding the design and/or application of a relevant internal control policy or procedure including the classes of transactions to which the policy or procedure applies, how it is applied and by whom, and the disposition of exceptions detected by the policy or procedure;
- Inspection of documents, reports, or electronic files evidencing the design and/or application of the relevant policy or procedure by entity personnel; noting how the policy or procedure is applied and by whom, the classes of transactions to which it applies and the disposition of exceptions detected by the policy or procedure;
- Observation by the auditor of the performance of the relevant policy or procedure by entity personnel; noting how the policy or procedure is applied and by whom; the classes of transactions to which it applies and the disposition of exceptions detected by the policy or procedure; and/or
- Reperformance of the application of the policy or procedure by the auditor and comparison between the results obtained by the auditor and the results obtained by City personnel.

Only inspection and reperformance are subject to sampling procedures. Samples will be selected to encompass the period under audit and of sufficient size to meet the required level of assurance.

Our understanding of the City and the environment will include discussions among the audit team to assess the risk of material misstatement at the financial statement and relevant assertion level. Each type of transaction, account balance, presentation and disclosure requirement must be evaluated to determine what could go wrong. We must consider the likelihood that the risks could result in a material misstatement. We must determine which risks that substantive procedures alone will not provide sufficient audit evidence. We then design tests of internal control and test of transactions along with substantive procedures so as to reduce to an acceptable level the risk of a material misstatement.

Phase III – Year-end

Phase III involves the year end field work and wrap-up of the engagement.

- Cash
- Receivables
- Inventories
- Investments
- Capital Assets
- Inter/Intra Fund
- Accounts Payable
- Accrued Expenses
- Debt
- Operations and Budget
- Revenues
- Expenditures
- Final analytical review
- Review of the financial statements
- Single Audit fieldwork and report preparation
- Drafting of opinions and management letter

Our year end substantive procedures focus on account analysis of balance sheet and operating statements focusing on relationships between accounts and budgetary analysis, and comparison to supporting documentation, as deemed necessary.

For our determination of compliance with laws and regulations, we will submit a preliminary listing of items which we feel are appropriate to test, and management may then make additions, within reasonable parameters, if they desire us to focus our attention towards a specific area.

The procedures employed may include:

- Reviewing current year balances in comparison to the prior year for reasonableness.
- Reviewing balances in comparison to budget for reasonableness.
- Reviewing accounts for items larger or smaller than expected.
- Reviewing and comparing logical relationships.
- Analyzing and comparing financial data to nonfinancial information.

Required substantive procedures include agreeing the financial statements to accounting records or confirmations from outside parties, examining material journal entries and adjustments made to prepare financial statements. We must determine whether the overall financial statement presentation is in conformity with generally accepted accounting principles.

Analytical procedures are used to verify account balances in financial statements. Analytical procedures require the development and evaluation of plausible relationships between the financial data being examined and other data (either other financial data or nonfinancial data) which have a logical or predictable relationship to the financial data.

All audit procedures are performed and stored electronically. Programs and related software are provided by the largest vendor of governmental audit software in the country. Access to City automated records is necessary to perform our procedures. Necessary information from City actuaries related to PERS, OPEB and self-insurance will be required. No use of outside auditor specialists is planned.

Our audit approach includes year-round service. We can provide timely professional consulting on issues related to accounting, budgeting, and audit. Such communication is encouraged and considered part of the annual audit fee.

2. Technical review

The audit partner is responsible for all audit procedures. After interim procedures, year-end procedures, and financial statement preparation, the appropriate workpapers and reports will be reviewed by Kathy Wilson for adherence to professional standards. Ryan Pasquarella will be responsible for audit quality review. The Firm has an extensive quality review process supported by our quality control manual. Quality control procedures are required by the AICPA and relied upon as part of the peer review process. Ryan, as quality control reviewer, will review certain workpapers and the financial statements prior to opinion issue. All work will be performed from our Salem office.

3. Use of City staff

We understand the City personnel will have their day-to-day duties to perform during the auditors' on-site visit. Our audit approach is through your systems and available documentation that is prepared for the year-end close. We would ask for assistance in supplying documentation for sample items, confirmations, and reconciliations. The time commitment of personnel will be similar to prior audits.

4. Computer or programing resources

We will need the following computer resources in order to facilitate the audit process:

- Internet access that allows the audit team contact to our office server.
- Access to a City computer allowing the audit team to 1) examine the City's electronic records and 2) copy City prepared audit workpapers.
- Access to employees capable of generating financial reports from the accounting system. Some examples of reports are payroll summaries for year-end payroll or check registers through the date of the year-end onsite visit.

We will do our best to ask for any computer or programming requests prior to our visits. This will hopefully allow City personnel to accommodate our requests as time allows.

5. Constructive suggestions

Suggestions for improvements are a normal part of our audit. The size of our government audit base allows us to see a wide variety of situations and issues. Audits such as yours under *Government Auditing Standards* have very rigid requirements for reporting significant deficiencies in internal control or compliance. For those situations, those guidelines will be followed. Our other suggestions in the form of control deficiencies and efficiency recommendations are usually communicated verbally to appropriate personnel and summarized in a letter to management at the conclusion of the audit.

COST PROPOSAL

1. Audit services

AUDIT SERVICES COST PROPOSAL			
ENTITY	SERVICE	HOURS	DOLLARS
City	Audit	520	\$ 62,600
	CAFR	50	8,000
	DEQ Annual Recertification	Included in hours above	Included in fee above
	Management Letter		No Charge
	Single Audit/Fin Rpt.	80	8,775
Agency			
Urban Renewal Agency	Audit	30	3,400
Salem Convention Center	Audit/Financial Report	80	8,775
	Cost Proposal Totals	760	\$ 91,550

We anticipate an annual fee escalation relative to the percentage increase in the annual Consumer Price Index (CPI) for periods subsequent to June 30, 2021.

The above fees include technical assistance as needed on matters related to accounting, reporting and internal control issues.

All expected out-of-pocket costs are included in our cost proposal. Our Firm does not have a policy of charging clients for additional out-of-pocket costs.

2. If during the course of our audit procedures circumstances disclosed that a more intensive and detailed examination is required in addition to that which would be sufficient under normal circumstances, we will provide all pertinent facts relating to the extraordinary circumstances to the City. Any fees relating to such examination procedures would be additional fees subject to negotiation and not included within the scope of services to be performed under this proposal. These additional fees would be agreed to before any work begins.

Additional services that we may provide to the City are very limited by *Government Auditing Standards*. Should it be determined that we can provide a service the following rates would apply:

ADDITIONAL/EXTRAORDINARY SERVICES HOURLY RATES		
EMPLOYEE CATEGORY	HOURLY RATE WITH CONTRACT	HOURLY RATE WITHOUT CONTRACT
Shareholder	\$ 280	\$ 280
Manager	150	150
Senior Associate	110	110
Junior Associate - Certified	90	90
Junior Associate - Non-Certified	80	80
OUT-OF-POCKET	CATEGORY	RATE
None	N/A	N/A

REFERENCES

Following are four audit engagements that are similar to the City of Salem:

- A. City of Springfield - Nathan Bell (Finance Director) 541-726-3782 or email at nbell@springfield-or.gov
- B. City of Woodburn - Tony Turley (Finance Director) 503-982-5211 or email at tony.turley@ci.woodburn.or.us
- C. City of Keizer - Tim Wood (Finance Director) 503-856-3413 or email at woodt@keizer.org
- D. Salem-Keizer School District – Sarah Head (Director of Budget and Finance) 503-399-3015 or email at head_sarah@salkeiz.k12.or.us.

Attachments



Oregon

Kate Brown, Governor

January 14, 2020

Board of Accountancy
3218 Pringle Rd SE Ste 110
Salem, OR 97302-6307
503-378-4181
Fax 503-378-3575
www.oregon.gov/boa
boa.info@oregon.gov

GROVE MUELLER & SWANK PC
PO BOX 2122
SALEM, OR 97308

CONFIRMATION OF FIRM REGISTRATION

GROVE MUELLER & SWANK PC is registered in the State of Oregon
by the Board of Accountancy to practice public accountancy

FIRM NUMBER: **147**

REGISTERED TO PRACTICE AS A: **PC**

VALID UNTIL DECEMBER 31, 2021

Board rules require that you display this letter of registration issued by the Board in a
conspicuous place at the principal office of the firm.

Katherine R. Wilson
*Shareholder and Director of Auditing
and Financial Reporting Services
Grove, Mueller & Swank, P.C.*

***PROFESSIONAL
ACCREDITATION:***

- Certified Public Accountant, Oregon (Number 12830)
- Municipal Auditor, Oregon (Number 1518)

***GOVERNMENTAL
ENGAGEMENT
EXPERIENCE:***

- Fourteen years' experience auditing Oregon municipalities including compliance testing under OMB Uniform Guidance Single Audits
- Recent experience managing similar governmental engagements include:
 - City of Salem
 - City of Keizer
 - City of Woodburn
 - City of Cornelius

***GOVERNMENTAL
TRAINING:***

- Oregon Society of Certified Public Accountants Governmental Accounting and Auditing Conferences annually
- Continuing professional education that annually exceeds GAO standards

EDUCATION:

- Pacific University, Forest Grove, Oregon
B.A. Business Administration, Emphasis on Accounting

***PROFESSIONAL
SOCIETIES AND
ACTIVITIES:***

- American Institute of Certified Public Accountants
- Oregon Society of Certified Public Accountants
- Member of the Government Finance Officers Association Special Review Committee
- Board Treasurer, Keizer Rotary Foundation
- Board Member, Keizer Community Foundation

Ryan T. Pasquarella
Shareholder and Director of Audit Quality
Grove, Mueller & Swank, P.C.

***PROFESSIONAL
ACCREDITATION***

- Certified Public Accountant, Oregon (Number 12375)
- Licensed Municipal Auditor, Oregon (Number 1511)

***GOVERNMENTAL
ENGAGEMENT
EXPERIENCE***

- Sixteen years' experience auditing Oregon municipalities including compliance testing under OMB Uniform Guidance Single Audits
- Recent experience managing governmental engagements include:
 - City of Springfield – including Single Audit
 - Salem Area Mass Transit District – including Single Audit
 - City of Canby - including Single Audit

***GOVERNMENTAL
TRAINING***

- Oregon Society of Certified Public Accountants Governmental Accounting and Auditing Conferences annually for twelve years
- Continuing professional education that annually exceeds GAO standards

EDUCATION

- Oregon State University, Corvallis, Oregon
Bachelor of Business Administration

***PROFESSIONAL
SOCIETIES AND
ACTIVITIES***

- American Institute of Certified Public Accountants
- Oregon Society of Certified Public Accountants
- OSCP Governmental Accounting & Auditing Committee Chair
- Certified peer reviewer for the American Institute of CPAs and Oregon Society of CPAs
- Board Treasurer, Salem Art Association

Toby S. Roth
Senior Associate
Grove, Mueller & Swank, P.C.

***PROFESSIONAL
ACCREDITATION***

- Certified Public Accountant, Oregon (Number 15822)

***GOVERNMENTAL
ENGAGEMENT
EXPERIENCE***

- Four years' experience auditing Oregon municipalities and not-for-profit organizations
- Manages approximately 16 municipal and not-for-profit audits
- Recent experience managing similar governmental engagements include:
 - City of Salem
 - City of Keizer
 - City of Woodburn

***GOVERNMENTAL
TRAINING***

- Oregon Society of Certified Public Accountants Governmental Accounting and Auditing Conference Annually for four years.
- On-going continuing professional education, governmental auditing and accounting

EDUCATION

- Corban University, Salem, Oregon
B.S. Business Administration - Emphasis on Accounting

***PROFESSIONAL
SOCIETIES AND
ACTIVITIES***

- American Institute of Certified Public Accountants
- Oregon Society of Certified Public Accountants



Report on the Firm's System of Quality Control

To the Shareholders of
Grove, Mueller & Swank, P.C.
and the Peer Review Committee of the Oregon Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Grove, Mueller & Swank, P.C. (the firm) in effect for the year ended September 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Grove, Mueller & Swank, P.C. in effect for the year ended September 30, 2019 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Grove, Mueller & Swank, P.C. has received a peer review rating of *pass*.

THE RBH Group, LLC

January 30, 2020

215 S.E. DORION • PENDLETON, OREGON 97801 • (541) 276-2693 • FAX (541) 276-6926 • www.rbhcpas.com

MEMBERS OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, AICPA PRIVATE COMPANIES PRACTICE SECTION AND OREGON SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS



City of Woodburn, Oregon



Comprehensive Annual Financial Report For the year Ended June 30, 2020

CITY OF WOODBURN, OREGON

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

Year Ended June 30, 2020

***Prepared by City of Woodburn Finance
Department
Anthony Turley, Finance Director***

CITY OF WOODBURN, OREGON
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INTRODUCTORY SECTION



City of Woodburn
270 Montgomery Street
Woodburn, OR 97071
(503) 982-5222 / (503) 982-5244 FAX
www.ci.woodburn.or.us

November 25, 2020

To the Citizens of Woodburn, Honorable Mayor, City Council, and City Administrator:

It is my pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Woodburn, Oregon, for the fiscal year ended June 30, 2020.

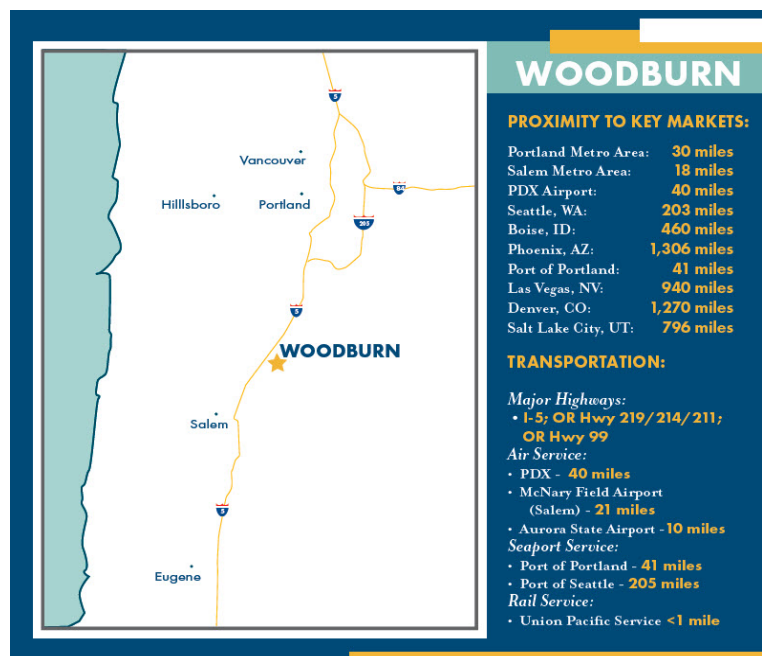
State law requires that a CAFR and component unit financial statements be published within six months of the fiscal year end and be audited in accordance with generally accepted auditing standards by independent certified public accountants. Independent auditors, Grove, Mueller & Swank, P.C., have issued an unmodified opinion on the City of Woodburn's financial statements for the fiscal year ended June 30, 2020. The independent auditors' report is presented in the Financial Section of this report. Responsibility for the completeness and reliability of the information contained in this report rests with the City's management and is based on an internal control structure designed for this purpose. The internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met, as the cost of the internal control should not exceed the related benefits.

In the Management's Discussion and Analysis (MD&A) section of this report, a narrative introduction, overview, and analysis of the basic financial statements is provided. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A.

CITY PROFILE

The City of Woodburn is a municipal corporation which operates under a Council-Manager form of government. Policy making and legislative authority are vested on the City Council which consists of an elected Mayor (two-year term position) and six councilors (four-year term positions). The City Council is responsible for passing ordinances, resolutions, adopting a budget, and hiring the City Administrator and City Attorney among other things. The City Administrator is responsible for carrying out Council ordinances and policies, managing the daily operations, and appointing department heads.

Woodburn is located in the Willamette Valley, halfway between the larger urban areas of Portland and Salem. The city was incorporated as Woodburn on February 20, 1889.



The City of Woodburn, with a population of 25,135, is Oregon's 23rd most populated city, and 3rd populated city in Marion County. The City provides a full range of municipal services, including but not limited to: police, water, wastewater, municipal court, public works (water, sewer, storm, and transportation), economic development, community planning and building inspections, transit, parks, recreation, aquatics, and library.

REPORTING ENTITY

The financial statements include information for the City of Woodburn and its blended component unit, the Urban Renewal Agency of the City of Woodburn.

BUDGET PROCESS

The Oregon Constitution and Oregon Revised Statutes 294 require an adopted balanced budget by July 1, and that the fiscal year for local governments is July 1 through June 30. The budget sets forth City Council's goals and objectives, and identifies the resources necessary to accomplish them. The legal level of budgetary control, as adopted by Council Resolution, is by fund, although department level detail is shown. Appropriations lapse at fiscal year-end and incomplete projects must be re-appropriated in the following fiscal year as part of the adoption of the annual budget.

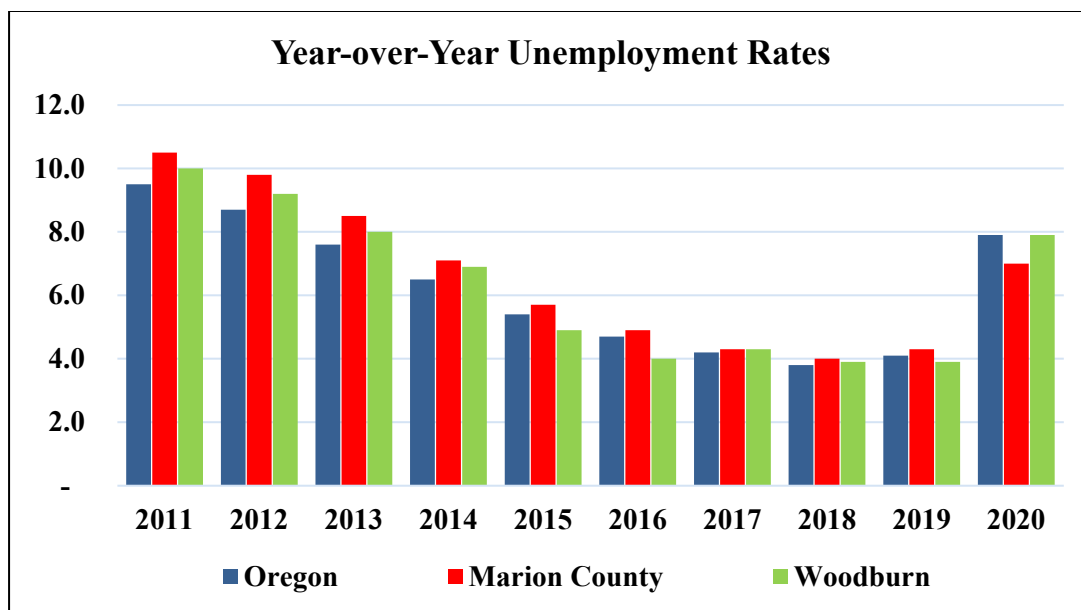
ECONOMIC ENVIRONMENT

Woodburn has high concentrations of employment across several traded-sector clusters. These clusters are key target industries for Woodburn and include:

- **Production Technology and Machinery:** manufacturing of machinery for food production, automatic sprinklers systems, bailing machines, hydraulic jacks, and other machinery production.
- **Plastics Manufacturing:** plastic and rubber products, chemical manufacturing, and plumbing fixtures. This cluster is strongly linked to production technology, machinery, and other chemical manufacturing.
- **Metal Product Manufacturing:** prefabricated metal building and component manufacturing, ornamental and architectural metal work manufacturing, bathtubs and sinks, metal pipe hangars, fire escapes, grills and grill work, and all other miscellaneous fabricated metal product manufacturing.
- **Food Processing and Manufacturing:** baked goods, fruit and vegetable canning, frozen foods, confectionary manufacturing, and other food related manufacturing.

Employment patterns in Woodburn, Marion County, and the Portland Region suggest that Woodburn has competitive advantages and opportunities for business development in these rapidly growing clusters:

- **Apparel Manufacturing:** cutting and sewing apparel, embroidering on textile products, carpet cutting and binding, sleeping bag manufacturing, hats and glove manufacturing, and other apparel manufacturing.
- **Distribution and E-Commerce:** wholesale trade, farm supplies and merchant wholesalers, refrigerated warehousing and storage, packaging and labeling services, or other warehouse and distribution.
- **Information Technology and Analytic Technology:** software publishers, electronic computer manufacturing, semiconductor manufacturing, laboratory instrument manufacturing.



Source: State of Oregon Employment Department

Oregon's unemployment rates have dropped dramatically over the last ten years. However, the COVID 19 pandemic has impacted the economy and resulted in increased unemployment. In September 2020, Oregon's year-over-year unemployment rate was 7.9 percent, and Woodburn's rate was 7.9 percent, which matches the U.S. unemployment rate of 7.9 percent for the same period.

Factors contributing to Woodburn's low unemployment rates include people's; availability, quality, skills, education/experience, and wages. Within the Woodburn Urban Growth Boundary there are 11,718 employees¹. Beyond Woodburn, as of October 2020, Salem Region has a labor force of 193,805 and the Portland Region of 1,293,685¹. This means that Woodburn businesses have access to a mix of highly educated skilled and unskilled workers from across the Salem and Portland Regions.

MAJOR ISSUES

Development of the FY 2020-21 budget continued the focus on delivery of services to the community with cautious projections due to rising costs in the areas listed below, and an external focus to create a community leadership academy and exploration of a non-profit development center in Woodburn.

- COVID-19 Pandemic
- Wages,
- Public Employee Retirement System (PERS),
- Facility maintenance,
- Infrastructure needs, and
- Technology needs

The current budget includes set-asides for these anticipated costs. The future budgets will continue to be challenged with the need to balance delivery of service with fiscal prudence.

LONG-TERM FINANCIAL PLANNING

A five-year forecast is prepared for each primary operating fund based on current service levels and conservative assumptions. Staff uses the financial plans to make recommendations for utility rate setting, debt refinancing opportunities, capital project budgets, and projection of operating expenses. Revenues are also projected to ensure that operating and capital needs are met.

RELEVANT FINANCIAL POLICIES

The City of Woodburn completes an annual financial plan, which includes a review of the budget policies, fiscal strategy, and five-year forecast. Policy highlights include:

- Annual review to maintain fiscal responsibility, a balanced budget, and obtain policy direction.
- Identification of goals that maximize dedicated funding resources.
- Establishment of General Fund goals to set program priority, maximize City Council's discretion, establish a goal of cost efficiency, pursuit new revenue sources, and identify potential new programs.
- Reserve and contingency policy target levels.
- Compensation and benefit policies which address wages, health care and retirement costs.
- Capital improvement guidelines to set the importance of full cost identification, planning, and funding.
- Debt management policies to ensure thorough analysis of options.
- Investment parameters that prioritize fiscal safety, legal compliance, and a market rate of return.
- Annual audit policy to ensure financial compliance.
- Resource reduction strategy to provide guidance in fiscally challenged periods.

¹ Source: State of Oregon Employment Department, August 2019 Employment and Unemployment in Oregon Counties

DISTINGUISHED BUDGET PRESENTATION AWARD/EXCELLENCE IN FINANCIAL REPORTING AWARD

The City of Woodburn received GFOA's Distinguished Budget Presentation Award for its FY 2019-20 annual budget document and the FY 2020-21 annual budget document has been submitted. This is the 8th consecutive year that the City of Woodburn has achieved the prestigious award of a distinguished presentation. The Distinguished Budget Presentation award is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a government and its management. In order to receive the award, a governmental unit must publish a budget document that meets program criteria as a policy document, a communications medium, an operations guide, and a financial plan. For the first time the City submitted its 2019-20 CAFR to the GFOA for the Excellence in Financial Reporting Award. Due to delays in the review process caused by the pandemic the City has not received word on the status of the application.

