

For Fiscal
Year Ended

June 30, 2021

CITY OF *Salem*
AT YOUR SERVICE

ANNUAL COMPREHENSIVE FINANCIAL REPORT



**CITY OF SALEM,
OREGON**

ANNUAL

COMPREHENSIVE

FINANCIAL

REPORT

For the Fiscal Year Ended

June 30, 2021

Prepared by the Finance Department

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

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

Introductory Section



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

December 30, 2021

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

The Finance Department is pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Salem, Oregon (City), for the fiscal year ended June 30, 2021. To the best of our knowledge, and in the opinion of the City's independent auditor, the basic financial statements present fairly, in all material respects, the financial position of the City and the results of operations of the various funds and component units in conformity with accounting principles generally accepted in the United States (GAAP).

The City is required by State law to undergo an annual audit and publish, within six months of the close of each fiscal year, a complete set of audited financial statements in conformity with the provisions of Oregon Revised Statutes. The City's basic financial statements have been audited by Grove, Mueller and Swank P.C., a firm of licensed certified public accountants. The independent auditor has issued an unmodified opinion on the City's financial statements for the year ended June 30, 2021. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting the above requirements, the audit was also designed to meet the special needs of federal grantor agencies as required by the Single Audit Act and the Office of Management and Budget's Uniform Guidance. These standards require the auditor to report on the fair presentation of the financial statements, as well as the City's internal controls and compliance with legal requirements, with emphasis on the administration of federal and state awards. The report on the City's Single Audit for the fiscal year ended June 30, 2021 indicates no instances of material weakness in the internal control structure and no violations of applicable laws and regulations. Information related to the Single Audit, including a Schedule of Expenditures of Federal Awards, the independent auditor's report on internal controls and compliance with applicable laws and regulations, and a Schedule of Findings and Questioned Costs is included in a separately issued Federal Grant Compliance Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

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

CITY PROFILE

The City of Salem, incorporated in 1860, is the capital of the State of Oregon, and the seat of Marion County. It is located in Marion and Polk Counties in the Mid-Willamette Valley and is approximately 45 miles south of Portland, Oregon. Salem has a population of 168,970 and covers 49 square miles. The City operates under a home rule charter available at <http://www.cityofsalem.net/Pages/city-charter.aspx>. The Charter provides specific and general powers for conducting the City's business through an elected council and appointed city manager. The council-manager form of government separates legislative policy functions from administrative functions.

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

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

Reporting entity

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

Budget process

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

ECONOMIC CONDITIONS AND OUTLOOK

Recent economic performance

From 2010 to 2020, nonfarm employment in the Salem Metropolitan Statistical Area (MSA) has increased from 185,615 to 211,806 (14.1%). The most significant gains were seen in construction, which has experienced a major comeback from the lows of the late 2000's – gaining more than 6,600 jobs from 2010 to 2020, an increase of over 70%. Construction growth continued even into 2020, and the last three-year growth rate was still above 9%. Wholesale and retail trade also have been strong in the last decade, increasing more than 10% even with modest 2020 losses. Health care is another strong industry in the area, growing nearly 28% over the last 10 years, and 4% from 2018 to 2020. Growth in this area slowed in 2020 but did not end the year at a loss. Areas that will lag in recovery will be government employment and educational support.

The average unemployment rate for the Salem MSA in 2020 was 6.9%. Peak unemployment in April 2020 was 11.5%, which has fallen to 4.1% as of September 2021. Labor force and total employment have recovered to well above pre-pandemic levels as of mid-2021.

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

Long-term financial planning

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

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

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

Economic impact of Oregon Public Employees Retirement System (PERS) future rates – The City's PERS employer contribution rates continue to be a significant driver of personnel costs. City staff continue to monitor the PERS liability and discuss methodologies for meeting this economic challenge.

Relevant financial policies

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

Major initiatives

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

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

Under these broad areas, more specific priority goals are established. Current focus areas are addressing homelessness, creating community resilience, increasing equitable delivery of City services, building great neighborhoods, and taking action on climate change.

Some of the specific activities being pursued in the 2021-22 year are identified below.

- Addressing homelessness
 - Collaborate with other entities that provide crisis response and mitigation
 - Pursue a housing-first model by developing small transitional housing options
 - Identify a funding strategy for a navigation center in the Salem area
 - Identify opportunities to create additional permanent supportive housing
- Creating community resilience
 - Support local businesses impacted by COVID closures
 - Partner with other entities to strengthen and expand technical training, apprenticeships, and mentoring
 - Begin preparations to issue a bond in 2022 to replace aging fire apparatus
- Increasing equitable delivery of City services
 - Develop and begin implementing a plan to achieve a representative workforce
 - Improve the customer service experience at City Hall
 - Identify opportunities to increase revenue needed to deliver core services
- Building great neighborhoods
 - Finalize the Our Salem plan and begin implementing year-one activities related to neighborhood development, parks and recreation facilities, and bike and pedestrian safety
- Taking action on climate change
 - Finalize the Climate Action Plan, evaluate recommendations, and develop an implementation plan

OTHER INFORMATION

Certificate of Achievement

The GFOA of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Salem, Oregon, for its ACFR for the fiscal year ended June 30, 2020. The City has received this award 23 times. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for one year. We believe our current report continues to meet the standards of the Certificate of Achievement Program, and we are submitting it to GFOA to determine its eligibility for certification.

Acknowledgments

This ACFR was prepared by the City's Finance Department. The Finance Department would like to thank all City personnel who contributed to these reports and the members of the City Council, Finance Committee, Budget Committee, and City Manager for their interest and support in the professional and progressive management of the financial operations of the City. Preparation of this report would not have been successful without their support.

Respectfully submitted,



Jennifer Mattechuck, CPA
Chief Accountant
City of Salem, Oregon





Government Finance Officers Association

Certificate of
Achievement
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in Financial
Reporting

Presented to

**City of Salem
Oregon**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

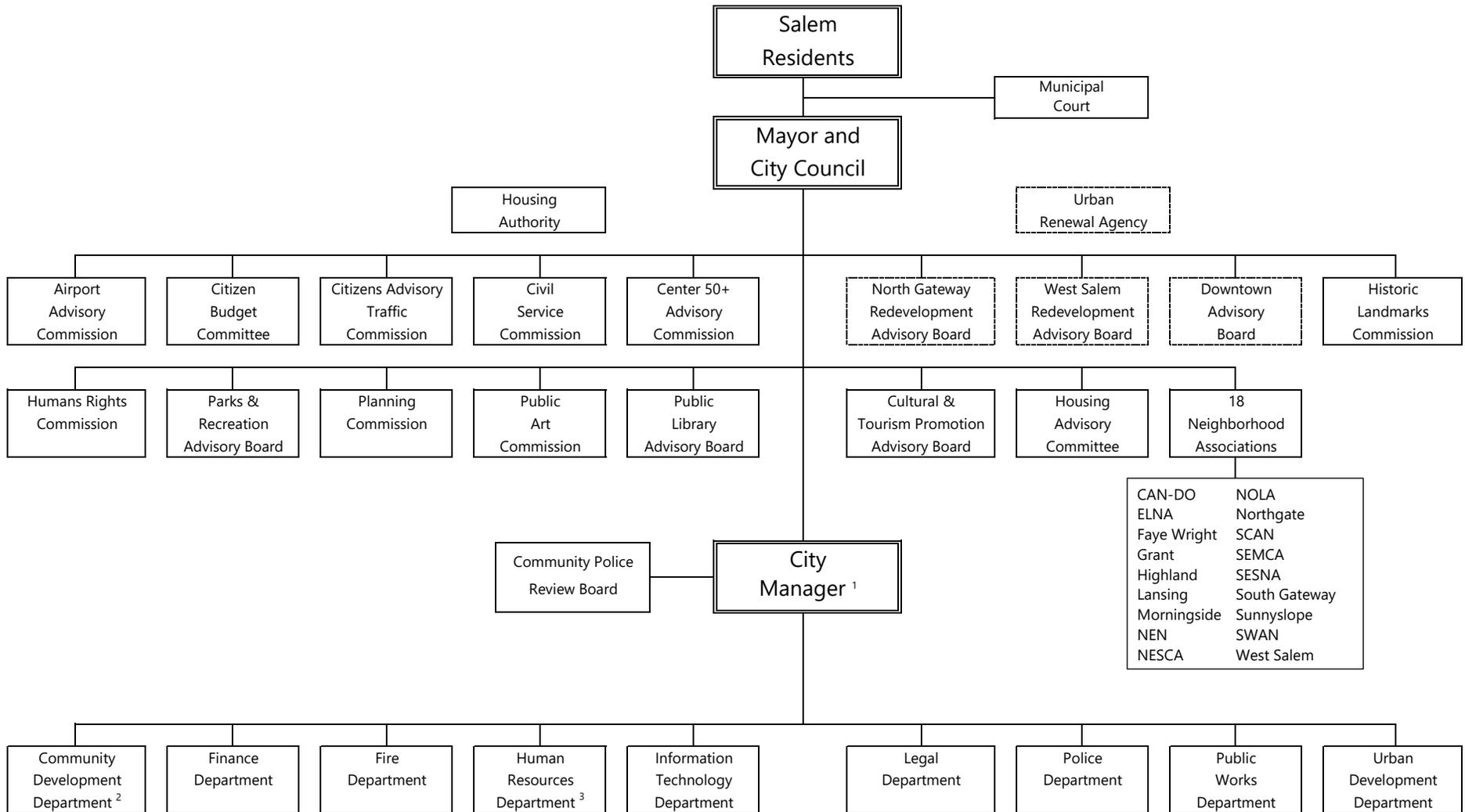
June 30, 2020

Christopher P. Morill

Executive Director/CEO

Organization of the City of Salem, Oregon

July 2020



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

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

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

CITY OF SALEM, OREGON

CITY COUNCIL

<u>Ward No.</u>	<u>Name</u>	<u>Term Expires December 31,</u>
Mayor	Chuck Bennett	2022
1	Virginia Stapleton	2024
2	Tom Andersen	2022
3	Trevor Phillips	2024
4	Jackie Leung	2022
5	Jose Gonzalez	2024
6	Chris Hoy	2022
7	Vanessa Nordyke	2024
8	Jim Lewis	2022

ADMINISTRATIVE STAFF

City Manager: Steve Powers
Chief Accountant: Jennifer Mattecheck

All correspondence for persons listed above may be sent to:

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



Financial Section



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

www.gmscpa.com

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Salem, Oregon (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Salem Housing Authority, which represent 3 percent of the assets and net position and 12 percent of the revenue of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Salem, Oregon, as of June 30, 2021, and the respective changes in financial position, budgetary comparisons for the General fund and major special revenue funds, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the defined benefit pension plan (PERS) schedules, the schedule of changes in total other post-employment benefits liability and related ratios - implicit rate subsidy, and the defined benefit pension plan (RHIA) schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management's discussion and analysis, PERS schedules and OPEB schedules described earlier in this paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Legal and Regulatory Requirements

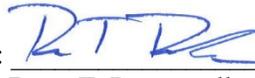
Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 30, 2021, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and results of that testing and not to provide an opinion on compliance.

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

By: 
Ryan T. Pasquarella, A Shareholder
December 30, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

This discussion and analysis of the City of Salem's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the transmittal letter (beginning on page 1), basic financial statements (beginning on page 33), and notes to the financial statements (beginning on page 60).

FINANCIAL HIGHLIGHTS

- The net position of the City at the close of fiscal year 2020-21 is \$1,323.3 million. Of this amount, negative \$59.5 million is unrestricted. This is negative due to long-term liabilities related to pension and other post-employment benefits (OPEB).
- Net position increased by \$54.4 million during the year, \$22.7 million in governmental activities and \$31.7 million in business-type activities.
- The City received \$17.1 million from the American Rescue Plan Act (ARPA) during 2020-21. \$9.3 million was recorded as revenue for the year, with the balance reported as a liability pending qualifying future expenditures. The majority of the \$9.3 million was revenue replacement related to 2020 revenue losses due to COVID shutdowns.
- Capital assets increased \$93.2 million overall, \$50.2 million in governmental activities and \$43.0 million in business-type activities. The governmental increase is primarily increased construction work in process, such as the new Police facility, Library building improvements, and street infrastructure projects city-wide. \$7.0 million of the governmental change was due to restatement of several construction projects in progress incorrectly reported as expense in 2019-20. The increase in business-type capital assets is also primarily work in process, for example Geren Island water treatment facility improvements, Willow Lake wastewater facility improvements, and other utility infrastructure projects city-wide. \$2.7 million of the business-type change was also due to restatement of prior year projects in progress previously reported as expense.
- Long-term debt decreased \$23.5 million overall. Governmental activities decreased \$8.9 million, a net of scheduled payment of bonds (\$16.6 million), refunding of GO bonds (net reduction of \$2.0 million), and issuance of \$9.7 million of urban renewal bonds. Business-type activities decreased \$14.6 million in due to paydown of debt.
- The government-wide statements include pension liabilities. The overall net pension liability is \$208.7 million, accompanied by deferred outflows of \$69.4 million, and deferred inflows of \$5.2 million. Net pension expense of \$26.6 million was recognized in 2020-21. See the PERS note on page 89 for more details.
- The government-wide statements also include other post-employment benefit (OPEB) liabilities. The overall net OPEB liability is \$19.6 million, with deferred outflows of \$4.6 million, and deferred inflows of \$1.5 million. A net OPEB expense of \$1.4 million was recognized during 2020-21. See the RHIA and OPEB notes beginning on page 96 for more details.
- On a fund basis, governmental funds reported a combined ending fund balance of \$164.6 million. Of this amount, \$56.4 million (34.3%) is either committed, assigned, or unassigned and available to fund ongoing activities. The remaining fund balance of \$108.2 million (65.7%) is either restricted or non-spendable, a decrease of \$24.4 million, which is primarily bond funds for construction. The overall decrease in fund balance of \$12.5 million is primarily composed of the following. Increase of \$6.1 million in the General fund due to receipt of ARPA funding and a full year of the City operations fee. Decrease of \$36.2 million

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2021

in the Capital Improvements fund due to spending of bond proceeds for the new Police facility construction and Library building improvements. Increase of \$12.4 million in the Tax Allocation Improvements fund due to issuance of bonds and short-term loans. Increase of \$5.8 million in nonmajor funds primarily from System Development charges, Development District fees, and building permits associated with increased development activity.

- At year-end, the unassigned fund balance in the General fund was \$29.8 million, or 22.5% of total General fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Fund financial statements (pages 37-59). The fund financial statement section includes statements for each of the three basic fund types: governmental, proprietary, and fiduciary.

Governmental funds – The City reports most of its basic services in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These fund statements measure cash and all other financial assets that

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

can readily be converted to cash using the modified accrual method of accounting. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides.

Governmental fund information measures the change in available financial resources to finance the City's programs in the near future. A reconciliation follows each of the governmental fund financial statements to explain the differences between the statement and the corresponding government-wide statement created by the latter's integrated approach.

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

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

Notes to the financial statements (pages 60-103). The notes provide additional, essential information regarding the data provided in the government-wide and fund financial statements. For a fuller understanding of the financial statements, read the notes in conjunction with them.

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

Required supplementary information (RSI) (pages 106-108). This section presents information about the City's progress in funding its obligations to provide pension benefits and other post-employment benefits to its employees.

Supplemental information (pages 111-165). This section includes combining statements of nonmajor governmental funds, nonmajor business-type funds, internal service funds, and changes in assets and liabilities of agency funds, as well as budgetary comparison schedules not shown as part of the basic financial statements.

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

Government-wide Financial Analysis

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

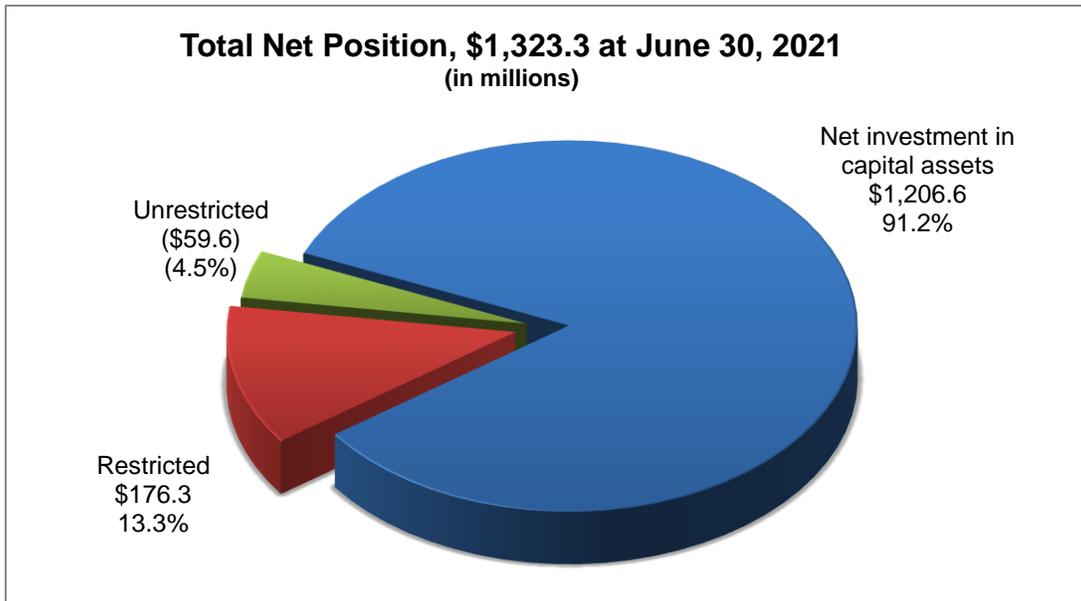
Financial Position

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Cash and investments	\$ 219.5	\$ 228.5	\$ 133.8	\$ 150.2	\$ 353.3	\$ 378.7
Other assets	28.4	29.9	29.1	29.2	57.5	59.1
Capital assets	681.1	630.9	735.8	692.8	1,416.9	1,323.7
Total assets	<u>929.0</u>	<u>889.3</u>	<u>898.7</u>	<u>872.2</u>	<u>1,827.7</u>	<u>1,761.5</u>
Deferred outflows of resources	53.8	40.5	23.3	18.9	77.1	59.4
Current liabilities	37.3	40.6	25.1	22.5	62.4	63.1
Noncurrent liabilities	337.4	301.8	174.2	176.5	511.6	478.3
Total liabilities	<u>374.7</u>	<u>342.4</u>	<u>199.3</u>	<u>199.0</u>	<u>574.0</u>	<u>541.4</u>
Deferred inflows of resources	5.5	7.5	2.0	3.1	7.5	10.6
Net position:						
Net investment in capital assets	565.5	538.6	641.1	618.8	1,206.6	1,157.4
Restricted	109.5	106.8	66.8	33.6	176.3	140.4
Unrestricted	(72.4)	(65.5)	12.8	36.6	(59.6)	(28.9)
Total net position	<u>\$ 602.6</u>	<u>\$ 579.9</u>	<u>\$ 720.7</u>	<u>\$ 689.0</u>	<u>\$ 1,323.3</u>	<u>\$ 1,268.9</u>

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



The City ended the year with a net position of \$1,323.3 million. \$1,206.6 million, or 91.2% of this amount represents the City's net investment in capital assets. This includes all capital assets (land, buildings, infrastructure, improvements, and machinery and equipment, net of accumulated depreciation) plus related deferred inflows and less related outstanding debt used to acquire the assets. The City uses these capital assets to provide services to citizens and consequently they

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

are not available for future spending. Although the City reports investment in capital assets as net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the assets themselves cannot be used to pay the liabilities.

An additional portion of net position, \$176.3 million, or 13.3%, represents resources that are subject to external restrictions on how they may be used, such as debt service or capital projects. The remaining balance of unrestricted net position totals a negative \$59.6 million, or -4.5%. The unrestricted net position is comprised of a negative \$72.4 million for governmental activities and a positive \$12.8 million for business type activities. The governmental amount is negative due to recognition of pension and OPEB liabilities.

Governmental Activities. The total net position from governmental activities increased \$22.7 million, or 3.9%. The Statement of Net Position shows a decrease of \$9.0 million in cash and investments, an increase of \$50.2 million in capital assets, and \$35.6 million increase in other liabilities. Capital assets increased mainly as a result of ongoing construction projects for the new Salem Police facility, the Salem Library upgrade, and street infrastructure projects. Cash decreased mainly due to spending of bond proceeds on those construction projects. Liabilities increased primarily due to the pension liability valuation, OPEB liability, new urban renewal bonds, and unearned revenue related to ARPA funding.

Business-type Activities. The total net position of business-type activities increased \$31.7 million, or 4.6%. The most significant changes on the Statement of Net Position are an increase in capital assets of \$43.0 million, a decrease in cash and investments of \$16.4 million, and a decrease in long-term debt of \$2.3 million. Capital assets increased mainly due to work in progress for Geren Island water treatment upgrade, Willow Lake Cogeneration facility and other utility infrastructure projects. Cash decreased primarily due to spending of bond proceeds on water improvements. Outstanding debt decreased by scheduled payments.

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

Results of Operations

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

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

	Governmental		Business-type		Total Primary	
	2021	2020	2021	2020	2021	2020
Program revenues						
Charge for services	\$ 44.7	\$ 44.7	\$ 123.6	\$ 120.7	\$ 168.3	\$ 165.4
Operating grants and contrib.	27.7	17.8	0.1	0.1	27.8	17.9
Capital grants and contrib.	17.7	30.6	17.5	17.5	35.2	48.1
General revenues						
Taxes	110.8	106.5	-	-	110.8	106.5
Shared state tax revenue	7.6	6.8	-	-	7.6	6.8
Franchise and operations fees	25.9	21.5	-	-	25.9	21.5
Interest	3.3	5.0	1.8	2.4	5.1	7.4
Other	1.5	1.7	1.1	1.3	2.6	3.0
Total revenues	239.2	234.6	144.1	142.0	383.3	376.6
Program expenses						
General government	33.6	25.5	-	-	33.6	25.5
Public safety	101.9	97.2	-	-	101.9	97.2
Community development	31.7	42.2	-	-	31.7	42.2
Community services	14.9	13.3	-	-	14.9	13.3
Transportation	28.7	28.2	-	-	28.7	28.2
Library services	6.1	5.7	-	-	6.1	5.7
Interest on long-term debt	6.9	7.3	-	-	6.9	7.3
Utility	-	-	101.0	101.0	101.0	101.0
Emergency services	-	-	0.8	0.8	0.8	0.8
WVPS communications center	-	-	12.7	12.3	12.7	12.3
Police Regional Records	-	-	0.4	0.2	0.4	0.2
Salem Convention Center	-	-	1.3	4.2	1.3	4.2
Total expenses	223.8	219.4	116.2	118.5	340.0	337.9
Excess before special items and transfers	15.4	15.2	27.9	23.5	43.3	38.7
Transfers	(1.1)	1.5	1.1	(1.5)	-	-
Change in net position	14.3	16.7	29.0	22.0	43.3	38.7
Net position - beginning	579.9	563.2	689.0	662.0	1,268.9	1,225.2
<i>Prior Period Adjustment</i>	8.4	-	2.7	5.0	11.1	5.0
Net position - ending	\$ 602.6	\$ 579.9	\$ 720.7	\$ 689.0	\$ 1,323.3	\$ 1,268.9

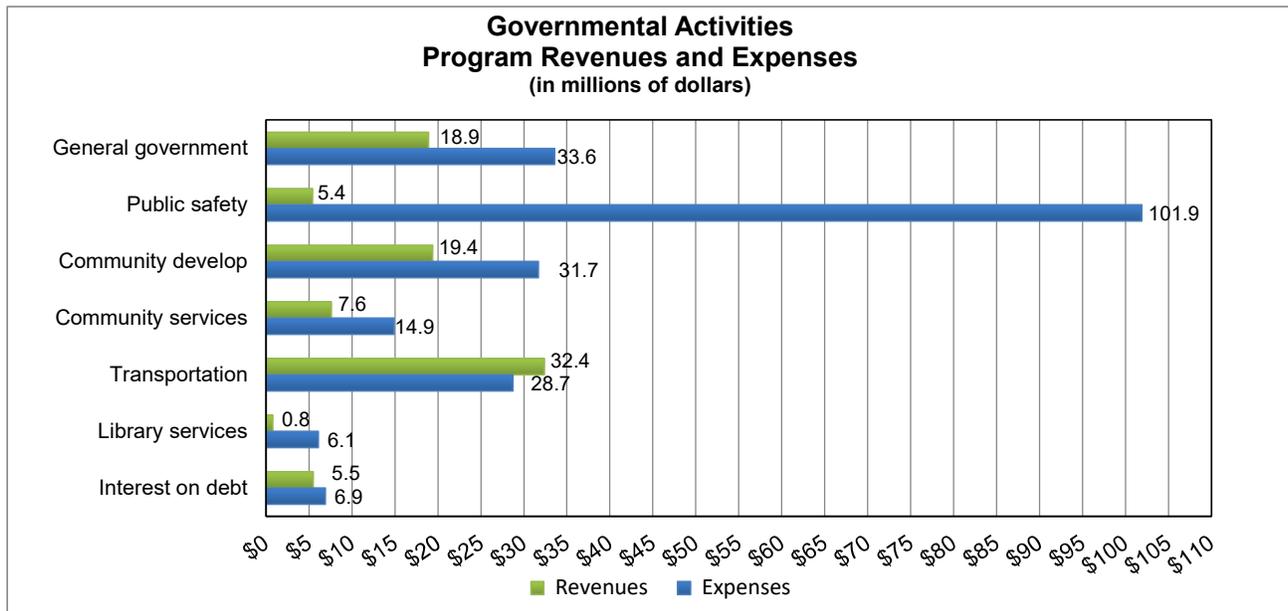
See the Statement of Activities (pages 34-35) for more detailed information.