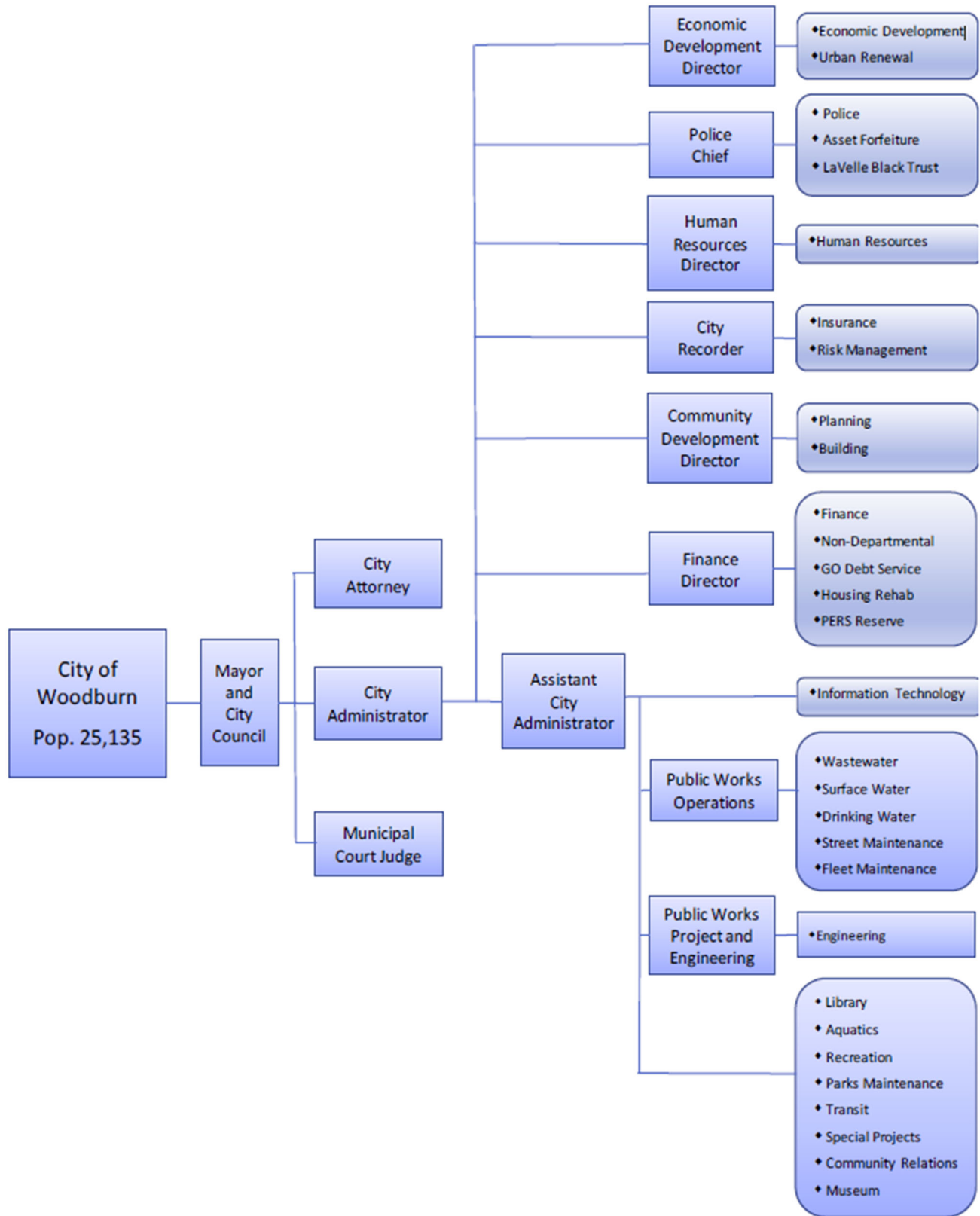
ACKNOWLEDGMENTS

This is the second year the City of Woodburn has prepared a Comprehensive Annual Financial Report, which goes beyond the preparation of financial reports to include sections for statistics and continuing disclosure. I would like to thank the entire Finance staff, especially Meghan Cook, Julie Moore, Tracy Fleck, and Rosie Sanchez for the excellent service they provide throughout the year which is reflected in this Comprehensive Annual Financial Report. This report is evidence of their dedication and many hours of hard work. I would also like to thank the City Council and City Administrator for the leadership and support they have provided in developing this CAFR.



Anthony Turley
Finance Director

ORGANIZATION OF THE CITY OF WOODBURN



Source: City of Woodburn, FY 2020-21 Adopted Budget - Functional Organization Chart

MAYOR AND COUNCIL MEMBERS

<u><i>Name</i></u>	<u><i>Term Expires</i></u>
<i>Mayor</i>	
Eric Swenson	December 31, 2020
<i>Council Members</i>	
Debbie Cabrales	December 31, 2020
Robert Carney	December 31, 2022
Mary Beth Cornwell	December 31, 2022
Lisa Ellsworth	December 31, 2020
Eric Morris	December 31, 2020
Sharon Schaub	December 31, 2022

The above individuals may be contacted at the address below.

Staff

Scott Derickson, City Administrator
N. Robert Shields, City Attorney
Anthony Turley, Finance Director

City of Woodburn, Oregon
270 Montgomery Street
Woodburn, Oregon 97071

FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

www.gmscpa.com

(503) 581-7788 • FAX (503) 581-0152

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members
City of Woodburn
270 Montgomery Street
Woodburn, Oregon 97071

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodburn as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodburn as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the schedules of revenues, expenditures and changes in fund balance – budget and actual for the General, PERS Reserve, Street and Urban Renewal funds (“the budgetary schedules”), the City's PERS schedules and the City's OPEB 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 in the preceding paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary schedules described above were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been subject 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 budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplementary 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, or other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly presented, in all material respects, in relation to the basic financial statements as a whole.

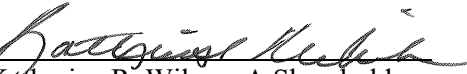
Other Information

The introductory and statistical sections, and other information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 25, 2020 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By: 
Katherine R. Wilson, A Shareholder
November 25, 2020

CITY OF WOODBURN
Year Ended June 30, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Management’s Discussion and Analysis of the City of Woodburn’s Comprehensive Annual Financial Report (CAFR) presents a discussion and analysis of the City’s financial performance during the fiscal year ended June 30, 2020. The information presented here should be considered in conjunction with the financial statements included in this report.

FINANCIAL HIGHLIGHTS

Following are the financial highlights of the City for the fiscal year ended June 30:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Net position	\$ 140,295,337	\$ 131,617,868	\$ 8,677,469
Change in net position	8,677,469	6,895,584	1,781,885
Governmental activities net position	79,813,938	74,880,614	4,933,324
Business-type activities fund net position	60,481,399	56,737,254	3,744,145
Change in governmental net position	4,933,324	3,461,003	1,472,321
Change in proprietary fund net position	3,744,145	3,434,581	309,564

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The basic financial statements include three components: the government-wide financial statements, the fund financial statements and notes to the financial statements. This report also contains required and other supplementary information.

Government-wide financial statements. The government-wide financial statements present the net position (*statement of net position*) and results of operations (*statement of activities*) of the City as a whole. Included are all governmental and business-type assets, deferred outflows, liabilities, deferred inflows and activities of the City. The measurement focus and basis of accounting are the same for the entire City. The measurement focus is on all economic resources of the City, including current financial resources (assets) and non-current financial resources (capital assets) and the related current and non-current liabilities and equity accounts. Both government-wide statements are prepared using the accrual basis of accounting, which is similar to the methods used by most businesses and takes into account all revenues and expenses connected with the fiscal year, even if cash involved has not been received or paid.

The statement of net position presents information on all the City’s assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Increases or decreases in net position may indicate whether the City’s financial position is improving or deteriorating.

The statement of activities presents the expenses incurred in providing services to the public and the revenues associated with those activities for both governmental and business-type activities. The statement of activities begins with expenses by function. To these functions are applied charges for services, operating grants and contributions and capital grants and contributions. The resulting sums, with some adjustments, represent charges to taxpayers and may equate to the nearest that governments can determine the “bottom line”.

The government-wide financial statements are divided into two categories. Governmental activities are services funded through property taxes and intergovernmental revenues. The governmental activities for the City include general government, public safety, highways and streets, culture and recreation, and economic development. Business-type activities are operations funded primarily through charges to external users of goods and services. Business-type activities include water and sewer.

Fund Financial Statements. A fund is a fiscal and accounting entity with a self-balancing set of accounts that is used to segregate resources that are restricted to a particular activity. The use of funds deters commingling of resources designated for a specific purpose, prevents unauthorized transfer of surpluses, and ensures compliance with legal and contractual requirements. The City has two types of fund categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources and use the modified accrual basis of accounting. Operating statements include all sources and uses of financial resources, and display the excess of revenues and other financial sources over (under) expenditures and other uses. Included in the balance sheet are liquid assets and receivables that will be converted into cash currently and short-term liabilities, including payables to vendors and employees. Unmatured bond principal or liabilities for compensated absences not to be paid in the fiscal year are not included. Because the governmental fund statements do not encompass the long-term focus of the government-wide statements, reconciliations are provided on the subsequent page of the governmental fund statements. The emphasis is on major funds that account for the predominant assets and activities of all funds.

The City maintains sixteen individual governmental funds. Information is presented separately for the General Fund, Street Fund, and Urban Renewal Fund in the Governmental Fund Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balances. The other governmental funds are combined into a single, aggregated presentation. Information for these non-major governmental funds is provided in the form of *combining statements*.

Proprietary Funds. The City maintains two different types of proprietary funds: enterprise and internal service funds. These funds are used to show activities that operate more like those of commercial enterprises. Fees are charged for services provided, both to outside customers and to other units of the City. Enterprise funds are presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer activities. Internal service funds account for activities furnishing goods or services to other units of the government. Charges for these services are on a cost-reimbursement basis. The internal services funds include insurance and information services. The internal service funds are reported with governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water Operations and Sewer Operations. The internal service funds are combined into a single column in the proprietary fund financial statements.

The City adopts an annual appropriated budget for all of its funds. Budgetary comparison statements, demonstrating compliance with this budget, have been provided.

Notes to the Financial Statements. The notes to the financial statements are an integral part of the basic financial statements and should be read along with them. The notes provide additional information necessary to communicate the financial position of the City.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information concerning the City.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City had \$177,624,719 in total assets, \$9,065,369 in total deferred outflows, \$44,234,382 in total liabilities and \$2,160,369 in total deferred inflows, resulting in combined net position of \$140,295,337 for governmental and business-type activities. The largest component of the City's net position reflects its net investment in capital assets (i.e., land, buildings, equipment and infrastructure, less any related debt outstanding that was needed to acquire or construct the assets). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental capital assets, net of depreciation, increased \$4,339,067 over the prior year mainly due to renovation work at City Hall and urban renewal projects in the downtown area.

Business-type capital assets, net of depreciation, decreased \$1,063,973 over the prior year due to current year depreciation.

Total liabilities for both governmental and business-type activities decreased by \$5,174,039 from the prior year mainly due to payments on long-term debt.

Overall, the City's financial net position increased by \$8,677,469 (7%). The majority of this increase is due to an increase in capital assets and a decrease in long-term debt outstanding.

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year.

	2020			2019			Change		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 22,189,818	\$ 27,305,966	\$ 49,495,784	\$ 26,764,428	\$ 27,717,274	\$ 54,481,702	\$ (4,574,610)	\$ (411,308)	\$ (4,985,918)
Other assets	2,757,594	943,079	3,700,673	2,133,650	928,577	3,062,227	623,944	14,502	638,446
Capital assets	70,551,381	53,876,881	124,428,262	66,212,314	54,940,854	121,153,168	4,339,067	(1,063,973)	3,275,094
<i>Total Assets</i>	95,498,793	82,125,926	177,624,719	95,110,392	83,586,705	178,697,097	388,401	(1,460,779)	(1,072,378)
Deferred outflows	7,402,891	1,662,478	9,065,369	4,333,212	840,968	5,174,180	3,069,679	821,510	3,891,189
Other liabilities	14,505,304	3,954,800	18,460,104	14,203,263	3,178,115	17,381,378	302,041	776,685	1,078,726
Long-term debt	6,920,670	18,853,608	25,774,278	8,157,849	23,869,194	32,027,043	(1,237,179)	(5,015,586)	(6,252,765)
<i>Total Liabilities</i>	21,425,974	22,808,408	44,234,382	22,361,112	27,047,309	49,408,421	(935,138)	(4,238,901)	(5,174,039)
Deferred inflows	1,661,772	498,597	2,160,369	2,201,878	643,110	2,844,988	(540,106)	(144,513)	(684,619)
Net position:									
Net investment in capital assets	64,447,990	46,922,723	111,370,713	58,807,325	43,073,472	101,880,797	5,640,665	3,849,251	9,489,916
Restricted	12,238,720	17,249,531	29,488,251	13,987,334	17,081,733	31,069,067	(1,748,614)	167,798	(1,580,816)
Unrestricted	3,127,228	(3,690,855)	(563,627)	2,085,955	(3,417,951)	(1,331,996)	1,041,273	(272,904)	768,369
<i>Total Net Position</i>	\$ 79,813,938	\$ 60,481,399	\$ 140,295,337	\$ 74,880,614	\$ 56,737,254	\$ 131,617,868	\$ 4,933,324	\$ 3,744,145	\$ 8,677,469

Governmental Activities

The City's net position from governmental activities increased \$4,933,324 (6%) from June 30, 2019 to June 30, 2020 due to an increase in program revenues coupled with controlled program expenses.

Business-type Activities

The City's net position from business-type activities increased \$3,744,145 (7%) from June 30, 2019 to June 30, 2020 due mainly to the reduction of long-term debt coupled with an increase in charges for services and controlled expenses.

Statement of Activities

The following table reflects the condensed Statement of Activities compared to the prior year.

	2020			2019			Change		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues									
Program Revenues									
Charges for service	\$ 2,642,482	\$ 12,112,632	\$ 14,755,114	\$ 2,446,723	\$ 11,863,555	\$ 14,310,278	\$ 195,759	\$ 249,077	\$ 444,836
Operating grants and contributions	4,346,664	-	4,346,664	2,582,883	-	2,582,883	1,763,781	-	1,763,781
Capital grants and contributions	2,506,331	425,801	2,932,132	934,723	376,165	1,310,888	1,571,608	49,636	1,621,244
<i>Total Program Revenues</i>	<i>9,495,477</i>	<i>12,538,433</i>	<i>22,033,910</i>	<i>5,964,329</i>	<i>12,239,720</i>	<i>18,204,049</i>	<i>3,531,148</i>	<i>298,713</i>	<i>3,829,861</i>
General Revenues									
Property taxes	10,908,076	-	10,908,076	10,467,041	-	10,467,041	441,035	-	441,035
Franchise taxes	1,528,351	-	1,528,351	1,537,523	-	1,537,523	(9,172)	-	(9,172)
Other taxes	491,023	-	491,023	595,650	-	595,650	(104,627)	-	(104,627)
Intergovernmental	903,481	-	903,481	831,319	-	831,319	72,162	-	72,162
Other	561,074	693,058	1,254,132	1,051,046	836,257	1,887,303	(489,972)	(143,199)	(633,171)
<i>Total General Revenues</i>	<i>14,392,005</i>	<i>693,058</i>	<i>15,085,063</i>	<i>14,482,579</i>	<i>836,257</i>	<i>15,318,836</i>	<i>(90,574)</i>	<i>(143,199)</i>	<i>(233,773)</i>
<i>Total Revenues</i>	<i>23,887,482</i>	<i>13,231,491</i>	<i>37,118,973</i>	<i>20,446,908</i>	<i>13,075,977</i>	<i>33,522,885</i>	<i>3,440,574</i>	<i>155,514</i>	<i>3,596,088</i>
Expenses									
General government	4,673,660	-	4,673,660	1,162,602	-	1,162,602	3,511,058	-	3,511,058
Public safety	6,982,033	-	6,982,033	7,687,490	-	7,687,490	(705,457)	-	(705,457)
Highways and streets	2,113,284	-	2,113,284	2,787,782	-	2,787,782	(674,498)	-	(674,498)
Culture and recreation	4,139,885	-	4,139,885	4,226,653	-	4,226,653	(86,768)	-	(86,768)
Economic development	2,025,642	-	2,025,642	2,023,962	-	2,023,962	1,680	-	1,680
Interest on long-term debt	59,907	-	59,907	76,949	-	76,949	(17,042)	-	(17,042)
Water	-	2,679,610	2,679,610	-	3,012,632	3,012,632	-	(333,022)	(333,022)
Sewer	-	5,767,483	5,767,483	-	5,649,231	5,649,231	-	118,252	118,252
<i>Total Expenses</i>	<i>19,994,411</i>	<i>8,447,093</i>	<i>28,441,504</i>	<i>17,965,438</i>	<i>8,661,863</i>	<i>26,627,301</i>	<i>2,028,973</i>	<i>(214,770)</i>	<i>1,814,203</i>
<i>Changes in Net Position Before Transfers</i>	<i>3,893,071</i>	<i>4,784,398</i>	<i>8,677,469</i>	<i>2,481,470</i>	<i>4,414,114</i>	<i>6,895,584</i>	<i>1,411,601</i>	<i>370,284</i>	<i>1,781,885</i>
<i>Transfers</i>	<i>1,040,253</i>	<i>(1,040,253)</i>	<i>-</i>	<i>979,533</i>	<i>(979,533)</i>	<i>-</i>	<i>60,720</i>	<i>(60,720)</i>	<i>-</i>
<i>Change in Net Position</i>	<i>4,933,324</i>	<i>3,744,145</i>	<i>8,677,469</i>	<i>3,461,003</i>	<i>3,434,581</i>	<i>6,895,584</i>	<i>1,472,321</i>	<i>309,564</i>	<i>1,781,885</i>
<i>Beginning Net Position</i>	<i>74,880,614</i>	<i>56,737,254</i>	<i>131,617,868</i>	<i>71,419,611</i>	<i>53,302,673</i>	<i>124,722,284</i>	<i>3,461,003</i>	<i>3,434,581</i>	<i>6,895,584</i>
<i>Ending Net Position</i>	<i>\$ 79,813,938</i>	<i>\$ 60,481,399</i>	<i>\$ 140,295,337</i>	<i>\$ 74,880,614</i>	<i>\$ 56,737,254</i>	<i>\$ 131,617,868</i>	<i>\$ 4,933,324</i>	<i>\$ 3,744,145</i>	<i>\$ 8,677,469</i>

Governmental Activities. Total revenues for the City's governmental activities were \$23,887,482 for the fiscal year ended June 30, 2020. Approximately 46% of the total revenue for the governmental activities was derived from property taxes and approximately 40% of the total revenue was from program revenues. Total expenses for governmental activities were \$19,994,411 and net transfers in were \$1,040,253 resulting in a \$4,933,324 increase in net position. General government activities accounted for approximately 23% of the total governmental activities expense. Public safety, highways and streets, culture and recreation, and economic development expenses account for approximately 76% of the total, and interest on long-term debt was less than 1% of total governmental activities expenses.

Business-Type Activities. Revenues of business-type activities totaled \$13,231,491 for the current fiscal year. These activities generated \$12,538,433 in program revenues, and \$693,058 in interest earnings and miscellaneous revenues. The total expenses for business-type activities were \$8,447,093 and net transfers out were \$1,040,253 resulting in a \$3,744,145 increase in net position. Business-type activities for the City of Woodburn consist of operations for water and sewer services.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted previously, the City uses fund accounting to segregate resources that are restricted to a particular activity. Fund balance represents the excess of the assets of the fund over its liabilities. Because the fund financial statements focus on current sources and uses of spendable resources, fund balances relating to each fund may be useful in assessing the government's net resources available.

Governmental Funds. At the end of the fiscal year, there was \$21,267,161 of fund balance of the governmental funds, a decrease of \$1,981,978 from the prior year. The City's governmental funds include the General Fund, Street Fund, Urban Renewal Fund and other non-major funds.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, a fund balance of \$6,835,922 was reported by the General Fund. The fund balance decreased by \$1,120,445 from the previous year due to increases in non-departmental expenditures offset by increases in transfers in and decreases in transfers out.

The City reports two other major governmental funds. The Street Fund had a fund balance of \$4,242,863, a decrease of \$346,168 from the previous year, due mainly to an increase in transfers out. The Urban Renewal Fund had a balance of \$1,354,312, a decrease of \$1,217,695, due to debt service and capital outlay in excess of revenue.

Proprietary Funds. At the end of the current fiscal year, net position of the enterprise funds equaled \$60,481,399, an increase of \$3,744,145 from the prior year, and net position of the internal service funds equaled \$752,751, an increase of \$147,669 from the prior year.

The City reports two major proprietary funds, the Water Operations Fund and the Sewer Operations Fund. The Water Operations Fund had a net position of \$9,824,690, an increase of \$1,466,263 from previous year, mainly due to an increase in charges for services. The Sewer Operations Fund had a net position of \$50,656,709, an increase of \$2,277,882 from previous year, due to stable charges for services and controlled operating expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues (budgetary basis), were under budgeted amounts by less than 1%. General Fund expenditures ended \$4,569,451 below budgeted amounts primarily due to management efforts to contain costs throughout the fiscal year. There was one supplemental budget that affected balances in the General Fund during the year, which resulted in an increase in transfers out and a decrease in contingency of \$460,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities equaled \$70,551,381 and \$53,876,881 respectively, at the end of the current fiscal year, net of accumulated depreciation. This investment includes land, construction in process, buildings, equipment, and infrastructure. Additional information about the City's capital assets is presented on pages 32-33 in the notes to the financial statements.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Land	\$ 23,056,538	\$ 23,055,692	\$ 1,783,816	\$ 1,783,816	\$ 24,840,354	\$ 24,839,508
Construction in progress	11,715,865	6,529,430	4,879,135	4,175,633	16,595,000	10,705,063
Buildings	17,255,382	17,255,382	62,748,380	62,748,380	80,003,762	80,003,762
Equipment	7,936,642	7,403,150	3,028,659	3,028,659	10,965,301	10,431,809
Infrastructure	44,632,537	44,562,023	32,362,730	31,746,151	76,995,267	76,308,174
Accumulated depreciation	(34,045,583)	(32,593,363)	(50,925,839)	(48,541,785)	(84,971,422)	(81,135,148)
Net capital assets	<u>\$ 70,551,381</u>	<u>\$ 66,212,314</u>	<u>\$ 53,876,881</u>	<u>\$ 54,940,854</u>	<u>\$ 124,428,262</u>	<u>\$ 121,153,168</u>

Long-term Debt. At the end of the current fiscal year, long-term debt outstanding for the governmental activities totaled \$6,920,670, compared to \$8,157,849 in the prior year. The decrease is due to scheduled debt repayments. For the business-type activities, total long-term debt equaled \$18,853,610 compared to \$23,869,194 in the prior year. The decrease is due to scheduled debt repayments. Additional information about the City’s long-term debt outstanding is presented on pages 34-36 in the notes to the financial statements.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
General obligation bonds	\$ 2,301,000	\$ 2,812,000	\$ -	\$ -	\$ 2,301,000	\$ 2,812,000
Direct borrowings	3,808,000	4,600,000	-	-	3,808,000	4,600,000
Direct placement revenue b	-	-	17,266,543	22,158,072	17,266,543	22,158,072
Bond premium	-	-	1,519,698	1,657,852	1,519,698	1,657,852
Accrued compensated abse	811,670	745,849	67,369	53,270	879,039	799,119
	<u>\$ 6,920,670</u>	<u>\$ 8,157,849</u>	<u>\$ 18,853,610</u>	<u>\$ 23,869,194</u>	<u>\$ 25,774,280</u>	<u>\$ 32,027,043</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

Oregon, much like the national economic environment, has steadily improved over the last few years. The low unemployment rates have positively impacted wages and Oregon’s median household incomes have risen. The strong economy, coupled with steady population growth and Woodburn’s 2015 approval of the Urban Growth Boundary, will result in an increase in local development and property tax revenue projections.

REQUESTS FOR INFORMATION

This financial report is designed to provide the City of Woodburn’s citizens, taxpayers, customers, investors and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to the City of Woodburn, 270 Montgomery Street, Woodburn, Oregon 97071.

BASIC FINANCIAL STATEMENTS

CITY OF WOODBURN, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 22,189,818	\$ 27,305,966	\$ 49,495,784
Accounts receivable	1,521,252	1,032,834	2,554,086
Property taxes receivable	437,379	-	437,379
Assessment liens receivable	20,460	-	20,460
Loans receivable	497,714	-	497,714
Prepaid expenses	26,690	6,859	33,549
Internal balances	131,181	(131,181)	-
Non-depreciable capital assets	34,772,403	6,662,951	41,435,354
Other capital assets, net of depreciation	35,778,978	47,213,930	82,992,908
OPEB asset	122,918	34,567	157,485
<i>Total Assets</i>	<u>95,498,793</u>	<u>82,125,926</u>	<u>177,624,719</u>
DEFERRED OUTFLOWS			
Deferred outflows related to PERS	7,321,964	1,639,271	8,961,235
Deferred outflows related to OPEB	75,318	22,304	97,622
Deferred charges on refunding	5,609	903	6,512
<i>Total Deferred Outflows</i>	<u>7,402,891</u>	<u>1,662,478</u>	<u>9,065,369</u>
LIABILITIES			
Accounts payable	693,658	376,665	1,070,323
Accrued payroll liabilities	532,239	-	532,239
Deposits payable	-	138,165	138,165
Interest payable	11,814	271,568	283,382
Noncurrent liabilities:			
Due within one year:			
Long-term debt	1,348,000	5,098,001	6,446,001
Bond premium	-	138,154	138,154
Accrued compensated absences	324,668	26,948	351,616
Due in more than one year:			
Long-term debt	4,761,000	12,168,541	16,929,541
Bond premium	-	1,381,543	1,381,543
Accrued compensated absences	487,002	40,421	527,423
OPEB liability	502,436	151,154	653,590
Net pension liability	12,765,157	3,017,248	15,782,405
<i>Total Liabilities</i>	<u>21,425,974</u>	<u>22,808,408</u>	<u>44,234,382</u>
DEFERRED INFLOWS			
Deferred inflows related to PERS	1,545,547	464,543	2,010,090
Deferred inflows related to OPEB	116,225	34,054	150,279
<i>Total Deferred Inflows</i>	<u>1,661,772</u>	<u>498,597</u>	<u>2,160,369</u>
NET POSITION			
Net investment in capital assets	64,447,990	46,922,723	111,370,713
Restricted for:			
Debt service	32,604	-	32,604
Culture and recreation	170,172	-	170,172
Community development	2,292,920	-	2,292,920
Construction	9,743,024	17,249,531	26,992,555
Unrestricted	3,127,228	(3,690,855)	(563,627)
<i>Total Net Position</i>	<u>\$ 79,813,938</u>	<u>\$ 60,481,399</u>	<u>\$ 140,295,337</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
FUNCTIONS/PROGRAMS				
Governmental activities:				
General government	\$ 4,673,660	\$ 243,805	\$ 720,761	\$ 73,674
Public safety	6,982,033	243,369	3,190	275
Highways and streets	2,113,284	2,275	1,707,151	1,527,699
Culture and recreation	4,139,885	573,205	875,410	904,683
Economic development	2,025,642	1,579,828	1,040,152	-
Interest on long-term debt	59,907	-	-	-
<i>Total Governmental activities</i>	19,994,411	2,642,482	4,346,664	2,506,331
Business-type activities:				
Water	2,679,610	3,990,442	-	296,217
Sewer	5,767,483	8,122,190	-	129,584
<i>Total Business-type activities</i>	8,447,093	12,112,632	-	425,801
<i>Total Activities</i>	<u>\$ 28,441,504</u>	<u>\$ 14,755,114</u>	<u>\$ 4,346,664</u>	<u>\$ 2,932,132</u>
General Revenues:				
Property taxes				
Franchise taxes				
Other taxes				
Intergovernmental				
Gain on disposition of assets				
Unrestricted investment earnings				
Miscellaneous				
<i>Total General Revenues</i>				
Transfers				
Change in Net Position				
Net Position - beginning of year				
Net Position - end of year				

***Net (Expenses) Revenues
and Changes in Net Position***

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (3,635,420)	\$ -	\$ (3,635,420)
(6,735,199)	-	(6,735,199)
1,123,841	-	1,123,841
(1,786,587)	-	(1,786,587)
594,338	-	594,338
(59,907)	-	(59,907)
(10,498,934)	-	(10,498,934)
-	1,607,049	1,607,049
-	2,484,291	2,484,291
-	4,091,340	4,091,340
(10,498,934)	4,091,340	(6,407,594)
10,908,076	-	10,908,076
1,528,351	-	1,528,351
491,023	-	491,023
903,481	-	903,481
11,060	-	11,060
517,897	622,056	1,139,953
32,117	71,002	103,119
14,392,005	693,058	15,085,063
1,040,253	(1,040,253)	-
4,933,324	3,744,145	8,677,469
74,880,614	56,737,254	131,617,868
\$ 79,813,938	\$ 60,481,399	\$ 140,295,337

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Special Revenue</u>		
	<u>General</u>	<u>Street</u>	<u>Urban Renewal</u>
ASSETS			
Cash and investments	\$ 6,617,203	\$ 4,181,442	\$ 1,614,325
Accounts receivable	728,941	122,613	-
Property taxes receivable	383,469	-	30,516
Assessment liens receivable	-	-	-
Loans receivable	-	-	-
Prepaid expenses	23,390	-	-
Due from other funds	746,961	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 8,499,964	\$ 4,304,055	\$ 1,644,841
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 144,934	\$ 24,868	\$ 253,224
Accrued payroll and payroll liabilities	532,239	-	-
Due to other funds	333,903	36,324	7,841
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	1,011,076	61,192	261,065
Deferred Inflows			
Unavailable revenue	652,966	-	29,464
Fund Balance			
Non-spendable	23,390	-	-
Restricted for:			
Debt service	-	-	-
Construction	-	4,242,863	-
Culture and recreation	-	-	-
Community development	-	-	1,354,312
Committed to:			
Public safety	-	-	-
Capital outlay	-	-	-
Planning and building	-	-	-
Unassigned	6,812,532	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	6,835,922	4,242,863	1,354,312
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total Liabilities, Deferred Inflows and Fund Balance</i>	\$ 8,499,964	\$ 4,304,055	\$ 1,644,841
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Other Governmental Funds</i>	<i>Total</i>
\$ 8,648,708	\$ 21,061,678
659,974	1,511,528
23,394	437,379
20,460	20,460
497,714	497,714
3,300	26,690
-	746,961
<hr/>	<hr/>
\$ 9,853,550	\$ 24,302,410
<hr/>	<hr/>

\$ 261,159	\$ 684,185
-	532,239
217,565	595,633
<hr/>	<hr/>
478,724	1,812,057
540,762	1,223,192
3,300	26,690
32,604	32,604
6,282,301	10,525,164
170,172	170,172
411,430	1,765,742
15,132	15,132
749,139	749,139
1,169,986	1,169,986
-	6,812,532
<hr/>	<hr/>
8,834,064	21,267,161
<hr/>	<hr/>
\$ 9,853,550	\$ 24,302,410
<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON

**RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2020**

<i>Fund Balances</i>	\$ 21,267,161
The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are reported as unavailable in governmental funds.	1,223,192
PERS net pension liability, OPEB asset and liability, deferred outflows of resources arising from contributions paid, changes in assumptions, and differences between expected and actual experience, and deferred inflows arising from changes in proportionate share of earnings in the current year are not financial resources in governmental funds, but are reported in the Statement of Net Position.	
Net pension liability - PERS	(12,237,824)
OPEB liability	(480,783)
OPEB asset	117,880
Deferred outflows - PERS	7,022,693
Deferred outflows - OPEB	72,154
Deferred inflows - PERS	(1,484,098)
Deferred inflows - OPEB	(111,664)
Deferred outflows arising from refundings are not financial resources in governmental funds, but are reported in the Statement of Net Position.	5,609
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	
Cost	104,596,964
Accumulated depreciation	(34,045,583)
All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds.	
Accrued compensated absences	(763,700)
Accrued interest	(11,814)
Long-term debt	(6,109,000)
Internal service funds are proprietary-type funds and not reported with governmental funds. However, because internal service funds primarily benefit governmental activities, their assets, liabilities and net position are reported along with governmental activities in the Statement of Net Position.	752,751
<i>Net Position of Governmental Activities</i>	<u>\$ 79,813,938</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	<i>Special Revenue</i>		
	<i>General</i>	<i>Street</i>	<i>Urban Renewal</i>
REVENUES			
Taxes and assessments	\$ 9,932,526	\$ 101,204	\$ 775,881
Licenses and permits	1,999,971	353,887	-
Charges for services	903,988	-	-
Intergovernmental	1,020,875	1,707,151	1,040,152
Fines and forfeitures	352,400	-	-
Miscellaneous	891,903	123,912	42,547
<i>Total Revenues</i>	15,101,663	2,286,154	1,858,580
EXPENDITURES			
Current			
General government	4,397,582	-	-
Economic development	849,111	-	369,189
Public safety	7,574,867	-	-
Highways and streets	-	1,654,523	-
Culture and recreation	3,103,380	-	-
Debt Service			
Principal	532,000	-	260,000
Interest	42,391	-	74,975
Capital outlay	2,901	-	2,359,821
<i>Total Expenditures</i>	16,502,232	1,654,523	3,063,985
REVENUES OVER (UNDER) EXPENDITURES	(1,400,569)	631,631	(1,205,405)
OTHER FINANCING SOURCES (USES)			
Transfers in	374,009	90,000	-
Transfers out	(116,000)	(1,067,799)	(12,290)
Proceeds from sale of assets	22,115	-	-
<i>Total Other Financing Sources (Uses)</i>	280,124	(977,799)	(12,290)
NET CHANGE IN FUND BALANCE	(1,120,445)	(346,168)	(1,217,695)
FUND BALANCE, beginning of year	7,956,367	4,589,031	2,572,007
FUND BALANCE, end of year	\$ 6,835,922	\$ 4,242,863	\$ 1,354,312

<i>Other Governmental Funds</i>	<i>Total</i>
\$ 575,048	\$ 11,384,659
1,542,273	3,896,131
26,798	930,786
2,652,079	6,420,257
-	352,400
248,405	1,306,767
<hr/>	<hr/>
5,044,603	24,291,000
-	4,397,582
857,118	2,075,418
-	7,574,867
-	1,654,523
925,027	4,028,407
511,000	1,303,000
57,515	174,881
3,177,736	5,540,458
<hr/>	<hr/>
5,528,396	26,749,136
<hr/>	<hr/>
(483,793)	(2,458,136)
1,727,049	2,191,058
(540,990)	(1,737,079)
64	22,179
<hr/>	<hr/>
1,186,123	476,158
<hr/>	<hr/>
702,330	(1,981,978)
8,131,734	23,249,139
<hr/>	<hr/>
\$ 8,834,064	\$ 21,267,161
<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ (1,981,978)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds defer revenues that do not provide current financial resources.

However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.

Property tax receivables	14,440
Increases in other assets	(180,963)

Governmental funds do not report expenditures for unpaid compensated absences, unpaid payroll, interest expense or arbitrage since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.

Accrued compensated absences	(60,946)
Accrued interest payable	(990)
Deferred charge on refunding	(1,402)

Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.

Capital outlay expenditures capitalized	5,791,287
Depreciation	(1,452,220)

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position.

Debt principal paid	1,303,000
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Current year PERS pension and OPEB expenses related to changes in liabilities are reported as an expense in the Statement of Activities but are not recorded as an expenditure in the governmental funds.

	1,355,426
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Net income of internal service funds

	147,670
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Change in Net Position of Governmental Activities

	<u>\$ 4,933,324</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

				<i>Governmental Activities</i>
	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>Total</i>	<i>Internal Service</i>
ASSETS				
Current Assets				
Cash and investments	\$ 6,107,734	\$ 21,198,232	\$ 27,305,966	\$ 1,128,140
Accounts receivable	276,815	756,019	1,032,834	9,724
Prepaid leases	-	6,859	6,859	-
<i>Total Current Assets</i>	6,384,549	21,961,110	28,345,659	1,137,864
Noncurrent Assets				
Nondepreciable capital assets	1,727,950	4,935,001	6,662,951	-
Other capital assets, net of depreciation	9,080,216	38,133,714	47,213,930	-
OPEB asset	14,648	19,919	34,567	5,038
<i>Total Noncurrent Assets</i>	10,822,814	43,088,634	53,911,448	5,038
<i>Total Assets</i>	17,207,363	65,049,744	82,257,107	1,142,902
DEFERRED OUTFLOWS				
Deferred outflows related to PERS	588,543	1,050,728	1,639,271	299,271
Deferred outflows related to OPEB	9,728	12,576	22,304	3,164
Deferred charge on refunding	903	-	903	-
<i>Total Deferred Outflows</i>	599,174	1,063,304	1,662,478	302,435
LIABILITIES				
Current Liabilities				
Accounts payable	110,520	266,145	376,665	9,472
Due to other funds	59,685	71,496	131,181	20,148
Deposits payable	138,165	-	138,165	-
Accrued interest payable	14,424	257,144	271,568	-
Current portion of long-term liabilities				
Long-term debt	1,402,000	3,696,001	5,098,001	-
Bond premiums	-	138,154	138,154	-
Accrued compensated absences	16,819	10,128	26,948	19,188
<i>Total Current Liabilities</i>	1,741,613	4,439,068	6,180,682	48,808
Noncurrent Liabilities				
Accrued compensated absences	25,229	15,193	40,421	28,782
Long-term debt	4,790,000	7,378,541	12,168,541	-
Bond premiums	-	1,381,543	1,381,543	-
Net pension liability	1,141,794	1,875,454	3,017,248	527,333
OPEB liability	67,269	83,885	151,154	21,653
<i>Total Noncurrent Liabilities</i>	6,024,292	10,734,616	16,758,907	577,768
<i>Total Liabilities</i>	7,765,905	15,173,684	22,939,589	626,576
DEFERRED INFLOWS				
Deferred inflows related to PERS	201,774	262,769	464,543	61,449
Deferred inflows related to OPEB	14,168	19,886	34,054	4,561
	215,942	282,655	498,597	66,010
NET POSITION:				
Net investment in capital assets	4,617,069	42,305,654	46,922,723	-
Restricted for:				
Construction	3,629,440	13,620,091	17,249,531	-
Unrestricted	1,578,181	(5,269,036)	(3,690,855)	752,751
<i>Total Net Position</i>	\$ 9,824,690	\$ 50,656,709	\$ 60,481,399	\$ 752,751

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Total</u>	<u>Governmental Activities</u>
				<u>Internal Service</u>
OPERATING REVENUES				
Charges for services	\$ 3,990,442	\$ 8,122,190	\$ 12,112,632	\$ 1,888,447
Miscellaneous	61,379	9,623	71,002	2,288
<i>Total Operating Revenues</i>	4,051,821	8,131,813	12,183,634	1,890,735
OPERATING EXPENSES				
Personal services	1,310,062	1,735,141	3,045,203	460,915
Materials and services	760,029	1,185,381	1,945,410	1,204,282
Depreciation	409,679	1,974,375	2,384,054	-
<i>Total Operating Expenses</i>	2,479,770	4,894,897	7,374,667	1,665,197
OPERATING INCOME (LOSS)	1,572,051	3,236,916	4,808,967	225,538
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	137,010	485,046	622,056	14,600
Amortization of bond premiums	-	138,154	138,154	-
Interest expense	(199,840)	(1,010,740)	(1,210,580)	-
<i>Total Nonoperating Revenues (Expenses)</i>	(62,830)	(387,540)	(450,370)	14,600
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,509,221	2,849,376	4,358,597	240,138
Capital contributions	296,217	129,584	425,801	-
Transfers out	(339,175)	(701,078)	(1,040,253)	(92,469)
CHANGE IN NET POSITION	1,466,263	2,277,882	3,744,145	147,669
NET POSITION, beginning of year	8,358,427	48,378,827	56,737,254	605,082
NET POSITION, end of year	\$ 9,824,690	\$ 50,656,709	\$ 60,481,399	\$ 752,751

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Totals</u>	<u>Governmental Activities</u> <u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Collected from customers	\$ 4,046,056	\$ 8,011,458	\$ 12,057,514	\$ 1,894,734
Paid to suppliers	(699,271)	(1,081,710)	(1,780,981)	(1,601,618)
Paid to employees	(1,463,445)	(1,946,376)	(3,409,821)	(116,701)
<i>Net Cash Provided by Operating Activities</i>	1,883,340	4,983,372	6,866,712	176,415
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Received from (paid to) other funds	59,685	71,496	131,181	20,148
Transfers out	(339,175)	(701,078)	(1,040,253)	(29,530)
<i>Net Cash Used in Non-Capital Financing Activities</i>	(279,490)	(629,582)	(909,072)	(9,382)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(178,082)	(1,141,999)	(1,320,081)	(62,939)
Principal paid on loans and bonds payable	(1,422,000)	(3,469,529)	(4,891,529)	-
Capital contributions	295,374	127,720	423,094	-
Interest paid	(203,151)	(999,337)	(1,202,488)	-
<i>Net Cash Used in Capital and Related Financing Activities</i>	(1,507,859)	(5,483,145)	(6,991,004)	(62,939)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	137,010	485,046	622,056	14,601
<i>Increase (Decrease) in Cash and Investments</i>	233,001	(644,309)	(411,308)	118,695
CASH AND INVESTMENTS, Beginning of year	5,874,733	21,842,541	27,717,274	1,009,445
CASH AND INVESTMENTS, End of year	<u>\$ 6,107,734</u>	<u>\$ 21,198,232</u>	<u>\$ 27,305,966</u>	<u>\$ 1,128,140</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WOODBURN, OREGON
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2020

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Totals</u>	<u>Governmental Activities</u> <u>Internal Service</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,572,051	\$ 3,236,916	\$ 4,808,967	\$ 225,537
Adjustments to reconcile the change in operating cash provided by operating activities:				
Depreciation	409,679	1,974,375	2,384,054	-
Change in assets and liabilities:				
Accounts receivable	(8,805)	(120,357)	(129,162)	4,000
Deferred outflows	(355,455)	(466,055)	(821,510)	(131,784)
OPEB asset	(5,978)	(7,834)	(13,812)	-
Accounts payable and accrued liabilities	60,758	103,674	164,432	2,773
Customer deposits	3,040	-	3,040	-
Compensated absences payable	10,419	3,680	14,099	4,875
Net pension liability (asset)	257,001	336,772	593,773	95,228
OPEB liability	3,179	4,165	7,344	1,178
Deferred inflows	(62,549)	(81,964)	(144,513)	(23,177)
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 1,883,340</u>	<u>\$ 4,983,372</u>	<u>\$ 6,866,712</u>	<u>\$ 176,415</u>
<i>Noncash Transactions</i>				
Transfer of capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (62,939)</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Financial Reporting Entity

The City of Woodburn, Oregon is governed by an elected mayor and six council members who comprise the City Council. The City Council exercises supervisory responsibilities over the City operations, but day-to-day management control is the responsibility of a city administrator. All significant activities and organizations for which the City is financially accountable are included in the financial statements for the year ended June 30, 2020.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The City of Woodburn's financial statements include the Woodburn Urban Renewal Agency as a blended component unit. The City Council and Board of Directors of Woodburn Urban Renewal Agency are composed of the same individuals.

The separately issued financial statements of the Woodburn Urban Renewal Agency may be obtained from the City, 270 Montgomery Street, Woodburn, Oregon 97071.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. 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. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF WOODBURN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, enterprise or fiduciary. Currently, the City has general, special revenue, capital projects, debt service, internal service and enterprise type funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the other supplementary information.

The government-wide and proprietary fund financial statements are accounted for using an economic resources measurement focus, whereby all assets and liabilities are included in the statement of net position and the statement of fund net position. The increases and decreases in those net positions are presented in the government-wide statement of activities and in the proprietary fund statement of revenues, expenses and changes in fund net position. These funds use the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Interfund activity consists of transfers, services provided and/or used, reimbursements, advances and loans. As a general rule, the effect of interfund activity has been eliminated from the governmental-wide financial statements. Exceptions to this general rule include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues in the statement of activities include (1) fines, fees and charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Grants and contributions not restricted are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Operating revenues and operating expenses are intermediate components within the proprietary fund statement of revenues, expenses and changes in fund net position, and include only those transactions that constitute their principal, ongoing activities exclusive of investing or financing transactions. Significant operating revenues include charges for services and miscellaneous income. Significant operating expenses include personnel, materials and supplies, outside services, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Although not a major impact on the financial statements, Governmental Fund type fund balances are now reported in the following classifications.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF WOODBURN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

The City Council has approved a policy to maintain an ending fund balance in the General Fund, in order to provide stable services and employment to offset cyclical variations in revenues and expenditures. The targeted floor for the ending balance is 20% of annual operating revenue, as shown as a minimum fund balance in the General Fund, with the long-term goal of increasing the reserve to 25% as year-end savings occur. The City Council is the highest level of decision-making authority and may take formal action by vote or resolution to establish, modify, or rescind a fund balance commitment.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

Debt Service Funds are utilized to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

Governmental Fund Financial Statements

Governmental funds use the modified accrual basis of accounting whereby revenues are recorded only when susceptible to accrual (both measurable and available). "Measurable" means that the amount of the transaction can be determined. "Available" is defined as being collectible within the current period or soon enough thereafter (30 days) to be used to liquidate liabilities of the current period. Expenditures other than interest on noncurrent obligations, are recorded when the fund liability is incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements (Continued)

Real and personal property taxes are levied as of July 1 for each fiscal year on values assessed as of January 1. Property taxes are an enforceable lien on both real and personal property as of July 1 and are due and payable in three installments on November 15, February 15 and May 15. All property taxes are billed and collected by Marion County and remitted to the City. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (30 days). Otherwise, they are reported as unavailable revenues.

Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt, or earlier, if the susceptible accrual criteria are met.

Licenses and permits, charges for services, fines and forfeits and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

The reporting model sets forth minimum criteria (percentage of the assets, liabilities, receipts or disbursements of either fund category or the government and enterprise combined) for the determination of major funds. Nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

- General Fund
- Street Fund
- Urban Renewal Fund

The City reports the following major proprietary funds:

- Water Operations
- Sewer Operations

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 2020. Actual results may differ from such estimates.

CITY OF WOODBURN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit. Investments, included in cash and investments, are carried at cost which approximates fair value. For purposes of the statement of cash flows, the proprietary funds consider cash and cash equivalents to include the cash and investment common pool. These amounts have the general characteristics of demand deposit accounts in that the proprietary funds may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty.

Receivables and Unavailable Revenues

Receivables for state, county and local shared revenues, included in accounts receivable, are recorded as revenue in the governmental funds as earned.

Receivables of the enterprise funds are recorded as revenue as earned.

Property taxes receivable for the governmental fund types, which have been collected within thirty days subsequent to year end, are considered measurable and available and are recognized as revenues. All other property taxes are considered unavailable and, accordingly, have not been recorded as revenue. Property taxes receivable by the City represent the City's allocated share of delinquent property taxes and other amounts to be collected from property owners within Marion County, Oregon.

Assessment liens in the governmental fund types are recognized as receivables at the time property owners are assessed for property improvements. All assessments receivable are considered unavailable and, accordingly, have not been recorded as revenue.

Revolving loans in the government fund types are recognized as receivables at the time housing rehabilitation loans are made. All loans receivable are considered unavailable and, accordingly, have not been recorded as revenue.

Inventory and Prepaid Items

Inventory in business-type funds is state at cost (first-in, first-out basis) and is charged to expense as used. Prepaid items in the governmental funds are stated at cost and charged to expenditures in the period consumed.

Capital Assets

Capital assets are stated at cost or estimated historical cost. Donated assets are recorded at fair market value at date of donation. Estimated fair market value of donated assets is determined based on engineering estimates of current cost or price indexed cost.

Capital assets include land, right-of-way (included with land), buildings, improvements, equipment, infrastructure and other tangible and intangible assets costing over \$5,000 used in operations that have initial useful lives extending beyond a single reporting period. Infrastructure are those capital assets that are stationary in nature and can be preserved for a significantly greater number of years than most other capital assets. Infrastructure reported in governmental activities consists of roads, bridges, sidewalks, and traffic and lighting systems. Infrastructure reported in business-type activities consists of water and wastewater collection systems.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

All capital assets, except for infrastructure in governmental activities prior to July 1, 1980, have been capitalized in the government-wide and proprietary fund financial statements. In accordance with the current financial resources measurement focus, capital assets are not capitalized in the governmental fund financial statements. All purchased capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Historical cost is measured by the cash or cash equivalent price of obtaining an asset, including ancillary charges necessary to place the asset into its intended location and condition for use. Donated capital assets are reported at their estimated fair value at the time of acquisition plus ancillary charges, if any. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Amounts expended for maintenance and repairs are charged to expenditures/expenses in the appropriate funds as incurred and are not capitalized.

Capital assets are depreciated unless they are inexhaustible in nature (e.g., land and right-of-ways). Depreciation is an accounting process to allocate the cost of capital assets to expense in a systematic and rational manner to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets, or the maintenance requirements needed to maintain the assets at their current level of condition.

Depreciation is computed over the estimated useful lives of the capital assets. All estimates of useful lives are based on actual experience by City departments with identical or similar capital assets. Depreciation is calculated on the straight-line basis, except for infrastructure and improvements other than buildings reported in the governmental activities column of the government-wide financial statements, which are calculated using a composite depreciation method. The estimated useful lives of the various categories of assets are as follows:

Buildings and improvements	10 - 40 years
Water and Sewer Systems	15 - 50 years
Infrastructure	50 years
Equipment	5 - 15 years

Upon disposal of capital assets, cost and accumulated depreciation are removed from the accounts and, if appropriate, a gain or loss on the disposal is recognized.

Long-Term Debt

Long-term debt directly related and expected to be paid from the enterprise funds is recorded in these funds. All other unmatured long-term debt is recorded on the statement of net position. Repayment of general bonded debt will be made from debt service funds. Bond premiums will be amortized over the life of the related debt. Payment of compensated absences will be made primarily from the General Fund, Street Fund, Water Fund and Sewer Fund.

CITY OF WOODBURN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The City reports deferred outflows of resources related to pensions and other post-employment benefits for contributions made after the June 30, 2019 measurement date, differences between expected and actual experience, and changes in proportionate share, as well as deferred charges related to refunded bonds.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows*, represents an acquisition that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The City reports deferred inflows related to pensions and other post-employment benefits for changes in projected earnings versus actual earnings and contribution versus proportionate share of contributions.