Governmental Activities. The governmental net position increased by \$6.0 million more than it increased in the prior year, specifically: FY 2021's increase of \$22.7 million versus FY 2020's increase of \$16.7 million due primarily to the following:

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

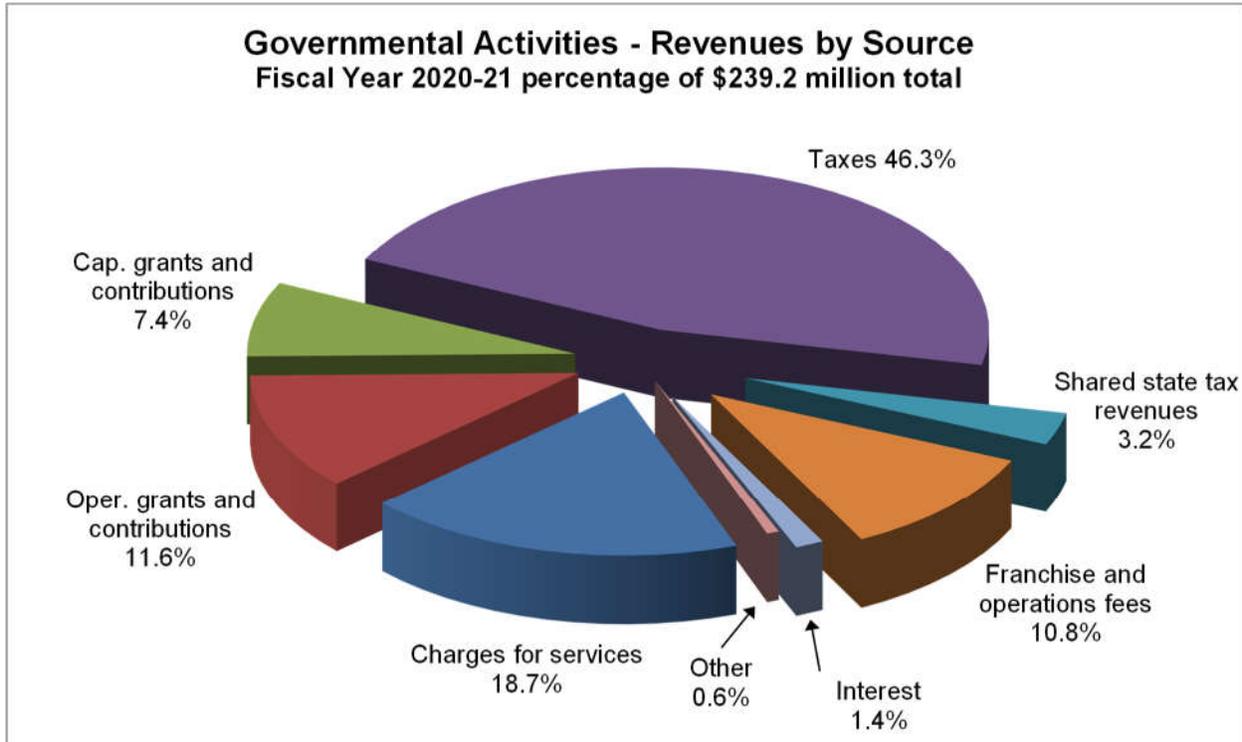
- Operating grant revenue increased by \$9.9 million, mainly due to \$9.3 million in ARPA funds recognized.
- General revenues increased \$7.6 million overall. The most significant changes year over year were property tax receipts increased by \$4.1 million from increased property values, the City operations fee had its first full year of revenue which generated \$3.6 million more than last year.
- Program expenses increased by \$4.4 million. General government increased by \$8.1 million primarily driven by unsheltered program grants and expenses and COVID relief to businesses. Public Safety had an increase of \$4.7 million, related to increased overtime in the fire department due to COVID related shift coverage and increased pension expense. Community Development had a decrease of \$10.5 million, mainly due to slowed Urban Renewal Agency construction activity. Community Services had an increase of \$1.6 million due to park damage during the ice storm. Library services increased by \$0.4 million, this included new book purchases and additional equipment for the newly remodeled location.
- Prior period adjustments were required for capital asset work-in-progress incorrectly reported as expense in fiscal year 2019-20 (\$7.0 million) and grant revenue not reported in 2019-20 (\$1.4 million).

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



MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

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

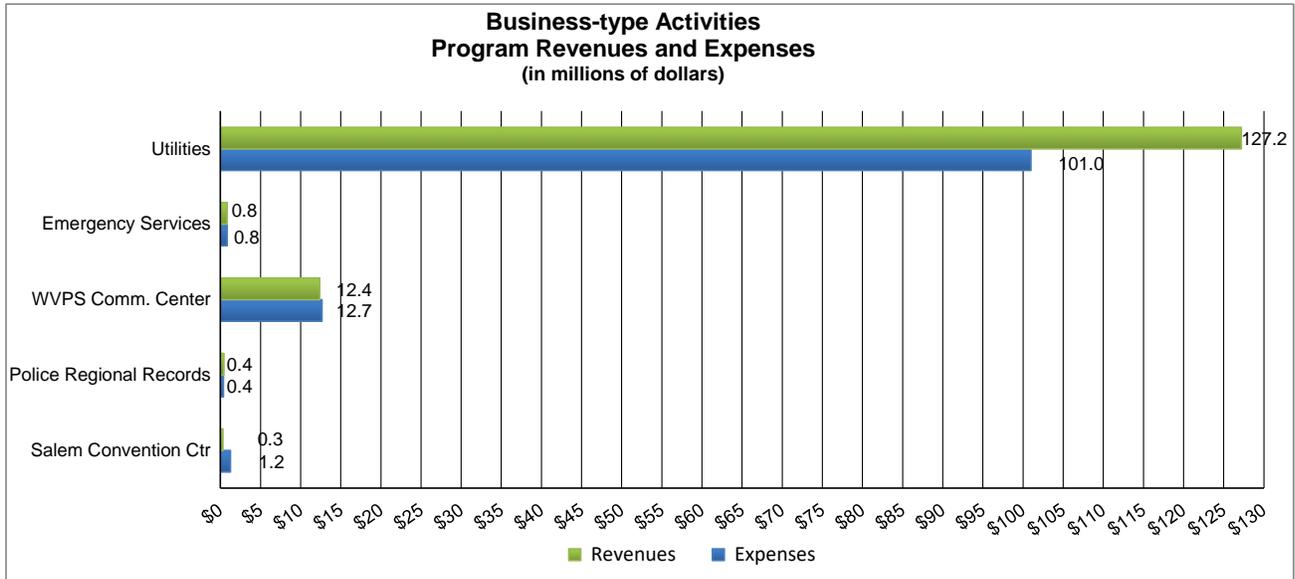


Business-type Activities. The table on page 20 shows the City's net position from business-type activities increased by \$31.7 million. This is primarily due to operating income of \$16.6 million in the Utility fund and \$17.5 million in capital contributions. This was offset by the interest on debt of \$5.4 million. The following are some highlights:

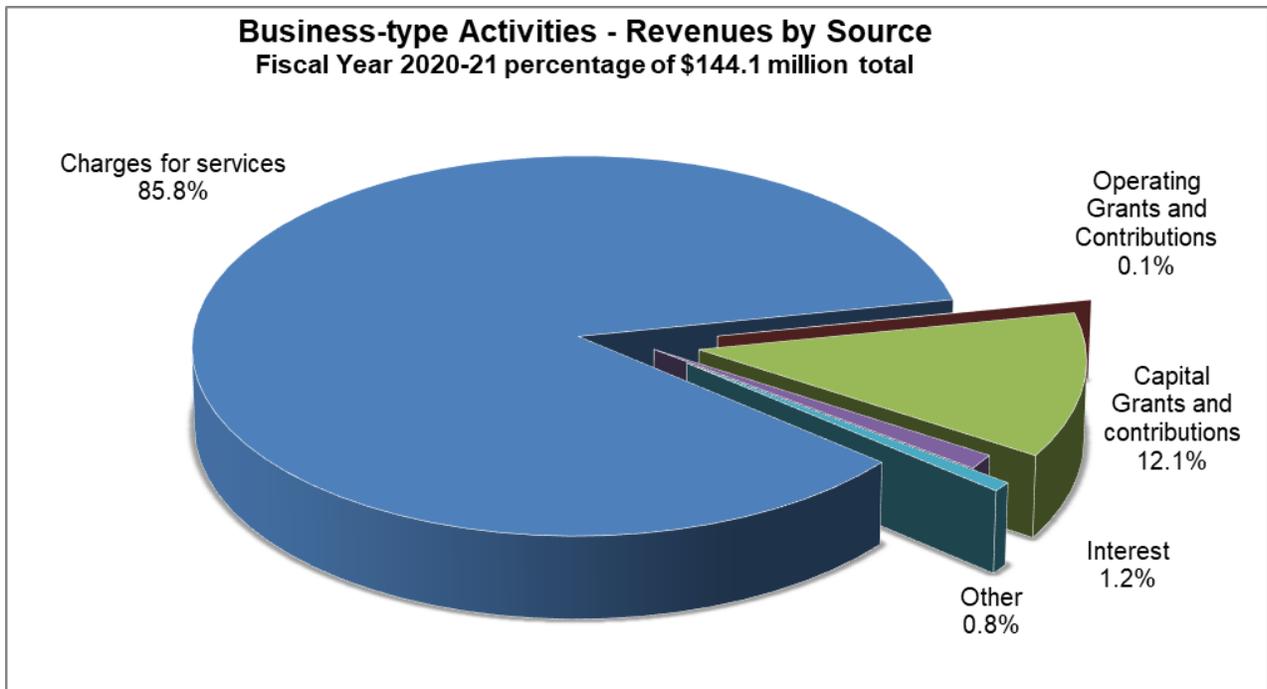
- Utility fund operating revenues increased by \$5.3 million, mainly due to the annual rate increase.
- Utility fund expenses decreased by \$3.7 million. Personal services expense increased by \$2.7 million per annual cost of living adjustment, but material and service expenses decreased by \$6.9 million. Depreciation expense on capital assets increased by \$0.5 million.
- Salem Convention Center was closed for most of the fiscal year due to COVID, leading to a decrease in revenue of \$3.5 million and decrease in expenses of \$3.0 million. This created an operating loss of \$0.9 million for 2020-21.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021



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



Fund-based Financial Analysis

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

Governmental Funds. At June 30, 2021, the City's governmental funds reported combined ending fund balances of \$164.6 million, a decrease of \$12.5 million or 7.0%, from last year. The unassigned General fund balance of \$29.8 million or 18.1% of the total governmental fund balance, is available for spending at the City's discretion. The remainder of the balance is constrained as follows: restricted to capital projects, debt service, or with other donor or legal restrictions is \$108.1 million or 65.7%. Committed fund balance is \$25.5 million or 15.5%. Assigned fund balance, representing encumbrances, is \$1.1 million or 0.7%, and nonspendable fund balance is \$0.1 million or 0.1% for prepaid expenses.

General Operating fund balance increased by \$6.1 million, from \$25.0 million to \$31.1 million. Total expenditures increased \$11.4 million over the prior year. This is seen in public safety increasing \$4.5 million primarily from annual personnel increases and overtime related to COVID response, general government increasing \$4.0 million mainly for unsheltered programs, community service increasing by \$2.0 million primarily for parks cleanup and repair of damage from the February 2021 ice storm, as well as additional park maintenance for support of the unsheltered. Capital outlay purchases increased by \$0.6 million, mostly for IT equipment, and park maintenance vehicles and equipment. The total ending fund balance is 19.3% of the FY 2022 budgeted fund revenues and complies with the ending fund balance/reserve policy adopted by the Council.

Capital Improvements fund balance decreased \$36.2 million, from \$51.2 million to \$15.0 million. This was primarily due to spending of bond funds to construct the Police facility (\$17.8 million) and Library building seismic retrofit (\$15.1 million). Street bond proceeds were also spent (\$1.0 million) for various street infrastructure improvements.

Tax Allocation Improvements fund balance increased \$12.4 million. The change was primarily due to the issuance of short-term debt of \$14.4 million, which was repaid by the Tax Allocation Debt fund, and slowed construction.

Community Renewal fund balance decreased \$0.4 million. The decline in fund balance is due to the paydown of debt of \$0.4 million. Expenditures were in line with revenue for the year.

The General Debt fund balance decreased by \$0.2 million due to debt service expenditures slightly exceeding general obligation property tax levy receipts.

Nonmajor governmental funds in the aggregate increased \$5.8 million. This was primarily due to the following: Transportation Services fund increased \$2.6 million and Cultural/Tourism fund increased \$1.5 million, both from ARPA revenue replacement received. Building and Safety fund increased by \$1.7 million from permit fee revenues exceeding expenditures. Tax Allocation Bond Debt fund increased by \$1.4 million due to debt issuance of \$1.0 million and \$0.4 million from tax receipts exceeding debt service expenditures.

Proprietary Funds. At June 30, 2021, the City's enterprise funds reported a combined net position of \$716.4 million (excluding internal service fund consolidation adjustment), an increase of \$32.7 million, primarily from the Utility fund.

The Utility fund net position increased \$31.4 million, from \$660.2 million to \$691.6 million. This total net position is comprised of \$614.9 million of net investment in capital assets, \$66.8 million

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

is restricted for capital projects, and \$10.0 million is unrestricted. The increase in net position is due to \$20.6 million in construction in progress offset by depreciation of capital assets, and \$16.6 million operating income for the year.

The Internal Service funds combined net position increased \$0.3 million. The increase was due to prior period adjustment of \$0.1 million in capital assets and \$0.2 million in slight gain of all income over total expenses for the year.

Budgetary Highlights

The following is a brief review of the changes from the originally adopted budget to the final amended budget, and differences between the final budget and actual activity for the General fund. See the budget and actual comparison on pages 46-47 for more detailed information.

General Fund

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

- Transfer appropriation of \$100,000 from contingency to transfers out for Orchard Heights tennis courts reconstruction.
- Transfer appropriation of \$50,000 contingency to operations for vehicle camping grant program.
- Transfer appropriation of \$50,000 contingency to operations for waste management incentive program.
- Transfer appropriation of \$130,000 from contingency to operations for Police department performance audit.
- Transfer appropriation of \$312,000 from contingency to operations for continuation of parks security.
- Transfer appropriation of \$200,000 from contingency to operations for unanticipated COVID-related cleaning and security services.
- Transfer appropriation of \$500,000 from contingency to operations for Project Turnkey.
- Transfer appropriation of \$1,600,000 from contingency to Fire department for unanticipated overtime.
- Supplemental budget of \$238,000 for COVID-19 business assistance grants.
- Supplemental budget of \$1,418,200 for additional COVID-related unsheltered support.
- Supplemental budgets of \$1,400,000 and \$450,000 for winter storm damage mitigation.

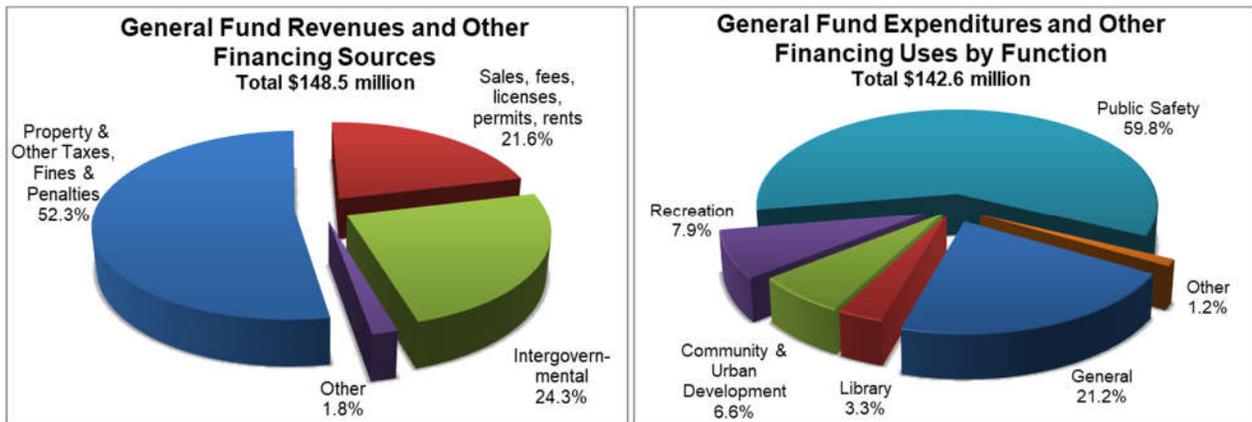
Differences between actual results and the final amended budget resulted in the General fund balance ending \$12.1 million greater than originally budgeted. This is primarily due to:

- \$3.0 million higher than budgeted beginning fund balance.
- \$4.1 million greater than budgeted grant revenue, primarily \$3.9 million from CARES act.

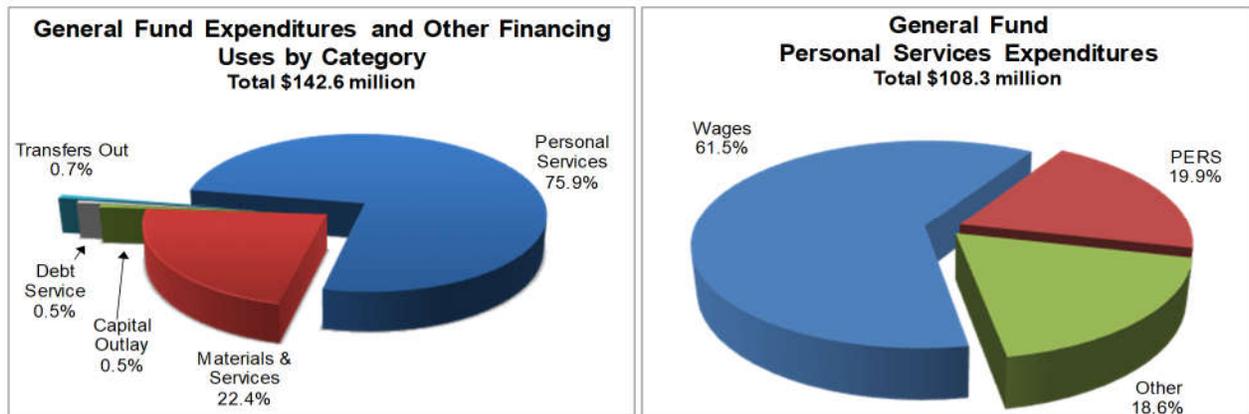
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

- \$1.6 million less than budgeted revenue in parking meter rent due to COVID closures for most of the year.
- \$1.2 million less than budgeted interdepartmental revenue.
- \$0.8 million less than budgeted fine revenue due to reduced municipal court operations.
- \$0.8 million more than budgeted tax revenues, evenly split between property and other taxes.
- \$5.8 million less than budgeted expenditures in personnel, composed of \$3.6 million in wages and \$2.2 million in payroll taxes and benefits. Savings were seen across departments primarily due to difficulty filling open positions.
- \$2.3 million less than budgeted expenditures in materials and services, due to cost containment measures across departments and less than budgeted payments to the Housing Authority for the Homeless Rental Assistance Program.

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



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



MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

Capital Assets

As of June 30, 2021, the City had invested \$1.4 billion in capital assets, as summarized in the following table. This represents a net increase (including additions, deductions, and depreciation) of \$93.2 million, or 7.0%, from the prior year. Governmental assets increased \$50.2 million, primarily in work-in-progress for projects such as the new Police facility, the Salem Library improvements and the Riverfront Rotary Amphitheater. The business-type increase of \$43.0 million, primarily in work-in-progress for projects such as the Geren Island Facility improvements, Willow Lake Facility improvements and Salem Convention Center kitchen expansion.

Additional information on capital assets is in the notes to the financial statements (pages 76-77).