The third instance of deferred inflows arises only under a modified accrual basis of accounting. Accordingly, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Pension Liability

The City reports its proportionate share of the Net Pension Liability of the Oregon Public Employees Retirement System (OPERS). A negative Net Pension Liability is reported as a Net Pension Asset. For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of 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 benefit terms. Investments are reported at fair value.

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 administered by Citycounty Insurance Services (CIS).

The City reports its proportionate share of the Oregon Public Employees Retirement System Retiree Health Insurance Account (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.

CITY OF WOODBURN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

The City reports an OPEB liability or asset, 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 administered by CIS. For the purpose 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 has been determined based on an actuarial valuation provided by CIS. Benefit payments are recognized when due and payable in accordance with benefit terms.

Accrued Vacation Pay

Accumulated vested vacation pay is accrued in the proprietary funds as it is earned by employees. In governmental fund types, the amounts, if any, expected to be liquidated with expendable available resources are accrued as liabilities of the funds and the amount payable from future resources is recorded on the statement of net position. The accrued payables in the Statement of Net Position are recorded as long-term in that the amount is not expected to materially change. Sick pay, which does not vest, is recorded in all funds when leave is taken.

Budget and Budgetary Accounting

A budget is prepared for each fund in accordance with the modified accrual basis of accounting for all funds. For budgetary purposes, interfund loan transactions are reported as interfund transfers. Appropriations are made at the program/function level for all funds. Expenditures may not legally exceed appropriations. Appropriations lapse at the end of each fiscal year. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the City Council. After budget approval, the City Council may approve supplemental appropriations if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. Management may not amend the budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council.

ORGANIZATION AND OPERATION

The City's financial operations are accounted for in the following funds:

Governmental Fund Types

General Fund

The General Fund accounts for activities of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees and state and county shared revenues. Primary expenditures are for public safety, highways and streets, economic development, culture and recreation, and general government. In accordance with GASB Statement No. 54, the PERS Reserve fund, which is budgeted separately and accounts for the City's participation in the State's employer incentive program, is combined with the General fund for financial reporting purposes.

Special Revenue Funds

Street Fund - This fund is used to account for the City's street operations. The fund's major source of revenue is highway gas tax received from the State of Oregon.

ORGANIZATION AND OPERATION (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds (Continued)

Urban Renewal Fund – This fund accounts for transactions related to urban renewal, including debt service on the URA loan. Property taxes are the primary source of revenue.

Transit Fund – This fund accounts for amounts held to be used for transportation services.

Building Inspection Fund - This fund accounts for building permit revenue and associated operations.

Asset Forfeiture Fund - This fund accounts for the seizure of private properties that are the product of illegal activity, and for the expenditure of the proceeds by the City for illegal drug activity investigations and subsequent arrests.

Housing Rehabilitation Fund - This fund accounts for the City’s CDBG grant program and provides low income housing and small business loans.

Lavelle Black Trust Fund – This fund accounts for the donations received to continue the police dog program.

Capital Projects Funds

Special Assessment Fund - This fund accounts for the repayment of local improvement district (LID) assessments. The money is used for construction of LID projects.

Street & Storm Capital Construction Fund - This fund accounts for transfers from the Storm and Street funds. The money is used for street and storm related capital projects.

Parks SDC Fund - This fund is used to account for the collection and spending of park SDCs.

General Capital Construction Fund - This fund is used to account for transfers from general services funds used for general services construction projects.

Street SDC Fund - This fund accounts for the collection and spending of street SDCs.

Storm SDC Fund - This fund accounts for the collection and spending of storm SDCs.

Equipment Replacement Fund - This fund accounts for transfers from other funds set aside for future equipment purchases.

Debt Service Fund

GO Debt Service Fund - This fund accounts for debt service on the City’s 2005 GO bond (refunded in 2017). Property taxes are the major source of revenue.

ORGANIZATION AND OPERATION *(Continued)*

Proprietary Fund Types

Enterprise Funds

The City has two enterprise funds. Three individually budgeted funds are related to water, and report as Water Operations, and three individually budgeted funds are related to sewer, and report as Sewer Operations. The specific funds and their purposes are as follows.

Water Operations - This operating fund includes the Water fund, the Water SDC fund and the Water Capital Construction fund. Customer usage fees and system development charges (SDCs) are the primary sources of revenue. The funds account for water general operations, water system capital improvement projects and the retirement of associated debt.

Sewer Operations - This operating fund includes the Sewer fund, the Sewer SDC fund and the Sewer Capital Construction Fund. Customer usage fees and system development charges (SDCs) are the primary sources of revenue. The funds account for the operation of the City's sewer system, sewer system capital improvement projects, and the retirement of related debt.

Internal Service Funds

The City has two internal service funds which provide services to other City departments. Internal charges are the primary revenue source for all funds. Expenditures are for the purposes as described below.

Information Technology Fund - This fund accounts for the maintenance and replacement of the City's network and technology services.

Insurance Fund – This fund accounts for the City's insurance coverage.

CITY OF WOODBURN, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type’s portion of this pool is displayed on the Statement of Net Position as part of “cash and investments.”

	<i>Carrying Value</i>	<i>Fair Value</i>
	<u> </u>	<u> </u>
Cash		
Cash on hand	\$ 3,760	\$ 3,760
Deposits with financial institutions	446,995	446,995
Certificates of deposit	7,233,703	7,233,703
Investments		
Local Government Investment Pool	41,811,326	42,179,266
	<u>\$ 49,495,784</u>	<u>\$ 49,863,724</u>

Cash is reported in the financial statements as follows:

Governmental funds	\$ 21,061,678
Internal Service funds (included in governmental activities)	1,128,140
Enterprise funds	27,305,966
	<u>\$ 49,495,784</u>

Deposits

The book balance of the City’s bank deposits was \$466,995 and the bank balance was \$651,216 at year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The carrying value of the City’s position in the pool is the same as the value of the pool shares; fair value was 100.88% of the value of the pool shares as of June 30, 2020. The investment in the Oregon Short-term Fund is not subject to classification. Separate financial statements for the Oregon Short-term Fund are available from the Oregon State Treasurer.

CITY OF WOODBURN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

CASH AND INVESTMENTS (Continued)

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) provide insurance for the City's deposits up to \$250,000 for the aggregate of demand deposits and the aggregate of all time deposits and savings accounts at each financial institution and credit union. Deposits in excess of FDIC and NCUA coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2020, \$401,216 of the City's bank balances were exposed to custodial credit risk as part of the Public Funds Collateralization Program.

Custodial Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP. The LGIP is not rated for credit quality.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2020

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2020 is as follows:

	<i>Balances July 1, 2019</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2020</i>
<i>Nondepreciable assets</i>				
Land	\$ 1,783,816	\$ -	\$ -	\$ 1,783,816
Construction in progress	4,175,633	703,502	-	4,879,135
Subtotal, nondepreciable assets	5,959,449	703,502	-	6,662,951
<i>Depreciable assets</i>				
Buildings	62,748,380	-	-	62,748,380
Water and sewer systems	31,746,151	616,579	-	32,362,730
Equipment	3,028,659	-	-	3,028,659
Subtotal, depreciable assets	97,523,190	616,579	-	98,139,769
<i>Accumulated depreciation</i>				
Buildings and improvements	(33,164,506)	(1,717,705)	-	(34,882,211)
Water and sewer systems	(13,427,986)	(532,370)	-	(13,960,356)
Equipment	(1,949,293)	(133,979)	-	(2,083,272)
Total accumulated depreciation	(48,541,785)	(2,384,054)	-	(50,925,839)
<i>Total depreciable assets, net</i>	48,981,405	(1,767,475)	-	47,213,930
Net capital assets	\$ 54,940,854	\$ (1,063,973)	\$ -	\$ 53,876,881

Depreciation expense was allocated as follows:

Water operations	\$ 409,679
Sewer operations	1,974,375
	<u>\$ 2,384,054</u>

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2020

CAPITAL ASSETS (Continued)

The changes in the capital assets for governmental activities for the year ended June 30, 2020 are as follows:

	<i>Balances July 1, 2019</i>	<i>Additions</i>	<i>Retirements/ Transfers</i>	<i>Balances June 30, 2020</i>
<i>Nondepreciable assets</i>				
Land	\$ 23,055,692	\$ 846	\$ -	\$ 23,056,538
Construction in progress	6,529,430	5,186,435	-	11,715,865
Subtotal, nondepreciable assets	29,585,122	5,187,281	-	34,772,403
<i>Depreciable assets</i>				
Buildings	17,255,382	-	-	17,255,382
Equipment	7,403,150	533,492	-	7,936,642
Infrastructure	44,562,023	70,514	-	44,632,537
Subtotal, depreciable assets	69,220,555	604,006	-	69,824,561
<i>Accumulated depreciation</i>				
Buildings	(7,751,855)	(403,777)	-	(8,155,632)
Equipment	(6,227,864)	(330,491)	-	(6,558,355)
Infrastructure	(18,613,644)	(717,952)	-	(19,331,596)
Total accumulated depreciation	(32,593,363)	(1,452,220)	-	(34,045,583)
<i>Total depreciable assets, net</i>	36,627,192	(848,214)	-	35,778,978
Net capital assets	\$ 66,212,314	\$ 4,339,067	\$ -	\$ 70,551,381

Depreciation expense was allocated as follows:

General government	\$ 271,770
Public safety	233,847
Highways and streets	827,201
Culture and recreation	119,402
	<u>\$ 1,452,220</u>

CITY OF WOODBURN, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

LONG-TERM DEBT

Long-term debt transactions for the year were as follows:

	<i>Outstanding July 1, 2019</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2020</i>	<i>Due Within One Year</i>
<i>Governmental Activities:</i>					
Direct placement general obligation bonds	\$ 2,812,000	\$ -	\$ (511,000)	\$ 2,301,000	\$ 539,000
Direct borrowings	4,600,000	-	(792,000)	3,808,000	809,000
	7,412,000	-	(1,303,000)	6,109,000	1,348,000
Accrued compensated absences	745,849	726,469	(660,648)	811,670	324,668
	<u>\$ 8,157,849</u>	<u>\$ 726,469</u>	<u>\$ (1,963,648)</u>	<u>\$ 6,920,670</u>	<u>\$ 1,672,668</u>
<i>Business-type Activities:</i>					
Direct placement revenue bonds	7,614,000	-	(1,422,000)	6,192,000	1,402,000
Revenue bonds	14,544,072	-	(3,469,529)	11,074,543	3,696,001
	22,158,072	-	(4,891,529)	17,266,543	5,098,001
2011 Sewer Revenue Bond premium	1,657,852	-	(138,154)	1,519,698	-
Accrued compensated absences	53,270	80,535	(66,436)	67,369	26,948
	<u>\$ 23,869,194</u>	<u>\$ 80,535</u>	<u>\$ (5,096,119)</u>	<u>\$ 18,853,610</u>	<u>\$ 5,124,949</u>

Direct Placement General Obligation Bonds Payable - Governmental Activities

General Obligation Bond Series 2017 (2005 refunding): In November 2017, the City issued bonds directly to a bank in the amount of \$3,749,000 at 2.08% interest, to refund bonds issued in 2005. Bond interest is payable semiannually, while principal is due annually through June 2024. The bonds are unsecured, and the City has levied an ad valorem tax to service payments due. Amounts due are not subject to acceleration in the event of default. The balance at June 30, 2020 is \$2,301,000.

Annual debt service requirements to maturity for bonds payable are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ 539,000	\$ 48,526	\$ 587,526
2022	568,000	37,315	605,315
2023	597,000	25,501	622,501
2024	597,000	13,082	610,082
	<u>\$ 2,301,000</u>	<u>\$ 124,424</u>	<u>\$ 2,425,424</u>

CITY OF WOODBURN, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

LONG-TERM DEBT (Continued)

Loans from Direct Borrowings - Governmental Activities

2019 Full Faith and Credit Financing Agreement (City Hall): In May 2019, the City entered into a direct financing agreement in the amount of \$1,700,000 at 2.35% interest, to fund renovations at Woodburn City Hall. Interest is payable semiannually, while principal is due annually through June 2023. The loan is unsecured and payable from any legally available funds of the City. Amounts due are not subject to acceleration in the event of default. The balance at June 30, 2020 is \$1,168,000.

2019 Urban Renewal Note Payable: In June 2019, the Woodburn Urban Renewal Agency (a component unit of the City) entered into a note payable agreement in the amount of \$2,900,000 at 2.77% interest, to fund urban renewal projects. Interest is payable semiannually, while principal is due annually through June 2029. The loan is secured by the tax increment revenues, and amounts due are not subject to acceleration in the event of default. The balance at June 30, 2020 is \$2,640,000.

Annual debt service requirements for direct borrowings are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ 809,000	\$ 100,576	\$ 909,576
2022	576,000	80,465	656,465
2023	591,000	65,798	656,798
2024	285,000	50,746	335,746
2025	293,000	42,852	335,852
2026-2029	1,254,000	88,003	1,342,003
	<u>\$ 3,808,000</u>	<u>\$ 428,440</u>	<u>\$ 4,236,440</u>

Direct Placement Revenue Bonds Payable - Business-type Activities

2018 Water Revenue Refunding Bond - Direct Placement: In October 2020, the City issued bonds totaling \$8,630,000 at 2.94% interest to refund outstanding loans payable. Bond interest is payable semiannually, while principal is due annually through December 2024. The bonds are secured by the net revenues of the water system. The balance at June 30, 2020 is \$6,192,000.

CITY OF WOODBURN, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

LONG-TERM DEBT (Continued)

Direct Placement Revenue Bonds Payable - Business-type Activities (Continued)

Annual debt service requirements to maturity for bonds payable are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ 1,402,000	\$ 161,435	1,563,435
2022	1,104,000	124,597	1,228,597
2023	1,442,000	87,171	1,529,171
2024	1,332,000	46,393	1,378,393
2025-2029	912,000	13,406	925,406
	<u>\$ 6,192,000</u>	<u>\$ 433,002</u>	<u>\$ 6,625,002</u>

Revenue Bonds Payable - Business-type Activities

2011 Wastewater Revenue and Refunding Bonds (Series A and B): In November 2011, the City issued bonds totaling \$36,910,000 to refund outstanding loans payable and to finance various improvements in the Wastewater System. The Series 2011A bonds include variable interest between 3.00% and 5.00%, payable semiannually, with principal due annually through April 2031. The Series 2011B bonds include variable interest, compounded semiannually and payable only at maturity, due March 2023. Net revenues of the wastewater system have been pledged as payment for the bonds. In the event of default, the bonds are not subject to acceleration. The balance at June 30, 2020 is \$11,074,543, and \$1,519,698 of bond premiums are yet to be amortized. At June 30, 2020, there was \$11,831,178 in unspent bond proceeds related the construction of the wastewater treatment plant.

In July 2020, the City authorized a defeasance of all outstanding 2011 Wastewater Revenue and Refunding Bonds (Series A and B). Funds totaling \$13,478,918, consisting of unspent bond proceeds and other funds, were placed in an irrevocable escrow to be used solely for satisfying future scheduled payments. This transaction qualifies as an in-substance defeasance, and as such, the City will not recognize an obligation for these bonds subsequent to June 30, 2020.

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

Substantially all City employees are members in the Oregon Public Employees Retirement System (OPERS); a cost-sharing multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for government units in the State of Oregon. Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS produces an independently audited CAFR which can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

CITY OF WOODBURN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Benefits Provided

Tier One/Tier Two Retirement Benefit

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 a minimum retirement age for a service retirement allowance if he or she has had 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.

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 the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the 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 for disability benefit 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 After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and 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. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

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 by formula for members who attain normal retirement age. For general service members, 1.5% is multiplied by the number of years of service and the final average salary.

CITY OF WOODBURN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Benefits Provided (Continued)

OPSRP Pension Program

Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. For police and fire members, 1.8% is multiplied by the number of years of service and the 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.

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.

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 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

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. Employer contribution rates for the period were based on the December 31, 2018 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2019. The City's contribution rates for the period were 23.69% for Tier One/Tier Two members, 15.80% for OPSRP General Service members, and 20.43% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" was \$1,874,810.

In addition, the City funded an employer's side account totaling \$2,823,043, for which they received a 25% match of \$705,761 from the State's Employer Incentive Fund. These amounts will reduce future required contributions for the next 20 years.

Covered employees are required to contribute 6% of their salary to the Plan, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to contribute the 6% "pick-up" or \$544,557 of the employees' contribution.

CITY OF WOODBURN, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the City reported a liability of \$15,782,405 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City’s proportion was 0.0912%, which is an increase of 0.0056% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$1,743,352. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	\$ 870,353	\$ -
Changes of assumptions	2,141,063	-
Net difference between projected and actual earnings on investments	-	447,415
Changes in proportionate share	547,793	1,416,340
Differences between employer contributions and proportionate share of contributions	123,121	146,335
Contributions subsequent to measurement date	5,278,905	-
	<u>\$ 8,961,235</u>	<u>\$ 2,010,090</u>
Total	<u>\$ 8,961,235</u>	<u>\$ 2,010,090</u>

Deferred outflows of resources related to pensions of \$1,874,810 resulting from the City’s contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ending June 30, 2021. \$3,404,096 related to the balance of the side account at June 30, 2020 will be amortized over the next 20 years. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as an addition to (reduction from) as follows:

<u><i>Fiscal Year Ending June 30,</i></u>		
2021	\$	1,064,738
2022		(161,163)
2023		288,486
2024		432,086
2025		48,092
Total	<u>\$</u>	<u>1,672,239</u>

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50%
Investment Rate of Return	7.20%
Projected Salary Increases	3.50% overall payroll growth; salaries for individuals are assumed to grow at 3.50% plus assumed rates of merit/longevity increases based on service
Mortality	<p><i>Healthy retirees and beneficiaries:</i> RP-2014 Healthy annuitant, sex-distinct, generational with unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> RP-2014 Employees, sex-distinct, generational with unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> RP-2014 Disabled retirees, sex-distinct, generational with unisex, Social Security Data Scale.</p>

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

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 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 table below shows Milliman’s assumptions for each of the asset classes in which the plan was 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 was 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	Compound Annual Return (Geometric)
Core Fixed Income	8.00 %	3.49 %
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap US Equities	15.75	6.30
Small Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Market Equities	4.12	7.45
Non-US Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund - Event-driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Assumed Inflation - Mean		2.50 %

Discount Rate

The discount rate used to measure the total pension liability was 7.20% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those 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.

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate share of the net pension liability	\$ 25,274,120	\$ 15,782,405	\$ 7,839,146

Pension Plan Fiduciary Net Position

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

DEFINED CONTRIBUTION PENSION PLANS

The City sponsors two defined contribution pension plans. Both plan’s provisions and contribution requirements are established and amended by the City Council.

The 401A is administered by ICMA Retirement Corp. to provide retirement benefits for the City Attorney. The City has established a contribution amount equivalent to approximately 7% of covered salary. The City contributed \$8,424 to the plan for the year ended June 30, 2020.

The 457 plan is administered by both ICMA Retirement Corporation and First Investors Financial Services, and provides additional retirement benefits for contract and unrepresented employees. The City has established matching contribution rates of 5% or 8.5%, depending on contractual agreements. The City contributed \$178,944 to the plan for the year ended June 30, 2020.

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon’s PERS cost-sharing multiple-employer defined health insurance benefit plan.

CITY OF WOODBURN, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Financial Statement Presentation

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:

	<u><i>Implicit Rate Subsidy Plan</i></u>	<u><i>PERS RHIA Plan</i></u>	<u><i>Total OPEB on Financials</i></u>
Total OPEB asset	\$ -	\$ 157,485	\$ 157,485
Deferred Outflows of Resources			
Contributions After Measurement Date	38,599	40,436	79,035
Change in assumptions	18,060	-	18,060
Changes in proportionate share	-	527	527
Total Deferred Outflows of Resources	<u>56,659</u>	<u>40,963</u>	<u>97,622</u>
Total OPEB Liability	(653,590)	-	(653,590)
Deferred Inflows of Resources			
Differences between expected and actual experience	(12,842)	(20,768)	(33,610)
Change in assumptions	(106,415)	(163)	(106,578)
Net difference between projected and actual earnings		(9,721)	(9,721)
Changes in proportionate share		(370)	(370)
Total Deferred Inflows of Resources	<u>(119,257)</u>	<u>(31,022)</u>	<u>(150,279)</u>
OPEB Expense/(Income)	(10,218)	61,991	51,773

Implicit Rate Subsidy

Plan Description

The City’s single-employer defined benefit postemployment healthcare plan is administered by Citycounty Insurance Services (CIS). Benefit provisions are established through negotiations between the City and representatives of the City or through resolutions passed by City Council. No assets have been accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The City’s postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained by writing to the CIS Main Office, 1212 Court Street NE, Salem OR 97301.

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums.

CITY OF WOODBURN, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy (Continued)

As of the valuation date of July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	8
Active employees	112
	<u>120</u>

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The City’s total OPEB liability of \$653,590 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018. For the fiscal year ended June 30, 2020, the City recognized OPEB income from this plan of \$10,218. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<i>Deferred Outflow of Resources</i>	<i>Deferred Inflow of Resources</i>
Differences between expected and actual experience	\$ -	\$ 12,842
Changes of assumptions	18,060	106,415
Contributions subsequent to measurement date	38,599	-
	<u>56,659</u>	<u>119,257</u>
Total	<u>\$ 56,659</u>	<u>\$ 119,257</u>

Deferred outflows of resources related to OPEB of \$56,659 resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u><i>Year ended June 30:</i></u>	
2021	\$ (15,521)
2022	(15,521)
2023	(15,521)
2024	(15,521)
2025	(15,521)
Thereafter	(23,592)
	<u>(101,197)</u>
Total	<u>\$ (101,197)</u>

CITY OF WOODBURN, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability for the June 30, 2020 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified: inflation rate of 2.50%, projected salary increases of 3.50%, discount rate of 3.50% (change from 3.87% in the previous measurement period), medical and vision varies between 6.00% and 4.75% (due to the timing of the excise tax scheduled to affect health care benefits), dental at 4.50%, and mortality rates based on the RP-2014 healthy annuitant, sex-distinct, generational with unisex, Social Security Data Scale, with collar adjustments and setbacks.

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of June 30, 2019	\$ 618,796
Changes for the year:	
Service cost	39,806
Interest on total OPEB liability	24,532
Effect of assumptions changes or inputs	20,318
Benefit payments	(49,862)
	<u> </u>
Balance as of June 30, 2020	<u><u>\$ 653,590</u></u>

The effect of changes in assumptions is the result of the change in the discount rate from 3.87 to 3.50.

Sensitivity of the Total OPEB Liability

The following presents the City’s total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability	\$ 709,856	\$ 653,590	\$ 602,086
Healthcare Cost Trend:	<u>1% Decrease (5.00% decreasing to 3.75%)</u>	<u>Trend Rate (6.00% decreasing to 4.75%)</u>	<u>1% Increase (7.00% decreasing to 5.75%)</u>
Total OPEB Liability	\$ 582,357	\$ 653,590	\$ 739,119

CITY OF WOODBURN, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

PERS Retirement Health Insurance Account

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>.

Benefits Provided

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

A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2020. The City's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's total for the year ended June 30, 2020 contributions was \$40,436.

OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the City reported an asset of \$157,485 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019 and was determined by an actuarial valuation as of December 31, 2017, rolled forward to June 30, 2019. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2019, the City's proportionate share was 0.0815%, which is a decrease from its proportion of 0.0825% as of June 30, 2018.

CITY OF WOODBURN, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

PERS Retirement Health Insurance Account (Continued)

For the year ended June 30, 2020, the City recognized OPEB expense from this plan of \$51,773. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<i>Deferred Outflow of Resources</i>	<i>Deferred Inflow of Resources</i>
Differences between expected and actual experience	\$ -	\$ 20,768
Changes of assumptions	-	163
Net difference between projected and actual earnings	-	9,721
Change in proportionate share	527	370
contributions subsequent to the MD	40,436	-
	<hr/>	<hr/>
Total	<u>\$ 40,963</u>	<u>\$ 31,022</u>

Deferred outflows of resources related to OPEB of \$40,436 resulting from the City’s contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year ended June 30:</i>	
2021	\$ (15,854)
2022	(13,869)
2023	(1,774)
2024	1,002
	<hr/>
Total	<u>\$ (30,495)</u>

Actuarial Methods and Assumptions

See OPERS Pension Plan footnote for additional information on actuarial assumptions and methods, the long-term expected rate of return, and the discount rate.

CITY OF WOODBURN, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

PERS Retirement Health Insurance Account (Continued)

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

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Net OPEB liability (asset)	\$ (122,092)	\$ (157,485)	\$ (187,644)

OPEB Plan Fiduciary Net Position

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

TRANSFERS

Interfund transfers are as follows:

<i>Transfers To</i>	<i>Transfers From</i>							<i>Total</i>
	<i>Governmental Activities</i>			<i>Business-type Activities</i>				
	<i>General</i>	<i>Street</i>	<i>Urban Renewal Agency</i>	<i>Non-major Governmental</i>	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>Internal Service</i>	
Governmental activities								
General	\$ -	\$ 56,750	\$ 12,290	\$ 40,990	\$ 83,850	\$ 150,599	\$ 29,530	\$ 378,959
Street	-	-	-	-	-	90,000	-	90,000
Other non-major governmental	116,000	1,011,049	-	500,000	50,000	50,000	-	1,727,049
Total	\$ 116,000	\$ 1,067,799	\$ 12,290	\$ 540,990	\$ 133,850	\$ 290,599	\$ 29,530	\$ 2,196,008
Reconciliation:								
Total internal charges to governmental activities from business-type activities								615,804
Total governmental funds								(2,196,008)
Total business-type activities								424,449
								<u>\$ 1,040,253</u>

The primary purpose of transfers is to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the governmental activities column of the statement of activities, transfers between governmental funds have been eliminated. In a like manner, transfer between enterprise funds have been eliminated in the business-type activities column.

CITY OF WOODBURN, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures in excess of appropriations for the year ending June 30, 2020 occurred as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Urban Renewal			
Debt service	\$ 268,500	\$ 334,975	\$ (66,475)

CONTINGENCIES

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

The City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City’s financial position.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 25, 2020, the date on which the financial statements were available to be issued.

As noted on page 36, in July 2020, the City authorized a defeasance of all outstanding 2011 Wastewater Revenue and Refunding Bonds (Series A and B). In addition, subsequent to year end, the City received \$687,000 in reimbursement basis COVID relief funding for expenditures through December 2020.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WOODBURN, OREGON**COMBINING BALANCE SHEET - BUDGETARY FUNDS REPORTED AS GENERAL FUND**

JUNE 30, 2020

	<i>Budgetary funds</i>		<i>Total (reported as General Fund)</i>
	<i>General Fund</i>	<i>PERS Reserve</i>	
ASSETS			
Cash and investments	\$ 6,617,203	\$ -	\$ 6,617,203
Accounts receivable	728,941	-	728,941
Property taxes receivable	383,469	-	383,469
Prepaid expenses	23,390	-	23,390
Due from other funds	746,961	-	746,961
<i>Total Assets</i>	<u>\$ 8,499,964</u>	<u>\$ -</u>	<u>\$ 8,499,964</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	144,934	-	144,934
Accrued payroll and payroll liabilities	532,239	-	532,239
Due to other funds	333,903	-	-
<i>Total Liabilities</i>	<u>1,011,076</u>	<u>-</u>	<u>677,173</u>
Deferred Inflows			
Unavailable revenue	652,966	-	652,966
Fund Balance:			
Non-spendable	23,390	-	23,390
Unassigned	6,812,532	-	6,812,532
<i>Total Fund Balance</i>	<u>6,835,922</u>	<u>-</u>	<u>6,835,922</u>
<i>Total Liabilities, Deferred Inflows and Fund Balance</i>	<u>\$ 8,499,964</u>	<u>\$ -</u>	<u>\$ 8,499,964</u>

CITY OF WOODBURN, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGETARY FUNDS REPORTED AS GENERAL FUND

YEAR ENDED JUNE 30, 2020

	<i>Budgetary funds</i>			<i>Total (reported as General Fund)</i>
	<i>General Fund</i>	<i>PERS Reserve</i>	<i>Eliminations</i>	
REVENUES				
Taxes and assessments	\$ 9,932,526	\$ -	\$ -	\$ 9,932,526
Licenses and permits	1,999,971	-	-	1,999,971
Charges for services	903,988	-	-	903,988
Intergovernmental	1,020,875	-	-	1,020,875
Fines and forfeitures	352,400	-	-	352,400
Miscellaneous	872,439	19,464	-	891,903
<i>Total Revenues</i>	15,082,199	19,464	-	15,101,663
EXPENDITURES				
Administration	1,289,009	-	-	1,289,009
Economic development	138,365	-	-	138,365
Nondepartmental	284,530	2,824,043	-	3,108,573
Police	7,574,867	-	-	7,574,867
Community services	3,103,380	-	-	3,103,380
Planning	470,851	-	-	470,851
Engineering	242,796	-	-	242,796
Debt Service				
Principal	532,000	-	-	532,000
Interest	42,391	-	-	42,391
<i>Total Expenditures</i>	13,678,189	2,824,043	-	16,502,232
REVENUES OVER (UNDER) EXPENDITURES	1,404,010	(2,804,579)	-	(1,400,569)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,126,299	(752,290)	374,009
Transfers out	(868,290)	-	752,290	(116,000)
Proceeds from sales of assets	22,115	-	-	22,115
<i>Total Other Financing Sources (Uses)</i>	(846,175)	1,126,299	-	280,124
NET CHANGE IN FUND BALANCE	557,835	(1,678,280)	-	(1,120,445)
FUND BALANCE, beginning of year	6,278,087	1,678,280	-	7,956,367
FUND BALANCE, end of year	\$ 6,835,922	\$ -	\$ -	\$ 6,835,922

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – GENERAL FUND (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 9,943,000	\$ 9,943,000	\$ 9,932,526	\$ (10,474)
Licenses and permits	159,700	159,700	209,334	49,634
Franchise fees	1,896,700	1,896,700	1,790,637	(106,063)
Charges for services	1,070,110	1,070,110	903,988	(166,122)
Intergovernmental	906,500	906,500	1,020,875	114,375
Fines and forfeitures	456,500	456,500	352,400	(104,100)
Miscellaneous	706,520	706,520	872,439	165,919
<i>Total Revenues</i>	15,139,030	15,139,030	15,082,199	(56,831)
EXPENDITURES				
Administration	1,389,700	1,389,700	1,289,009	100,691
Economic development	170,290	170,290	138,365	31,925
Nondepartmental	339,100	339,100	284,530	54,570
Police	8,078,740	8,078,740	7,574,867	503,873
Community services	3,606,040	3,606,040	3,103,380	502,660
Planning	496,460	496,460	470,851	25,609
Engineering	290,420	290,420	242,796	47,624
Debt service				
Principal	500,000	500,000	532,000	(32,000) *
Interest	75,000	75,000	42,391	32,609
Contingency	3,761,890	3,301,890	-	3,301,890
<i>Total Expenditures</i>	18,707,640	18,247,640	13,678,189	4,569,451
REVENUES OVER (UNDER) EXPENDITURES	(3,568,610)	(3,108,610)	1,404,010	4,512,620
OTHER FINANCING SOURCES (USES)				
Transfers out	(408,290)	(868,290)	(868,290)	-
Proceeds from sale of assets	25,000	25,000	22,115	(2,885)
<i>Total Other Financing Sources (Uses)</i>	(383,290)	(843,290)	(846,175)	(2,885)
NET CHANGE IN FUND BALANCE	(3,951,900)	(3,951,900)	557,835	4,509,735
FUND BALANCE, beginning of year	5,306,900	5,306,900	6,278,087	971,187
FUND BALANCE, end of year	\$ 1,355,000	\$ 1,355,000	6,835,922	\$ 5,480,922

*Debt service is appropriated as a combined total therefore this is not an overexpenditure of appropriations.

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – PERS RESERVE FUND (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 60,000	\$ 60,000	\$ 19,464	\$ (40,536)
EXPENDITURES				
Materials and services	2,089,710	2,824,710	2,824,043	667
REVENUES OVER (UNDER) EXPENDITURES	(2,029,710)	(2,764,710)	(2,804,579)	(39,869)
OTHER FINANCING SOURCES (USES)				
Transfers in	362,710	1,097,710	1,126,299	28,589
NET CHANGE IN FUND BALANCE	(1,667,000)	(1,667,000)	(1,678,280)	(11,280)
FUND BALANCE, beginning of year	1,667,000	1,667,000	1,678,280	11,280
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STREET FUND (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 130,000	\$ 130,000	\$ 101,204	\$ (28,796)
Licenses and permits	500	500	369	(131)
Franchise fees	368,000	368,000	353,518	(14,482)
Intergovernmental	1,500,000	1,500,000	1,707,151	207,151
Miscellaneous	196,180	196,180	123,912	(72,268)
<i>Total Revenues</i>	<u>2,194,680</u>	<u>2,194,680</u>	<u>2,286,154</u>	<u>91,474</u>
EXPENDITURES				
Street	2,787,780	2,787,780	1,654,523	1,133,257
Contingency	1,000,000	954,000	-	954,000
<i>Total Expenditures</i>	<u>3,787,780</u>	<u>3,741,780</u>	<u>1,654,523</u>	<u>2,087,257</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,593,100)	(1,547,100)	631,631	2,178,731
OTHER FINANCING SOURCES (USES)				
Transfers in	90,000	90,000	90,000	-
Transfers out	(2,095,750)	(2,141,750)	(1,067,799)	1,073,951
<i>Total Other Financing Sources (Uses)</i>	<u>(2,005,750)</u>	<u>(2,051,750)</u>	<u>(977,799)</u>	<u>1,073,951</u>
NET CHANGE IN FUND BALANCE	(3,598,850)	(3,598,850)	(346,168)	3,252,682
FUND BALANCE, beginning of year	<u>4,057,800</u>	<u>4,057,800</u>	<u>4,589,031</u>	<u>531,231</u>
FUND BALANCE, end of year	<u><u>\$ 458,950</u></u>	<u><u>\$ 458,950</u></u>	<u><u>\$ 4,242,863</u></u>	<u><u>\$ 3,783,913</u></u>

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - URBAN RENEWAL FUND (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 785,800	\$ 785,800	\$ 775,881	\$ (9,919)
Intergovernmental	1,000,000	1,000,000	1,040,152	40,152
Miscellaneous	39,200	39,200	42,547	3,347
<i>Total Revenues</i>	<u>1,825,000</u>	<u>1,825,000</u>	<u>1,858,580</u>	<u>33,580</u>
EXPENDITURES				
Personal services	228,580	228,580	202,723	25,857
Materials and services	271,120	271,120	166,466	104,654
Capital outlay	3,713,500	3,713,500	2,359,821	1,353,679
Debt service				
Principal	150,000	150,000	260,000	(110,000)
Interest	118,500	118,500	74,975	43,525
Contingency	200,010	190,010	-	190,010
<i>Total Expenditures</i>	<u>4,681,710</u>	<u>4,671,710</u>	<u>3,063,985</u>	<u>2,987,260</u>
REVENUES OVER (UNDER) EXPENDITURES	(2,856,710)	(2,846,710)	(1,205,405)	3,020,840
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,290)	(12,290)	(12,290)	-
NET CHANGE IN FUND BALANCE	(2,859,000)	(2,859,000)	(1,217,695)	3,020,840
FUND BALANCE, beginning of year	<u>3,159,000</u>	<u>3,159,000</u>	<u>2,572,007</u>	<u>(586,993)</u>
FUND BALANCE, end of year	<u><u>\$ 300,000</u></u>	<u><u>\$ 300,000</u></u>	<u><u>\$ 1,354,312</u></u>	<u><u>\$ 2,433,847</u></u>

CITY OF WOODBURN, OREGON

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST SEVER FISCAL YEARS ¹

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.0912%	0.0856%	0.0994%	0.1081%	0.1224%	0.1145%	0.1145%
City's proportionate share of the net pension liability (asset)	\$ 15,782,405	\$ 12,969,468	\$ 13,401,200	\$ 16,230,093	\$ 7,026,676	\$ (2,595,126)	\$ 5,842,512
City's covered-employee payroll	8,868,978	8,950,436	8,800,124	8,344,438	8,457,225	8,048,595	7,956,480
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	178.0%	144.9%	152.3%	194.5%	83.1%	-32.2%	73.4%
Plan fiduciary net position as a percentage of the total pension liability	80.2%	82.1%	83.1%	80.5%	91.9%	103.6%	92.0%

¹ 10-year trend information required by GASB Statement 68 will be presented prospectively

CITY OF WOODBURN, OREGON
SCHEDULE OF THE CITY'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS ¹

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,874,810	\$ 1,407,165	\$ 1,347,984	\$ 1,034,667	\$ 1,096,838	\$ 1,046,147	\$ 1,022,429
Contributions in relation to the contractually required contribution	(1,874,810)	(1,407,165)	(1,347,984)	(1,034,667)	(1,096,838)	(1,046,147)	(1,022,429)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 10,145,281	\$ 8,868,978	\$ 8,950,436	\$ 8,800,124	\$ 8,344,438	\$ 8,457,225	\$ 8,048,595
Contributions as a percentage of covered-employee payroll	18.48%	15.87%	15.06%	11.76%	13.14%	12.37%	12.70%

¹ 10-year trend information required by GASB Statement 68 will be presented prospectively

CITY OF WOODBURN, OREGON

**SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS - IMPLICIT RATE SUBSIDY
LAST THREE FISCAL YEARS¹**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 39,806	\$ 47,892	\$ 51,565
Interest on total OPEB liability	24,532	25,949	21,016
Effect of economic/demographic gains or (losses)	-	(16,512)	-
Effect of assumption change or inputs	20,318	(96,751)	(46,746)
Benefit payments	(49,862)	(37,144)	(32,401)
	<hr/>	<hr/>	<hr/>
Net change in total OPEB liability	34,794	(76,566)	(6,566)
Net OPEB liability, beginning	618,796	695,362	701,928
	<hr/>	<hr/>	<hr/>
Net OPEB liability, ending	\$ 653,590	\$ 618,796	\$ 695,362
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Covered payroll	\$ 10,145,281	\$ 8,868,978	\$ 8,950,436
Total OPEB liability as a % of covered payroll	6.4%	7.0%	7.8%

Notes:

The above table presents the most recent actuarial valuations for the City's post-employment health insurance benefits plan and provides information that approximates the funding progress of the plan.

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

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively

CITY OF WOODBURN, OREGON

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT
LAST FOUR FISCAL YEARS¹**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability (asset)	0.0815%	0.0825%	0.0815%	0.0869%
City's proportionate share of the net OPEB liability (asset)	\$ (157,485)	\$ (92,049)	\$ (34,002)	\$ 23,610
City's covered-employee payroll	8,868,978	8,950,436	8,800,124	8,344,438
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-1.8%	-1.0%	-0.4%	0.3%
Plan fiduciary net position as a percentage of the total pension liability	124.0%	124.0%	108.9%	94.2%

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively

CITY OF WOODBURN, OREGON
SCHEDULE OF THE CITY'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT
LAST FOUR FISCAL YEARS¹

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 40,436	\$ 39,580	\$ 40,561	\$ 38,765
Contributions in relation to the contractually required contribution	(40,436)	(39,580)	(40,561)	(38,765)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 10,145,281	\$ 10,145,281	\$ 8,950,436	\$ 8,800,124
Contributions as a percentage of covered-employee payroll	0.40%	0.39%	0.45%	0.44%

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively

CITY OF WOODBURN, OREGON

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2020

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

On or before June 30 of each year, the City enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. The City's budget is presented on the modified accrual basis of accounting which is the same basis as GAAP with the exception of interfund loans, which are not reported on the budgetary basis.

Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the City Council and a like number of interested citizens. The budget committee presents the budget to the City Council for budget hearings prior to enactment of the resolution. The City budgets all funds as required by Oregon Local Budget Law.

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Appropriations of expenditures are made at the program/function level for all funds. The detail budget document is required to contain more specific information for the above mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the City Council. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the City Council. Management may not amend the budget without seeking the approval of the Council. Appropriations lapse as of year-end.

Changes in Benefit Terms

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients. Senate Bill 822 lowered the COLA from 2% to 1.5% for recipients who do not pay Oregon income tax because they are not residents of Oregon.

OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms was not included in the net pension liability (asset) proportionate shares provided by OPERS for the years ending June 30, 2015 and June 30, 2014.

Changes of assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012, 2014, and 2016 experience study for the System, which were published on September 18, 2013, September 23, 2015, and July 26, 2017, respectively. These reports can be found at: <http://www.oregon.gov/PERS/Pages/Financials/Actuarial-Presentations-and-Reports.aspx>.

CITY OF WOODBURN, OREGON
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY *(Continued)*

Other Postemployment Benefits

The tables on pages 58-60 present the activities, changes in the proportionate share and contributions related to the City's postemployment health insurance benefit plans (implicit rate subsidy and retirees health insurance account) based on the most recent actuarial valuations for the City.

There are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

SUPPLEMENTARY INFORMATION

CITY OF WOODBURN, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	<i>Special Revenue</i>		
	<i>Transit</i>	<i>Building Inspection</i>	<i>Asset Forfeiture</i>
ASSETS			
Cash and investments	\$ -	\$ 1,255,728	\$ 15,132
Accounts receivable	227,923	-	-
Property taxes receivable	-	-	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	-
Prepaid expenses	-	-	-
<i>Total Assets</i>	<u>\$ 227,923</u>	<u>\$ 1,255,728</u>	<u>\$ 15,132</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 4,428	\$ 62,812	\$ -
Due to other funds	88,494	22,930	-
<i>Total Liabilities</i>	<u>92,922</u>	<u>85,742</u>	<u>-</u>
Deferred Inflows:			
Unavailable revenue	-	-	-
Fund Balance:			
Non-spendable	-	-	-
Restricted for:			
Debt service	-	-	-
Construction	-	-	-
Culture and recreation	135,001	-	-
Community development	-	-	-
Committed to:			
Public safety	-	-	15,132
Capital outlay	-	-	-
Planning and building	-	1,169,986	-
<i>Total Fund Balance</i>	<u>135,001</u>	<u>1,169,986</u>	<u>15,132</u>
<i>Total Liabilities, Deferred Inflows and Fund Balance</i>	<u>\$ 227,923</u>	<u>\$ 1,255,728</u>	<u>\$ 15,132</u>

<i>Special Revenue</i>		<i>Capital Projects</i>			
<i>Housing Rehabilitation</i>	<i>Lavelle Black Trust</i>	<i>Special Assessment</i>	<i>Street & Storm Capital Construction</i>	<i>Parks SDC</i>	<i>General Capital Construction</i>
\$ 411,525	\$ 35,171	\$ 29,978	\$ 905,159	713,259	\$ -
-	-	-	-	-	432,051
-	-	-	-	-	-
-	-	20,460	-	-	-
497,714	-	-	-	-	-
-	-	-	-	-	3,300
\$ 909,239	\$ 35,171	\$ 50,438	\$ 905,159	\$ 713,259	\$ 435,351
\$ -	\$ -	\$ -	\$ 119,719	\$ -	\$ 74,200
95	-	-	-	-	106,046
95	-	-	119,719	-	180,246
497,714	-	20,460	-	-	-
-	-	-	-	-	3,300
-	-	-	-	-	-
-	-	-	785,440	713,259	251,805
-	35,171	-	-	-	-
411,430	-	-	-	-	-
-	-	-	-	-	-
-	-	29,978	-	-	-
-	-	-	-	-	-
411,430	35,171	29,978	785,440	713,259	255,105
\$ 909,239	\$ 35,171	\$ 50,438	\$ 905,159	\$ 713,259	\$ 435,351

CITY OF WOODBURN, OREGON**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)**

JUNE 30, 2020

	Capital Projects		
	Street SDC	Storm SDC	Equipment Replacement
ASSETS			
Cash and investments	\$ 3,822,980	\$ 708,817	\$ 719,161
Accounts receivable	-	-	-
Property taxes receivable	-	-	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	-
Prepaid expenses	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 3,822,980	\$ 708,817	\$ 719,161
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	-	-	-
Deferred Inflows:			
Unavailable revenue	-	-	-
Fund Balance:			
Non-spendable	-	-	-
Restricted for:			
Debt service	-	-	-
Construction	3,822,980	708,817	-
Culture and recreation	-	-	-
Community development	-	-	-
Committed to:			
Public safety	-	-	-
Capital outlay	-	-	719,161
Planning and building	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	3,822,980	708,817	719,161
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total Liabilities, Deferred Inflows and Fund Balance</i>	\$ 3,822,980	\$ 708,817	\$ 719,161

<i>Debt Service</i>	
<i>GO Debt Service</i>	<i>Total</i>
\$ 31,798	\$ 8,648,708
-	659,974
23,394	23,394
-	20,460
-	497,714
-	3,300
<hr/>	<hr/>
\$ 55,192	\$ 9,853,550
<hr/>	<hr/>
\$ -	\$ 261,159
-	217,565
<hr/>	<hr/>
-	478,724
22,588	540,762
-	3,300
32,604	32,604
-	6,282,301
-	170,172
-	411,430
-	15,132
-	749,139
-	1,169,986
<hr/>	<hr/>
32,604	8,834,064
<hr/>	<hr/>
\$ 55,192	\$ 9,853,550
<hr/>	<hr/>

CITY OF WOODBURN, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	<i>Special Revenue</i>		
	<i>Transit</i>	<i>Building Inspection</i>	<i>Asset Forfeiture</i>
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	823,240	-
Charges for services	26,798	-	-
Intergovernmental	828,932	175,619	-
Miscellaneous	9,399	23,948	331
<i>Total Revenues</i>	865,129	1,022,807	331
EXPENDITURES			
Current			
Culture and recreation	919,763	-	-
Economic development	-	882,011	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
<i>Total Expenditures</i>	919,763	882,011	-
REVENUES OVER (UNDER) EXPENDITURES	(54,634)	140,796	331
OTHER FINANCING SOURCES (USES)			
Transfers in	116,000	-	-
Transfers out	(6,510)	(34,480)	-
Proceeds from sales of assets	64	-	-
<i>Total Other Financing Sources (Uses)</i>	109,554	(34,480)	-
NET CHANGE IN FUND BALANCE	54,920	106,316	331
FUND BALANCE, beginning of year	80,081	1,063,670	14,801
FUND BALANCE, end of year	\$ 135,001	\$ 1,169,986	\$ 15,132

<i>Special Revenue</i>		<i>Capital Projects</i>	
<i>Housing Rehabilitation</i>	<i>Lavelle Black Trust</i>	<i>Special Assessment</i>	<i>Street & Storm Capital Construction</i>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	1,000,000
58,543	942	11,158	-
58,543	942	11,158	1,000,000
-	2,660	-	-
2,604	-	-	-
-	-	-	-
-	-	-	-
-	-	-	1,675,609
2,604	2,660	-	1,675,609
55,939	(1,718)	11,158	(675,609)
-	-	-	1,461,049
-	-	-	-
-	-	-	-
-	-	-	1,461,049
55,939	(1,718)	11,158	785,440
355,491	36,889	18,820	-
\$ 411,430	\$ 35,171	\$ 29,978	\$ 785,440

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (Continued)**

YEAR ENDED JUNE 30, 2020

	<i>Capital Projects</i>		
	<i>Parks SDC</i>	<i>General Capital Construction</i>	<i>Street SDC</i>
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	185,033	-	504,314
Charges for services	-	-	-
Intergovernmental	-	647,528	-
Miscellaneous	12,377	11,588	81,224
<i>Total Revenues</i>	197,410	659,116	585,538
EXPENDITURES			
Current			
Culture and recreation	-	-	-
Economic development	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	1,221,540	-
<i>Total Expenditures</i>	-	1,221,540	-
REVENUES OVER (UNDER) EXPENDITURES	197,410	(562,424)	585,538
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	(500,000)
Proceeds from sales of assets	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	(500,000)
NET CHANGE IN FUND BALANCE	197,410	(562,424)	85,538
FUND BALANCE, beginning of year	515,849	817,529	3,737,442
FUND BALANCE, end of year	\$ 713,259	\$ 255,105	\$ 3,822,980

<u>Capital Projects</u>		<u>Debt Service</u>	
<u>Storm SDC</u>	<u>Equipment Replacement</u>	<u>GO Debt Service</u>	<u>Total</u>
\$ -	\$ -	\$ 575,048	\$ 575,048
29,686	-	-	1,542,273
-	-	-	26,798
-	-	-	2,652,079
15,006	17,191	6,698	248,405
44,692	17,191	581,746	5,044,603
-	-	-	922,423
-	-	-	884,615
-	-	511,000	511,000
-	-	57,515	57,515
-	255,694	-	3,152,843
-	255,694	568,515	5,528,396
44,692	(238,503)	13,231	(483,793)
-	150,000	-	1,727,049
-	-	-	(540,990)
-	-	-	64
-	150,000	-	1,186,123
44,692	(88,503)	13,231	702,330
664,125	807,664	19,373	8,131,734
\$ 708,817	\$ 719,161	\$ 32,604	\$ 8,834,064

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - TRANSIT FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 53,000	\$ 53,000	\$ 26,798	\$ (26,202)
Intergovernmental	808,600	808,600	828,932	20,332
Miscellaneous	12,640	12,640	9,399	(3,241)
<i>Total Revenues</i>	874,240	874,240	865,129	(9,111)
EXPENDITURES				
Transit	1,061,550	1,061,550	919,763	141,787
Contingency	166,940	166,940	-	166,940
<i>Total Expenditures</i>	1,228,490	1,228,490	919,763	308,727
REVENUES OVER (UNDER) EXPENDITURES	(354,250)	(354,250)	(54,634)	299,616
OTHER FINANCING SOURCES (USES)				
Transfers in	116,000	116,000	116,000	-
Transfers out	(6,510)	(6,510)	(6,510)	-
Proceeds from sale of assets	-	-	64	64
<i>Total Other Financing Sources (Uses)</i>	109,490	109,490	109,554	64
NET CHANGE IN FUND BALANCE	(244,760)	(244,760)	54,920	299,680
FUND BALANCE, beginning of year	244,760	244,760	80,081	(164,679)
FUND BALANCE, end of year	\$ -	\$ -	\$ 135,001	\$ 135,001