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land, land improvements, and art	\$ 271.7	\$ 266.3	\$ 19.2	\$ 19.2	\$ 290.9	\$ 285.5
Buildings	35.0	36.2	20.6	21.3	55.6	57.5
Improvements	38.2	34.9	0.1	-	38.3	34.9
Equipment and machinery	5.9	6.6	2.8	1.4	8.7	8.0
Vehicles	20.1	18.1	-	-	20.1	18.1
Infrastructure	162.2	157.9	-	-	162.2	157.9
Utility systems	-	-	588.5	582.9	588.5	582.9
Work-in-progress	148.0	110.9	104.6	68.0	252.6	178.9
Total	<u>\$ 681.1</u>	<u>\$ 630.9</u>	<u>\$ 735.8</u>	<u>\$ 692.8</u>	<u>\$ 1,416.9</u>	<u>\$ 1,323.7</u>

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

Change in Capital Assets for the Fiscal Year Ended June 30, 2021
(in millions)

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 630.9	\$ 692.8	\$ 1,323.7
Additions	72.5	63.2	135.7
Retirement	(1.7)	0.0	(1.7)
Accumulated depreciation	(20.6)	(20.2)	(40.8)
Ending balance	<u>\$ 681.1</u>	<u>\$ 735.8</u>	<u>\$ 1,416.9</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

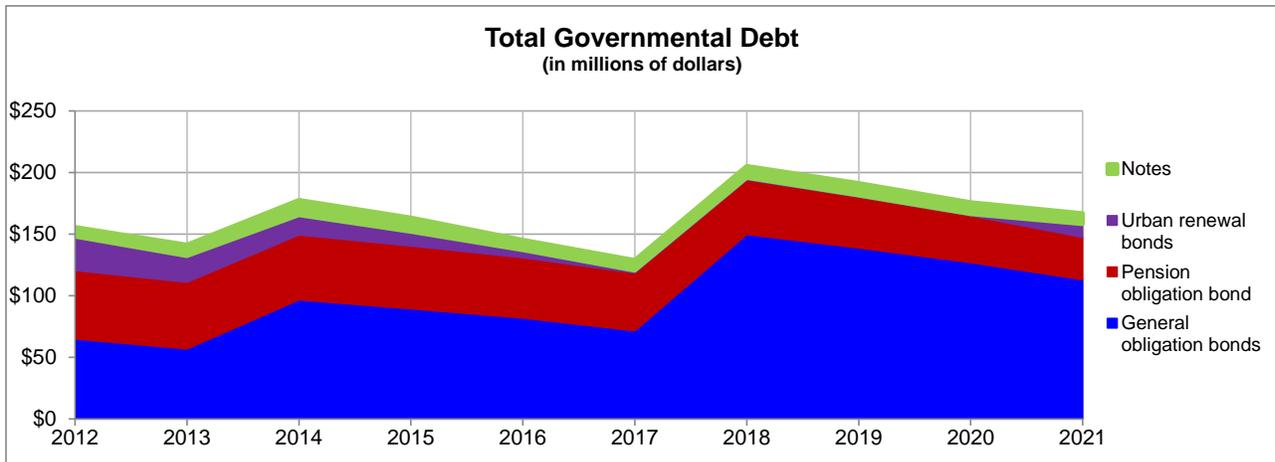
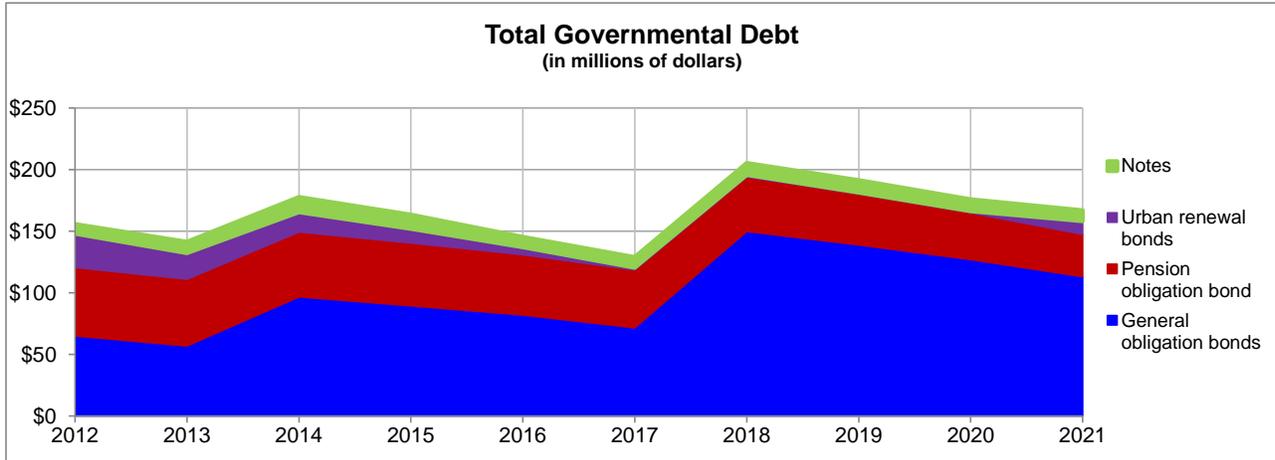
Debt Outstanding

As of June 30, 2021, the City had a total of \$287.0 million in outstanding long-term debt, compared to \$310.5 million last year, a 7.6% net decrease, as illustrated in the following table.

Outstanding Debt as of June 30,
(in millions)

	Governmental		Business-type		Total	
	2021	2020	2021	2020	2021	2020
Bonds:						
General obligation	\$ 113.2	\$ 127.0	\$ -	\$ -	\$ 113.2	\$ 127.0
Revenue	-	-	120.0	134.6	120.0	134.6
Pension obligation	34.4	38.1	-	-	34.4	38.1
Urban Renewal	10.6	1.2	-	-	10.6	1.2
Notes	8.8	9.6	-	-	8.8	9.6
Total outstanding debt	\$ 167.0	\$ 175.9	\$ 120.0	\$ 134.6	\$ 287.0	\$ 310.5

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



MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

Additional information on the City’s debt is in the notes to the financial statements (pages 80-84) and other financial schedules (pages 168-170).

Debt Administration – Since 1995, the City has had debt policies that provide guidance in the issuance of long and short-term indebtedness. These policies govern all types of indebtedness, including general obligations, revenue bonds, and lease purchase financings. Oregon Revised Statutes impose a limit on non-self-supporting general obligation (GO) debt of 3.0% of the real market value (RMV) of all taxable property within the City’s boundaries. The City has adopted a more stringent limit of 1.5% of RMV. The actual level of GO debt on June 30, 2021 was 0.50% of RMV. The actual levy for GO debt was \$1.1795 per \$1,000 of assessed valuation for 2020-21.

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

Debt Per Capita, and as a Percent of Real Market Value (RMV)
As of June 30, 2021

	<u>Amount</u>	<u>Per Capita</u>	<u>Percent of RMV</u>
Population (2020)	168,970		
2020-21 Measure 5 RMV	\$ 20,690,976,632	\$ 122,454	-
Total bonded debt outstanding	259,661,000 *	1,537	1.25%
Net direct GO debt	103,670,000 *	614	0.50%
Net overlapping debt	596,674,470	3,531	2.88%
Net direct and overlapping debt	700,344,470	4,145	3.38%

*Excludes issuance premium

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Fiscal year 2021-22 Adopted Budget – The annual budget for fiscal year 2021-22 for all funds anticipates a personal services increase of 5.3%, materials and services decrease of 0.1%, capital outlay decrease of 10.5%, debt service increase of 1.5%, transfers increase of 2.7%, and contingencies increase of 7.8%.

The personal services increase includes the addition of 7.8 positions overall. Additions are planned in Police (6.0), Information Technology (1.0), Parks (1.0), and Utility fund (1.0). Community Development is reduced by 1.2 FTE’s and transfers 2 positions to the City Manager’s Office. There are annual increases to salaries per collective bargaining agreements, market adjustments, and an increase in health benefit costs.

The budget anticipates a 4.6% increase in property tax receipts for all funds. This includes annual growth in value of existing properties as well as new properties added to the tax roll, in addition to voter approved general obligation debt service levy. Charge for service revenue is projected to remain relatively flat with a slight decrease of 0.1%.

MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

Utility Fund – The Council adopted a financial policy for the Utility fund to guide forecasting and rate proposals to maintain a fiscally healthy utility fund able to operate on a cash basis. The policy includes operating and debt reserves, debt coverage ratios, capital funding strategies, and parameters for rate development. This allows the City to minimize rate increases while continuing to fund debt service, operations, capital investments identified in the Capital Improvement Program, and reserves for operations and debt. In October 2020 the Council approved increases for City provided utilities that included 3% for water, 3% for wastewater, and 5% for stormwater in January 2021 and January 2022.

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

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

GO bond ratings were last affirmed by Moody’s in February 2018. Utility bonds were rated Aa2 in March 2020. Moody’s comments regarding the City’s strong GO bond ratings included the City’s:

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

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

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

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

FINANCIAL CONTACT

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

Basic Financial Statements



City of Salem, Oregon
Statement of Net Position
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Salem Housing Authority FYE 9/30/20
Assets				
Current assets				
Cash and investments	\$ 218,564,349	\$ 58,456,476	\$ 277,020,825	\$ 7,022,094
Accounts receivable, net	32,569,820	15,110,236	47,680,056	3,534,458
Due from other governmental agencies	-	11,452	11,452	435,696
Internal balances	(8,193,308)	8,193,308	-	-
Inventories and prepayments	1,401,667	1,254,680	2,656,347	52,621
Total current assets	<u>244,342,528</u>	<u>83,026,152</u>	<u>327,368,680</u>	<u>11,044,869</u>
Noncurrent assets				
Restricted cash and investments	896,879	75,345,265	76,242,144	3,168,369
Notes receivable	-	804,684	804,684	28,644,660
Assessments receivable	1,889,943	3,373,298	5,263,241	-
Net OPEB asset	769,537	357,149	1,126,686	-
Capital assets:				
Land and construction in progress	419,654,142	123,845,675	543,499,817	3,315,287
Other capital assets, net	261,459,097	611,939,525	873,398,622	11,533,993
Total noncurrent assets	<u>684,669,598</u>	<u>815,665,596</u>	<u>1,500,335,194</u>	<u>46,662,309</u>
Total assets	<u>929,012,126</u>	<u>898,691,748</u>	<u>1,827,703,874</u>	<u>57,707,178</u>
Deferred Outflows of Resources				
Deferred charge on refunding	-	3,136,170	3,136,170	-
OPEB related	3,124,483	1,450,099	4,574,582	110,289
Pension related	50,640,130	18,765,707	69,405,837	1,729,283
Total deferred outflows of resources	<u>53,764,613</u>	<u>23,351,976</u>	<u>77,116,589</u>	<u>1,839,572</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	15,659,421	9,576,733	25,236,154	1,084,773
Interest payable	828,502	369,442	1,197,944	6,300
Due to other agencies	21,599	-	21,599	-
Claims and judgments due within one year	1,450,000	-	1,450,000	-
Long-term debt due within one year	17,961,256	14,423,000	32,384,256	424,104
Compensated absences due within one year	1,340,984	688,562	2,029,546	112,032
Total current liabilities	<u>37,261,762</u>	<u>25,057,737</u>	<u>62,319,499</u>	<u>1,627,209</u>
Noncurrent liabilities				
Security deposit payable	3,574	157,169	160,743	88,868
Unearned revenue	7,752,878	1,555,882	9,308,760	384,387
Developer reimbursement	1,889,943	1,692,636	3,582,579	-
Long-term debt	149,070,272	105,569,920	254,640,192	5,225,674
Net OPEB liability	13,387,596	6,213,304	19,600,900	290,737
Net pension liability	152,465,686	56,233,128	208,698,814	5,833,762
Claims and judgments payable	4,895,000	-	4,895,000	-
Compensated absences payable	7,945,216	2,777,192	10,722,408	90,172
Total noncurrent liabilities	<u>337,410,165</u>	<u>174,199,231</u>	<u>511,609,396</u>	<u>11,913,600</u>
Total liabilities	<u>374,671,927</u>	<u>199,256,968</u>	<u>573,928,895</u>	<u>13,540,809</u>
Deferred Inflows of Resources				
Deferred charge on refunding	775,453	-	775,453	-
OPEB related	1,048,284	486,517	1,534,801	22,993
Pension related	3,684,308	1,560,524	5,244,832	557,906
Total deferred outflows of resources	<u>5,508,045</u>	<u>2,047,041</u>	<u>7,555,086</u>	<u>580,899</u>
Net Position				
Net investment in capital assets	565,499,786	641,118,546	1,206,618,332	10,636,991
Restricted for:				
Capital projects	76,706,193	66,782,199	143,488,392	-
Debt service	7,245,526	-	7,245,526	-
Other	25,262,236	-	25,262,236	1,480,199
Permanent	252,903	-	252,903	-
Permanent - non-expendable	11,000	-	11,000	-
Unrestricted	(72,380,877)	12,838,970	(59,541,907)	33,307,852
Total net position	<u>\$ 602,596,767</u>	<u>\$ 720,739,715</u>	<u>\$ 1,323,336,482</u>	<u>\$ 45,425,042</u>

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

City of Salem, Oregon
Statement of Activities
For the fiscal year ended June 30, 2021

Functions/programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants/Contributions	Capital Grants/Contributions
Governmental activities				
General government	\$ 33,544,932	\$ 9,798,453	\$ 9,152,249	\$ -
Public safety	101,932,771	4,693,925	675,821	-
Community development	31,725,690	15,013,896	3,564,534	827,969
Community services	14,901,391	3,432,479	248,897	3,986,215
Transportation	28,667,000	5,543,341	14,053,573	12,752,440
Library services	6,073,307	683,863	29,407	125,000
Interest on debt	6,875,063	5,499,520	-	-
Total governmental activities	223,720,154	44,665,477	27,724,481	17,691,624
Business-type activities				
Utilities	100,979,876	109,624,097	39,485	17,520,269
Emergency medical services	847,535	836,550	-	-
WVPS communications center	12,670,874	12,375,975	9,885	-
Police regional records system	366,386	437,370	-	-
Salem Convention Center	1,256,563	320,405	-	-
Total business-type activities	116,121,234	123,594,397	49,370	17,520,269
Total	\$ 339,841,388	\$ 168,259,874	\$ 27,773,851	\$ 35,211,893
Component unit				
Salem Housing Authority	\$ 30,145,226	\$ 6,162,763	\$ 29,024,093	\$ 93,714

General revenues

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

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Prior period adjustment

Net position - end of year

Continued

City of Salem, Oregon
Statement of Activities
For the fiscal year ended June 30, 2021

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-type Activities	Total	Salem Housing Authority FYE 9/30/20
\$ (14,594,230)	\$ -	\$ (14,594,230)	
(96,563,025)	-	(96,563,025)	
(12,319,291)	-	(12,319,291)	
(7,233,800)	-	(7,233,800)	
3,682,354	-	3,682,354	
(5,235,037)	-	(5,235,037)	
(1,375,543)	-	(1,375,543)	
<u>(133,638,572)</u>	<u>-</u>	<u>(133,638,572)</u>	
-	26,203,975	26,203,975	
-	(10,985)	(10,985)	
-	(285,014)	(285,014)	
-	70,984	70,984	
-	(936,158)	(936,158)	
<u>-</u>	<u>25,042,802</u>	<u>25,042,802</u>	
<u>(133,638,572)</u>	<u>25,042,802</u>	<u>(108,595,770)</u>	
			<u>\$ 5,135,344</u>
106,036,841	-	106,036,841	-
3,095,121	-	3,095,121	-
1,584,048	-	1,584,048	-
7,576,469	-	7,576,469	-
18,667,017	-	18,667,017	-
7,205,667	-	7,205,667	-
99,146	-	99,146	-
3,290,559	1,779,618	5,070,177	640,573
159,308	5,000	164,308	16,614,474
1,329,778	1,135,268	2,465,046	-
(1,050,003)	1,050,003	-	-
<u>147,993,951</u>	<u>3,969,889</u>	<u>151,963,840</u>	<u>17,255,047</u>
14,355,379	29,012,691	43,368,070	22,390,391
579,864,724	689,027,166	1,268,891,890	23,034,651
<u>8,376,664</u>	<u>2,699,858</u>	<u>11,076,522</u>	<u>-</u>
<u>\$ 602,596,767</u>	<u>\$ 720,739,715</u>	<u>\$ 1,323,336,482</u>	<u>\$ 45,425,042</u>

Concluded

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



FUND FINANCIAL STATEMENTS

Major Governmental Funds

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

The columns presented in these statements consist of:

General Operating Fund

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

Capital Improvement Fund

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

Tax Allocation Improvement Fund

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

Community Renewal Fund

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

General Debt

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

Other Governmental Funds

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

City of Salem, Oregon
Balance Sheet
Governmental Funds
June 30, 2021

	General Operating Fund	Capital Improvements	Tax Allocation Improvements
Assets			
Cash and investments	\$ 30,578,886	\$ 25,743,656	\$ 49,469,262
Accounts receivable, net	8,618,326	1,225,588	2,782,570
Due from other funds	-	-	-
Prepayments	135,214	-	-
Assessments receivable	-	-	-
Total assets	<u>\$ 39,332,426</u>	<u>\$ 26,969,244</u>	<u>\$ 52,251,832</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 5,963,389	\$ 4,530,720	\$ 318,480
Due to other agencies	21,599	-	-
Advances from other funds	-	4,404,824	-
Security deposit payable	1,734	-	-
Unearned revenues	-	3,000,000	-
Developer reimbursement payable	-	-	-
Total liabilities	<u>5,986,722</u>	<u>11,935,544</u>	<u>318,480</u>
Deferred inflows of resources			
Unavailable revenue	<u>2,260,826</u>	<u>-</u>	<u>2,582,592</u>
Fund balances			
Nonspendable	135,214	-	-
Restricted	-	15,033,700	49,350,760
Committed	40,157	-	-
Assigned	1,091,940	-	-
Unassigned	29,817,567	-	-
Total fund balances	<u>31,084,878</u>	<u>15,033,700</u>	<u>49,350,760</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 39,332,426</u>	<u>\$ 26,969,244</u>	<u>\$ 52,251,832</u>

Continued

City of Salem, Oregon
Balance Sheet
Governmental Funds
June 30, 2021

Community Renewal	General Debt	Other Governmental Funds	Total Governmental Funds
\$ 128,640	\$ 1,025,312	\$ 72,159,165	\$ 179,104,921
13,884,701	535,659	5,491,142	32,537,986
-	-	508,359	508,359
-	-	-	135,214
-	-	1,889,943	1,889,943
<u>\$ 14,013,341</u>	<u>\$ 1,560,971</u>	<u>\$ 80,048,609</u>	<u>\$ 214,176,423</u>
\$ 389,367	\$ -	\$ 3,973,854	\$ 15,175,810
-	-	-	21,599
-	-	-	4,404,824
-	-	1,840	3,574
-	-	4,752,878	7,752,878
-	-	1,889,943	1,889,943
<u>389,367</u>	<u>-</u>	<u>10,618,515</u>	<u>29,248,628</u>
12,756,936	373,094	2,332,669	20,306,117
-	-	11,000	146,214
867,038	1,187,877	41,659,141	108,098,516
-	-	25,427,284	25,467,441
-	-	-	1,091,940
-	-	-	29,817,567
<u>867,038</u>	<u>1,187,877</u>	<u>67,097,425</u>	<u>164,621,678</u>
<u>\$ 14,013,341</u>	<u>\$ 1,560,971</u>	<u>\$ 80,048,609</u>	<u>\$ 214,176,423</u>

Concluded

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

City of Salem, Oregon
Reconciliation of the Balance Sheet
of Governmental Funds to the Statement of Net Position
June 30, 2021

Total fund balances	\$	164,621,678
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and are therefore not reported in the funds (net of accumulated depreciation).		681,113,239
Other assets are not available to pay for current period expenditures and are therefore deferred in the funds:		
Notes receivable - earned but unavailable		17,908,407
Property taxes - earned but unavailable		2,397,710
Net OPEB asset		769,537
Deferred outflows related to OPEB		3,124,483
Deferred outflows related to pensions		50,640,130
Internal service funds are used by management to charge the costs of fleet management, insurance, and other commonly utilized city services to individual funds. Assets, liabilities, and deferred inflows and outflows of the internal service funds are included in governmental activities in the Statement of Net Position.		30,529,140
Accrued interest payable		(828,502)
Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Long-term debt including bonds payable, bond premiums, and notes payable		(167,031,528)
Compensated absences payable		(9,286,200)
Net OPEB liability		(13,387,596)
Net pension liability		(152,465,686)
Deferred charge on refunding		(775,453)
Deferred inflows related to OPEB		(1,048,284)
Deferred inflows related to pensions		(3,684,308)
		(6,287,927)
Net position of governmental activities	\$	<u><u>602,596,767</u></u>

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



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

For the fiscal year ended June 30, 2021

	General Operating Fund	Capital Improvements	Tax Allocation Improvements
Revenues			
Property taxes	\$ 74,536,268	\$ -	\$ -
Other taxes	1,584,048	-	-
Sales, fees, licenses, and permits	31,531,800	3,253	-
Special assessments	1,232	-	-
Rents	538,882	21,815	71,476
Grants	10,644,562	2,251,002	410,498
Intergovernmental	16,707,611	-	300,000
Fines and penalties	1,631,719	-	-
Interest on investments	503,992	379,293	591,854
Loan payments received	-	-	163,891
Other	200,570	278,544	-
Total revenues	<u>137,880,684</u>	<u>2,933,907</u>	<u>1,537,719</u>
Expenditures			
Current			
General government	22,811,941	-	-
Community development	7,883,525	-	-
Community service	11,068,551	-	-
Public safety	85,112,538	-	-
Transportation	-	-	-
Library	4,662,788	-	-
Capital outlay	764,835	41,588,102	12,322,969
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	47,494	-	-
Total expenditures	<u>132,351,672</u>	<u>41,588,102</u>	<u>12,322,969</u>
Excess (deficiency) of revenues over expenditures	5,529,012	(38,654,195)	(10,785,250)
Other financing sources (uses)			
Issuance of debt	-	108,715	8,701,200
Premium on issuance of debt	-	-	-
Payment to refunded bond escrow agents	-	-	-
Sale of property	-	-	84,416
Transfers in	1,904,460	3,314,011	14,400,000
Transfers out	(1,337,829)	-	-
Total other financing sources (uses)	<u>566,631</u>	<u>3,422,726</u>	<u>23,185,616</u>
Net change in fund balance	6,095,643	(35,231,469)	12,400,366
Fund balances - beginning of year	24,989,235	51,230,031	36,950,394
Prior period adjustment	-	(964,862)	-
Fund balances - end of year	<u>\$ 31,084,878</u>	<u>\$ 15,033,700</u>	<u>\$ 49,350,760</u>

Continued

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

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

For the fiscal year ended June 30, 2021

Community Renewal	General Debt	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 16,020,690	\$ 15,931,086	\$ 106,488,044
-	-	3,095,121	4,679,169
-	-	16,887,206	48,422,259
-	-	1,099,253	1,100,485
-	-	2,228,399	2,860,572
1,739,229	-	3,694,322	18,739,613
-	5,499,520	15,103,981	37,611,112
-	-	1,018,486	2,650,205
421	140,840	1,013,988	2,630,388
947,239	-	-	1,111,130
-	-	800,403	1,279,517
<u>2,686,889</u>	<u>21,661,050</u>	<u>60,872,245</u>	<u>227,572,494</u>
-	-	60,672	22,872,613
2,725,019	-	9,863,843	20,472,387
-	-	104,269	11,172,820
-	-	1,075,331	86,187,869
-	-	14,643,629	14,643,629
-	-	84,984	4,747,772
-	-	8,727,771	63,403,677
379,000	15,670,000	510,014	16,559,014
14,548	6,159,272	739,395	6,960,709
<u>3,118,567</u>	<u>21,829,272</u>	<u>35,809,908</u>	<u>247,020,490</u>
(431,678)	(168,222)	25,062,337	(19,447,996)
-	24,626,285	966,800	34,403,000
-	2,843,359	-	2,843,359
-	(27,469,644)	-	(27,469,644)
-	-	-	84,416
-	-	592,500	20,210,971
-	-	(20,814,623)	(22,152,452)
<u>-</u>	<u>-</u>	<u>(19,255,323)</u>	<u>7,919,650</u>
(431,678)	(168,222)	5,807,014	(11,528,346)
1,298,716	1,356,099	61,290,411	177,114,886
-	-	-	(964,862)
<u>\$ 867,038</u>	<u>\$ 1,187,877</u>	<u>\$ 67,097,425</u>	<u>\$ 164,621,678</u>

Concluded

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

City of Salem, Oregon
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the fiscal year ended June 30, 2021

Net change in fund balances-total governmental funds \$ (11,528,346)

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

Governmental funds report capital outlay and capital construction costs as expenditures.

However, in the government-wide statement of activities the costs of those assets are allocated over their estimated useful lives as depreciation expense. The amounts shown here represent capitalized capital outlay and change in construction in progress as well as the current year depreciation expense.

Capital outlay	55,624,327
Depreciation	(17,742,480)

Various other transactions involving capital assets increase or decrease net position.

Developer donated infrastructure and other donated assets	5,805,885
Book value of sold or disposed assets	(3,278,023)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred inflows for program revenue	440,050
Change in deferred inflows for general revenue	(451,203)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the insurance costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred or amortized in the Statement of Activities.

Issuance of long term debt	(37,246,359)
Principal payments on long term debt	43,689,014
Amortize bond premium	1,067,675
Net expense related to deferred charge on refunding	25,848
Debt forgiven for capital construction at Mill Creek URA	185,820

Accrued interest expense on long-term debt is reported in the government-wide Statement of Activities, but it does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in governmental funds.

85,646

Other post-employment benefits earned by current employees do not require the use of current financial resources and are not reported as expenditures in the governmental funds.

Net expense related to net pension activity (19,231,482)

Net expense related to net OPEB activity (1,003,524)

Compensated absences earned in the current year but not used are reported in the Statement of Activities, but do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(1,044,012)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management to individual funds. The net revenue of the internal service funds is reported with governmental activities.

1,255,520

Prior period adjustment for revenues not reported in the Statement of Activities in the prior year and not reported in the fund financial statements per modified accrual accounting recognition.

(2,298,977)

Change in net position of governmental activities

\$ 14,355,379

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



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

For the fiscal year ended June 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Property taxes	\$ 74,138,100	\$ 74,138,100	\$ 74,536,268	\$ (398,168)
Other taxes	1,154,800	1,154,800	1,584,048	(429,248)
Sales, fees, licenses, and permits	31,717,600	32,167,600	31,531,800	635,800
Special assessments	5,200	5,200	1,232	3,968
Rents	2,197,060	2,197,060	538,882	1,658,178
Grants	443,820	681,820	10,644,562	(9,962,742)
Intergovernmental	26,339,990	26,339,990	25,474,141	865,849
Fines and penalties	2,437,030	2,437,030	1,631,719	805,311
Interest on investments	615,780	615,780	503,134	112,646
Other	222,600	222,600	200,570	22,030
Total revenues	139,271,980	139,959,980	146,646,356	(6,686,376)
Expenditures				
Operations				
City manager's office	1,273,920	1,273,920	1,211,330	62,590
Budget, finance and purchasing	4,142,480	4,142,480	3,644,254	498,226
Facilities services	4,739,390	4,939,390	4,302,531	636,859
Human resources	1,689,540	1,689,540	1,689,446	94
Information technology	9,901,160	9,901,160	9,449,140	452,020
Legal	2,544,090	2,544,090	2,372,658	171,432
Mayor and council	214,580	214,580	173,973	40,607
Municipal court	2,181,040	2,181,040	1,858,131	322,909
Non-departmental	4,207,480	6,724,780	5,563,728	1,161,052
Total general government	30,893,680	33,610,980	30,265,191	3,345,789
Community development	5,353,210	5,353,210	4,681,176	672,034
Urban development	5,391,960	5,391,960	4,767,675	624,285
Total community development	10,745,170	10,745,170	9,448,851	1,296,319

Continued

1 () indicates revenue/expenditures in excess of budget

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

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Parks and recreation services	\$ 9,623,670	\$ 11,654,570	\$ 11,299,072	\$ 355,498
Library	5,268,420	5,268,420	4,666,929	601,491
Police	48,893,510	48,893,510	47,367,696	1,525,814
Fire	37,152,930	38,752,930	37,884,776	868,154
Total public safety	86,046,440	87,646,440	85,252,472	2,393,968
Debt service	690,440	690,440	675,243	15,197
Contingency	3,000,000	58,000	-	58,000
Total expenditures	146,267,820	149,674,020	141,607,758	8,066,262
Excess (deficiency) of revenues over expenditures	(6,995,840)	(9,714,040)	5,038,598	(14,752,638)
Other financing sources (uses)				
Transfers in	1,936,070	1,936,070	1,894,460	41,610
Transfers out	(1,170,710)	(1,270,710)	(990,710)	(280,000)
Total other financing sources (uses)	765,360	665,360	903,750	(238,390)
Net change in fund balance	(6,230,480)	(9,048,680)	5,942,348	(14,991,028)
Fund balance - beginning of year	21,989,560	21,989,560	24,967,159	(2,977,599)
Fund balance - end of year	<u>\$ 15,759,080</u>	<u>\$ 12,940,880</u>	30,909,507	<u>\$ (17,968,627)</u>

Reconciliation to generally accepted accounting principles:

Adjustments for indirect cost allocation	
Revenues	(8,766,530)
Expenditures:	
General government	8,766,530
Prepayments	135,214
Fund balance - end of year (modified accrual)	<u>\$ 31,044,721</u>

Concluded

1 () indicates revenue/expenditures in excess of budget

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

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants	\$ 6,891,690	\$ 7,752,050	\$ 1,739,229	\$ 6,012,821
Loan payments received	716,220	716,220	947,239	(231,019)
Total revenues	<u>7,607,910</u>	<u>8,468,270</u>	<u>2,686,468</u>	<u>5,781,802</u>
Expenditures				
Operations	<u>7,607,910</u>	<u>8,468,270</u>	<u>2,725,019</u>	<u>5,743,251</u>
Excess (deficiency) of revenues over expenditures	-	-	(38,551)	38,551
Fund balance - beginning of year	-	-	376,249	(376,249)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	337,698	<u>\$ (337,698)</u>

Reconciliation to generally accepted accounting principles:

Deposits in escrow for HUD section 108 note repayment	529,340
Net position at end of year	<u>\$ 867,038</u>

1 () indicates revenue/expenditures in excess of budget

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

FUND FINANCIAL STATEMENTS

Major Proprietary Funds

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

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

The columns presented in these statements consist of:

Utility Fund

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

Other Proprietary Funds

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

Governmental Activities Internal Service Funds

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

City of Salem, Oregon
Proprietary Funds
Statement of Net Position
June 30, 2021

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Assets				
Current assets				
Cash and investments	\$ 50,808,982	\$ 7,647,494	\$ 58,456,476	\$ 39,459,428
Accounts receivable, net	14,969,775	140,461	15,110,236	31,834
Due from other agencies	11,452	-	11,452	-
Inventories and prepayments	1,232,787	21,893	1,254,680	1,266,453
Advances to others funds	4,318,267	-	4,318,267	86,557
Total current assets	<u>71,341,263</u>	<u>7,809,848</u>	<u>79,151,111</u>	<u>40,844,272</u>
Noncurrent assets				
Restricted cash and investments	73,426,304	1,918,961	75,345,265	896,879
Note receivable	804,684	-	804,684	-
Assessments receivable	3,373,298	-	3,373,298	-
Net OPEB asset	283,814	73,335	357,149	23,810
Capital assets:				
Land and other construction in progress	119,754,106	4,091,569	123,845,675	11,793,036
Other capital assets, net	589,781,623	22,157,902	611,939,525	21,145,385
Total noncurrent assets	<u>787,423,829</u>	<u>28,241,767</u>	<u>815,665,596</u>	<u>33,859,110</u>
Total assets	<u>858,765,092</u>	<u>36,051,615</u>	<u>894,816,707</u>	<u>74,703,382</u>
Deferred outflows of resources				
Deferred charge on refunding	3,136,170	-	3,136,170	-
Deferred outflows related to pensions	14,553,639	4,212,068	18,765,707	1,360,393
Deferred outflows related to OPEB-RHIA	111,519	28,815	140,334	9,356
Deferred outflows related to OPEB-City	1,040,827	268,938	1,309,765	87,318
Total deferred outflows of resources	<u>18,842,155</u>	<u>4,509,821</u>	<u>23,351,976</u>	<u>1,457,067</u>

Continued

City of Salem, Oregon
Proprietary Funds
Statement of Net Position
June 30, 2021

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 9,249,101	\$ 327,632	\$ 9,576,733	\$ 483,611
Interest payable	369,442	-	369,442	-
Due to other funds	-	508,359	508,359	-
Claims and judgments payable	-	-	-	1,450,000
Long term debt - due within one year	14,423,000	-	14,423,000	-
Compensated absences	640,235	48,327	688,562	62,631
Total current liabilities	<u>24,681,778</u>	<u>884,318</u>	<u>25,566,096</u>	<u>1,996,242</u>
Noncurrent liabilities				
Security deposit payable	36,548	120,621	157,169	-
Unearned revenue	1,555,882	-	1,555,882	-
Developer reimbursement payable	1,692,636	-	1,692,636	-
Long-term debt	105,569,920	-	105,569,920	-
Net OPEB liability	4,937,505	1,275,799	6,213,304	414,220
Net pension liability	43,633,714	12,599,414	56,233,128	4,062,374
Claims and judgments payable	-	-	-	4,895,000
Compensated absences	2,281,665	495,527	2,777,192	188,857
Total noncurrent liabilities	<u>159,707,870</u>	<u>14,491,361</u>	<u>174,199,231</u>	<u>9,560,451</u>
Total liabilities	<u>184,389,648</u>	<u>15,375,679</u>	<u>199,765,327</u>	<u>11,556,693</u>
Deferred inflows of resources:				
Deferred inflows related to pensions	1,196,499	364,025	1,560,524	143,646
Deferred inflows related to OPEB-City	342,387	88,469	430,856	28,724
Deferred inflows related to OPEB-RHIA	44,232	11,429	55,661	3,711
Total deferred inflows of resources	<u>1,583,118</u>	<u>463,923</u>	<u>2,047,041</u>	<u>176,081</u>
Net position				
Net investment in capital assets	614,869,075	26,249,471	641,118,546	32,938,421
Restricted for:				
Capital projects	66,782,199	-	66,782,199	890,989
Unrestricted	9,983,207	(1,527,637)	8,455,570	30,598,265
Total net position	<u>\$ 691,634,481</u>	<u>\$ 24,721,834</u>	<u>716,356,315</u>	<u>\$ 64,427,675</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			4,383,400	
			<u>\$ 720,739,715</u>	

Concluded

City of Salem, Oregon
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the fiscal year ended June 30, 2021

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Operating revenues				
Sales, fees, licenses, and permits	\$ 103,206,045	\$ 817,533	\$ 104,023,578	\$ 308,221
Assessments	2,746	-	2,746	-
Rents	25,856	214,318	240,174	1,840,025
Grants	39,485	9,885	49,370	1,457
Internal and intergovernmental	6,318,258	12,678,750	18,997,008	37,570,425
Member agencies	-	112,750	112,750	-
Fines and penalties	-	42,950	42,950	-
Other	71,192	103,999	175,191	1,826,101
Total operating revenues	109,663,582	13,980,185	123,643,767	41,546,229
Operating expenses				
Personal services	42,638,473	11,498,115	54,136,588	3,884,078
Materials and services	31,179,496	2,600,040	33,779,536	36,819,665
Depreciation	19,212,820	1,043,203	20,256,023	2,808,287
Total operating expenses	93,030,789	15,141,358	108,172,147	43,512,030
Operating income (loss)	16,632,793	(1,161,173)	15,471,620	(1,965,801)
Non-operating revenues (expenses)				
Interest on investments	1,656,979	122,639	1,779,618	660,593
Other revenue (expenses)	(299,419)	-	(299,419)	74,892
Interest on debt	(5,444,860)	-	(5,444,860)	-
Total non-operating revenues	(4,087,300)	122,639	(3,964,661)	735,485
Net income (loss) before capital contributions and transfers	12,545,493	(1,038,534)	11,506,959	(1,230,316)
Capital contributions	17,520,269	-	17,520,269	529,818
Transfers in	60,400	1,291,831	1,352,231	941,478
Transfers out	(269,049)	(33,179)	(302,228)	(50,000)
Change in net position	29,857,113	220,118	30,077,231	190,980
Total net position - beginning of year	660,198,653	23,380,573		64,087,944
Prior period adjustment	1,578,715	1,121,143		148,751
Total net position - end of year	\$ 691,634,481	\$ 24,721,834		\$ 64,427,675
Adjustment to reflect the consolidation of internal service fund related to enterprise funds			(1,064,540)	
Change in net position of business-type activities			\$ 29,012,691	

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



City of Salem, Oregon
Proprietary Funds
Statement of Cash Flows
For the fiscal year ended June 30, 2021

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Cash Flow from Operating Activities:				
Receipts from customers	\$ 104,568,218	\$ 1,125,660	\$ 105,693,878	\$ 4,070,324
Receipts from interfund services provided	6,254,415	336,610	6,591,025	37,571,883
Member agencies	-	12,394,483	12,394,483	-
Payments to suppliers	(31,539,406)	(2,601,251)	(34,140,657)	(36,942,293)
Payments to employees	(36,278,666)	(9,940,912)	(46,219,578)	(3,445,792)
Other receipts (payments)	(1,127,643)	-	(1,127,643)	-
 Net cash provided (used) by operating activities	 41,876,918	 1,314,590	 43,191,508	 1,254,122
Cash Flows from Noncapital Financing Activities:				
Transfers received	907,005	-	907,005	681,656
Transfers paid	(3,732,049)	-	(3,732,049)	(50,000)
 Net cash provided (used) by noncapital financing activities	 (2,825,044)	 -	 (2,825,044)	 631,656
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	10,644,578	-	10,644,578	-
Acquisition and construction of capital assets	(52,379,640)	(387,835)	(52,767,475)	(5,074,591)
Principal paid on debt	(13,508,000)	-	(13,508,000)	-
Interest paid on debt	(5,569,515)	-	(5,569,515)	-
Sale of property	2,691,200	-	2,691,200	229,586
 Net cash provided (used) by capital related financing activities	 (58,121,377)	 (387,835)	 (58,509,212)	 (4,845,005)
Cash Flows from Investing Activities:				
Interest on investments	1,656,979	122,639	1,779,618	660,593
 Net increase (decrease) in cash and cash equivalents	 (17,412,524)	 1,049,394	 (16,363,130)	 (2,298,634)
Cash and cash equivalents - beginning of year	141,647,810	8,517,061	150,164,871	42,654,941
Cash and cash equivalents - end of year	\$ 124,235,286	\$ 9,566,455	\$ 133,801,741	\$ 40,356,307

Continued

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

City of Salem, Oregon
Proprietary Funds
Statement of Cash Flows
For the fiscal year ended June 30, 2021

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Funds	Totals	Activities Internal Service Funds
Reconciliation of Operating Net Cash Provided by (Used for) Operating Activities				
Operating income (loss)	\$ 16,632,793	\$ (1,161,173)	\$ 15,471,620	\$ (1,965,801)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	19,212,820	1,043,203	20,256,023	2,808,287
Other income (expense)	(1,198,835)	-	(1,198,835)	-
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
Accounts receivable	1,888,908	(123,432)	1,765,476	87,952
Inventories and prepayments	(152,100)	19,342	(132,758)	87,815
Deferred outflows related to pensions	(3,266,550)	(917,477)	(4,184,027)	(276,323)
Deferred OPEB outflows-RHIA	(100,874)	(150,938)	(251,812)	(8,318)
Deferred OPEB outflows-City	(510,140)	-	(510,140)	(25,947)
Accounts payable and accrued liabilities	(740,230)	36,490	(703,740)	(170,634)
Compensated absences payable	431,384	(56,896)	374,488	52,452
Claims reserve	-	-	-	(20,000)
Net pension liability	9,336,760	2,622,421	11,959,181	789,814
Net OPEB asset	128,224	19,983	148,207	16,389
Net OPEB liability	1,001,401	204,751	1,206,152	(40,976)
Deferred inflows related to pensions	(683,068)	(191,854)	(874,922)	(57,782)
Deferred OPEB inflows-City	(67,669)	(29,830)	(97,499)	(18,698)
Deferred OPEB inflow-RHIA	(35,906)	-	(35,906)	(4,108)
Net cash provided (used) by operating activities	<u>\$ 41,876,918</u>	<u>\$ 1,314,590</u>	<u>\$ 43,191,508</u>	<u>\$ 1,254,122</u>
Non-cash investing, capital, and financing activities				
Contributions of capital assets	\$ 5,192,991	\$ -	\$ 5,192,991	\$ -
Contribution of capital assets from governmental funds	1,696,955	-	1,696,955	529,818
				Concluded

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



FUND FINANCIAL STATEMENTS

Fiduciary Funds

All fiduciary funds reported are considered to be Custodial funds.

Custodial Funds

Custodial funds account for resources received and held by the City in a purely custodial capacity. These include court assessments, federal forfeitures, state forfeitures, city civil forfeitures, building permit surcharges held on behalf of other government agencies, money received as restitution for victims of crimes, fees collected and reimbursed to developers, and donations to assist low-income residents with City utility bills.

City of Salem, Oregon
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial
Assets	
Cash and investments	\$ 1,012,389
Accounts receivable, net	222
Total assets	1,012,611
 Liabilities	
Due to other governments	223,162
Total liabilities	223,162
 Net Position	
Restricted for:	
Other governments and individuals	416,651
Specific programs	372,798
Total fiduciary net position	\$ 789,449

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

City of Salem, Oregon
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the fiscal year ended June 30, 2021

	Custodial
Additions	
Fees and assessments collected for other governments	\$ 1,264,489
Program revenues:	
Outside parties	60,347
Governmental funds	10,000
Restitution collections	10,204
Investment earnings	6,981
Police seizures	126,685
Total additions	1,478,706
Deductions	
Fees and assessments distributed to other governments	1,095,397
Administrative expense	167,291
Restitution payments	10,216
Unclaimed payments transferred to governmental funds	4,783
Expenditures - Community Service and Development	245,238
Seized assets distributions:	
Payments to other governments	57,402
Returned to individuals	9,614
Forfeited to governmental funds	2,002
Total deductions	1,591,943
Change in fiduciary net position	(113,237)
Total fiduciary net position - beginning of year	902,686
Total fiduciary net position - end of year	\$ 789,449

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

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City of Salem, Oregon
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City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

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City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity

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

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

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

Discretely presented component unit. The Salem Housing Authority (Authority) is a municipal corporation created by the City to provide housing assistance to low income families under annual contribution contracts with the U.S. Department of Housing and Urban Development. The Authority's Board of Commissioners consists of eight City Council members and one representative from a Housing Authority affordable housing unit who is appointed by the City Council. The City provides legal, human resource, procurement, payroll, and other administrative services to the Authority on a contract basis. The Authority has a fiscal year end of September 30, and the data included in this report is as of September 30, 2020. The Authority's accounting records are maintained separately from the City's and debts incurred by the Authority are not obligations of the City. The Authority is reported as a discretely presented component unit under the requirements of GASB Statement 61. It does not share common management with the City and does not meet the financial burden or benefit criteria. The Authority's separate financial statements may be obtained from the Housing Authority of the City of Salem, Oregon, 360 Church Street SE, Salem, Oregon, or www.cityofsalem.net/sha.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

A. Government-wide and fund financial statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental and enterprise funds are reported as separate columns in their respective fund financial statements. Nonmajor funds are consolidated into a single column within each fund type in the basic financial statements and are detailed in the supplemental information (starting on page 111).

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

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

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

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

The government-wide, proprietary fund, and fiduciary financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of payment. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. The fiduciary fund statements include only custodial funds. Custodial funds account for resources received and held by the City in a purely custodial capacity.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

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

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports one major proprietary fund:

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

Additionally, the City reports the following fund types:

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

Fiduciary funds reported by the City are all considered to be custodial funds. Custodial funds account for resources received and held by the City in a purely custodial capacity. These include court assessments, federal forfeitures, state forfeitures, city civil forfeitures, building permit surcharges held on behalf of other government agencies, money received as restitution for victims of crimes, fees collected and reimbursed to developers, and donations to assist low-income residents with City utility bills.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's primary ongoing operations. The principal operating revenues of the City's proprietary funds are fees or charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

1. Deposits and investments

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

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

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

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

2. Receivables and payables

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

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

Measure 5 limits the combined maximum allowable tax rate for all non-school general governments to \$10 per \$1,000 of real market value (RMV). When the combined tax rates result in a tax that exceeds the \$10 per \$1,000 of RMV, compression occurs. This results in proportionately reduced tax collections for each taxing district. The City of Salem was unable to levy \$378,553 for fiscal year 2020-21 as a result of compression.

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

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

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

3. Restricted assets

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

4. Inventories and prepaid items

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

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

5. Capital assets

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

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

Depreciation of expendable assets is recorded at the program level in the Statement of Activities. The Statement of Net Position reflects the cost of expendable assets net of depreciation. Depreciation is computed on the straight-line basis over estimated useful lives as shown in the following table:

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

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

6. Deferred outflows and inflows of resources

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

7. Compensated absences

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

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

8. Long-term obligations

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

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

9. Fund equity

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

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

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

10. Fund reserves

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

11. Use of estimates

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

12. Pensions

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

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

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

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

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget policies and budgetary control

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

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

Supplemental budget appropriations and appropriation transfers subsequent to budget adoption must be approved by the Council. Certain budget amounts reported in the financial statements were revised after the original budget was adopted. The Council approved the following supplemental budget appropriations or appropriation transfers in fiscal year 2020-21:

- Transfer appropriation of \$100,000 from contingency to transfers out in the General fund for Orchard Heights tennis courts reconstruction.
- Transfer appropriation of \$50,000 from contingency to operations in the General fund for vehicle camping grant program.
- Transfer appropriation of \$50,000 from contingency to operations in the General fund for waste management incentive program.
- Transfer appropriation of \$130,000 from contingency to operations in the General fund for Police department performance audit.
- Transfer appropriation of \$312,000 from contingency to operations in the General fund for continuation of parks security.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

- Supplemental budget of \$238,000 in the General fund for a COVID-19 grant program.
- Transfer appropriation of \$60,000 from contingency to operations in the WVCC fund for communications equipment.
- Supplemental budget of \$1,418,200 in the General fund non-departmental and Parks departments for COVID-related unsheltered support.
- Supplemental budget of \$860,360 in the Community Renewal fund for additional COVID-related HUD-CDBG entitlement.
- Transfer appropriation of \$200,000 from contingency to operations in the General fund for unanticipated COVID-related expenses for cleaning and security services.
- Transfer appropriation of \$500,000 from contingency to operations in the General fund for unanticipated COVID-related unsheltered support program.
- Transfer appropriation of \$1,600,000 from contingency to operations in the General fund Fire department for unanticipated COVID-related overtime expense.
- Transfer appropriation of \$54,300 from contingency to operations in the Utility fund for unanticipated expenses.
- Supplemental budgets of \$1,400,000 and \$450,000 in the General fund for damage mitigation related to the February 2021 severe winter storm.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

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

Restricted cash and investments are obligated to construction projects. Cash and investments as of June 30, 2021 consisted of the following:

	Book Value
Cash on hand	\$ 11,355
Deposits with financial institutions	61,463,566
Investments	292,800,437
Total cash and investments	\$ 354,275,358

1. Deposits

As of June 30, 2021, City bank deposits had a book balance of \$61,463,567 and a bank balance of \$63,333,734. The difference is due to transactions in transit. The Oregon Public Funds Collateralization Program covers City bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. As of June 30, 2021, \$500,000 of City deposits was insured by the FDIC. All City deposits are in qualified depository banks in compliance with ORS.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

2. Investments

As of June 30, 2021, the City held the following investments and maturities:

Investment Type	Fair Value	Weighted Avg. Maturity in Months	% of Investment Portfolio
Commercial paper	\$ 5,359,636	2.167	1.81%
Corporate bonds	38,319,896	39.977	12.91%
Local Government Investment Pool	95,626,136	0.033	32.22%
U.S. Agency securities	18,596,036	29.791	6.27%
U.S. Treasury securities	138,914,451	27.565	46.80%
Total	\$ 296,816,155	19.978	100.00%

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

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

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

*Dollar amount limited by ORS 294.810

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

ORS 294.810 limits the amount that may be placed in the LGIP. The limit as of June 30, 2021 is \$51,177,000 per customer number. The limit is updated each September based on the U.S. City Average Consumer Price Index. The limit can be temporarily exceeded for ten business days if the excess is due to funds deposited on a pass-through basis. At June 30, 2021, the book value of the City's LGIP deposits totaled \$51,618,715 of City funds and \$43,626,440 of Agency funds.

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

The City's policy for investing in individual issuers varies depending on the type of investment. Investments in a single financial institution shall not exceed the smallest of 33% of the City's total portfolio or 5% of the equity of the institution, with the exception of U.S. Treasury securities, which can be up to 100% of the City's portfolio. At June 30, 2021, the only issuer comprising more than 5% of the City's portfolio is the U.S. Treasury with 46.8% of the City's total investments. As of June 30, 2021, the credit risk for the City's investments is as follows:

<u>Investment type</u>	<u>Fair Value</u>	<u>Credit Risk</u>
Corporate bonds:		
Apple Inc	\$ 8,140,213	AA+
Amazon.Com Inc	5,002,521	AA
Blackrock Inc	2,181,222	AA-
Chevron Corporation	4,102,294	AA-
Johnson & Johnson	2,550,463	AAA
JP Morgan Chase & Co	4,995,428	A-
Microsoft Corp	2,190,407	AAA
Procter & Gamble Co	3,206,232	AA-
Toronto-Dominion Bank	2,507,738	A
Toyota Motor Corp	2,818,133	A+
VISA Inc	625,245	AA-
Commercial Paper:		
Natixis NY Branch	5,359,636	A-1
Local Government Investment Pool	95,626,136	Unrated
U.S. Agency securities:		
Federal Home Loan Banks	4,608,873	AA+
Federal Home Loan Mortgage Corporation	6,664,562	AA+
Federal National Mortgage Association	7,322,601	AA+
U.S. Treasury:		
U.S. Treasury bonds	<u>138,914,451</u>	
Total	<u>\$ 296,816,155</u>	

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

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

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

B. Receivables

Receivables as of June 30, 2021 for governmental funds, net of allowance for uncollectible accounts, are as follows:

	General Operating Fund	Capital Improvement	Tax Allocation Improvement	Community Renewal	General Debt	Other Funds	Total
Accounts	\$ 5,316,688	\$ 1,225,588	\$ 199,978	\$ 1,127,765	\$ -	\$ 2,982,159	\$ 10,852,178
Property Taxes	2,511,650	-	-	-	535,659	535,716	3,583,025
Interest	770,967	-	398	306,302	-	40,143	1,117,810
Assessments	19,021	-	-	-	-	1,933,124	1,952,145
Loans and notes	-	-	2,582,194	12,450,634	-	-	15,032,828
Total	\$ 8,618,326	\$ 1,225,588	\$ 2,782,570	\$ 13,884,701	\$ 535,659	\$ 5,491,142	\$ 32,537,986

Approximately \$11.8 million in assessments, loans, and notes is not expected to be received within the next year.