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUILDING INSPECTION FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 781,590	\$ 781,590	\$ 823,240	\$ 41,650
Intergovernmental	730,940	730,940	175,619	(555,321)
Miscellaneous	37,400	37,400	23,948	(13,452)
<i>Total Revenues</i>	<u>1,549,930</u>	<u>1,549,930</u>	<u>1,022,807</u>	<u>(527,123)</u>
EXPENDITURES				
Building inspection	1,503,480	1,503,480	882,011	621,469
Contingency	1,322,040	1,294,040	-	1,294,040
<i>Total Expenditures</i>	<u>2,825,520</u>	<u>2,797,520</u>	<u>882,011</u>	<u>1,915,509</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,275,590)</u>	<u>(1,247,590)</u>	<u>140,796</u>	<u>1,388,386</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,480)	(34,480)	(34,480)	-
NET CHANGE IN FUND BALANCE	<u>(1,282,070)</u>	<u>(1,282,070)</u>	<u>106,316</u>	<u>1,388,386</u>
FUND BALANCE, beginning of year	<u>1,282,070</u>	<u>1,282,070</u>	<u>1,063,670</u>	<u>(218,400)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,169,986</u>	<u>\$ 1,169,986</u>

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – ASSET FORFEITURE FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 320	\$ 320	\$ 331	\$ 11
EXPENDITURES				
Asset forfeiture	15,000	15,000	-	15,000
NET CHANGE IN FUND BALANCE	(14,680)	(14,680)	331	15,011
FUND BALANCE, beginning of year	14,680	14,680	14,801	121
FUND BALANCE, end of year	\$ -	\$ -	\$ 15,132	\$ 15,132

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - HOUSING REHABILITATION FUND
YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 24,030	\$ 24,030	\$ 58,543	\$ 34,513
EXPENDITURES				
Housing rehab	20,350	20,350	2,604	17,746
Contingency	357,480	357,480	-	357,480
<i>Total Expenditures</i>	<u>377,830</u>	<u>377,830</u>	<u>2,604</u>	<u>375,226</u>
NET CHANGE IN FUND BALANCE	(353,800)	(353,800)	55,939	409,739
FUND BALANCE, beginning of year	<u>353,800</u>	<u>353,800</u>	<u>355,491</u>	<u>1,691</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 411,430</u>	<u>\$ 411,430</u>

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – LAVELLE BLACK TRUST FUND
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Miscellaneous	\$ 1,180	\$ 1,180	\$ 942	\$ (238)
EXPENDITURES				
Materials and services	20,000	20,000	2,660	17,340
Contingency	8,920	8,920	-	8,920
<i>Total Expenditures</i>	<u>28,920</u>	<u>28,920</u>	<u>2,660</u>	<u>26,260</u>
NET CHANGE IN FUND BALANCE	(27,740)	(27,740)	(1,718)	26,022
FUND BALANCE, beginning of year	<u>27,740</u>	<u>27,740</u>	<u>36,889</u>	<u>9,149</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,171</u>	<u>\$ 35,171</u>

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – SPECIAL ASSESSMENT FUND
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Miscellaneous	\$ 3,740	\$ 3,740	\$ 11,158	\$ 7,418
EXPENDITURES				
Contingency	21,720	21,720	-	21,720
NET CHANGE IN FUND BALANCE	(17,980)	(17,980)	11,158	29,138
FUND BALANCE, beginning of year	17,980	17,980	18,820	840
FUND BALANCE, end of year	\$ -	\$ -	\$ 29,978	\$ 29,978

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STREET & STORM CAPITAL CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 1,600,000	\$ 1,600,000	\$ 1,000,000	\$ (600,000)
EXPENDITURES				
Capital outlay	5,275,000	5,275,000	1,675,609	3,599,391
REVENUES OVER (UNDER) EXPENDITURES	(3,675,000)	(3,675,000)	(675,609)	2,999,391
OTHER FINANCING SOURCES (USES)				
Transfers in	3,675,000	3,675,000	1,461,049	(2,213,951)
NET CHANGE IN FUND BALANCE	-	-	785,440	785,440
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 785,440	\$ 785,440

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – PARKS SDC FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 300,000	\$ 300,000	\$ 185,033	\$ (114,967)
Miscellaneous	12,320	12,320	12,377	57
<i>Total Revenues</i>	312,320	312,320	197,410	(114,910)
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	312,320	312,320	197,410	(114,910)
FUND BALANCE, beginning of year	617,030	617,030	515,849	(101,181)
FUND BALANCE, end of year	\$ 929,350	\$ 929,350	\$ 713,259	\$ (216,091)

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – GENERAL CAPITAL CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 647,528	\$ 647,528
Miscellaneous	-	-	11,588	11,588
<i>Total Revenues</i>	-	-	659,116	659,116
EXPENDITURES				
Capital outlay	2,466,020	2,466,020	1,221,540	1,244,480
NET CHANGE IN FUND BALANCE	(2,466,020)	(2,466,020)	(562,424)	1,903,596
FUND BALANCE, beginning of year	2,466,020	2,466,020	817,529	(1,648,491)
FUND BALANCE, end of year	\$ -	\$ -	\$ 255,105	\$ 255,105

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STREET SDC FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 500,000	\$ 500,000	\$ 504,314	\$ 4,314
Miscellaneous	97,830	97,830	81,224	(16,606)
<i>Total Revenues</i>	597,830	597,830	585,538	(12,292)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,500,000)	(1,500,000)	(500,000)	1,000,000
NET CHANGE IN FUND BALANCE	(902,170)	(902,170)	85,538	987,708
FUND BALANCE, beginning of year	3,745,400	3,745,400	3,737,442	-
FUND BALANCE, end of year	\$ 2,843,230	\$ 2,843,230	\$ 3,822,980	\$ 987,708

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STORM SDC FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 25,000	\$ 25,000	\$ 29,686	\$ 4,686
Miscellaneous	19,150	19,150	15,006	(4,144)
<i>Total Revenues</i>	44,150	44,150	44,692	542
OTHER FINANCING SOURCES (USES)				
Transfers out	(140,000)	(140,000)	-	140,000
NET CHANGE IN FUND BALANCE	(95,850)	(95,850)	44,692	140,542
FUND BALANCE, beginning of year	642,430	642,430	664,125	21,695
FUND BALANCE, end of year	\$ 546,580	\$ 546,580	\$ 708,817	\$ 162,237

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – EQUIPMENT REPLACEMENT FUND
YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 21,180	\$ 21,180	\$ 17,191	\$ (3,989)
EXPENDITURES				
Capital outlay	977,040	977,040	255,694	721,346
REVENUES OVER (UNDER) EXPENDITURES	(955,860)	(955,860)	(238,503)	717,357
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	150,000	-
NET CHANGE IN FUND BALANCE	(805,860)	(805,860)	(88,503)	717,357
FUND BALANCE, beginning of year	805,860	805,860	807,664	1,804
FUND BALANCE, end of year	\$ -	\$ -	\$ 719,161	\$ 719,161

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – G.O. DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes and assessments	\$ 562,430	\$ 562,430	\$ 575,048	\$ 12,618
Miscellaneous	5,970	5,970	6,698	728
<i>Total Revenues</i>	<u>568,400</u>	<u>568,400</u>	<u>581,746</u>	<u>13,346</u>
EXPENDITURES				
Debt service				
Principal	511,000	511,000	511,000	-
Interest	59,200	59,200	57,515	1,685
<i>Total Expenditures</i>	<u>570,200</u>	<u>570,200</u>	<u>568,515</u>	<u>1,685</u>
NET CHANGE IN FUND BALANCE	(1,800)	(1,800)	13,231	15,031
FUND BALANCE, beginning of year	<u>1,800</u>	<u>1,800</u>	<u>19,373</u>	<u>17,573</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,604</u>	<u>\$ 32,604</u>

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – WATER OPERATIONS
COMBINING**

YEAR ENDED JUNE 30, 2020

	<u>Water</u>	<u>Water SDC</u>	<u>Water Capital Construction</u>	<u>Total Water Operations</u>
REVENUES				
Charges for services	\$ 3,990,442	\$ -	\$ -	\$ 3,990,442
Licenses and permits	-	296,217	-	296,217
Miscellaneous	61,379	-	-	61,379
Interest earnings	59,579	38,172	39,259	137,010
<i>Total Revenues</i>	<u>4,111,400</u>	<u>334,389</u>	<u>39,259</u>	<u>4,485,048</u>
EXPENDITURES				
Water	2,429,005	-	-	2,429,005
Debt service				
Principal	1,422,000	-	-	1,422,000
Interest	202,948	-	-	202,948
Capital outlay	-	-	178,082	178,082
<i>Total Expenses</i>	<u>4,053,953</u>	<u>-</u>	<u>178,082</u>	<u>4,232,035</u>
REVENUES OVER (UNDER) EXPENDITURES	57,447	334,389	(138,823)	253,013
OTHER FINANCING SOURCES (USES)				
Transfers out	(133,850)	-	-	(133,850)
CHANGE IN FUND BALANCE	(76,403)	334,389	(138,823)	119,163
FUND BALANCE, beginning of year	<u>2,523,142</u>	<u>1,628,430</u>	<u>1,805,444</u>	<u>5,957,016</u>
FUND BALANCE, end of year	<u>\$ 2,446,739</u>	<u>\$ 1,962,819</u>	<u>\$ 1,666,621</u>	<u>6,076,179</u>
RECONCILIATION TO NET POSITION- GAAP BASIS				
Capital assets, net				10,808,166
OPEB asset				14,648
Deferred outflows related to PERS				588,543
Deferred outflows related to OPEB				9,728
Deferred charges on refunding				903
Compensated absences				(42,048)
Accrued interest payable				(14,424)
Net pension liability				(1,141,794)
OPEB liability				(67,269)
Long-term debt				(6,192,000)
Deferred inflows related to PERS				(201,774)
Deferred inflows related to OPEB				(14,168)
NET POSITION - GAAP BASIS				<u>\$ 9,824,690</u>

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 3,982,000	\$ 3,982,000	\$ 3,990,442	\$ 8,442
Miscellaneous	55,520	55,520	61,379	5,859
Interest earnings	65,480	65,480	59,579	(5,901)
<i>Total Revenues</i>	4,103,000	4,103,000	4,111,400	8,400
EXPENDITURES				
Water	2,720,490	2,652,490	2,429,005	223,485
Debt service				
Principal	1,422,000	1,422,000	1,422,000	-
Interest	202,950	202,950	202,948	2
Contingency	128,780	128,780	-	128,780
<i>Total Expenditures</i>	4,474,220	4,406,220	4,053,953	352,267
REVENUES OVER (UNDER) EXPENDITURES	(371,220)	(303,220)	57,447	360,667
OTHER FINANCING SOURCES (USES)				
Transfers out	(65,850)	(133,850)	(133,850)	-
Proceeds from sale of assets	2,000	2,000	-	(2,000)
<i>Total Other Financing Sources (Uses)</i>	(63,850)	(131,850)	(133,850)	(2,000)
NET CHANGE IN FUND BALANCE	(435,070)	(435,070)	(76,403)	358,667
FUND BALANCE, beginning of year	2,400,000	2,400,000	2,523,142	123,142
FUND BALANCE, end of year	\$ 1,964,930	\$ 1,964,930	\$ 2,446,739	\$ 481,809

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER SDC FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 200,000	\$ 200,000	\$ 296,217	\$ 96,217
Interest earnings	44,350	44,350	38,172	(6,178)
<i>Total Revenues</i>	244,350	244,350	334,389	90,039
OTHER FINANCING SOURCES (USES)				
Transfers out	(902,500)	(902,500)	-	902,500
NET CHANGE IN FUND BALANCE	(658,150)	(658,150)	334,389	992,539
FUND BALANCE, beginning of year	1,512,850	1,512,850	1,628,430	115,580
FUND BALANCE, end of year	\$ 854,700	\$ 854,700	\$ 1,962,819	\$ 1,108,119

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – WATER CAPITAL CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Interest earnings	\$ 55,130	\$ 55,130	\$ 39,259	\$ (15,871)
EXPENDITURES				
Capital outlay	2,786,360	2,786,360	178,082	2,608,278
REVENUES OVER (UNDER) EXPENDITURES	(2,731,230)	(2,731,230)	(138,823)	2,592,407
OTHER FINANCING SOURCES (USES)				
Transfers in	902,500	902,500	-	(902,500)
NET CHANGE IN FUND BALANCE	(1,828,730)	(1,828,730)	(138,823)	1,689,907
FUND BALANCE, beginning of year	1,828,730	1,828,730	1,805,444	(23,286)
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,666,621	\$ 1,666,621

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – SEWER OPERATIONS
COMBINING**

YEAR ENDED JUNE 30, 2020

	<u>Sewer</u>	<u>Sewer SDC</u>	<u>Sewer Capital Construction</u>	<u>Eliminations</u>	<u>Total Sewer Operations</u>
REVENUES					
Charges for services	\$ 8,122,190	\$ -	\$ -	\$ -	\$ 8,122,190
Licenses and permits	-	129,584	-	-	129,584
Miscellaneous	9,623	-	-	-	9,623
Interest earnings	181,494	38,904	264,648	-	485,046
<i>Total Revenues</i>	<u>8,313,307</u>	<u>168,488</u>	<u>264,648</u>	<u>-</u>	<u>8,746,443</u>
EXPENDITURES					
Sewer	4,158,818	-	-	-	4,158,818
Debt service					
Principal	3,469,529	-	-	-	3,469,529
Interest	999,334	-	-	-	999,334
Capital outlay	-	-	525,420	-	525,420
<i>Total Expenses</i>	<u>8,627,681</u>	<u>-</u>	<u>525,420</u>	<u>-</u>	<u>9,153,101</u>
REVENUES OVER (UNDER) EXPENDITURES	(314,374)	168,488	(260,772)	-	(406,658)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	144,516	(144,516)	-
Transfers out	(355,115)	(80,000)	-	144,516	(290,599)
<i>Total Other Financing Sources (Uses)</i>	<u>(355,115)</u>	<u>(80,000)</u>	<u>144,516</u>	<u>-</u>	<u>(290,599)</u>
CHANGE IN FUND BALANCE	(669,489)	88,488	(116,256)	-	(697,257)
FUND BALANCE, beginning of year	8,672,867	1,700,425	11,947,434	-	22,320,726
FUND BALANCE, end of year	<u>\$ 8,003,378</u>	<u>\$ 1,788,913</u>	<u>\$ 11,831,178</u>	<u>\$ -</u>	<u>21,623,469</u>
RECONCILIATION TO NET POSITION- GAAP BASIS					
Capital assets, net					43,068,715
OPEB asset					19,919
Deferred outflows related to PERS					1,050,728
Deferred outflows related to OPEB					12,576
Compensated absences					(25,321)
Accrued interest payable					(257,144)
Net pension liability					(1,875,454)
OPEB liability					(83,885)
Long-term debt					(11,074,542)
Bond premiums					(1,519,697)
Deferred inflows related to PERS					(262,769)
Deferred inflows related to OPEB					(19,886)
NET POSITION - GAAP BASIS					<u>\$ 50,656,709</u>

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 8,370,000	\$ 8,370,000	\$ 8,122,190	\$ (247,810)
Miscellaneous	3,270	3,270	9,623	6,353
Interest earnings	271,730	271,730	181,494	(90,236)
<i>Total Revenues</i>	<u>8,645,000</u>	<u>8,645,000</u>	<u>8,313,307</u>	<u>(331,693)</u>
EXPENDITURES				
Sewer	4,383,060	4,284,060	4,158,818	125,242
Debt service				
Principal	3,469,600	3,469,600	3,469,529	71
Interest	999,400	999,400	999,334	66
Contingency	798,660	798,660	-	798,660
<i>Total Expenditures</i>	<u>9,650,720</u>	<u>9,551,720</u>	<u>8,627,681</u>	<u>924,039</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,005,720)</u>	<u>(906,720)</u>	<u>(314,374)</u>	<u>592,346</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,046,200)	(1,145,200)	(355,115)	790,085
NET CHANGE IN FUND BALANCE	<u>(2,051,920)</u>	<u>(2,051,920)</u>	<u>(669,489)</u>	<u>1,382,431</u>
FUND BALANCE, beginning of year	<u>8,989,000</u>	<u>8,989,000</u>	<u>8,672,867</u>	<u>(316,133)</u>
FUND BALANCE, end of year	<u>\$ 6,937,080</u>	<u>\$ 6,937,080</u>	<u>\$ 8,003,378</u>	<u>\$ 1,066,298</u>

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER SDC FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 300,000	\$ 300,000	\$ 129,584	\$ (170,416)
Interest earnings	46,140	46,140	38,904	(7,236)
<i>Total Revenues</i>	346,140	346,140	168,488	(177,652)
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,107,410)	(2,107,410)	(80,000)	2,027,410
NET CHANGE IN FUND BALANCE	(1,761,270)	(1,761,270)	88,488	1,849,758
FUND BALANCE, beginning of year	1,761,270	1,761,270	\$ 1,700,425	(60,845)
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,788,913	\$ 1,788,913

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – SEWER CAPITAL CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Interest earnings	\$ 354,250	\$ 354,250	\$ 264,648	\$ (89,602)
EXPENDITURES				
Capital outlay	7,830,500	7,830,500	525,420	7,305,080
REVENUES OVER (UNDER) EXPENDITURES	(7,476,250)	(7,476,250)	(260,772)	7,215,829
OTHER FINANCING SOURCES (USES)				
Transfers in	2,990,600	2,990,600	144,516	(2,846,084)
NET CHANGE IN FUND BALANCE	(4,485,650)	(4,485,650)	(116,256)	4,369,745
FUND BALANCE, beginning of year	11,800,520	11,800,520	11,947,434	146,914
FUND BALANCE, end of year	<u>\$ 7,314,870</u>	<u>\$ 7,314,870</u>	<u>\$ 11,831,178</u>	<u>\$ 4,516,659</u>

CITY OF WOODBURN, OREGON**COMBINING STATEMENT OF FUND NET POSITION - INTERNAL SERVICE FUNDS**

JUNE 30, 2020

	<i>Information Technology</i>	<i>Insurance</i>	<i>Total</i>
ASSETS			
Current Assets			
Cash and investments	\$ 434,461	\$ 693,679	\$ 1,128,140
Accounts receivable	9,724	-	9,724
<i>Total Current Assets</i>	444,185	693,679	1,137,864
Noncurrent Assets			
OPEB Asset	4,389	649	5,038
<i>Total Assets</i>	448,574	694,328	1,142,902
DEFERRED OUTFLOWS			
Deferred outflows related to PERS	263,282	35,989	299,271
Deferred outflows related to OPEB	2,782	382	3,164
	266,064	36,371	302,435
LIABILITIES			
Current Liabilities			
Accounts payable	7,448	2,024	9,472
Due to other funds	17,511	2,637	20,148
Accrued compensated absences	19,188	-	19,188
<i>Total Current Liabilities</i>	44,147	4,661	48,808
Noncurrent Liabilities			
Accrued compensated absences	28,782	-	28,782
Net pension liability	466,059	61,274	527,333
OPEB liability	19,081	2,572	21,653
<i>Total Noncurrent Liabilities</i>	513,922	63,846	577,768
<i>Total Liabilities</i>	558,069	68,507	626,576
DEFERRED INFLOWS			
Deferred inflows related to PERS	54,205	7,244	61,449
Deferred inflows related to OPEB	4,010	551	4,561
	58,215	7,795	66,010
NET POSITION			
Unrestricted	\$ 98,354	\$ 654,397	\$ 752,751

CITY OF WOODBURN, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020**

	<u><i>Information Technology</i></u>	<u><i>Insurance</i></u>	<u><i>Total</i></u>
OPERATING REVENUES			
Charges for services	\$ 1,133,446	\$ 755,000	\$ 1,888,446
Miscellaneous	-	2,287	2,287
	<hr/>	<hr/>	<hr/>
<i>Total Operating Revenues</i>	1,133,446	757,287	1,890,733
OPERATING EXPENSES			
Personal services	400,109	60,806	460,915
Materials and services	553,637	650,644	1,204,281
	<hr/>	<hr/>	<hr/>
<i>Total Expenses</i>	953,746	711,450	1,665,196
	<hr/>	<hr/>	<hr/>
OPERATING INCOME	179,700	45,837	225,537
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	6,943	7,658	14,601
	<hr/>	<hr/>	<hr/>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	186,643	53,495	240,138
Transfers out	(25,840)	(3,690)	(29,530)
Non-cash transfers out	(62,939)	-	(62,939)
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION	97,864	49,805	147,669
NET POSITION, beginning of year	490	604,592	605,082
	<hr/>	<hr/>	<hr/>
NET POSITION, end of year	\$ 98,354	\$ 654,397	\$ 752,751
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF WOODBURN, OREGON
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020

	<u>Information Technology</u>	<u>Insurance</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Collected from customers	\$ 1,137,447	\$ 757,287	\$ 1,894,734
Paid to suppliers	(948,219)	(653,399)	(1,601,618)
Paid to employees	(47,548)	(69,153)	(116,701)
	<u>141,680</u>	<u>34,735</u>	<u>176,415</u>
<i>Net Cash Provided by Operating Activities</i>			
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Received from (paid to) other funds	17,511	2,637	20,148
Transfers out	(25,840)	(3,690)	(29,530)
	<u>(8,329)</u>	<u>(1,053)</u>	<u>(9,382)</u>
<i>Net Cash Used in Non-Capital Financing Activities</i>			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(62,939)	-	(62,939)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	6,943	7,658	14,601
	<u>77,355</u>	<u>41,340</u>	<u>118,695</u>
<i>Increase in Cash and Investments</i>			
CASH AND INVESTMENTS, Beginning of year	<u>357,106</u>	<u>652,339</u>	<u>1,009,445</u>
CASH AND INVESTMENTS, End of year	<u>\$ 434,461</u>	<u>\$ 693,679</u>	<u>\$ 1,128,140</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 179,700	\$ 45,837	\$ 225,537
<i>Change in assets and liabilities</i>			
Accounts receivable	4,000	-	4,000
Deferred outflows	(113,682)	(18,102)	(131,784)
OPEB asset	(1,911)	(304)	(2,215)
Compensated absences payable	4,875	-	4,875
Accounts payable and accrued liabilities	5,528	(2,755)	2,773
Net pension liability	82,147	13,081	95,228
OPEB liability	1,016	162	1,178
Deferred inflows	(19,993)	(3,184)	(23,177)
	<u>\$ 141,680</u>	<u>\$ 34,735</u>	<u>\$ 176,415</u>
<i>Net Cash Provided by Operating Activities</i>			
<i>Noncash Transactions</i>			
Transfer of capital assets	<u>\$ (62,939)</u>	<u>\$ -</u>	<u>\$ (62,939)</u>

CITY OF WOODBURN, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
- INFORMATION TECHNOLOGY FUND
YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services	\$ 1,124,230	\$ 1,124,230	\$ 1,133,446	\$ 9,216
Miscellaneous	6,570	6,570	-	(6,570)
Interest earnings	8,200	8,200	6,943	(1,257)
<i>Total Revenues</i>	<u>1,139,000</u>	<u>1,139,000</u>	<u>1,140,389</u>	<u>1,389</u>
EXPENDITURES				
Information technology	1,104,720	1,104,720	1,064,233	40,487
Contingency	193,440	172,440	-	172,440
<i>Total Expenditures</i>	<u>1,298,160</u>	<u>1,277,160</u>	<u>1,064,233</u>	<u>212,927</u>
REVENUES OVER (UNDER) EXPENDITURES	(159,160)	(138,160)	76,156	214,316
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,840)	(25,840)	(25,840)	-
NET CHANGE IN FUND BALANCE	(164,000)	(164,000)	50,316	214,316
FUND BALANCE, beginning of year	<u>334,000</u>	<u>334,000</u>	<u>368,910</u>	<u>34,910</u>
FUND BALANCE, end of year	<u>\$ 170,000</u>	<u>\$ 170,000</u>	<u>419,226</u>	<u>\$ 249,226</u>
RECONCILIATION TO NET POSITION - GAAP BASIS				
OPEB asset			4,389	
Deferred outflows related to PERS			263,282	
Deferred outflows related to OPEB			2,782	
Accrued compensated absences			(47,970)	
Net pension liability			(466,059)	
OPEB liability			(19,081)	
Deferred inflows related to PERS			(54,205)	
Deferred inflows related to OPEB			(4,010)	
NET POSITION, GAAP BASIS			<u>\$ 98,354</u>	

CITY OF WOODBURN, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
- INSURANCE FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 755,000	\$ 755,000	\$ 755,000	\$ -
Miscellaneous	4,490	4,490	2,287	(2,203)
Interest earnings	7,510	7,510	7,658	148
<i>Total Revenues</i>	<u>767,000</u>	<u>767,000</u>	<u>764,945</u>	<u>(2,055)</u>
EXPENDITURES				
Insurance	868,340	868,340	719,797	148,543
Contingency	547,970	544,970	-	544,970
<i>Total Expenditures</i>	<u>1,416,310</u>	<u>1,413,310</u>	<u>719,797</u>	<u>693,513</u>
REVENUES OVER (UNDER) EXPENDITURES				
	(649,310)	(646,310)	45,148	691,458
OTHER FINANCING SOURCES (USES)				
Transfers out	(690)	(3,690)	(3,690)	-
NET CHANGE IN FUND BALANCE				
	(650,000)	(650,000)	41,458	691,458
FUND BALANCE, beginning of year				
	<u>650,000</u>	<u>650,000</u>	<u>647,560</u>	<u>(2,440)</u>
FUND BALANCE, end of year				
	<u>\$ -</u>	<u>\$ -</u>	<u>689,018</u>	<u>\$ 689,018</u>
RECONCILIATION TO NET POSITION - GAAP BASIS				
OPEB asset			649	
Deferred outflows related to PERS			35,989	
Deferred outflows related to OPEB			382	
Net pension liability			(61,274)	
OPEB liability			(2,572)	
Deferred inflows related to PERS			(7,244)	
Deferred inflows related to OPEB			(551)	
NET POSITION, GAAP BASIS				
			<u>\$ 654,397</u>	

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Woodburn's comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, required supplementary information, and other supplementary information says about the City's overall financial health.