Property tax levies for the year beginning July 1, 2021 are as follows:

- The City's permanent property tax rate for General fund operations is \$5.8315 per \$1,000 assessed value as limited by the Oregon Constitution.
 - The Urban Renewal Agency of the City of Salem will tax as follows:
 - Riverfront/Downtown and North Gateway plan areas will use 100 percent of the amount of their authority under option one of ORS 457.435(2)(a) as selected by the Agency for the retirement of debt obligations.
 - West Salem plan area will use 100 percent of the amount of its authority under the standard rate plan of ORS 457.445(2) as selected by the Agency for the retirement of debt obligations.
 - Mill Creek Industrial Park, McGilchrist, South Waterfront, and Jory Apartments plan areas will use 100 percent of the amount of their authority under the reduced rate plan of ORS 457.445(1) as selected by the Agency for the retirement of debt obligations.
- In addition, the City will levy \$17,559,180 for retirement of general obligation long-term debt due in fiscal year 2021-22.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

In accordance with GASB Statement 65, governmental funds report deferred inflows of resources in connection with receivables for revenues that are not available to liquidate liabilities of the current period. As of June 30, 2021, the various components of deferred inflows of financial resources reported in the governmental funds are as follows:

	Deferred Inflows
Assessments	\$ 598,875
Community Development Block Grant/HOME loans	12,756,936
Property taxes (General fund)	1,665,082
Property taxes (Debt service funds)	732,628
System development charges	1,970,004
Urban renewal loans	2,582,592
Total deferred inflows of resources	\$ 20,306,117

Receivables as of June 30, 2021 for proprietary funds, net of allowance for uncollectible accounts, are as follows:

	Utility	Other Funds	Total Enterprise	Internal Services
Accounts	\$ 14,400,170	\$ 164,089	\$ 14,564,259	\$ 31,834
Assessments	873,364	-	873,364	-
Interest	152,437	-	152,437	-
Less: Allowance for uncollectible accounts	(456,196)	(23,628)	(479,824)	-
Total	\$ 14,969,775	\$ 140,461	\$ 15,110,236	\$ 31,834

Due from other agencies as of June 30, 2021 is \$11,452 due from the City of Turner to the Utility fund.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

C. Capital assets

1. Capital asset activity for governmental activities for the year ended June 30, 2021 is as follows:

<u>Governmental activities</u>	Restated Beginning Balance	Increases	Decreases	Ending Balance
Land, land improvements, and art	\$ 266,283,233	\$ 6,960,605	\$ (1,560,081)	\$ 271,683,757
Construction work-in-progress	110,882,519	62,473,921	(25,386,055)	147,970,385
Total non-depreciable	<u>377,165,752</u>	<u>69,434,526</u>	<u>(26,946,136)</u>	<u>419,654,142</u>
Buildings and building improvements	72,131,833	-	-	72,131,833
Other improvements	65,799,988	5,569,008	-	71,368,996
Motor pool	35,541,200	4,879,715	(1,561,350)	38,859,565
Equipment and machinery	40,504,171	975,006	(25,084)	41,454,093
Infrastructure	464,584,652	16,996,388	(4,195)	481,576,845
Total depreciable	<u>678,561,844</u>	<u>28,420,117</u>	<u>(1,590,629)</u>	<u>705,391,332</u>
Accumulated depreciation				
Buildings and building improvements	(35,892,858)	(1,263,228)	-	(37,156,086)
Other improvements	(30,923,136)	(2,267,112)	-	(33,190,248)
Motor pool	(17,380,457)	(2,727,206)	1,406,656	(18,701,007)
Equipment and machinery	(33,870,202)	(1,672,930)	4,097	(35,539,035)
Infrastructure	(306,729,766)	(12,620,288)	4,195	(319,345,859)
Total accumulated depreciation	<u>(424,796,419)</u>	<u>(20,550,764)</u>	<u>1,414,948</u>	<u>(443,932,235)</u>
Governmental activities capital assets, net	<u>\$ 630,931,177</u>	<u>\$ 77,303,879</u>	<u>\$ (27,121,817)</u>	<u>\$ 681,113,239</u>

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

General government	\$ 1,064,927
Community development	1,263,704
Community service	1,558,947
Public safety	973,313
Transportation	12,653,179
Library	228,407
Capital assets held by the City's internal service funds are charged to the various funds based on their usage of the assets	<u>2,808,287</u>
Total depreciation expense for governmental activities	<u>\$ 20,550,764</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

3. Capital asset activity for business-type activities for the year ended June 30, 2021 is as follows:

<u>Business-type activities</u>	Restated Beginning Balance	Increases	Decreases	Ending Balance
Land, land improvements, and art	\$ 19,227,161	\$ 15,000	\$ -	\$ 19,242,161
Construction work-in-progress	67,950,241	56,658,953	(20,005,680)	104,603,514
Total non-depreciable	<u>87,177,402</u>	<u>56,673,953</u>	<u>(20,005,680)</u>	<u>123,845,675</u>
Buildings and building improvements	31,460,926	18,900	-	31,479,826
Equipment and machinery	7,422,858	1,819,825	-	9,242,683
Water and sewer system	945,018,465	24,713,443	(68,634)	969,663,274
Total depreciable	<u>983,902,249</u>	<u>26,552,168</u>	<u>(68,634)</u>	<u>1,010,385,783</u>
Accumulated depreciation				
Buildings and building improvements	(10,106,616)	(669,495)	-	(10,776,111)
Equipment and machinery	(6,006,842)	(493,083)	-	(6,499,925)
Water and sewer system	(362,145,411)	(19,093,445)	68,634	(381,170,222)
Total accumulated depreciation	<u>(378,258,869)</u>	<u>(20,256,023)</u>	<u>68,634</u>	<u>(398,446,258)</u>
Business-type activities capital assets, net	<u>\$ 692,820,782</u>	<u>\$ 62,970,098</u>	<u>\$ (20,005,680)</u>	<u>\$ 735,785,200</u>

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

Utility	\$ 19,212,820
Emergency Medical Services	63,695
WVPS Communications Center	26,667
Police Regional Records System	214,576
Salem Convention Center	738,265
Total depreciation expense for business-type activities	<u>\$ 20,256,023</u>

5. Capital asset activity for discretely presented component unit – Housing Authority of the City of Salem for its fiscal year ended September 30, 2020 is as follows:

<u>Business-type activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 1,980,453	\$ -	\$ (165,168)	\$ 1,815,285
Construction work-in-progress	2,766,112	3,075,969	(4,342,079)	1,500,002
Total non-depreciable	<u>4,746,565</u>	<u>3,075,969</u>	<u>(4,507,247)</u>	<u>3,315,287</u>
Buildings and structures	26,200,879	187,903	(3,105,464)	23,283,318
Equipment	1,784,064	29,653	(379,402)	1,434,315
Total depreciable	<u>27,984,943</u>	<u>217,556</u>	<u>(3,484,866)</u>	<u>24,717,633</u>
Accumulated depreciation				
Buildings and structures	(16,062,776)	(503,052)	4,619,521	(11,946,307)
Equipment	(1,499,481)	(132,223)	394,371	(1,237,333)
Total accumulated depreciation	<u>(17,562,257)</u>	<u>(635,275)</u>	<u>5,013,892</u>	<u>(13,183,640)</u>
Business-type activities, net	<u>\$ 15,169,251</u>	<u>\$ 2,658,250</u>	<u>\$ (2,978,221)</u>	<u>\$ 14,849,280</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

D. Deferred outflows of resources and deferred inflows of resources

In governmental activities, refunding of general obligation bonds in fiscal year 2020-21 resulted in a difference between the reacquisition price and the net carrying value of old debt that was deferred and will be amortized over the life of the bonds. The balance on June 30, 2021 is \$775,453 and is reported as a deferred inflow of resources.

In business-type activities, refunding of revenue bonds in fiscal years 2012-13 and 2017-18 resulted in differences between the reacquisition price and the net carrying value of old debt that was deferred and will be amortized over the life of the bonds. The balance on June 30, 2021 is \$3,136,170 and is reported as a deferred outflow of resources.

Deferred outflows and inflows of resources related to pensions and OPEB are reported in both business-type and governmental activities. Balances on June 30, 2021 are as follows. Governmental deferred outflows are \$50,640,130 for pensions and \$3,124,483 for OPEB, and deferred inflows are \$3,684,308 for pensions and \$1,048,284 for OPEB. Business-type deferred outflows are \$18,765,707 for pensions and \$1,450,099 for OPEB, and deferred inflows are \$1,560,524 for pensions and \$486,517 for OPEB. More information can be found in note IV. C., Defined benefit pension plan (PERS). More information on OPEB related amounts can be found in note IV. E., Postemployment benefits other than pensions (OPEB).

E. Interfund receivables, payables, advances, and transfers

1. Advances

An interfund loan of \$594,200 was made from the Community Enhancement fund to the Capital Improvements fund in fiscal year 2012-13 for airport improvements. This is a ten-year loan with a variable interest rate equal to the City's investment portfolio rate of return plus 0.50%. The receivable was transferred to the City Services fund in fiscal year 2017-18. The balance as of June 30, 2021 is \$86,557.

An interfund loan of \$2,000,000 was made from the Utility fund to the Capital Improvements fund in fiscal year 2016-17 for new and replacement streetlights. This is a ten-year loan with a variable interest rate equal to the City's investment portfolio rate of return plus 0.50%. The balance as of June 30, 2021 is \$1,203,346.

An interfund loan of \$3,463,000 was made from the Utility fund to the Capital Improvements fund in fiscal year 2020-21 for Civic Center upgrades. This is a ten-year loan with a variable interest rate equal to the City's investment portfolio rate of return plus 0.50%. The balance as of June 30, 2021 is \$3,114,921.

2. Transfers

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

Transfers in								
	General Operating Fund	Capital Improvement	Tax Allocation Improvement	Nonmajor Governmental	Utility	Nonmajor Business	Internal Services	Total Transfers Out
Transfers out								
General	\$ -	\$1,181,079	\$ -	\$ 17,500	\$ -	\$ -	\$ 139,250	\$ 1,337,829
Nonmajor gov't	1,904,460	2,132,932	14,400,000	575,000	10,400	1,291,831	500,000	20,814,623
Utility	-	-	-	-	-	-	269,049	269,049
Nonmajor business	-	-	-	-	-	-	33,179	33,179
Internal services	-	-	-	-	50,000	-	-	50,000
Total transfers in	<u>\$1,904,460</u>	<u>\$3,314,011</u>	<u>\$14,400,000</u>	<u>\$ 592,500</u>	<u>\$60,400</u>	<u>\$1,291,831</u>	<u>\$ 941,478</u>	<u>\$22,504,680</u>

F. Leases

1. Operating leases

The City leases building and office facilities under operating leases with renewable options up to five years. The costs for such leases were \$809,782 for the fiscal year ended June 30, 2021. Future minimum lease payments are as follows:

Fiscal Year Ending June 30	Lease Payments Due
2022	\$ 837,070
2023	865,277
2024	894,434
2025	924,574
2026	955,730
2027-31	5,283,995
Total	<u>\$ 9,761,080</u>

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

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

Lessor revenues of \$1,928,450 were received by the City for leased office and retail space in two of its parkades, and leases for the airport. Lease contracts are for five-year terms with options for renewal.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

As of June 30, 2021, future minimum rents contractually due from operating leases are as follows:

Fiscal Year Ending June 30	Lease Payments
2022	\$ 1,993,433
2023	2,060,607
2024	2,130,044
2025	2,201,821
2026	2,276,016
2027-31	12,583,532
Total	\$ 23,245,454

G. Due to other agencies

\$21,381 in unclaimed property is due to the Oregon Division of State Lands or other state agencies.

H. Compensated absences

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

	Balance			Balance	
	July 1, 2020	Leave Earned	Leave Taken	June 30, 2021	Due in 1yr
Governmental activities	\$ 8,189,735	\$ 8,626,289	\$ 7,529,824	\$ 9,286,200	\$ 1,340,984
Business-type activities	3,034,223	3,219,464	2,787,933	3,465,754	688,562
Total	\$ 11,223,958	\$ 11,845,753	\$ 10,317,757	\$ 12,751,954	\$ 2,029,546

I. Debt

The City issues various types of debt to finance capital activities. Each type of debt is discussed below. The following tables provide details on the year's activities for each of the City's debt issuances by governmental and business-type activities. Tables indicating future debt maturities for governmental and business-type activities are also provided, with balances as of June 30, 2021. The City's tax-exempt debt remains in compliance with all Internal Revenue Service arbitrage regulations. The City has no lines of credit.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

1. Changes in long term debt

	Original Amount	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Governmental activities:						
General obligation bonds						
Streets-Bridges, 2013 (2.83%)	\$43,665,000	\$ 23,925,000	\$ -	\$ 23,925,000	\$ -	\$ -
Police Facility & refunding, 2017 (2.71%)	74,775,000	68,635,000	-	6,080,000	62,555,000	4,660,000
Library Seismic, 2018 (2.68%)	18,600,000	17,430,000	-	785,000	16,645,000	870,000
Refunding Streets-Bridges, 2021 (2.89%)	24,735,000	-	24,735,000	265,000	24,470,000	6,470,000
Direct borrowing GO bonds						
Streets-Bridges, 2012 (2.62%)	25,000,000	8,150,000	-	8,150,000	-	-
Subtotal general obligation bonds		118,140,000	24,735,000	39,205,000	103,670,000	12,000,000
Premium		8,904,888	2,843,359	2,208,620	9,539,627	-
Total general obligation bonds		127,044,888	27,578,359	41,413,620	113,209,627	12,000,000
Other bonds						
Limited tax pension obligation, 2005 (5.04%)	61,685,000	38,055,000	-	3,595,000	34,460,000	3,995,000
Direct borrowing Urban Renewal bonds						
Riverfront/Downtown, Ser. 2009 (4.35%)	3,660,000	1,200,000	-	280,000	920,000	295,000
Riverfront/Downtown, Ser. 2020A (1.66%)	7,445,000	-	7,445,000	-	7,445,000	-
Riverfront/Downtown, Ser. 2020B (1.75%)	2,223,000	-	2,223,000	-	2,223,000	829,000
Total urban renewal bonds		1,200,000	9,668,000	280,000	10,588,000	1,124,000
Total governmental bonds		166,299,888	37,246,359	45,288,620	158,257,627	17,119,000
Direct borrowing notes						
HUD Sec108, 2015A (2.80%)	2,730,000	835,000	-	379,000	456,000	379,000
OECD L06001A, Mill Creek, 2007 (4.41%)	3,999,999	3,547,915	-	230,014	3,317,901	240,158
OECD L06001B, Mill Creek, 2007 (4.41%)	1,000,000	185,820	-	185,820	-	-
OECD L06001C, Mill Creek, 2007 (5.00%)	3,772,081	5,000,000	-	-	5,000,000	223,098
Total governmental notes		9,568,735	-	794,834	8,773,901	842,256
Total governmental long-term debt		<u>\$ 175,868,623</u>	<u>\$ 37,246,359</u>	<u>\$ 46,083,454</u>	<u>\$ 167,031,528</u>	<u>\$ 17,961,256</u>

	Original Amount	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Business-type activities:						
Revenue bonds						
Utility series 2017 refunding (1.74%)	\$ 55,990,000	\$ 46,215,000	\$ -	\$ 6,775,000	\$ 39,440,000	\$ 7,115,000
Utility series 2020 (3.58%)	56,925,000	56,925,000	-	1,410,000	55,515,000	1,885,000
Direct borrowing revenue bonds						
Utility series 2012A refunding (2.22%)	63,360,000	21,311,000	-	5,323,000	15,988,000	5,423,000
Subtotal revenue bonds		124,451,000	-	13,508,000	110,943,000	14,423,000
Premiums		10,171,164	-	1,121,244	9,049,920	-
Total business-type activities long-term debt		<u>\$ 134,622,164</u>	<u>\$ -</u>	<u>\$ 14,629,244</u>	<u>\$ 119,992,920</u>	<u>\$ 14,423,000</u>

2. Governmental activity general obligation bonds

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

On April 14, 2021, the City issued General Obligation Refunding Bonds Series 2021 with a par value of \$24,735,000. This bond refunded a combined par value of \$27,130,000 of Streets and Bridges series 2012 and series 2013. Net present value savings of \$1.7 million was achieved by the refunding due to lower interest rates. As of June 1, 2021, the series 2012 and series 2013 bonds have been fully defeased.

At June 30, 2021, defeased general obligation bonds are as follows:

General obligation bonds	Defeased Debt in Escrow
Streets and bridges series 2009	\$ 9,040,000
Streets and bridges series 2012	6,950,000
Streets and bridges series 2013	20,180,000
Total defeased debt in escrow	\$ 36,170,000

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

3. Limited tax pension obligation

On September 23, 2005, twelve local governments issued a combined \$186,945,000 limited-tax pension obligation bonds, competitively sold. The City of Salem’s portion was \$61,685,000 and was used to make a lump sum payment toward its unfunded pension liability with OPERS. Debt service funding comes from pro-rata charges to City departments with PERS-eligible personnel.

4. Governmental activity urban renewal bonds

Urban renewal bonds are special obligations of the Urban Renewal Agency and are payable solely from tax increment revenues. The Agency issues bonds to provide funds for urban renewal projects within designated project areas. One currently outstanding direct borrowing urban renewal bond (Riverfront 2009) could be subject to an interest rate of 7.35% in the case of payment default.

On December 17, 2020, the Agency issued Riverfront/Downtown Urban Renewal Area Series 2020A and 2020B bonds. Series 2020A is tax-exempt with a par value of \$7,445,000. Series 2020B is taxable with a par value of \$2,223,000. Bond proceeds will be used for land acquisition and transportation and streetscape redevelopment grants for capital improvements to properties within the Riverfront/Downtown plan area.

In accordance with bond covenants, the Agency has established reserves within its debt service fund as follows.

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

5. Governmental activity notes

The Agency issues notes to provide funds for acquisition and construction of capital assets. The Agency's currently outstanding notes primarily funded economic development and wetland mitigation in the Mill Creek urban renewal area. Mill Creek tax increment revenues are pledged to repay the notes, which were directly borrowed from the Oregon Economic and Community Development Department (Business Oregon). In the event of default, Business Oregon could demand immediate payment on all outstanding balances. Any property built with the funds are also pledged as collateral. The outstanding balance as of June 30, 2021 is \$8,317,901. Note L06001B was forgivable based on job creation in the Mill Creek urban renewal area and the original \$1,000,000 borrowed has been fully forgiven as of fiscal year 2020-21.

In July 2003, the City borrowed \$7.2 million in Section 108 loan guarantee funds from the U.S. Department of Housing and Urban Development (HUD) as part of the funding for construction of the Salem Convention Center. The loan term was twenty years. The outstanding balance was refinanced at a lower interest rate in May 2015 with all other terms remaining the same. Four sources of funds in priority order for repayment are: 1) Riverfront-Downtown commercial loan repayments, 2) Community Development Block Grant (CDBG) program income, 3) any available Riverfront-Downtown urban renewal funds, and 4) CDBG entitlement funds, which the City was required to pledge as security. In order to only use entitlement funds as a last resort, the other three sources of funds were identified. No entitlement funds have been used to date for loan repayment. In the event of default, HUD can demand immediate payment of the outstanding balance. The scheduled debt payment for fiscal year 2020-21 was \$393,549.

6. Governmental activity future maturities of long-term debt

Fiscal Year	Direct Borrowing Notes		Direct Borrowing Bonds		Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021-22	\$ 842,256	\$ 436,214	\$295,000	\$40,020	\$ 16,824,000	\$ 6,288,491	\$ 17,961,256	\$ 6,764,725
2022-23	646,144	323,943	305,000	27,187	18,418,000	5,400,051	19,369,144	5,751,181
2023-24	594,723	299,418	320,000	13,920	14,009,000	4,508,809	14,923,723	4,822,147
2024-25	618,280	274,848	-	-	11,660,000	3,838,930	12,278,280	4,113,778
2025-26	643,855	249,272	-	-	12,695,000	3,287,445	13,338,855	3,536,717
2026-31	3,641,661	823,976	-	-	43,617,000	9,197,390	47,258,661	10,021,366
2031-36	1,786,982	128,498	-	-	24,660,000	3,244,700	26,446,982	3,373,198
2036-41	-	-	-	-	5,915,000	177,450	5,915,000	177,450
	<u>\$8,773,901</u>	<u>\$2,536,169</u>	<u>\$920,000</u>	<u>\$81,127</u>	<u>\$ 147,798,000</u>	<u>\$ 35,943,266</u>	<u>\$ 157,491,901</u>	<u>\$ 38,560,562</u>

7. Business-type activity revenue bonds

Revenue bonds are obligations of the City's Utility fund and are payable solely from the net revenues derived from this enterprise. The City issues revenue bonds to provide funds for improvements to and rehabilitation of the City's utility systems. The currently outstanding direct borrowing revenue bond (Series 2012A refunding) could be subject to an interest rate of 5.22% in the case of payment default.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

At June 30, 2021, defeased water and sewer revenue bonds are as follows:

Utility Debt	Defeased Debt in Escrow
Series 2003	\$ 3,250,000
Series 2005	6,450,000
Series 2009	50,785,000
Total defeased debt in escrow	\$ 60,485,000

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

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

Year	Direct Borrowing Bonds		Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021-22	\$ 5,423,000	\$ 354,934	\$ 9,000,000	\$ 4,282,200	\$ 14,423,000	\$ 4,637,134
2022-23	5,543,000	234,543	9,445,000	3,832,200	14,988,000	4,066,743
2023-24	3,927,000	111,488	9,920,000	3,359,950	13,847,000	3,471,438
2024-25	1,095,000	24,309	10,415,000	2,863,950	11,510,000	2,888,259
2025-26	-	-	10,940,000	2,343,200	10,940,000	2,343,200
2026-31	-	-	13,385,000	8,292,350	13,385,000	8,292,350
2031-36	-	-	15,550,000	1,585,600	15,550,000	1,585,600
2036-41	-	-	16,300,000	5,117,000	16,300,000	5,117,000
	\$ 15,988,000	\$ 725,274	\$ 94,955,000	\$ 31,676,450	\$ 110,943,000	\$ 32,401,724

J. Conduit debt

Conduit debt is defined as debt issued with approval of the City, through the Hospital Facility Authority of the City of Salem, for the benefit of eligible third parties that provide health care or senior citizen use facilities. Conduit debt is not an obligation of the City and is not included in the financial statements. At June 30, 2021, the following issues are outstanding.

Date Issued	Purpose	Original Amount	Outstanding Balance June 30, 2021
<u>Capital Manor, Inc.</u>			
06/2012	Revenue Bonds, Series 2012	\$ 50,135,000	\$ 44,900,000
	Pay off outstanding balances of 2004 and 2006 bonds and swap agreements.		
10/2018	Revenue Bonds, Series 2018	37,030,000	37,030,000
	New development project.		
<u>Salem Health</u>			
11/2016	Revenue Bonds, Series 2016A	197,685,000	179,180,000
	Refinance a portion of the 2013, 2008 and 2006 bonds.		
10/2019	Revenue Bonds, Series 2019A	279,480,000	272,465,000
	Defease 2008B bonds and related swap agreement, finance construction of new hospital building.		
		\$ 564,330,000	\$ 533,575,000

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

K. Fund balance

Fund balances for governmental funds as of June 30, 2021 are as follows:

	General Operating	Capital Improvement	Tax Allocation Improvement	Community Renewal	General Debt	Other Governmental Funds	Total
<u>Nonspendable:</u>							
Prepaid Items	\$ 135,214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,214
Permanent fund principal	-	-	-	-	-	11,000	11,000
Total nonspendable	135,214	-	-	-	-	11,000	146,214
<u>Restricted:</u>							
Capital projects	-	15,033,700	49,350,760	-	-	23,749,667	88,134,127
Community renewal	-	-	-	867,038	-	-	867,038
Debt service	-	-	-	-	1,187,877	6,153,523	7,341,400
Permanent funds	-	-	-	-	-	252,903	252,903
General government	-	-	-	-	-	50,373	50,373
Community development:							
SCC Gain/Loss	-	-	-	-	-	4,212,490	4,212,490
Other	-	-	-	-	-	2,354	2,354
Community services	-	-	-	-	-	1,111,655	1,111,655
Library services	-	-	-	-	-	60,698	60,698
Public safety	-	-	-	-	-	681,101	681,101
Transportation services	-	-	-	-	-	5,384,377	5,384,377
Total restricted	-	15,033,700	49,350,760	867,038	1,187,877	41,659,141	108,098,516
<u>Committed:</u>							
Transportation services	-	-	-	-	-	7,012,468	7,012,468
Airport	-	-	-	-	-	1,005,007	1,005,007
Downtown parking	-	-	-	-	-	173,187	173,187
Cultural/Tourism	-	-	-	-	-	1,836,848	1,836,848
Public art	40,157	-	-	-	-	-	40,157
Parking leasehold	-	-	-	-	-	342,012	342,012
Building & safety	-	-	-	-	-	13,998,838	13,998,838
Community services	-	-	-	-	-	41,817	41,817
Library services	-	-	-	-	-	991,868	991,868
Public safety	-	-	-	-	-	25,239	25,239
Total committed	40,157	-	-	-	-	25,427,284	25,467,441
<u>Assigned:</u>							
General government	637,420	-	-	-	-	-	637,420
Community development	37,000	-	-	-	-	-	37,000
Library services	285,390	-	-	-	-	-	285,390
Public safety	132,130	-	-	-	-	-	132,130
Total assigned	1,091,940	-	-	-	-	-	1,091,940
<u>Unassigned:</u>							
	29,817,567	-	-	-	-	-	29,817,567
Total fund balances	<u>\$31,084,878</u>	<u>\$15,033,700</u>	<u>\$49,350,760</u>	<u>\$ 867,038</u>	<u>\$1,187,877</u>	<u>\$ 67,097,425</u>	<u>\$ 164,621,678</u>

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

L. Net position

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

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

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

Calculation of Net Position

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets:			
Capital assets	\$ 681,113,239	\$ 735,785,200	\$ 1,416,898,439
Capital asset related debt			
Outstanding debt	(132,571,528)	(119,992,921)	(252,564,449)
Deferred outflows related to capital debt	-	3,136,170	3,136,170
Unexpended proceeds	16,958,075	22,190,097	39,148,172
Net capital asset related debt	(115,613,453)	(94,666,654)	(210,280,107)
Net investment in capital assets	565,499,786	641,118,546	1,206,618,332
Restricted:			
Capital projects			
Capital improvements	16,011,246	88,972,296	104,983,542
Extra capacity facilities	19,271,460	-	19,271,460
Tax allocation improvements	51,933,352	-	51,933,352
Development district	6,448,210	-	6,448,210
Unexpended proceeds moved to investment in capital assets	(16,958,075)	(22,190,097)	(39,148,172)
Total capital projects	76,706,193	66,782,199	143,488,392
Debt service			
General debt	1,078,808	-	1,078,808
Tax allocation debt	6,171,162	-	6,171,162
Community renewal	(4,444)	-	(4,444)
Total debt service	7,245,526	-	7,245,526
Other purposes			
Community enhancement	11,503,048	-	11,503,048
Permanent	252,903	-	252,903
Permanent - non-expendable	11,000	-	11,000
Prepaid	135,214	-	135,214
Community renewal	13,623,974	-	13,623,974
Total other purposes	25,526,139	-	25,526,139
Total restricted	109,477,858	66,782,199	176,260,057

Continued

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

	Governmental Activities	Business-type Activities	Total
Unrestricted:			
General operating	\$ 33,210,490	\$ -	\$ 33,210,490
Special revenue			
Transportation services	5,798,300	-	5,798,300
Streetlights	1,217,299	-	1,217,299
Airport	1,005,007	-	1,005,007
Downtown parking	173,187	-	173,187
Cultural and tourism	1,836,848	-	1,836,848
Parking leasehold	342,012	-	342,012
Building and safety	13,998,838	-	13,998,838
Community enhancement	1,058,924	-	1,058,924
Internal service	29,551,595	-	29,551,595
Enterprise			
Utility	-	51,453,045	51,453,045
Emergency services	-	3,557,805	3,557,805
WVPS communications center	-	4,233,952	4,233,952
Police regional records system	-	1,002,321	1,002,321
Salem Convention Center	-	(21,881)	(21,881)
Net pension liability	(152,465,686)	(56,233,128)	(208,698,814)
Pension obligation bond	(34,460,000)	-	(34,460,000)
Net OPEB liability	(12,618,059)	(5,856,155)	(18,474,214)
Compensated absences	(9,286,200)	(3,465,754)	(12,751,954)
Deferred inflows related to capital debt	(775,453)	-	(775,453)
Deferred inflows/outflows related to pensions	46,955,822	17,205,183	64,161,005
Deferred inflows/outflows related to OPEB	2,076,199	963,582	3,039,781
Total unrestricted	<u>(72,380,877)</u>	<u>12,838,970</u>	<u>(59,541,907)</u>
Total net position	<u>\$ 602,596,767</u>	<u>\$ 720,739,715</u>	<u>\$ 1,323,336,482</u>

Concluded

IV. OTHER INFORMATION

A. Risk management

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

The City provides medical insurance for eligible employees. The monthly employee-only medical premiums paid are \$660 for the Kaiser Permanente HMO plan, \$737 for the Preferred Provider Organization (PPO) plan, and \$503 for the High Deductible Health Plan. Additional premiums for vision and dental insurance is also paid, as elected by the employee, up to a maximum of \$2,371 for all medical, vision, and dental plan premiums per employee (including dependents), except as otherwise provided in accordance with collective bargaining agreements. Specific claim stop-loss coverage is purchased for individual claims exceeding \$200,000. During fiscal year 2020-21, total medical, vision, and dental claims expense of \$18,831,000 was incurred.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

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

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

The changes in the aggregate liability for workers compensation and general liability/casualty claims for fiscal years 2019-20 and 2020-21 are as follows:

<u>Workers Compensation</u>					
Fiscal year ended June 30,	Claims payable July 1,	Claims incurred	Claims paid	Changes to prior year estimates	Claims payable June 30,
2020	\$ 3,795,000	\$ 1,121,003	\$ (1,110,004)	\$ 958,001	\$ 4,764,000
2021	4,764,000	1,163,534	(1,155,996)	(57,538)	4,714,000

<u>Liability/Casualty</u>					
Fiscal year ended June 30,	Claims payable July 1,	Claims incurred	Claims paid	Changes to prior year estimates	Claims payable June 30,
2020	\$ 1,641,000	\$ 513,556	\$ (401,732)	\$ (151,824)	\$ 1,601,000
2021	1,601,000	168,874	(243,251)	104,377	1,631,000

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

B. Commitments and contingencies

1. Grants

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

2. Litigation matters

The City is presently involved in certain litigation matters arising from the normal course of business. In the opinion of management and the City's legal counsel, adverse disposition of any such legal matter will not have a material effect on the City's financial position. At June 30, 2021, reserves have been established to provide for the estimated liability in such cases.

3. Construction commitments

The City entered into contracts for construction of various capital projects expected to be completed in fiscal year 2020-21. The reappropriated budget for these projects is \$100,000.

C. Defined benefit pension plan (PERS)

1. Plan description

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

2. Benefits provided

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

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

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

Death benefits

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

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

Disability benefits

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

Benefit changes

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

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

Pension benefits

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

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

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

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

Death benefits

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

Disability benefits

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

c. OPSRP Individual Account Program (IAP)

Pension benefits

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

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

Death benefits

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

Record keeping

OPERS contracts with Voya Financial to maintain IAP participant records.

3. Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS defined benefit plan and the other postemployment benefit plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates first became effective July 1, 2019. Employer contributions for the year ended June 30, 2021 were \$20,618,763, excluding amounts to fund employer specific liabilities. The rates for the pension plan in effect for the fiscal year ended June 30, 2021 were 25.43% for all Tier One/Tier Two members, 16.41% for OPSRP general service members, 21.04% for OPSRP police and fire members, and 6% for OPSRP IAP.

The City also pays the employee contribution of 6% of salary, which was \$5,932,991 for the year.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

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

At June 30, 2021, the City reported a liability of \$208,698,814 for its proportionate share of the net pension liability. This liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the City's proportion was 0.95630578%, a slight increase from its proportion as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$26,587,424. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,185,273	\$ -
Changes in assumptions	11,200,206	392,432
Net difference between projected and actual earnings on investments	24,540,269	-
Changes in proportionate share	3,036,133	1,671,515
Difference between employer contributions and employer's proportionate share of system contributions	825,193	3,180,885
City's contributions subsequent to the measurement date	20,618,763	N/A
Total	\$ 69,405,837	\$ 5,244,832

\$20,618,763 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 9,497,104
2023	13,032,484
2024	12,318,507
2025	8,542,020
2026	152,127
Total	\$ 43,542,242

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

5. Actuarial methods and assumptions

The employer contribution rates effective July 1, 2019 through June 30, 2021 were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS defined benefit plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP pension program component of the PERS defined benefit plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2018 rolled forward to June 30, 2020
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions above are based on the 2018 Experience Study which reviewed experience for the four-year period ending December 31, 2018.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

6. Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The following table shows Milliman's assumptions for each of the asset classes in which the plans were invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	0.34%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
Total	100.00%	
Assumed Inflation - Mean		2.50%

7. Discount rate

The discount rate used to measure the total pension liability was 7.20% for the defined benefit pension plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the defined benefit pension plan was applied to all periods of projected benefit payments to determine the total pension liability.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

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

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 309,900,503	\$ 208,698,814	\$ 123,836,507

9. Pension plan fiduciary net position

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

10. Changes in plan provisions subsequent to the measurement date

The PERS board lowered the assumed rate of return to 6.90% effective January 1, 2022. This change will affect employer contribution rates beginning July 1, 2023.

D. Other postemployment benefit plans

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

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB on Financials
Total OPEB asset	\$ -	\$ 1,126,686	\$ 1,126,686
Deferred Outflows of Resources			
Contributions After Measurement Date	-	22,510	22,510
Differences between expected and actual experience	1,899,522	-	1,899,522
Change in assumptions	2,232,352	-	2,232,352
Net difference between projected and actual earnings	-	125,296	125,296
Changes in proportionate share	-	294,902	294,902
Total Deferred Outflows of Resources	4,131,874	442,708	4,574,582
Total OPEB Liability	(19,600,900)	-	(19,600,900)
Deferred Inflows of Resources			
Differences between expected and actual experience	(879,673)	(115,180)	(994,853)
Change in assumptions	(479,534)	(59,889)	(539,423)
Net difference between projected and actual earnings	-	-	-
Changes in proportionate share	-	(525)	(525)
Total Deferred Inflows of Resources	(1,359,207)	(175,594)	(1,534,801)
OPEB Expense /(Income)	1,423,585	(42,717)	1,380,868

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

E. Defined benefit other postemployment benefit plan (RHIA)

1. Plan description

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

2. Benefits provided

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

3. Contributions

PERS funding policy requires employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2018 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The City's contribution rates for the period were 0.06% for Tier One/Tier Two members. The City's total contributions for the year ended June 30, 2020 were \$35,165.

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

At June 30, 2021, the City reported an asset of \$1,126,686 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2020, the City's proportionate share was 0.55294705%, which is a slight decrease from its proportion as of June 30, 2019.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

For the year ended June 30, 2021, the City recognized a credit to OPEB expense from this plan of \$42,717. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Net difference between projected and actual earnings	\$ -	\$ 115,180
Changes of assumptions	-	59,889
Net difference between projected and actual earnings on investments	125,296	-
Change in proportionate share	294,902	525
Contributions subsequent to the measurement date	22,510	N/A
Total	\$ 442,708	\$ 175,594

Deferred outflows of resources related to OPEB of \$22,510 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ 42,789
2023	115,975
2024	46,317
2025	39,523
Total	\$ 244,604

5. Actuarial methods and assumptions

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

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB Liability (Asset)	\$ (909,609)	\$ (1,126,686)	\$ (1,312,296)

7. OPEB plan fiduciary net position

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

F. Postemployment benefits other than pensions (OPEB)

1. General information about the OPEB plan

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

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

Employees covered by benefit terms. At June 30, 2021, the following employees were covered by the benefit terms:

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

2. Total OPEB liability

The City's total OPEB liability of \$19,600,900 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	3.50%
Salary increases, average, including inflation	3.50%
Discount rate	2.19%
Healthcare cost trend rates, FY 2022, decreasing 0.5% per year, to an ultimate rate of 4.50% from 2029 and forward.	8.00%
Retirees' share of benefit-related costs	100%

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

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

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

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

3. Changes in the total OPEB liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 15,891,684
Changes for the year:	
Service cost	1,158,458
Interest	445,841
Differences between expected and actual experience	1,002,500
Changes in assumptions or other inputs	1,684,624
Benefit payments	(582,207)
Net changes	3,709,216
Balance at June 30, 2021	\$ 19,600,900

Changes in assumptions reflect a discount rate decrease from 2.66% in 2020 to 2.19% in 2021.

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

	1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
Total OPEB Liability	\$ 21,090,379	\$ 19,600,900	\$ 18,162,038

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

	1% Decrease (7.0% decreasing to 3.5%)	(8.0% decreasing to 4.5%)	1% Increase (9.0% decreasing to 5.5%)
Healthcare Cost Trend Rates			
Total OPEB Liability	\$ 17,159,806	\$ 19,600,900	\$ 22,495,981

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$1,423,585. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,899,522	\$ 879,673
Changes of assumptions or other inputs	2,232,352	479,534
Total	\$ 4,131,874	\$ 1,359,207

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

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

Year Ended June 30:	
2022	\$ 401,493
2023	401,493
2024	401,493
2025	373,208
2026	491,968
Thereafter	<u>703,012</u>
Total	<u>\$ 2,772,667</u>

G. Outstanding encumbrances

At June 30, 2021, the City has encumbered the following commitments that required reappropriation in the 2021-22 fiscal year budget:

<u>Fund</u>	<u>Amount</u>
General	\$ 1,091,940
Capital improvements	99,440
Non-major governmental	138,490
Utility	278,110
Willamette Valley Communications Center	47,460
Internal Service funds	<u>115,780</u>
Total	<u>\$ 1,771,220</u>

H. Deficit net position

The Willamette Valley Communications Center fund has a deficit net position of \$5,366,840 at June 30, 2021, which is caused by the pension and OPEB reporting requirements of GASB Statements 68 and 75. However, the fund has a positive fund balance of \$1,816,855.

I. Budget violation

The Salem Convention Center fund ended the year with a negative fund balance from the budgetary perspective, liabilities exceeding assets. Due to COVID-19 restrictions, the Center was unable to host any conventions from mid-March 2020 through April 2021. Very limited bookings began to return in May 2021. Certain costs could not be avoided during the closure and the extreme loss of revenue caused fund balance to go negative in June 2021, ending the year at a negative balance of \$21,881. The Agency has allowed the Center to delay remittance of prior year net earnings to the reserve fund to ensure the Center can maintain a positive cash position. As the pandemic and related restrictions allow, business will slowly return and fund balance will begin to recover.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

J. Tax abatement disclosure

As of June 30, 2021, the City of Salem and its blended component unit entered into an agreement for one tax abatement program: Multiple-Unit Housing ORS 307.600 to 307.637 which reduce property tax revenues.

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

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

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

<u>Government</u>	<u>Company</u>	<u>Purpose</u>	<u>Agreement Date</u>	<u>Percentage of Property Taxes Abated</u>	<u>Taxes Abated during Fiscal Year 2021</u>
City of Salem	Pringle Square South LLC	Multiple Unit Housing	3/12/2014	Partial	\$ 177,026
State of Oregon		Historical Property	Various	100%	110,850
		Low Income Hsing	Various	100%	216,413
		Enterprise Zone	Various	Partial	758,120
Polk County		Enterprise Zone	2014	29%-51%	10,893
Total					<u>\$ 1,273,302</u>

K. Related party transactions

The City provides certain administrative services to the Salem Housing Authority on a fee basis, such as legal, human resource, and payroll processing services. The City also grants funds on a reimbursement basis to the Authority related to the Community Development Block Grant (CDBG) and Home Investments Partnerships (HOME) programs and administration of the City’s Homeless Rental Assistance Program (HRAP). In fiscal year 2020-21, \$370,000 was reimbursed for the CDBG/HOME programs and \$927,287 was reimbursed for the HRAP program.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

The City participates in the Mid-Willamette Valley Cable Regulatory Commission (MWVCRC), a jointly governed organization between the City of Salem and Marion County. The MWVCRC is responsible for monitoring and enforcing franchise agreements with local cable television providers and providing cable access for public purposes within the Salem Urban Growth Boundary. The City, under a renewable annual agreement, funds the MWVCRC based upon the amount of cable franchise fees collected by the City. For fiscal year 2020-21, the City paid \$714,020 to the MWVCRC. Separate financial statements for the MWVCRC may be obtained at:

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

L. Prior period adjustments

Several construction projects in progress were incorrectly excluded from construction work in progress in the 2019-20 annual report. These have been added to beginning work in progress capital assets in both governmental and business-type activities and reported as a positive prior period adjustment in the Statement of Activities. The adjustments are summarized below.

- Police facility, \$4.7 million
- City Shops fleet maintenance building, \$0.1 million
- Various street infrastructure related projects, \$0.5 million
- Various Urban Renewal Agency projects, \$1.7 million
- Salem Convention Center kitchen expansion, \$1.1 million
- Public Works Utility operations building, \$1.0 million
- Various utility infrastructure related projects, \$0.6 million

Operating grant revenue from the CARES act, Coronavirus Relief Fund was understated by \$1.4 million for reimbursement of COVID related costs in the 2019-20 annual report. Capital grant revenue from the Federal Highway Administration was understated by \$0.9 million for a street construction project in the 2019-20 annual report. These are reported as positive prior period adjustments in the Statement of Activities.

M. Adoption of new GASB pronouncements

During the fiscal year ended June 30, 2021, the City implemented the following GASB Pronouncements:

GASB Statement No. 84, Fiduciary Activities. This statement was issued January 2017 to establish criteria for identifying fiduciary activities of all state and local governments. GASB 84 was implemented for the City, fiscal year ending June 30, 2021. The majority of the City's Agency Funds were not impacted by this statement, however certain programs previously reported under this category are no longer classified as a fiduciary activity. Accordingly, this activity which no longer qualifies as a fiduciary activity, is reported in the appropriate operating funds of the City. Additionally, throughout this ACFR any references to the term "Agency Fund" has been updated to "Custodial Fund". The format of the fiduciary fund financial statements have also been updated to comply with the new requirements given by this statement.

City of Salem, Oregon
Notes to the Financial Statements
Fiscal Year Ended June 30, 2021

GASB Statement No. 89, Accounting for Interest Costs Incurred Before the End of a Construction Period. This statement was issued June 2018 and establishes accounting requirements for interest cost incurred before the end of a construction period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 was implemented by the City for the fiscal year ended June 30, 2021.

N. Future GASB pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2021:

GASB Statement No. 87, Leases. This Statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the City for the fiscal year ending June 30, 2022.

GASB Statement No. 91, Conduit Debt Obligations. This statement was issued May 2019 and establishes accounting requirements for conduit debt obligations by issuers. The objectives of this Statement are to eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 91 will be effective for the City for the fiscal year ending June 30, 2023.

GASB Statement No. 92, Omnibus 2020. This statement was issued January 2020 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases implementation, derivative instruments, postemployment benefits (pensions and other postemployment benefits [OPEB]), asset retirement obligations, risk pool and fair value measurements. GASB Statement No. 92 will be effective for the City for the fiscal year ending June 30, 2022.



Required Supplementary Information

City of Salem, Oregon
Required Supplementary Information
Fiscal Year Ended June 30, 2021

1. Defined benefit pension plan (PERS)

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

Year Ended June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.95630578%	\$ 208,698,814	\$ 82,201,000	253.89%	75.80%
2020	0.94012241%	162,618,663	80,370,324	202.34%	80.20%
2019	0.92448545%	140,047,369	78,129,106	179.25%	82.10%
2018	0.94775487%	127,757,715	76,521,581	166.96%	83.10%
2017	0.97424987%	146,257,527	76,037,921	192.35%	80.50%
2016	1.00664356%	57,796,051	77,123,538	74.94%	91.90%
2015	1.02590270%	(23,254,287)	75,971,067	-30.61%	103.60%
2014	1.02590270%	52,353,318	73,561,041	71.17%	91.97%

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

Schedule of Contributions (PERS)

For the last eight fiscal years

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2021	\$20,618,763	\$ 20,618,763	\$ -	\$91,109,535	22.63%
2020	19,434,121	19,434,121	-	82,201,000	23.64%
2019	14,870,738	14,870,738	-	80,370,324	18.50%
2018	14,450,480	14,450,480	-	78,129,106	18.50%
2017	10,099,278	10,099,278	-	76,521,581	13.20%
2016	9,918,275	9,918,275	-	76,037,921	13.04%
2015	9,662,055	9,662,055	-	77,123,538	12.53%
2014	10,237,304	10,237,304	-	75,971,067	13.48%

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

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

City of Salem, Oregon
Required Supplementary Information
Fiscal Year Ended June 30, 2021

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

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

Year Ended June 30,	Service Cost	Interest	Changes in benefit terms	Differences between expected and actual experience	Changes in assumptions or other inputs	Benefit payments	Total OPEB Liability
2021	\$ 1,158,458	\$ 445,841	\$ -	\$ 1,002,500	\$ 1,684,624	\$ (582,207)	\$ 19,600,900
2020	1,009,824	541,913	-	(761,169)	1,011,076	(672,731)	15,891,684
2019	840,781	524,551	-	1,262,401	(263,711)	(623,601)	14,762,771
2018	884,521	491,630	-	(332,489)	(617,596)	(652,351)	13,022,350
2017	833,406	355,158	(42,568)	586,322	(373,074)	(543,183)	13,248,635

Changes in benefit terms. The City's other post-employment benefits include retiree healthcare. The actuarial cost method for retiree healthcare benefits is the projected unit credit method. The last actuarial valuation completed was as of June 30, 2021.