CONTENTS

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information

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

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the City's financial report relates to the services the City provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

FINANCIAL TRENDS

CITY OF WOODBURN, OREGON
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 50,891,390	\$ 54,443,478	\$ 54,361,481	\$ 55,195,632	\$ 59,266,063	\$ 58,326,049	\$ 57,813,459	\$ 57,789,283	\$ 58,807,325	\$ 110,768,630
Restricted	9,407,166	9,460,498	10,395,999	11,523,032	8,929,025	9,815,650	10,660,016	11,651,202	13,987,334	29,488,251
Unrestricted	6,157,480	6,455,591	6,938,395	6,224,832	4,583,134	923,456	766,265	1,979,126	2,085,955	(563,627)
Total governmental activities net position	\$ 66,456,036	\$ 70,359,567	\$ 71,695,875	\$ 72,943,496	\$ 72,778,222	\$ 69,065,155	\$ 69,239,740	\$ 71,419,611	\$ 74,880,614	\$ 139,693,254
Business-type activities										
Net investment in capital assets	\$ 33,175,923	\$ 31,042,855	\$ 31,886,659	\$ 19,913,747	\$ 21,979,780	\$ 23,737,493	\$ 37,312,451	\$ 42,991,874	\$ 43,073,472	\$ 46,318,476
Restricted for: Debt service	542,268	935,770	3,165,303	18,737,342	16,841,111	16,735,267	16,635,580	17,004,861	17,081,733	17,249,531
Unrestricted	5,619,718	9,227,695	7,204,526	4,666,744	7,163,564	6,909,942	(4,020,472)	(6,694,060)	(3,417,951)	(3,690,855)
Total business-type activities net position	\$ 39,337,909	\$ 41,206,320	\$ 42,256,488	\$ 43,317,833	\$ 45,984,455	\$ 47,382,702	\$ 49,927,559	\$ 53,302,675	\$ 56,737,254	\$ 59,877,152
Primary government										
Net investment in capital assets	\$ 84,067,313	\$ 85,486,333	\$ 86,248,140	\$ 75,109,379	\$ 81,245,843	\$ 82,063,542	\$ 95,125,910	\$ 100,781,157	\$ 101,880,797	\$ 64,450,154
Restricted	9,949,434	10,396,268	13,561,302	30,260,374	25,770,136	26,550,917	27,295,596	28,656,063	31,069,067	12,238,720
Unrestricted	11,777,198	15,683,286	14,142,921	10,891,576	11,746,698	7,833,398	(3,254,207)	(4,714,934)	(1,331,996)	3,127,228
Total primary government net position	\$ 105,793,945	\$ 111,565,887	\$ 113,952,363	\$ 116,261,329	\$ 118,762,677	\$ 116,447,857	\$ 119,167,299	\$ 124,722,286	\$ 131,617,868	\$ 79,816,102

CITY OF WOODBURN, OREGON
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Expenses	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	\$ 2,038,098	\$ 2,116,264	\$ 2,411,067	\$ 2,646,552	\$ 3,058,648	\$ 5,114,971	\$ 2,676,477	\$ 2,740,778	\$ 1,162,602	\$ 4,671,461
Public safety	6,175,907	6,733,302	6,389,207	6,608,391	5,662,660	9,231,388	7,805,948	7,573,873	7,687,490	6,982,033
Highways and streets	2,903,846	2,202,753	2,663,020	2,273,271	1,976,022	2,691,040	2,426,489	2,551,662	2,787,782	2,113,284
Culture and recreation	3,413,838	4,019,379	3,270,803	3,530,783	2,784,248	3,481,264	2,980,178	2,799,066	4,226,653	4,139,920
Economic development	-	-	-	-	-	-	829,477	1,139,732	2,023,962	2,025,642
Interest on long-term debt	286,145	257,018	248,109	226,504	204,905	183,342	169,933	108,133	76,949	59,907
Total governmental activities expenses	14,817,834	15,328,716	14,982,206	15,285,501	13,686,483	20,702,005	16,888,502	16,913,244	17,965,438	19,992,247
Business-type activities:										
Water	2,428,964	2,901,104	2,882,056	2,792,818	2,478,694	3,303,526	2,885,827	3,117,740	3,012,632	2,679,610
Sewer	4,994,266	5,270,139	5,713,504	6,711,162	5,302,994	6,728,773	5,629,532	5,643,125	5,649,231	6,371,730
Total business-type activities expenses	7,423,230	8,171,243	8,595,560	9,503,980	7,781,688	10,032,299	8,515,359	8,760,865	8,661,863	9,051,340
Total primary government expenses	\$ 22,241,064	\$ 23,499,959	\$ 23,577,766	\$ 24,789,481	\$ 21,468,171	\$ 30,734,304	\$ 25,403,861	\$ 25,674,109	\$ 26,627,301	\$ 29,043,587
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 155,099	\$ 266,789	\$ 733,090	\$ 682,238	\$ 649,703	\$ 978,244	\$ 660,502	\$ 1,263,142	\$ 91,987	\$ 243,805
Public safety	879,801	874,614	715,743	627,424	716,467	93,443	113,331	120,152	272,432	243,369
Highways and streets	316,744	490,640	106,604	274,205	6,188	22,519	1,104	7,533	945	2,275
Culture and recreation	703,327	689,937	574,513	517,400	571,921	705,415	565,889	557,725	774,081	573,205
Economic development	-	-	-	-	-	-	457,432	403,044	1,307,278	1,579,828
Operating grants and contributions	1,491,298	1,911,075	1,948,383	1,915,475	1,993,925	1,962,709	2,052,681	2,156,971	2,582,883	4,346,664
Capital grants and contributions	540,889	522,817	840,242	885,093	1,286,163	350,449	266,679	502,857	934,723	2,506,331
Total governmental activities program revenues	4,087,158	4,755,872	4,918,575	4,901,835	5,224,367	4,112,779	4,117,618	5,011,424	5,964,329	9,495,477
Business-type activities:										
Charges for services:										
Water	3,246,171	3,297,812	3,236,888	3,166,878	3,277,605	3,415,661	3,293,342	3,399,943	3,804,029	3,990,442
Sewer	5,606,523	6,238,103	6,548,215	7,479,643	7,981,658	8,169,544	8,091,754	8,141,127	8,059,526	8,122,190
Capital grants and contributions	1,824,635	437,817	290,930	446,971	310,272	307,152	114,664	438,189	376,165	425,801
Total business-type activities program revenues	10,677,329	9,973,732	10,076,033	11,093,492	11,569,535	11,892,357	11,499,760	11,979,259	12,239,720	12,538,433
Total primary government program revenues	\$ 14,764,487	\$ 14,729,604	\$ 14,994,608	\$ 15,995,327	\$ 16,793,902	\$ 16,005,136	\$ 15,617,378	\$ 16,990,683	\$ 18,204,049	\$ 22,033,910

CITY OF WOODBURN, OREGON
CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net(expense)/revenue										
Governmental activities	\$ (10,730,676)	\$ (10,572,844)	\$ (10,063,631)	\$ (10,383,666)	\$ (8,462,116)	\$ (16,589,226)	\$ (12,770,884)	\$ (12,151,820)	\$ (12,001,109)	\$ (10,498,934)
Business-type activities	3,254,099	1,802,489	1,480,473	1,589,512	3,787,847	1,860,058	2,984,401	3,218,394	3,577,857	4,091,340
Total primary government net expense	\$ (7,476,577)	\$ (8,770,355)	\$ (8,583,158)	\$ (8,794,154)	\$ (4,674,269)	\$ (14,729,168)	\$ (9,786,483)	\$ (8,933,426)	\$ (8,423,252)	\$ (6,407,594)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 8,460,151	\$ 8,495,199	\$ 8,180,539	\$ 8,234,481	\$ 8,836,939	\$ 9,156,725	\$ 9,724,889	\$ 10,301,565	\$ 10,467,041	\$ 10,908,076
Franchise taxes	1,768,058	1,776,101	1,932,484	1,500,730	1,539,926	1,511,125	1,543,317	1,540,440	1,537,523	1,528,351
Other taxes	-	-	-	454,363	437,339	550,346	547,220	712,127	595,650	491,023
Unrestricted investment earnings	-	46,992	122,672	96,347	99,620	105,901	200,736	354,201	632,056	517,897
Intergovernmental	557,619	533,738	660,547	633,530	655,575	649,350	702,990	728,991	831,319	903,481
Miscellaneous	130,113	252,164	170,119	117,872	28,620	163,827	101,908	304,920	120,782	32,117
Gain on sale of capital assets	-	-	-	(69,877)	-	49,948	13,241	25,148	298,208	11,060
Transfers in (out)	181,789	711,000	333,578	663,841	680,212	688,937	650,141	364,299	979,533	1,040,253
Total governmental activities	11,097,730	11,815,194	11,399,939	11,631,287	12,278,231	12,876,159	13,484,442	14,331,691	15,462,112	15,432,258
Business-type activities:										
Unrestricted investment earnings	-	67,709	109,942	125,139	122,988	159,067	283,101	454,022	713,164	622,056
Miscellaneous	24,222	462	66,445	302,251	67,461	68,059	86,136	56,386	60,171	71,002
Gain on sale of capital assets	3,488	5,892	1,300	-	-	-	3,505	10,613	62,922	-
Transfers in (out)	(181,789)	(711,000)	(333,578)	(663,841)	(680,212)	(688,937)	(650,141)	(364,299)	(979,533)	(1,040,253)
Total business-type activities	(154,079)	(636,937)	(155,891)	(236,451)	(489,763)	(461,811)	(277,399)	156,722	(143,276)	(347,195)
Total primary government	\$ 10,943,651	\$ 11,178,257	\$ 11,244,048	\$ 11,394,836	\$ 11,788,468	\$ 12,414,348	\$ 13,207,043	\$ 14,488,413	\$ 15,318,836	\$ 15,085,063
Change in Net Position										
Governmental activities	\$ 367,054	\$ 1,242,350	\$ 1,336,308	\$ 1,247,621	\$ 3,816,115	\$ (3,713,067)	\$ 713,558	\$ 2,179,871	\$ 3,461,003	\$ 4,933,324
Business-type activities	3,100,020	1,165,552	1,324,582	1,353,061	3,298,084	1,398,247	2,707,002	3,375,116	3,434,581	3,744,145
Total primary government	\$ 3,467,074	\$ 2,407,902	\$ 2,660,890	\$ 2,600,682	\$ 7,114,199	\$ (2,314,820)	\$ 3,420,560	\$ 5,554,987	\$ 6,895,584	\$ 8,677,469

CITY OF WOODBURN, OREGON
FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Nonspendable	\$ 5,378	\$ -	\$ 1,470	\$ 740	\$ 1,467	\$ 936	\$ 3,064	\$ 18,230	\$ 31,972	\$ 23,390
Committed	-	-	-	-	-	-	-	-	1,678,280	-
Unassigned	2,440,761	2,744,299	3,280,970	3,577,032	4,159,081	4,889,982	6,249,717	7,472,054	6,246,115	6,812,532
Total general fund	\$ 2,446,139	\$ 2,744,299	\$ 3,282,440	\$ 3,577,772	\$ 4,160,548	\$ 4,890,918	\$ 6,252,781	\$ 7,490,284	\$ 7,956,367	\$ 6,835,922
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,300
Restricted	8,889,955	9,414,462	10,206,079	11,348,721	8,092,696	9,091,956	9,984,428	11,013,955	13,387,817	12,493,682
Committed	2,865,678	2,722,572	2,685,427	2,435,919	1,347,789	1,414,631	1,540,863	1,787,763	1,904,955	1,934,257
Total other governmental funds	\$ 11,710,516	\$ 11,991,402	\$ 12,891,506	\$ 13,784,640	\$ 9,427,247	\$ 10,503,769	\$ 11,525,291	\$ 12,801,718	\$ 15,292,772	\$ 14,431,239

CITY OF WOODBURN, OREGON
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes and assessments	\$ 8,868,881	\$ 9,029,638	\$ 8,626,652	\$ 8,786,364	\$ 9,329,720	\$ 9,748,024	\$ 10,325,164	\$ 10,780,981	\$ 11,282,658	\$ 11,384,659
Licenses and permits	1,906,385	2,376,808	2,479,695	2,954,980	3,124,804	2,748,872	2,509,315	3,198,381	3,667,362	3,896,131
Charges for services	588,491	681,414	1,008,368	901,197	1,351,102	1,364,684	1,260,038	1,153,372	1,422,284	930,786
Intergovernmental	2,461,525	2,551,139	2,954,951	2,674,698	3,371,886	2,733,371	2,930,985	3,178,254	3,513,833	6,420,257
Fines & forfeitures	736,046	734,377	589,574	571,831	673,377	426,867	420,305	395,164	343,790	352,400
Miscellaneous	458,281	542,192	316,536	540,782	454,140	683,371	562,957	784,799	1,193,261	1,306,767
Total revenues	15,019,609	15,915,568	15,975,776	16,429,852	18,305,029	17,705,189	18,008,764	19,490,951	21,423,188	24,291,000
Expenditures										
Current										
General government	1,639,856	1,507,850	1,536,687	1,641,493	3,164,615	3,790,736	3,257,197	3,447,310	1,361,472	4,397,582
Public safety	5,876,604	6,426,635	6,328,417	6,569,367	6,794,410	6,598,236	6,861,768	6,813,292	7,206,649	2,075,418
Highways and streets	1,263,251	1,127,439	990,756	1,003,547	2,005,328	1,777,030	1,529,569	1,808,443	1,994,020	7,574,867
Culture and recreation	3,839,857	3,818,454	3,589,437	3,845,430	4,280,701	2,874,788	2,997,742	3,063,827	3,883,640	1,654,523
Economic development	-	-	-	-	-	-	-	-	1,965,382	4,028,407
Capital outlay	2,475,313	1,723,398	1,415,390	1,379,516	5,073,930	277,571	473,208	1,309,506	6,578,234	5,540,458
Debt service										
Principal	528,799	507,785	526,296	560,172	584,429	436,479	400,399	456,675	516,000	1,303,000
Interest	290,552	268,897	249,237	228,861	206,832	185,327	169,937	117,094	70,208	174,881
Total expenditures	15,914,232	15,380,458	14,636,220	15,228,386	22,110,245	15,940,167	15,689,820	17,016,147	23,575,605	26,749,136
Excess of revenues over (under) expenditures	(894,623)	535,110	1,339,556	1,201,466	(3,805,216)	1,765,022	2,318,944	2,474,804	(2,152,417)	(2,458,136)
Other financing sources (uses)										
Proceeds from sale of capital assets	-	-	-	-	-	-	19,861	35,415	308,894	22,179
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	4,600,000	-
Refunding bonds issued	-	-	-	-	-	-	-	3,749,000	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(3,699,114)	-	-
Transfers in	850,150	1,029,674	1,279,532	1,430,985	853,858	294,248	419,236	829,268	2,658,488	2,943,348
Transfers out	(1,201,116)	(985,738)	(1,180,842)	(1,443,985)	(823,259)	(252,378)	(374,656)	(875,443)	(2,457,828)	(2,489,369)
Total other financing sources (uses)	(350,966)	43,936	98,690	(13,000)	30,599	41,870	64,441	39,126	5,109,554	476,158
Net change in fund balances	(1,245,589)	579,046	1,438,246	1,188,466	(3,774,617)	1,806,892	2,383,385	2,513,930	2,957,137	(1,981,978)
Fund balances at beginning of year	15,402,244	14,156,655	14,735,700	16,173,946	17,362,412	13,587,795	15,394,687	17,778,072	20,292,002	23,249,139
Fund balances at end of year	\$ 14,156,655	\$ 14,735,701	\$ 16,173,946	\$ 17,362,412	\$ 13,587,795	\$ 15,394,687	\$ 17,778,072	\$ 20,292,002	\$ 23,249,139	\$ 21,267,161
Debt service as a percentage of noncapital expenditures	6.1%	5.7%	5.9%	5.7%	4.6%	4.0%	3.7%	3.7%	3.4%	7.0%

REVENUE CAPACITY

CITY OF WOODBURN, OREGON
MARKET AND ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Residential Property (AV)	Farm Property (AV)	Commercial Property (AV)	Industrial Property (AV)	Personal Property (AV)	Utility Property (AV)	Total Measure 50 Assessed Value	Total Direct Tax Rate/Thousand	Measure 5 Taxable RMV	Real Market Value	Assessed Value as a Percentage of Actual Value
2011	\$ 745,414,890	\$ 807,030	\$ 292,392,290	\$ 196,092,960	\$ 49,720,804	\$ 34,999,170	\$ 1,319,427,144	\$ 6.0534	\$ 1,699,781,395	\$ 1,945,383,324	67.824%
2012	742,098,060	831,230	305,271,528	197,797,630	51,844,705	35,186,720	1,333,029,873	6.0534	1,604,777,765	1,850,222,994	72.047%
2013	703,075,530	857,650	313,388,630	190,486,580	48,092,497	35,977,800	1,291,878,687	6.0534	1,512,407,943	1,756,070,733	73.566%
2014	702,053,360	868,480	374,295,240	143,111,800	49,539,001	34,316,630	1,304,184,511	6.0534	1,503,013,174	1,751,863,757	74.446%
2015	779,859,386	476,270	376,129,580	148,705,150	53,477,977	38,981,380	1,397,629,743	6.0534	1,652,955,312	1,925,612,145	72.581%
2016	830,915,110	878,310	387,086,020	149,051,530	56,599,979	31,207,820	1,455,738,769	6.0534	1,778,119,364	2,056,463,271	70.788%
2017	868,154,380	883,320	404,525,450	159,818,080	57,908,292	33,592,820	1,524,882,342	6.0534	1,920,324,583	2,207,659,188	69.072%
2018	902,999,410	689,300	415,565,670	148,807,610	62,107,308	42,113,077	1,572,282,375	6.0534	2,136,350,540	2,429,890,960	64.706%
2019	932,416,020	942,330	432,522,080	149,454,580	63,865,513	52,194,300	1,631,394,823	6.0534	2,347,935,303	2,669,251,668	61.118%
2020	973,117,650	1,842,700	451,512,140	151,172,270	69,785,848	53,712,000	1,701,142,608	6.0534	2,582,277,844	2,921,850,774	58.221%

Source: Marion County Assessor's Office (Schedule 5)

CITY OF WOODBURN, OREGON
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30</i>	<i>City of Woodburn (includes URA)</i>	<i>Marion County</i>	<i>Marion Soil & Water</i>	<i>Marion County Extension and 4-H</i>	<i>Woodburn Fire District</i>	<i>Woodburn School District</i>	<i>Willamette Regional ESD</i>	<i>Chemeketa Community College</i>	<i>Chemeketa Regional Library</i>	<i>Total</i>
2011	6.77	2.95	0.05	-	1.79	6.63	0.29	0.78	0.08	19.33
2012	6.79	2.94	0.05	-	1.78	6.67	0.29	0.86	0.08	19.46
2013	6.84	2.94	0.05	-	1.69	6.83	0.29	0.88	0.08	19.59
2014	6.81	2.95	0.05	-	1.72	6.81	0.29	0.84	0.08	19.54
2015	6.73	2.95	0.05	-	1.73	6.34	0.29	0.88	0.08	19.04
2016	6.66	2.95	0.05	0.05	1.81	6.66	0.29	0.90	0.08	19.45
2017	6.66	2.95	0.05	0.05	1.75	6.76	0.29	0.89	0.08	19.46
2018	6.69	2.94	0.05	0.05	1.71	6.79	0.29	0.88	0.08	19.48
2019	6.71	2.94	0.04	0.05	1.73	6.77	0.29	0.88	0.08	19.48
2020	6.68	2.94	0.05	0.05	2.09	6.84	0.29	0.87	0.08	19.88

Source: Marion County Assessor's Office

Tax rates expressed in dollars and cents per \$1,000 of assessed value of taxable property

CITY OF WOODBURN, OREGON
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

<i>Taxpayer</i>	<i>2020</i>			<i>2011</i>		
	<i>Taxable Assessed Value</i>	<i>Rank</i>	<i>Percentage of Total Taxable Assessed Value</i>	<i>Taxable Assessed Value</i>	<i>Rank</i>	<i>Percentage of Total Taxable Assessed Value</i>
WinCo Foods LLC	\$ 74,842,198	1	3.19%	\$ 74,057,898	1	3.82%
Woodburn Premium Outlets LLC	70,264,829	2	2.99%			
Food Services of America Inc	29,901,360	3	1.27%	26,211,640	3	1.35%
Wal-Mart Real Estate Business TR	17,791,840	5	0.76%	13,888,940	5	0.72%
Hardware Wholesalers Inc	17,068,670	6	0.73%	14,293,890	4	0.74%
Portland General Electric Co	15,572,783	4	0.66%	13,489,540	6	0.70%
Cascade Meadow LLC	14,702,400	7	0.63%	11,268,200	7	0.58%
Crown 2 Development LLC	13,144,580	8	0.56%	10,074,260	8	0.52%
Northwest Natural Gas Co	13,028,000	9	0.55%	9,524,600	10	0.49%
Pacific Realty Associates LP	10,637,480	10	0.45%			
Craig Realty Group Woodburn				49,024,540	2	2.53%
Mid-Valley Plaza LLC				9,562,330	9	0.49%
Subtotal	276,954,140		11.80%	231,395,838		11.94%
All Other	2,070,981,163		88.20%	1,706,218,941		88.05%
Totals	\$ 2,347,935,303		100.0%	\$ 1,937,614,779		100.0%

Source: Marion County Assessor's Office

CITY OF WOODBURN, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30</i>	<i>Taxes Levied by Assessor</i>	<i>Collected within the Fiscal Year of the Levy</i>		<i>Delinquent Taxes Collected</i>	<i>Total Collections to Date</i>	
		<i>Tax Collections</i>	<i>Percent of Levy</i>		<i>Total Tax Collections</i>	<i>Percent of Tax Levy</i>
2011	8,688,708	8,094,990	93.17%	311,370	8,406,360	96.75%
2012	8,659,913	8,099,206	93.53%	301,668	8,400,874	97.01%
2013	8,369,810	7,835,630	93.62%	308,748	8,144,378	97.31%
2014	8,410,177	7,924,202	94.22%	320,006	8,244,208	98.03%
2015	9,054,234	8,553,359	94.47%	276,179	8,829,538	97.52%
2016	9,421,624	8,943,387	94.92%	245,398	9,188,785	97.53%
2017	9,958,340	9,456,995	94.97%	254,254	9,711,249	97.52%
2018	10,323,495	9,832,811	95.25%	222,045	10,054,856	97.40%
2019	10,757,144	10,243,398	95.22%	443,608	10,687,006	99.35%
2020	11,214,218	10,624,844	94.74%	228,211	10,853,055	96.78%