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

2021	2.19%
2020	2.66%
2019	3.51%
2018	3.87%
2017	3.56%

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

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

City of Salem, Oregon
Required Supplementary Information
Fiscal Year Ended June 30, 2021

3. Defined benefit pension plan (RHIA)

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

Year Ended June 30,	City's proportion of the net OPEB liability (asset) (a)	City's proportionate share of the net OPEB liability (asset) (b)	City's covered payroll (c)	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll (b/c)	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.55294705%	\$ (1,126,686)	\$ 82,201,000	-1.37%	150.1%
2020	0.84103315%	(1,625,180)	80,370,324	-2.02%	144.4%
2019	0.84508478%	(943,344)	78,129,106	-1.21%	124.0%
2018	0.81930652%	(341,930)	76,521,581	-0.45%	108.9%
2017	0.81384084%	221,009	76,037,921	0.29%	94.2%

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

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

Schedule of contributions (RHIA)
For the last five years

Year Ended June 30,	Statutorily required contribution (a)	Contributions in relation to the statutorily required contribution (b)	Contribution deficiency (excess) (a-b)	City's covered payroll (c)	Contributions as a percent of covered payroll (b/c)
2021	\$ 22,510	\$ 22,510	\$ -	\$ 91,109,535	0.02%
2020	39,487	39,487	-	82,201,000	0.05%
2019	416,833	416,833	-	80,370,324	0.52%
2018	409,193	409,193	-	78,129,106	0.52%
2017	394,688	394,688	-	76,521,581	0.52%

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

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

Supplemental Information



COMBINING STATEMENTS

General Operating Fund

This fund combines the General fund and the Public Art fund for GAAP reporting purposes, as the Public Art fund does not qualify as a special revenue fund under GAAP.

General Fund

The General fund accounts for the financial operations of the City that are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, licenses and permits, state shared revenue, and administrative service charges received from other funds. Primary expenditures are for public safety, community services, general government, community development, and library services.

Public Art Fund

The Public Art fund accounts for the selection, acquisition and maintenance of public art. Financing for these activities is derived from the dedication of one-half of one percent of the total eligible costs of public improvement projects.

City of Salem, Oregon
Combining Balance Sheet
General Operating Fund
June 30, 2021

	<u>General Fund</u>	<u>Public Art Fund</u>	<u>Total General Operating Fund</u>
Assets			
Cash and investments	\$ 30,537,407	\$ 41,479	\$ 30,578,886
Accounts receivable, net	8,618,326	-	8,618,326
Prepayments	135,214	-	135,214
Total assets	<u>\$ 39,290,947</u>	<u>\$ 41,479</u>	<u>\$ 39,332,426</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 5,962,067	\$ 1,322	\$ 5,963,389
Due to other agencies	21,599	-	21,599
Security deposit payable	1,734	-	1,734
Total liabilities	<u>5,985,400</u>	<u>1,322</u>	<u>5,986,722</u>
Deferred inflows of resources			
Unavailable revenue	<u>2,260,826</u>	<u>-</u>	<u>2,260,826</u>
Fund balances			
Nonspendable	135,214	-	135,214
Committed	-	40,157	40,157
Assigned	1,091,940	-	1,091,940
Unassigned	29,817,567	-	29,817,567
Total fund balances	<u>31,044,721</u>	<u>40,157</u>	<u>31,084,878</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 39,290,947</u>	<u>\$ 41,479</u>	<u>\$ 39,332,426</u>

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

City of Salem, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Operating Fund
For the fiscal year ended June 30, 2021

	<u>General Fund</u>	<u>Public Art Fund</u>	<u>Total General Operating Fund</u>
Revenues			
Property taxes	\$ 74,536,268	\$ -	\$ 74,536,268
Other taxes	1,584,048	-	1,584,048
Sales, fees, licenses, and permits	31,531,800	-	31,531,800
Special assessments	1,232	-	1,232
Rents	538,882	-	538,882
Grants	10,644,562	-	10,644,562
Intergovernmental	16,707,611	-	16,707,611
Fines and penalties	1,631,719	-	1,631,719
Interest on investments	503,134	858	503,992
Other	200,570	-	200,570
Total revenues	<u>137,879,826</u>	<u>858</u>	<u>137,880,684</u>
Expenditures			
Current			
General government	22,790,889	21,052	22,811,941
Community development	7,883,525	-	7,883,525
Community service	11,068,551	-	11,068,551
Public safety	85,112,538	-	85,112,538
Library	4,662,788	-	4,662,788
Capital outlay	764,835	-	764,835
Debt service			
Interest and fiscal charges	47,494	-	47,494
Total expenditures	<u>132,330,620</u>	<u>21,052</u>	<u>132,351,672</u>
Excess (deficiency) of revenues over expenditures	5,549,206	(20,194)	5,529,012
Other financing sources (uses)			
Transfers in	1,894,460	10,960	1,905,420
Transfers out	(1,338,789)	-	(1,338,789)
Total other financing sources (uses)	<u>555,671</u>	<u>10,960</u>	<u>566,631</u>
Net change in fund balance	6,104,877	(9,234)	6,095,643
Fund balances - beginning of year	<u>24,939,844</u>	<u>49,391</u>	<u>24,989,235</u>
Fund balances - end of year	<u>\$ 31,044,721</u>	<u>\$ 40,157</u>	<u>\$ 31,084,878</u>

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

COMBINING STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

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

Transportation Services

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

Streetlights

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

Airport

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

Downtown Parking

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

Cultural/Tourism

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

Travel Promotion Area

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

Parking Leasehold

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

Building and Safety

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

Traffic Safety

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

Community Enhancement

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

Permanent

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

Debt Service Funds

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

Tax Allocation Bond Debt

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

Capital Projects Funds

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

Extra Capacity Facilities

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

Development Districts

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

City of Salem, Oregon
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

**Special Revenue
Funds**

	Trans- portation Services	Street- lights	Airport	Downtown Parking	Cultural/ Tourism	Tourism Promotion Area	Parking Leasehold	Building and Safety
Assets								
Cash and investments	\$ 5,103,042	\$ 883,812	\$ 927,687	\$ 125,985	\$ 1,601,275	\$ 78,506	\$ 171,709	\$ 13,857,043
Accounts receivable, net	1,231,053	412,134	162,071	51,238	449,897	101,404	177,508	251,737
Due from other funds	-	-	-	-	-	-	-	-
Assessments receivable	-	-	-	-	-	-	-	-
Total assets	<u>\$ 6,334,095</u>	<u>\$ 1,295,946</u>	<u>\$ 1,089,758</u>	<u>\$ 177,223</u>	<u>\$ 2,051,172</u>	<u>\$ 179,910</u>	<u>\$ 349,217</u>	<u>\$ 14,108,780</u>
Liabilities								
Accounts payable and accrued liabilities	\$ 534,955	\$ 78,647	\$ 84,751	\$ 4,036	\$ 214,324	\$ 179,910	\$ 6,205	\$ 109,942
Security deposit payable	840	-	-	-	-	-	1,000	-
Unearned revenues	-	-	-	-	-	-	-	-
Developer reimbursement payable	-	-	-	-	-	-	-	-
Total liabilities	<u>535,795</u>	<u>78,647</u>	<u>84,751</u>	<u>4,036</u>	<u>214,324</u>	<u>179,910</u>	<u>7,205</u>	<u>109,942</u>
Deferred inflows of resources								
Unavailable revenue	3,131	-	-	-	-	-	-	-
Fund balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	5,795,169	1,217,299	1,005,007	173,187	1,836,848	-	342,012	13,998,838
Total fund balances	<u>5,795,169</u>	<u>1,217,299</u>	<u>1,005,007</u>	<u>173,187</u>	<u>1,836,848</u>	<u>-</u>	<u>342,012</u>	<u>13,998,838</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,334,095</u>	<u>\$ 1,295,946</u>	<u>\$ 1,089,758</u>	<u>\$ 177,223</u>	<u>\$ 2,051,172</u>	<u>\$ 179,910</u>	<u>\$ 349,217</u>	<u>\$ 14,108,780</u>

Continued

City of Salem, Oregon
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			Debt Service Funds	Capital Projects Funds		Total Nonmajor Governmental Funds
	Traffic Safety	Community Enhancement	Permanent	Tax Allocation Bond Debt	Extra Capacity Facilities	Development Districts	
Assets							
Cash and investments	\$ 128	\$ 19,253,968	\$ 263,903	\$ 5,977,208	\$ 17,397,760	\$ 6,517,139	\$ 72,159,165
Accounts receivable, net	-	25,601	-	535,849	2,092,650	-	5,491,142
Due from other funds	-	508,359	-	-	-	-	508,359
Assessments receivable	-	-	-	-	725,719	1,164,224	1,889,943
Total assets	<u>\$ 128</u>	<u>\$ 19,787,928</u>	<u>\$ 263,903</u>	<u>\$ 6,513,057</u>	<u>\$ 20,216,129</u>	<u>\$ 7,681,363</u>	<u>\$ 80,048,609</u>
Liabilities							
Accounts payable and accrued liabilities	\$ 128	\$ 2,473,078	\$ -	\$ -	\$ 218,949	\$ 68,929	\$ 3,973,854
Security deposit payable	-	-	-	-	-	-	1,840
Unearned revenues	-	4,752,878	-	-	-	-	4,752,878
Developer reimbursement payable	-	-	-	-	725,719	1,164,224	1,889,943
Total liabilities	<u>128</u>	<u>7,225,956</u>	<u>-</u>	<u>-</u>	<u>944,668</u>	<u>1,233,153</u>	<u>10,618,515</u>
Deferred inflows of resources							
Unavailable revenue	-	-	-	359,534	1,970,004	-	2,332,669
Fund balances							
Nonspendable	-	-	11,000	-	-	-	11,000
Restricted	-	11,503,048	252,903	6,153,523	17,301,457	6,448,210	41,659,141
Committed	-	1,058,924	-	-	-	-	25,427,284
Total fund balances	<u>-</u>	<u>12,561,972</u>	<u>263,903</u>	<u>6,153,523</u>	<u>17,301,457</u>	<u>6,448,210</u>	<u>67,097,425</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 128</u>	<u>\$ 19,787,928</u>	<u>\$ 263,903</u>	<u>\$ 6,513,057</u>	<u>\$ 20,216,129</u>	<u>\$ 7,681,363</u>	<u>\$ 80,048,609</u>

Concluded

City of Salem, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2021

**Special Revenue
Funds**

	Transportation Services	Streetlights	Airport	Downtown Parking	Cultural/ Tourism	Tourism Promotion Area	Parking Leasehold	Building & Safety
Revenues								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	3,095,121	-	-	-
Sales, fees, licenses, and permits	397,844	1,950,025	44,358	28,973	-	-	-	6,619,979
Special assessments	385	-	-	357,536	-	681,308	-	-
Rents	2,019	-	1,178,147	431,545	-	-	596,985	-
Grants	1,444,865	-	23,131	237,040	1,548,520	-	-	383
Intergovernmental	14,898,392	-	-	-	3,931	-	-	148,888
Fines and penalties	-	-	-	-	-	-	-	-
Interest on investments	42,352	13,439	24,215	3,093	6,712	-	4,891	187,364
Other	14,204	10,914	-	1,698	13,708	-	-	-
Total revenues	16,800,061	1,974,378	1,269,851	1,059,885	4,667,992	681,308	601,876	6,956,614
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Community development	-	-	1,129,855	960,907	1,843,538	681,308	431,766	4,752,803
Community service	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Transportation	13,478,852	1,099,168	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Capital outlay	27,348	-	-	-	-	-	-	-
Debt service								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	21,543	2,039	-	-	-	-	-
Total expenditures	13,506,200	1,120,711	1,131,894	960,907	1,843,538	681,308	431,766	4,752,803
Excess (deficiency) of revenues over expenditures	3,293,861	853,667	137,957	98,978	2,824,454	-	170,110	2,203,811
Other financing sources (uses)								
Issuance of debt	-	-	-	-	-	-	-	-
Transfers in	75,000	-	-	-	-	-	-	-
Transfers out	(812,070)	(718,856)	(342,406)	-	(1,370,080)	-	(215,000)	(500,000)
Total other financing sources (uses)	(737,070)	(718,856)	(342,406)	-	(1,370,080)	-	(215,000)	(500,000)
Net change in fund balance	2,556,791	134,811	(204,449)	98,978	1,454,374	-	(44,890)	1,703,811
Fund balances - beginning of year	3,238,378	1,082,488	1,209,456	74,209	382,474	-	386,902	12,295,027
Fund balances - end of year	\$ 5,795,169	\$ 1,217,299	\$ 1,005,007	\$ 173,187	\$ 1,836,848	\$ -	\$ 342,012	\$ 13,998,838

Continued

City of Salem, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2021

	Special Revenue Funds			Debt Service Funds	Capital Project Funds		Total
	Traffic Safety	Community Enhancement	Permanent	Tax Allocation Bond Debt	Extra Capacity Facilities	Development Districts	Governmental Nonmajor Funds
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ 15,931,086	\$ -	\$ -	\$ 15,931,086
Other taxes	-	-	-	-	-	-	3,095,121
Sales, fees, licenses, and permits	-	342,118	-	-	6,590,281	913,628	16,887,206
Special assessments	-	18,353	-	-	41,671	-	1,099,253
Rents	-	1,403	-	-	18,300	-	2,228,399
Grants	-	30,607	-	-	409,776	-	3,694,322
Intergovernmental	-	52,770	-	-	-	-	15,103,981
Fines and penalties	990,762	27,724	-	-	-	-	1,018,486
Interest on investments	3,326	214,141	4,394	152,696	257,328	100,037	1,013,988
Other	-	739,808	17,219	-	2,852	-	800,403
Total revenues	994,088	1,426,924	21,613	16,083,782	7,320,208	1,013,665	60,872,245
Expenditures							
Current							
General government	-	60,672	-	-	-	-	60,672
Community development	-	63,666	-	-	-	-	9,863,843
Community service	-	104,269	-	-	-	-	104,269
Public safety	675,488	399,843	-	-	-	-	1,075,331
Transportation	-	65,609	-	-	-	-	14,643,629
Library	-	84,129	855	-	-	-	84,984
Capital outlay	-	122,226	-	-	8,352,475	225,722	8,727,771
Debt service							
Principal retirement	-	-	-	510,014	-	-	510,014
Interest and fiscal charges	-	-	-	715,813	-	-	739,395
Total expenditures	675,488	900,414	855	1,225,827	8,352,475	225,722	35,809,908
Excess (deficiency) of revenues over expenditures	318,600	526,510	20,758	14,857,955	(1,032,267)	787,943	25,062,337
Other financing sources (uses)							
Issuance of debt	-	-	-	966,800	-	-	966,800
Transfers in	-	17,500	-	-	500,000	-	592,500
Transfers out	(318,610)	(1,512,601)	(50,000)	(14,400,000)	(75,000)	(500,000)	(20,814,623)
Total other financing sources (uses)	(318,610)	(1,495,101)	(50,000)	(13,433,200)	425,000	(500,000)	(19,255,323)
Net change in fund balance	(10)	(968,591)	(29,242)	1,424,755	(607,267)	287,943	5,807,014
Fund balances - beginning of year	10	13,530,563	293,145	4,728,768	17,908,724	6,160,267	61,290,411
Fund balances - end of year	\$ -	\$ 12,561,972	\$ 263,903	\$ 6,153,523	\$ 17,301,457	\$ 6,448,210	\$ 67,097,425

Concluded



COMBINING STATEMENTS

Nonmajor Proprietary Funds

Enterprise Funds

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

Emergency Services

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

Willamette Valley Public Safety (WVPS) Communications Center

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

Police Regional Records System

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

Salem Convention Center

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

City of Salem, Oregon
Combining Statement of Net Position
Nonmajor Business-type Funds
June 30, 2021

	Emergency Services	WVPS Communi- cations Center	Police Regional Records System	Salem Convention Center	Total Nonmajor Business-type Funds
Assets					
Current assets					
Cash and investments	\$ 3,550,651	\$ 2,492,205	\$ 995,423	\$ 609,215	\$ 7,647,494
Accounts receivable, net	28,169	64,954	6,898	40,440	140,461
Inventories and prepayments	-	-	-	21,893	21,893
Total current assets	<u>3,578,820</u>	<u>2,557,159</u>	<u>1,002,321</u>	<u>671,548</u>	<u>7,809,848</u>
Noncurrent assets					
Restricted cash and investments	-	1,918,961	-	-	1,918,961
Net OPEB asset	1,905	71,430	-	-	73,335
Capital assets:					
Land and other construction in progress	-	-	-	4,091,569	4,091,569
Other capital assets, net	562,712	198,572	956,397	20,440,221	22,157,902
Total noncurrent assets	<u>564,617</u>	<u>2,188,963</u>	<u>956,397</u>	<u>24,531,790</u>	<u>28,241,767</u>
Total assets	<u>4,143,437</u>	<u>4,746,122</u>	<u>1,958,718</u>	<u>25,203,338</u>	<u>36,051,615</u>
Deferred outflows of resources					
Deferred outflows related to pensions	201,136	4,010,932	-	-	4,212,068
Deferred outflows related to OPEB-RHIA	748	28,067	-	-	28,815
Deferred outflows related to OPEB-City	6,985	261,953	-	-	268,938
Total deferred outflows of resources	<u>208,869</u>	<u>4,300,952</u>	<u>-</u>	<u>-</u>	<u>4,509,821</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	21,015	242,168	-	64,449	327,632
Due to other funds	-	-	-	508,359	508,359
Compensated absences due within one year	-	48,327	-	-	48,327
Total current liabilities	<u>21,015</u>	<u>290,495</u>	<u>-</u>	<u>572,808</u>	<u>884,318</u>
Noncurrent liabilities					
Security deposit payable	-	-	-	120,621	120,621
Net OPEB liability	33,138	1,242,661	-	-	1,275,799
Net pension liability	614,889	11,984,525	-	-	12,599,414
Compensated absences	45,718	449,809	-	-	495,527
Total noncurrent liabilities	<u>693,745</u>	<u>13,676,995</u>	<u>-</u>	<u>120,621</u>	<u>14,491,361</u>
Total liabilities	<u>714,760</u>	<u>13,967,490</u>	<u>-</u>	<u>693,429</u>	<u>15,375,679</u>
Deferred inflows of resources:					
Deferred inflows related to pensions	14,904	349,121	-	-	364,025
Deferred inflows related to OPEB-City	2,298	86,171	-	-	88,469
Deferred inflows related to OPEB-RHIA	297	11,132	-	-	11,429
Total deferred inflows of resources	<u>17,499</u>	<u>446,424</u>	<u>-</u>	<u>-</u>	<u>463,923</u>
Net Position					
Net investment in capital assets	562,712	198,572	956,397	24,531,790	26,249,471
Unrestricted	3,057,335	(5,565,412)	1,002,321	(21,881)	(1,527,637)
Total net position	<u>\$ 3,620,047</u>	<u>\$ (5,366,840)</u>	<u>\$ 1,958,718</u>	<u>\$ 24,509,909</u>	<u>\$ 24,721,834</u>

City of Salem, Oregon
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Business-type Funds
For the fiscal year ended June 30, 2021

	Emergency Services	WVPS Communi- cations Center	Police Regional Records System	Salem Convention Center	Total Nonmajor Business-type Funds
Operating revenues					
Sales, fees, licenses, and permits	\$ 780,384	\$ 21,610	\$ -	\$ 15,539	\$ 817,533
Rents	-	8,760	-	205,558	214,318
Grants	-	9,885	-	-	9,885
Internal and intergovernmental	11,990	12,342,140	324,620	-	12,678,750
Member agencies	-	-	112,750	-	112,750
Fines and penalties	42,950	-	-	-	42,950
Other	1,226	3,465	-	99,308	103,999
Total operating revenues	<u>836,550</u>	<u>12,385,860</u>	<u>437,370</u>	<u>320,405</u>	<u>13,980,185</u>
Operating expenses					
Personal services	511,027	10,987,088	-	-	11,498,115
Materials and services	272,813	1,657,119	151,810	518,298	2,600,040
Depreciation	63,695	26,667	214,576	738,265	1,043,203
Total operating expenses	<u>847,535</u>	<u>12,670,874</u>	<u>366,386</u>	<u>1,256,563</u>	<u>15,141,358</u>
Operating income (loss)	<u>(10,985)</u>	<u>(285,014)</u>	<u>70,984</u>	<u>(936,158)</u>	<u>(1,161,173)</u>
Non-operating revenues (expenses)					
Interest on investments	54,132	53,382	15,125	-	122,639
Net income (loss) before capital contributions and transfers	43,147	(231,632)	86,109	(936,158)	(1,038,534)
Transfers in	-	-	-	1,291,831	1,291,831
Transfers out	(33,179)	-	-	-	(33,179)
Change in net position	9,968	(231,632)	86,109	355,673	220,118
Total net position - beginning of year	<u>3,610,079</u>	<u>(5,135,208)</u>	<u>1,872,609</u>	<u>23,033,093</u>	<u>23,380,573</u>
Prior period adjustment	-	-	-	1,121,143	1,121,143
Total net position - end of year	<u>\$ 3,620,047</u>	<u>\$ (5,366,840)</u>	<u>\$ 1,958,718</u>	<u>\$ 24,509,909</u>	<u>\$ 24,721,834</u>

City of Salem, Oregon
Combining Statement of Cash Flows
Nonmajor Business-type Funds
For the fiscal year ended June 30, 2021

	Emergency Services	WVPS Communi- cations Center	Police Regional Records System	Salem Convention Center	Total Nonmajor Business-type Funds
Cash Flow from Operating Activities:					
Receipts from customers	\$ 801,975	\$ 43,720	\$ -	\$ 279,965	\$ 1,125,660
Receipts from interfund services provided	11,990	-	324,620	-	336,610
Member agencies	-	12,288,631	105,852	-	12,394,483
Payments to suppliers	(262,634)	(1,630,808)	(151,810)	(555,999)	(2,601,251)
Payments to employees	(417,573)	(9,523,339)	-	-	(9,940,912)
Net cash provided (used) by operating activities	133,758	1,178,204	278,662	(276,034)	1,314,590
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(33,179)	(127,424)	(207,760)	(19,472)	(387,835)
Cash Flows from Investing Activities:					
Interest on investments	54,132	53,382	15,125	-	122,639
Net increase (decrease) in cash and cash equivalents	154,711	1,104,162	86,027	(295,506)	1,049,394
Cash and cash equivalents - beginning of year	3,395,940	3,307,004	909,396	904,721	8,517,061
Cash and cash equivalents - end of year	\$ 3,550,651	\$ 4,411,166	\$ 995,423	\$ 609,215	\$ 9,566,455

**Reconciliation of Operating Net Cash Provided
by (Used for) Operating Activities**

Operating income (loss)	\$ (10,985)	\$ (285,014)	\$ 70,984	\$ (936,158)	\$ (1,161,173)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	63,695	26,667	214,576	738,265	1,043,203
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
Accounts receivable	(22,585)	(53,509)	(6,898)	(40,440)	(123,432)
Inventories and prepayments	-	-	-	19,342	19,342
Deferred outflows related to pensions	(46,591)	(870,886)	-	-	(917,477)
Deferred outflows related to OPEB	(4,049)	(146,889)	-	-	(150,938)
Accounts payable and accrued liabilities	10,179	26,311	-	-	36,490
Compensated absences payable	14,089	(13,942)	-	(57,043)	(56,896)
Net pension liability	133,172	2,489,249	-	-	2,622,421
Net OPEB asset	966	19,017	-	-	19,983
Net OPEB liability	6,362	198,389	-	-	204,751
Deferred inflows related to pensions	(9,743)	(182,111)	-	-	(191,854)
Deferred inflows related to OPEB	(752)	(29,078)	-	-	(29,830)
Net cash provided (used) by operating activities	\$ 133,758	\$ 1,178,204	\$ 278,662	\$ (276,034)	\$ 1,314,590