Source: Marion County Assessor's Office and City Records

DEBT CAPACITY

CITY OF WOODBURN, OREGON
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

<i>Fiscal Year</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Outstanding Debt</i>	<i>Percentage of Personal Income (2)</i>	<i>Population (3)</i>	<i>Debt Per Capita</i>
	<i>Full Faith & Credit Bonds</i>	<i>Loans</i>	<i>Bonds (1)</i>	<i>Loans</i>				
2011	5,655,000	1,086,234	6,778,648	25,680,870	39,200,752	3.78%	24,085	1,628
2012	5,365,000	868,449	39,810,720	5,910,647	51,954,816	5.06%	24,090	2,157
2013	5,065,000	642,154	37,674,655	5,559,833	48,941,642	4.69%	24,090	2,032
2014	4,745,000	401,982	35,126,768	5,194,240	45,467,990	4.26%	24,330	1,869
2015	4,410,000	152,553	32,082,220	4,813,265	41,458,038	3.88%	24,455	1,695
2016	4,060,000	66,074	29,302,005	4,416,251	37,844,330	3.40%	24,670	1,534
2017	3,690,000	35,675	26,384,767	4,002,523	34,112,965	3.19%	24,795	1,376
2018	3,328,000	-	22,893,978	3,571,377	29,793,355	2.73%	24,685	1,207
2019	2,812,000	4,600,000	14,544,072	7,614,000	29,570,072	2.71%	24,685	1,198
2020	2,301,000	3,808,000	11,074,543	6,192,000	23,375,543	2.01%	25,135	944

(1) Presented net of original issuance discount and premiums
(2) Personal income is disclosed on pg 110
(1) Source: Portland State University Population Research Center

CITY OF WOODBURN, OREGON
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Population(1)	Assessed Value(2)	Full Faith & Credit Bond	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Per Capita
2011	24,085	1,319,427,144	5,655,000	78,035	5,576,965	0.42%	235
2012	24,090	1,333,029,873	5,365,000	61,397	5,303,603	0.40%	223
2013	24,090	1,291,878,687	5,065,000	27,570	5,037,430	0.39%	210
2014	24,330	1,304,184,511	4,745,000	55,033	4,689,967	0.36%	195
2015	24,455	1,397,629,743	4,410,000	50,771	4,359,229	0.31%	180
2016	24,670	1,455,738,769	4,060,000	25,117	4,034,883	0.28%	165
2017	24,795	1,524,882,342	3,690,000	1,758	3,688,242	0.24%	149
2018	24,685	1,572,282,375	3,328,000	22,777	3,305,223	0.21%	135
2019	24,760	1,631,394,823	2,812,000	19,373	2,792,627	0.17%	114
2020	25,135	1,701,142,608	2,301,000	32,604	2,268,396	0.13%	92

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements

(1) Source: Portland State University Population Research Center

(2) Marion County Assessor's Office

CITY OF WOODBURN, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2020

<i>Jurisdiction</i>	<i>Total Net Debt</i>	<i>Percent Within City</i>	<i>City's Pro Rata Share</i>
Direct:			
City of Woodburn	\$ 3,501,000	* 100%	\$ 3,501,000
Overlapping:			
Chemeketa Community College	57,087,534	4.13%	2,358,743
Marion County	13,892,831	5.98%	830,541
Marion Cty SD 103 (Woodburn)	70,415,000	86.00%	60,558,590
Willamette ESD	7,700,978	3.76%	289,326
Woodburn RFPD 6	770,000	72.31%	556,779
Total overlapping	<u>149,866,343</u>		<u>64,593,979</u>
 TOTAL	 <u>\$ 153,367,343</u>		 <u>\$ 68,094,979</u>

Source: Debt Management Division, Oregon State Treasury
Excluding Revenue Bonds and Urban Renewal Loan

CITY OF WOODBURN, OREGON
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit	\$ 58,361,500	\$ 55,506,690	\$ 52,682,122	\$ 52,555,913	\$ 57,768,364	\$ 61,693,898	\$ 66,229,776	\$ 72,896,729	\$ 80,077,550	\$ 87,655,523
Total net debt applicable to limit	<u>5,655,000</u>	<u>5,365,000</u>	<u>5,065,000</u>	<u>4,745,000</u>	<u>4,410,000</u>	<u>4,060,000</u>	<u>3,690,000</u>	<u>3,328,000</u>	<u>2,812,000</u>	<u>2,301,000</u>
Legal debt margin*	<u>\$ 52,706,500</u>	<u>\$ 50,141,690</u>	<u>\$ 47,617,122</u>	<u>\$ 47,810,913</u>	<u>\$ 53,358,364</u>	<u>\$ 57,633,898</u>	<u>\$ 62,539,776</u>	<u>\$ 69,568,729</u>	<u>\$ 77,265,550</u>	<u>\$ 85,354,523</u>
Total net debt applicable to the limit as a percentage of debt limit	9.69%	9.67%	9.61%	9.03%	7.63%	6.58%	5.57%	4.57%	3.51%	2.63%

*ORS 287.004 provides a debt limit of 3% of the true cash value (market) of all taxable property within the City boundaries. The legal debt margin has been calculated in accordance with the provisions of ORS 287.004.

CITY OF WOODBURN, OREGON
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue Bonds							Sewer Revenue Bonds					
	Customer Accounts (1)	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Coverage Ratio	Debt Service (2)		Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Coverage Ratio	Debt Service	
						Principal	Interest					Principal	Interest
2011	6,700	3,383,935	1,687,072	1,696,863	147%	576,106	581,241	6,258,700	2,645,448	3,613,252	154%	1,508,795	831,453
2012	6,560	3,538,655	1,836,024	1,702,631	147%	596,127	559,127	6,449,356	3,254,365	3,194,991	230%	1,125,000	264,306
2013	6,688	3,378,356	1,885,250	1,493,106	129%	621,879	536,114	6,743,789	2,704,917	4,038,872	137%	1,865,000	1,085,663
2014	6,843	3,642,963	1,980,775	1,662,188	143%	648,318	511,310	7,745,069	3,054,415	4,690,654	142%	2,265,153	1,044,559
2015	6,770	3,498,255	2,003,865	1,494,390	129%	670,523	485,175	8,227,617	3,350,879	4,876,738	131%	2,755,000	972,713
2016	6,843	3,610,982	2,057,945	1,553,037	134%	698,544	457,554	8,389,017	3,679,317	4,709,700	139%	2,478,685	901,378
2017	6,942	3,450,925	2,159,366	1,291,559	112%	727,319	428,778	8,328,364	3,258,739	5,069,625	143%	2,603,647	930,166
2018	7,116	3,746,609	2,306,840	1,439,769	125%	756,935	398,503	8,553,805	3,475,568	5,078,237	131%	3,165,000	724,563
2019	7,024	4,202,849	2,559,996	1,642,853	142%	1,016,000	142,066 **	8,826,289	3,755,779	5,070,510	119%	3,615,000	629,620
2020	7,070	4,445,819	2,429,005	2,016,814	124%	1,422,000	202,948 **	8,746,440	3,372,360	5,374,080	120%	3,469,529	999,334

(1) City of Woodburn Financial System

(2) City of Woodburn Debt Service Schedules

**Debt service excludes principal and interest on refunded debt

DEMOGRAPHIC AND ECONOMIC INFORMATION

CITY OF WOODBURN, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<i>Fiscal Year</i>	<i>Population (1)</i>	<i>Total personal income (in thousands)</i>	<i>Per capita personal income (2)</i>	<i>Median age (2)</i>	<i>Unemployment rate (3)</i>	<i>School Enrollment K-12 (4)</i>
2011	24,085	1,037,894,905	43,093	33.3	10.3%	5,113
2012	24,090	1,027,679,400	42,660	32.5	9.7%	5,160
2013	24,090	1,043,843,790	43,331	31.9	8.7%	5,273
2014	24,330	1,067,576,070	43,879	33.5	7.3%	5,342
2015	24,455	1,067,852,030	43,666	33.7	6.1%	5,390
2016	24,670	1,113,406,440	45,132	33.5	5.3%	5,604
2017	24,795	1,068,490,935	43,093	33.6	4.5%	5,604
2018	24,685	1,091,768,180	44,228	33.4	4.0%	5,544
2019	24,760	1,164,759,920	47,042	32.9	4.2%	5,544
2020	25,135	1,182,400,670	47,042	32.9	4.2%	5,628

(1) Source: Portland State University Population Research Center

(2) United States Census Bureau American Community Survey 5-year Estimates

(3) Annual average (Source: State of Oregon Employment Department)

(4) Woodburn School District: Oregon Average Daily Membership (ADM) Annual Report

CITY OF WOODBURN, OREGON
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2020			2010		
	Employees	Rank	Percentage of total city employment	Employees	Rank	Percentage of total city employment
Woodburn School District	650-700	1	6.04%	750-800	1	9.03%
Winco Foods	550-600	2	5.15%	450-500	2	5.54%
Food Services of America	500-550	3	4.70%	450-500	3	5.54%
Bruce Packing Co., Inc.	350-400	4	3.36%	150-200	8	2.04%
Wal Mart Associates Inc	250-300	6	2.46%	300-350	4	3.79%
Fleetwood Homes Inc.	200-250	7	2.01%	50-100	15	0.87%
City of Woodburn	150-200	8	1.57%	200-250	6	2.62%
Kerr Contractors Oregon Inc.	150-200	9	1.57%	100-150	9	1.46%
Nike Retail Services, Inc.	150-200	10	1.57%	50-100	16	0.87%
Do It Best Corp	100-150	12	1.12%	50-100	17	0.87%
Al's Garden Centers & Greenhouses	100-150	13	1.12%	100-150	10	1.46%
Oregon Child Development Coalition	100-150	14	1.12%	100-150	11	1.46%
Fjord LLC	100-150	15	1.12%	-	-	-
Safeway Stores, Inc.	100-150	16	1.12%	100-150	12	1.46%
Dominguez Labor Contractor Inc	100-150	17	1.12%	-	-	-
Salud Medical Center	100-150	18	1.12%	100-150	13	1.46%
Wave	100-150	19	1.12%	25-50	28	0.44%
Universal Forest Products Woodburn LLC	100-150	20	1.12%	100-150	14	1.46%
Woodburn Health Center	50-100	21	0.67%	50-100	18	0.87%
Gem Equipment of Oregon, Inc.	50-100	23	0.67%	50-100	19	0.87%
Country Meadows Village LLC	50-100	25	0.67%	50-100	20	0.87%
The North Face	50-100	26	0.67%	-	-	-
Oregon Family Labor LLC	50-100	27	0.67%	-	-	-
Woodburn Mega Foods	50-100	28	0.67%	50-100	21	0.87%
French Prairie Nursing	50-100	29	0.67%	-	-	-
Speciality Polymers Inc	50-100	30	0.67%	25-50	29	0.44%
Triplett Wellman Inc.	50-100	31	0.67%	25-50	30	0.44%
Rameriz FLC Inc	50-100	33	0.67%	-	-	-
United Pacific Forest Products	50-100	34	0.67%	25-50	31	0.44%
Wolfers Heating and Air Conditioning	50-100	35	0.67%	25-50	32	0.44%
Patrick Industries Oregon Division	50-100	36	0.67%	25-50	33	0.44%
Townsend Farms, Inc	50-100	37	0.67%	-	-	-
Truss T Structures Inc	50-100	38	0.67%	25-50	34	0.44%
Woodburn- Denny's LLC	50-100	39	0.67%	25-50	35	0.44%
Red Robiun Gourmet Burgers & Brews	50-100	40	0.67%	-	-	-
TJX Co Inc.	50-100	41	0.67%	-	-	-
Pacific Farm Labor Corp	25-50	42	0.34%	-	-	-
United Disposal Service Inc	25-50	43	0.34%	50-100	22	0.87%
Cascade Park Retirement Center	25-50	44	0.34%	50-100	23	0.87%
Greentree III Inc	25-50	45	0.34%	-	-	-
Tree Top Inc	25-50	46	0.34%	25-50	36	0.44%
Woodburn Ambulance Services Inc.	25-50	47	0.34%	25-50	37	0.44%
Adidas America Inc	25-50	48	0.34%	-	-	-
Darigold Inc	25-50	49	0.34%	-	-	-
Direct Labor Inc	25-50	50	0.34%	-	-	-
Subtotal	6,039		54.05%	4,589		53.50%
All Other	5,135		45.95%	3,989		46.49%
Total	11,174		100.0%	8,578		100.0%

Source: City of Woodburn Economic Development Department and Oregon Employment Department

OPERATING INFORMATION

CITY OF WOODBURN, OREGON
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	Actual										Budgeted
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	18.9	18.9	20.2	21.5	21.5	20.9	20.9	21.7	23.1	23.1	24.5
Public safety	40.5	40.5	40.0	39.6	41.1	42.6	42.7	43.6	43.6	43.6	45.8
Highways and streets	28.9	28.9	15.0	14.0	14.0	11.8	12.8	12.8	13.0	14	14
Culture and recreation	48.1	48.1	42.0	45.8	49.9	50.1	51.0	51.2	51.7	57.8	58.3
Economic development	-	-	-	-	-	1.0	0.5	1.0	1.0	0.9	0.9
Sewer	16.0	16.0	15.0	15.0	15.0	15.0	14.0	14.0	14.0	14	14
Water	9.0	9.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	10.5	10.5
Total	161.3	161.3	143.2	146.8	152.5	152.4	152.9	155.3	157.4	163.9	168.0

Source: Annual Adopted Budget Book and City Records

CITY OF WOODBURN, OREGON
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Police calls	20,431	18,570	18,127	18,145	17,062	14,744	14,934	15,679	14,848	*
Authorized staffing	32	32	32	32	32	34	34	34	35	
Arrests	1,869	1,752	1,449	1,777	1,441	1,003	1,060	989	956	*
Offenses	2,549	3,231	2,757	3,212	3,119	2,871	3,408	3,534	2,952	*
Culture and recreation										
Park Acreage	103	110	110	110	110	110	128	128	128	*
Library attendance	193,681	178,203	150,127	138,607	132,575	135,317	125,153	114,987	116,223	*
Aquatics attendance	88,835	127,663	139,248	144,459	148,885	144,810	140,834	164,646	170,415	*
Sports, programs, and event attendance	11,325	8,789	8,405	12,459	12,200	29,424	30,578	32,701	36,521	*
After school club	26,645	0	0	0	0	0	0	0	0	*
Public transportation										
Fixed route rides	31,285	33,877	47,454	34,222	34,869	32,684	25,533	24,786	22,374	*
Dial-A-Ride trips	7,441	6,456	5,622	5,097	11,842	6,221	6,224	6,952	6,696	*
Out of town medical rides	1,615	1,630	1,742	1,972	2,441	1,321	1,473	1,445	2,368	*
Community development										
Building permits issued	179	186	263	279	230	386	171	226	160	*
Water										
Production capacity	2 mgd	2 mgd	2mgd	2mgd	2 mgd	2mgd	2mgd	2mgd	2mgd	2mgd
Customers served	6,700	6,560	6,688	6,843	6,770	6,843	6,942	7,116	7,315	*
Wastewater										
Average daily treatment	2-3 mgd	2-3 mgd	2-3 mgd	2-3 mgd	2-3 mgd	2-3 mgd	2-3 mgd	2-3 mgd	2-3 mgd	2-3 mgd

*Information unavailable at this time

Source: FY 2019-20 Budget: City Statistics - Services

CITY OF WOODBURN, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (center lane miles)	64	64	64	64	64	64	64	65	65	65
Culture and recreation										
Parks acreage	128	128	128	128	128	128	128	128	128	128
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community centers	0	0	0	0	0	0	0	0	0	0
Sewer										
Number of connections	5714	6182	6230	6317	6414	6479	6503	6558	6558	6642
Maximum daily treatment capacity (millions of gallons)	16	16	16	16	16	16	16	16	16	16

¹There are no traffic signals on city-owned streets, only on county and state roads.

Street lights are owned and maintained by PGE

Source: City Departments

OTHER INFORMATION

CITY OF WOODBURN, OREGON
WATER SYSTEM COVERAGE CALCULATION
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Customer Accounts	3,673	3,893	4,280	4,426	4,844	5,393	5,950	6,579	6,760	6,617
Revenues:										
Charges for Services	\$ 3,156,359	\$ 3,217,518	\$ 3,236,888	\$ 3,166,879	\$ 3,277,605	\$ 3,415,661	\$ 3,293,342	\$ 3,399,943	\$ 3,804,029	\$ 3,990,472
Miscellaneous	35,554	55,010	58,454	303,593	60,055	67,290	58,922	79,062	120,234	61,379
Interest	1,977	1,862	3,827	7,498	9,078	12,425	22,231	39,618	62,422	59,579
SDC	190,045	264,265	79,187	164,993	151,517	115,606	76,430	227,986	216,164	334,389
<i>Total Gross Revenues</i>	<u>3,383,935</u>	<u>3,538,655</u>	<u>3,378,356</u>	<u>3,642,963</u>	<u>3,498,255</u>	<u>3,610,982</u>	<u>3,450,925</u>	<u>3,746,609</u>	<u>4,202,849</u>	<u>4,445,819</u>
Operating Expenditures										
Personal Services	1,090,996	1,195,296	1,287,000	1,244,302	1,168,912	1,172,688	1,284,183	1,382,962	1,349,044	1,463,652
Materials & Services	596,076	640,727	598,109	736,473	834,953	885,257	875,184	923,878	1,210,952	760,029
<i>Total Operating Expenses</i>	<u>1,687,072</u>	<u>1,836,024</u>	<u>1,885,109</u>	<u>1,980,775</u>	<u>2,003,865</u>	<u>2,057,945</u>	<u>2,159,367</u>	<u>2,306,840</u>	<u>2,559,996</u>	<u>2,223,681</u>
<i>Water Fund Balance, End of Year</i>	<u>\$ 3,634,979</u>	<u>\$ 4,182,194</u>	<u>\$ 4,517,447</u>	<u>\$ 5,020,007</u>	<u>\$ 5,358,699</u>	<u>\$ 5,755,638</u>	<u>\$ 3,473,585</u>	<u>\$ 3,757,916</u>	<u>\$ 3,958,373</u>	<u>\$ 4,758,511</u>
Net Revenues	1,696,863	1,702,632	1,493,247	1,662,188	1,494,390	1,553,037	1,291,558	1,439,769	1,642,853	2,222,138
Total Debt Service	1,157,346	1,155,416	1,157,994	1,159,628	1,155,698	1,156,098	1,156,097	1,155,438	1,158,065	1,422,000
<i>Debt Service Coverage</i>	147%	147%	129%	143%	129%	134%	112%	125%	142%	156%

CITY OF WOODBURN, OREGON
MAJOR WATER SYSTEM CUSTOMERS
JUNE 30, 2020

#	Customer Name	Industry	2020	% of Total Charges
1	SPECIALTY POLYMER	Industrial	\$ 74,713	1.9%
2	CASCADE MEADOWS APARTMENTS	Multi Family	54,901	1.4%
3	AMERICOLD LOGISTICS	Commercial	52,429	1.3%
4	STONEHEDGE COURT	Multi Family	50,936	1.3%
5	WOODBURN PREMIUM OUTLETS, LLC	Commercial	42,664	1.1%
6	HARVARD MEADOWS	Multi Family	31,258	0.8%
7	WOODBURN WEST MOBILE ESTATES	Multi Family	27,888	0.7%
8	MARION CO HOUSING AUTHORITY	Multi Family	27,559	0.7%
9	COUNTRY MEADOWS VILLAGE	Multi Family	22,812	0.6%
10	TOWNSEND FARMS INC	Industrial	21,308	0.5%
			Subtotal \$ 406,468	
			Total Water Charges \$ 3,927,535	

CITY OF WOODBURN, OREGON
SEWER SYSTEM COVERAGE CALCULATION
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
User Fees	\$ 5,544,381	\$ 6,088,590	\$ 6,488,127	\$ 7,416,117	\$ 7,910,674	\$ 8,098,602	\$ 8,019,478	\$ 8,071,234	\$ 7,993,348	\$ 8,068,459
SDCs	12,301	166,529	174,123	235,714	214,407	173,376	117,124	221,257	199,446	129,584
Interest	3,982	44,633	86,133	97,547	95,415	124,753	226,174	361,418	564,458	485,044
Miscellaneous	122,698	149,264	69,378	66,220	71,114	71,711	99,491	69,900	69,037	63,354
Total Revenue	5,683,362	6,449,016	6,817,762	7,815,598	8,291,610	8,468,441	8,462,266	8,723,809	8,826,289	8,746,441
Operating Expenses¹	3,485,336	2,379,286	2,864,917	3,148,249	3,467,717	3,796,244	3,348,739	3,505,314	3,755,779	3,131,761
Net Revenues	\$ 2,198,025	\$ 4,069,730	\$ 3,952,845	\$ 4,667,349	\$ 4,823,893	\$ 4,672,197	\$ 5,113,528	\$ 5,218,495	\$ 5,070,510	\$ 5,614,680
Net Revenues less SDCs	\$ 2,185,725	\$ 3,903,201	\$ 3,778,722	\$ 4,431,634	\$ 4,609,486	\$ 4,498,821	\$ 4,996,404	\$ 4,997,238	\$ 4,871,064	\$ 5,485,096
DEQ Loan R98411	\$ 306,177	\$ 157,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEQ Loan R98412	1,990,887	954,580	-	-	-	-	-	-	-	-
G98002	43,185	42,021	-	-	-	-	-	-	-	-
2011 Revenue Bonds Series A & B			2,950,663	3,309,713	3,727,713	3,380,063	3,533,813	3,889,563	4,244,613	4,468,863
Total Debt Service	\$ 2,340,248	\$ 1,153,913	\$ 2,950,663	\$ 3,309,713	\$ 3,727,713	\$ 3,380,063	\$ 3,533,813	\$ 3,889,563	\$ 4,244,613	\$ 4,468,863
Debt Service Coverage	94%	353%	134%	141%	129%	138%	145%	134%	119%	126%
Debt Service Coverage (w/o SDC)	93%	338%	128%	134%	124%	133%	141%	128%	115%	123%

¹ Operation expenses do not include depreciation, debt service or equipment replacement transfer

CITY OF WOODBURN, OREGON
MAJOR SEWER SYSTEM CUSTOMERS
JUNE 30, 2020

#	Customer Name	Account Type	2020	% of Total Charges
1	OREGON YOUTH AUTHORITY (MACLAREN)	Commercial	253,073	3.1%
2	STONEHEDGE COURT	Multi Family	237,513	2.9%
3	TREETOP	Industrial	206,542	2.6%
4	WOODBURN PREMIUM OUTLETS	Commercial	136,780	1.7%
5	CASCADE MEADOWS APARTMENTS	Multi Family	134,876	1.7%
6	HARVARD MEADOWS	Multi Family	91,325	1.1%
7	CASCADE PARK RETIREMENT	Multi Family	88,770	1.1%
8	MARION COUNTY HOUSING AUTHORITY	Multi Family	84,705	1.0%
9	COUNTRY MEADOWS VILLAGE	Multi Family	78,425	1.0%
10	NUEVO AMANACER	Multi Family	77,764	1.0%
		Subtotal	<u>1,389,773</u>	
		Total Sewer Charges	<u>8,068,459</u>	

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Council Members
City of Woodburn
270 Montgomery Street
Woodburn, Oregon 97071

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Woodburn as of and for the year ended June 30, 2020, and have issued our report thereon dated November 25, 2020.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Woodburn'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 statements 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 expenditures in excess of appropriations as noted in the footnotes 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 opinion 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 council members and management of the City of Woodburn and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

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

By: 
Katherine R. Wilson, A Shareholder
November 25, 2020



GROVE, MUELLER & SWANK, P.C.

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

May 20, 2020

The Honorable Greg Mahler, Mayor
And Members of the City Council
City of Sweet Home
3225 Main Street
Sweet Home, Oregon 97386

In planning and performing our audit of the financial statements of the City of Sweet Home (the City) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the City's internal control to be significant deficiency:

CURRENT YEAR

ACCOUNT RECONCILIATIONS

Situation/Recommendation

During our audit, we noted that periodic reconciliations on various major accounts was not performed (cash, accounts payable, accrued liabilities, and interest revenues allocations). It is important to reconcile subsidiary ledgers or supporting schedules to the general ledger to ensure the accuracy of financial information and minimize the risk of misstatement or misappropriation. We strongly recommend that a policy be implemented, whereby all subsidiary ledgers and/or supporting schedules are reconciled to the general ledger or on a monthly or otherwise timely basis. We also recommend that appropriate management-level personnel review the reconciliations for accuracy and document evidence of their review for audit purposes.

Management's Response

Due to the construction and relocation of City Hall during the fiscal year and staff's involvement in managing the project, management was unable to reconcile accounts timely. Timely reconciliations will be completed in the future to ensure financial reporting is accurate and to avoid additional missteps regarding excess expenditures.

We considered the following deficiency in the City's internal control to be significant deficiency in the prior year:

PRIOR YEAR

TIMELINESS OF BANK RECONCILIATIONS

Situation/Recommendation

It was noted that bank reconciliations were not performed timely during the fiscal year. This lack of timely reconciliation results in inaccurate reporting of balances and could result in fraudulent items negotiated against the City's bank accounts. We recommend that timely bank reconciliation procedures be implemented.

Status Update

See current year deficiency related to timely reconciliation of accounts.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance of the City of Sweet Home the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Very truly yours,


CERTIFIED PUBLIC ACCOUNTANTS