COMBINING STATEMENTS

Internal Service Funds

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

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

City Services

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

Equipment Replacement Reserve

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

Self-Insurance Benefits

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

Self-Insurance Risk

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

City of Salem, Oregon
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	City Services	Equipment Replacement Reserve	Self Insurance Benefits	Self Insurance Risk	Total
Assets					
Current assets					
Cash and investments	\$ 8,875,550	\$ 10,167,690	\$ 11,827,600	\$ 8,588,588	\$ 39,459,428
Accounts receivable, net	6,660	25,174	-	-	31,834
Inventories and prepayments	1,234,897	-	-	31,556	1,266,453
Advances to others funds	86,557	-	-	-	86,557
Total current assets	10,203,664	10,192,864	11,827,600	8,620,144	40,844,272
Noncurrent assets					
Restricted cash and investments	896,879	-	-	-	896,879
Net OPEB asset	17,143	-	2,857	3,810	23,810
Capital assets:					
Land and other construction in progress	11,130,507	662,529	-	-	11,793,036
Other capital assets, net	919,375	20,226,010	-	-	21,145,385
Total noncurrent assets	12,963,904	20,888,539	2,857	3,810	33,859,110
Total assets	23,167,568	31,081,403	11,830,457	8,623,954	74,703,382
Deferred outflows of resources					
Deferred outflows related to pensions	1,081,558	-	101,474	177,361	1,360,393
Deferred outflows related to OPEB-RHIA	6,736	-	1,123	1,497	9,356
Deferred outflows related to OPEB-City	62,869	-	10,478	13,971	87,318
Total deferred outflows of resources	1,151,163	-	113,075	192,829	1,457,067
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	377,877	31,865	22,183	51,686	483,611
Claims and judgments payable	-	-	-	1,450,000	1,450,000
Compensated absences due within one year	62,631	-	-	-	62,631
Total current liabilities	440,508	31,865	22,183	1,501,686	1,996,242
Noncurrent liabilities					
Net OPEB liability	298,239	-	49,706	66,275	414,220
Net pension liability	3,141,805	-	335,407	585,162	4,062,374
Claims and judgments payable	-	-	-	4,895,000	4,895,000
Compensated absences	94,775	-	30,988	63,094	188,857
Total noncurrent liabilities	3,534,819	-	416,101	5,609,531	9,560,451
Total liabilities	3,975,327	31,865	438,284	7,111,217	11,556,693
Deferred inflows of resources:					
Deferred inflows related to pensions	114,313	-	10,977	18,356	143,646
Deferred inflows related to OPEB-City	20,681	-	3,447	4,596	28,724
Deferred inflows related to OPEB-RHIA	2,672	-	445	594	3,711
Total deferred inflows of resources	137,666	-	14,869	23,546	176,081
Net Position					
Net investment in capital assets	12,049,882	20,888,539	-	-	32,938,421
Restricted for:					
Capital projects	890,989	-	-	-	890,989
Unrestricted	7,264,867	10,160,999	11,490,379	1,682,020	30,598,265
Total net position	\$ 20,205,738	\$ 31,049,538	\$ 11,490,379	\$ 1,682,020	\$ 64,427,675

City of Salem, Oregon
Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the fiscal year ended June 30, 2021

	City Services	Equipment Replacement Reserve	Self Insurance Benefits	Self Insurance Risk	Total
Operating revenues					
Sales, fees, licenses, and permits	\$ 80	\$ 250,916	\$ -	\$ 57,225	\$ 308,221
Rents	1,840,025	-	-	-	1,840,025
Grants	1,170	-	287	-	1,457
Internal and intergovernmental	8,056,873	2,153,421	25,218,621	2,141,510	37,570,425
Other	7,834	6,343	1,811,924	-	1,826,101
Total operating revenues	<u>9,905,982</u>	<u>2,410,680</u>	<u>27,030,832</u>	<u>2,198,735</u>	<u>41,546,229</u>
Operating expenses					
Personal services	2,630,582	-	474,055	779,441	3,884,078
Materials and services	6,768,385	101,615	26,792,816	3,156,849	36,819,665
Depreciation	68,745	2,739,542	-	-	2,808,287
Total operating expenses	<u>9,467,712</u>	<u>2,841,157</u>	<u>27,266,871</u>	<u>3,936,290</u>	<u>43,512,030</u>
Operating income (loss)	<u>438,270</u>	<u>(430,477)</u>	<u>(236,039)</u>	<u>(1,737,555)</u>	<u>(1,965,801)</u>
Non-operating revenues (expenses)					
Interest on investments	160,229	173,153	180,685	146,526	660,593
Other revenue (expenses)	-	74,892	-	-	74,892
Total non-operating revenues	<u>160,229</u>	<u>248,045</u>	<u>180,685</u>	<u>146,526</u>	<u>735,485</u>
Net income (loss) before capital contributions and transfers	598,499	(182,432)	(55,354)	(1,591,029)	(1,230,316)
Capital contributions	-	529,818	-	-	529,818
Transfers in	-	941,478	-	-	941,478
Transfers out	(50,000)	-	-	-	(50,000)
Change in net position	548,499	1,288,864	(55,354)	(1,591,029)	190,980
Total net position - beginning of year	19,508,488	29,760,674	11,545,733	3,273,049	64,087,944
Prior period adjustment	148,751	-	-	-	148,751
Total net position - end of year	<u>\$ 20,205,738</u>	<u>\$ 31,049,538</u>	<u>\$ 11,490,379</u>	<u>\$ 1,682,020</u>	<u>\$ 64,427,675</u>

City of Salem, Oregon
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2021

	<u>City Services</u>	<u>Equipment Replacement Reserve</u>	<u>Self Insurance Benefits</u>	<u>Self Insurance Risk</u>	<u>Total</u>
Cash Flow from Operating Activities:					
Receipts from customers	\$ 1,847,297	\$ 232,085	\$ 1,933,717	\$ 57,225	\$ 4,070,324
Receipts from interfund services provided	8,058,043	2,153,421	25,218,909	2,141,510	37,571,883
Payments to suppliers	(6,698,341)	(270,597)	(26,787,729)	(3,185,626)	(36,942,293)
Payments to employees	(2,356,405)	-	(418,706)	(670,681)	(3,445,792)
Net cash provided (used) by operating activities	<u>850,594</u>	<u>2,114,909</u>	<u>(53,809)</u>	<u>(1,657,572)</u>	<u>1,254,122</u>
Cash Flows from Noncapital Financing Activities:					
Transfers received	42,406	639,250	-	-	681,656
Transfers paid	(50,000)	-	-	-	(50,000)
Net cash provided (used) by noncapital related financing activities	<u>(7,594)</u>	<u>639,250</u>	<u>-</u>	<u>-</u>	<u>631,656</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(1,533,917)	(3,540,674)	-	-	(5,074,591)
Sale of property	-	229,586	-	-	229,586
Net cash provided (used) by capital related financing activities	<u>(1,533,917)</u>	<u>(3,311,088)</u>	<u>-</u>	<u>-</u>	<u>(4,845,005)</u>
Cash Flows from Investing Activities:					
Interest on investments	160,229	173,153	180,685	146,526	660,593
Net increase (decrease) in cash and cash equivalents	(530,688)	(383,776)	126,876	(1,511,046)	(2,298,634)
Cash and cash equivalents - beginning of year	<u>10,303,117</u>	<u>10,551,466</u>	<u>11,700,724</u>	<u>10,099,634</u>	<u>42,654,941</u>
Cash and cash equivalents - end of year	<u>\$ 9,772,429</u>	<u>\$ 10,167,690</u>	<u>\$ 11,827,600</u>	<u>\$ 8,588,588</u>	<u>\$ 40,356,307</u>

Continued

City of Salem, Oregon
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2021

	<u>City Services</u>	<u>Equipment Replacement Reserve</u>	<u>Self Insurance Benefits</u>	<u>Self Insurance Risk</u>	<u>Total</u>
Reconciliation of Operating Net Cash Provided by (Used for) Operating Activities					
Operating income (loss)	\$ 438,270	\$ (430,477)	\$ (236,039)	\$ (1,737,555)	\$ (1,965,801)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	68,745	2,739,542	-	-	2,808,287
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
Accounts receivable	(641)	(25,174)	121,793	(8,026)	87,952
Inventories and prepayments	87,815	-	-	-	87,815
Deferred outflows related to pensions	(185,075)	-	(32,566)	(58,682)	(276,323)
Deferred outflows related to OPEB	(5,957)	-	(975)	(1,386)	(8,318)
Deferred OPEB outflow-City	(17,743)	-	(3,258)	(4,946)	(25,947)
Accounts payable and accrued liabilities	(5,989)	(168,982)	5,087	(750)	(170,634)
Compensated absences payable	21,708	-	9,641	21,103	52,452
Claims reserve	-	-	-	(20,000)	(20,000)
Net pension liability	529,000	-	93,082	167,732	789,814
Net OPEB asset	13,006	-	2,886	497	16,389
Net OPEB liability	(36,464)	-	(3,846)	(666)	(40,976)
Deferred inflows related to pensions	(38,701)	-	(6,810)	(12,271)	(57,782)
Deferred inflows related to OPEB	(14,188)	-	(2,132)	(2,378)	(18,698)
Deferred OPEB inflow-RHIA	(3,192)	-	(672)	(244)	(4,108)
Net cash provided (used) by operating activities	<u>\$ 850,594</u>	<u>\$ 2,114,909</u>	<u>\$ (53,809)</u>	<u>\$ (1,657,572)</u>	<u>\$ 1,254,122</u>
Non-cash investing, capital, and financing activities					
Contributions of capital assets	\$ -	\$ 529,818	\$ -	\$ -	\$ 529,818
					Concluded



COMBINING STATEMENTS

Fiduciary Funds

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

The columns presented in these statements consist of:

Intergovernmental

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

Restitution Trust

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

Utility Assistance

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

Seized Asset Trust

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

Reimbursement Districts

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

City of Salem, Oregon
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds	
	Intergovern- mental	Restitution Trust
Assets		
Cash and investments	\$ 229,110	\$ 88
Accounts receivable, net	-	-
Total assets	229,110	88
Liabilities		
Due to other governments	223,162	-
Total liabilities	223,162	-
Net Position		
Restricted for:		
Other governments and individuals	5,948	88
Specific programs	-	-
Total net position	\$ 5,948	\$ 88

Continued

City of Salem, Oregon
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

Custodial Funds

Utility Assistance	Seized Asset Trust	Reimbursement Districts	Total
\$ 372,576	\$ 324,932	\$ 85,683	\$ 1,012,389
222	-	-	222
<u>372,798</u>	<u>324,932</u>	<u>85,683</u>	<u>1,012,611</u>
-	-	-	223,162
-	-	-	<u>223,162</u>
-	324,932	85,683	416,651
372,798	-	-	372,798
<u>\$ 372,798</u>	<u>\$ 324,932</u>	<u>\$ 85,683</u>	<u>\$ 789,449</u>
			Concluded

City of Salem, Oregon
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the fiscal year ended June 30, 2021

	Custodial Funds	
	Intergovern- mental	Restitution Trust
Additions		
Fees and assessments collected for other governments	\$ 1,264,489	\$ -
Program revenues:		
Outside parties	-	-
Governmental funds	-	-
Restitution collections	-	10,204
Investment earnings	-	-
Police seizures	-	-
Total additions	<u>1,264,489</u>	<u>10,204</u>
Deductions		
Fees and assessments distributed to other governments	1,095,397	-
Administrative expense	167,291	-
Restitution payments	-	10,216
Unclaimed payments transferred to governmental funds	-	4,783
Expenditures - Community Service and Development	-	-
Seized assets distributions:		
Payments to other governments	-	-
Returned to individuals	-	-
Forfeited to governmental funds	-	-
Total deductions	<u>1,262,688</u>	<u>14,999</u>
Change in net position	1,801	(4,795)
Total net position - beginning of year	<u>4,147</u>	<u>4,883</u>
Total net position - end of year	<u>\$ 5,948</u>	<u>\$ 88</u>

Continued

City of Salem, Oregon
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the fiscal year ended June 30, 2021

Custodial Funds			
Utility Assistance	Seized Asset Trust	Reimbursement Districts	Total
\$ -	\$ -	\$ -	\$ 1,264,489
58,407	-	1,940	60,347
10,000	-	-	10,000
-	-	-	10,204
4,875	-	2,106	6,981
-	126,685	-	126,685
73,282	126,685	4,046	1,478,706
-	-	-	1,095,397
-	-	-	167,291
-	-	-	10,216
-	-	-	4,783
200,694	-	44,544	245,238
-	57,402	-	57,402
-	9,614	-	9,614
-	2,002	-	2,002
200,694	69,018	44,544	1,591,943
(127,412)	57,667	(40,498)	(113,237)
500,210	267,265	126,181	902,686
\$ 372,798	\$ 324,932	\$ 85,683	\$ 789,449

Concluded



BUDGETARY COMPARISON SCHEDULES

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

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

Governmental Funds

Major Governmental Funds

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

Nonmajor Governmental Funds

Special Revenue Funds

- o *Transportation Services*
- o *Streetlights*
- o *Airport*
- o *Downtown Parking*
- o *Cultural / Tourism*
- o *Public Art*
- o *Tourism Promotion Area*
- o *Parking Leasehold*
- o *Building and Safety*
- o *Traffic Safety*
- o *Community Enhancement*
- o *Permanent*

Debt Service Funds

- o *Tax Allocation Bond Debt*

Capital Projects Funds

- o *Extra Capacity Facilities*
- o *Development Districts*

Proprietary Funds

Major Business-type Fund

- o *Utility*

Nonmajor Business-type Funds

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

Internal Service Funds

- o *City Services*
- o *Equipment Replacement Reserve*
- o *Self-Insurance Benefits*
- o *Self-Insurance Risk*

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 3,253	\$ (3,253)
Rents	-	-	21,815	(21,815)
Grants	13,972,120	13,972,120	6,476,002	7,496,118
Intergovernmental	27,190,260	27,190,260	-	27,190,260
Interest on investments	1,853,110	1,853,110	860,738	992,372
Other	560,000	560,000	278,544	281,456
Total revenues	<u>43,575,490</u>	<u>43,575,490</u>	<u>7,640,352</u>	<u>35,935,138</u>
Expenditures				
Operations	<u>185,508,430</u>	<u>185,508,430</u>	<u>95,921,090</u>	<u>89,587,340</u>
Excess (deficiency) of revenues over expenditures	(141,932,940)	(141,932,940)	(88,280,738)	(53,652,202)
Other financing sources (uses)				
Issuance of debt	95,430	95,430	3,571,715	(3,476,285)
Transfers in	27,035,110	27,035,110	23,190,110	3,845,000
Total other financing sources (uses)	<u>27,130,540</u>	<u>27,130,540</u>	<u>26,761,825</u>	<u>368,715</u>
Net change in fund balance	(114,802,400)	(114,802,400)	(61,518,913)	(53,283,487)
Fund balance - beginning of year	<u>114,802,400</u>	<u>114,802,400</u>	<u>130,442,328</u>	<u>(15,639,928)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	68,923,415	<u>\$ (68,923,415)</u>

Reconciliation to generally accepted accounting principles:

Transfer of net activity and fund balance to Utility fund (page 157)	(46,674,942)
Advances from Utility fund (page 157)	(4,318,267)
Transfer of net activity and fund balance to WVPS fund (page 159)	(1,918,961)
Transfer of net activity and fund balance to City Services fund (page 162)	(890,988)
Advance from City Services fund (page 162)	(86,557)
Fund balance - end of year (modified accrual)	<u>\$ 15,033,700</u>

1 () indicates revenue/expenditures in excess of budget

City of Salem, Oregon
Tax Allocation Improvements
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	with Final Budget ¹
Revenues				
Rents	\$ 96,000	\$ 96,000	\$ 71,476	\$ 24,524
Grants	4,527,170	4,527,170	410,498	4,116,672
Intergovernmental	349,090	349,090	300,000	49,090
Interest on investments	500,500	500,500	591,854	(91,354)
Loan payments received	85,000	85,000	163,891	(78,891)
Other	3,600	3,600	-	3,600
Total revenues	<u>5,561,360</u>	<u>5,561,360</u>	<u>1,537,719</u>	<u>4,023,641</u>
Expenditures				
Operations	<u>63,329,260</u>	<u>63,329,260</u>	<u>12,316,274</u>	<u>51,012,986</u>
Excess (deficiency) of revenues over expenditures	(57,767,900)	(57,767,900)	(10,778,555)	(46,989,345)
Other financing sources (uses)				
Issuance of debt	23,140,000	23,140,000	23,101,200	38,800
Sale of property	-	-	84,416	(84,416)
Total other financing sources (uses)	<u>23,140,000</u>	<u>23,140,000</u>	<u>23,185,616</u>	<u>(45,616)</u>
Net change in fund balance	(34,627,900)	(34,627,900)	12,407,061	(47,034,961)
Fund balance - beginning of year	<u>34,627,900</u>	<u>34,627,900</u>	<u>36,943,699</u>	<u>(2,315,799)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,350,760</u>	<u>\$ (49,350,760)</u>

1 () indicates revenue/expenditures in excess of budget

City of Salem, Oregon
General Debt
Schedule of Revenues, Expenses, and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Property taxes	\$ 15,967,530	\$ 15,967,530	\$ 16,020,690	\$ (53,160)
Intergovernmental	5,499,530	5,499,530	5,499,520	10
Interest on investments	-	-	140,840	(140,840)
Total revenues	21,467,060	21,467,060	21,661,050	(193,990)
Expenditures				
Debt service	21,830,260	21,830,260	21,829,272	988
Excess (deficiency) of revenues over expenditures	(363,200)	(363,200)	(168,222)	(194,978)
Other financing sources (uses)				
Issuance of debt	-	-	24,626,285	(24,626,285)
Premium on issuance of debt	-	-	2,843,359	(2,843,359)
Payment to refunded bond escrow agents	-	-	(27,469,644)	27,469,644
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(363,200)	(363,200)	(168,222)	(194,978)
Fund balance - beginning of year	1,402,390	1,402,390	1,356,099	46,291
Fund balance - end of year	\$ 1,039,190	\$ 1,039,190	\$ 1,187,877	\$ (148,687)

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 200,460	\$ 200,460	\$ 397,844	\$ (197,384)
Special assessments	5,150	5,150	385	4,765
Rents	2,040	2,040	2,019	21
Grants	280,020	280,020	1,444,865	(1,164,845)
Intergovernmental	15,844,390	15,844,390	14,898,392	945,998
Interest on investments	32,960	32,960	42,352	(9,392)
Other	2,060	2,060	14,204	(12,144)
Total revenues	<u>16,367,080</u>	<u>16,367,080</u>	<u>16,800,061</u>	<u>(432,981)</u>
Expenditures				
Operations	16,144,330	16,144,330	13,506,200	2,638,130
Contingency	500,000	500,000	-	500,000
Total expenditures	<u>16,644,330</u>	<u>16,644,330</u>	<u>13,506,200</u>	<u>3,138,130</u>
Excess (deficiency) of revenues over expenditures	(277,250)	(277,250)	3,293,861	(3,571,111)
Other financing sources (uses)				
Transfers in	75,000	75,000	75,000	-
Transfers out	(812,070)	(812,070)	(812,070)	-
Total other financing sources (uses)	<u>(737,070)</u>	<u>(737,070)</u>	<u>(737,070)</u>	<u>-</u>
Net change in fund balance	(1,014,320)	(1,014,320)	2,556,791	(3,571,111)
Fund balance - beginning of year	<u>2,790,670</u>	<u>2,790,670</u>	<u>3,238,378</u>	<u>(447,708)</u>
Fund balance - end of year	<u>\$ 1,776,350</u>	<u>\$ 1,776,350</u>	<u>\$ 5,795,169</u>	<u>\$ (4,018,819)</u>

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 1,933,900	\$ 1,933,900	\$ 1,950,025	\$ (16,125)
Interest on investments	16,500	16,500	13,439	3,061
Other	-	-	10,914	(10,914)
Total revenues	<u>1,950,400</u>	<u>1,950,400</u>	<u>1,974,378</u>	<u>(23,978)</u>
Expenditures				
Operations	1,181,930	1,181,930	1,099,168	82,762
Debt service	240,430	240,430	240,399	31
Contingency	200,000	200,000	-	200,000
Total expenditures	<u>1,622,360</u>	<u>1,622,360</u>	<u>1,339,567</u>	<u>282,793</u>
Excess (deficiency) of revenues over expenditures	328,040	328,040	634,811	(306,771)
Other financing sources (uses)				
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net change in fund balance	(171,960)	(171,960)	134,811	(306,771)
Fund balance - beginning of year	<u>982,400</u>	<u>982,400</u>	<u>1,082,488</u>	<u>(100,088)</u>
Fund balance - end of year	<u>\$ 810,440</u>	<u>\$ 810,440</u>	<u>\$ 1,217,299</u>	<u>\$ (406,859)</u>

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 50,000	\$ 50,000	\$ 44,358	\$ 5,642
Rents	1,217,370	1,217,370	1,178,147	39,223
Grants	35,000	35,000	23,131	11,869
Interest on investments	15,000	15,000	24,215	(9,215)
Total revenues	<u>1,317,370</u>	<u>1,317,370</u>	<u>1,269,851</u>	<u>47,519</u>
Expenditures				
Operations	1,437,780	1,437,780	1,129,855	307,925
Debt service	44,450	44,450	44,445	5
Contingency	597,050	597,050	-	597,050
Total expenditures	<u>2,079,280</u>	<u>2,079,280</u>	<u>1,174,300</u>	<u>904,980</u>
Excess (deficiency) of revenues over expenditures	(761,910)	(761,910)	95,551	(857,461)
Other financing sources (uses)				
Transfers out	(300,000)	(300,000)	(300,000)	-
Net change in fund balance	(1,061,910)	(1,061,910)	(204,449)	(857,461)
Fund balance - beginning of year	<u>1,061,910</u>	<u>1,061,910</u>	<u>1,209,456</u>	<u>(147,546)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,005,007</u>	<u>\$ (1,005,007)</u>

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 22,500	\$ 22,500	\$ 28,973	\$ (6,473)
Rents	1,054,880	1,054,880	789,081	265,799
Grants	-	-	237,040	(237,040)
Interest on investments	6,000	6,000	3,093	2,907
Other	3,500	3,500	1,698	1,802
Total revenues	<u>1,086,880</u>	<u>1,086,880</u>	<u>1,059,885</u>	<u>26,995</u>
Expenditures				
Operations	1,086,270	1,086,270	960,907	125,363
Contingency	48,920	48,920	-	48,920
Total expenditures	<u>1,135,190</u>	<u>1,135,190</u>	<u>960,907</u>	<u>174,283</u>
Excess (deficiency) of revenues over expenditures	(48,310)	(48,310)	98,978	(147,288)
Fund balance - beginning of year	48,310	48,310	74,209	(25,899)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,187</u>	<u>\$ (173,187)</u>

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Other taxes	\$ 3,180,370	\$ 3,180,370	\$ 3,095,121	\$ 85,249
Grants	-	-	1,548,520	(1,548,520)
Intergovernmental	5,400	5,400	3,931	1,469
Interest on investments	2,500	2,500	6,712	(4,212)
Other	12,000	12,000	13,708	(1,708)
Total revenues	<u>3,200,270</u>	<u>3,200,270</u>	<u>4,667,992</u>	<u>(1,467,722)</u>
Expenditures				
Operations	2,150,010	2,150,010	1,843,538	306,472
Contingency	64,500	64,500	-	64,500
Total expenditures	<u>2,214,510</u>	<u>2,214,510</u>	<u>1,843,538</u>	<u>370,972</u>
Excess (deficiency) of revenues over expenditures	985,760	985,760	2,824,454	(1,838,694)
Other financing sources (uses)				
Transfers out	<u>(1,385,080)</u>	<u>(1,385,080)</u>	<u>(1,370,080)</u>	<u>(15,000)</u>
Net change in fund balance	(399,320)	(399,320)	1,454,374	(1,853,694)
Fund balance - beginning of year	<u>399,320</u>	<u>399,320</u>	<u>382,474</u>	<u>16,846</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,836,848</u>	<u>\$ (1,836,848)</u>

1 () indicates revenue/expenditures in excess of budget

City of Salem, Oregon
Public Art
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Interest on investments	\$ 1,050	\$ 1,050	\$ 858	\$ 192
Expenditures				
Operations	67,910	67,910	21,052	46,858
Excess (deficiency) of revenues over expenditures	(66,860)	(66,860)	(20,194)	(46,666)
Other financing sources (uses)				
Transfers in	15,960	15,960	10,960	5,000
Net change in fund balance	(50,900)	(50,900)	(9,234)	(41,666)
Fund balance - beginning of year	50,900	50,900	49,391	1,509
Fund balance - end of year	\$ -	\$ -	\$ 40,157	\$ (40,157)

1 () indicates revenue/expenditures in excess of budget

City of Salem, Oregon
Tourism Promotion Area
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 930,000	\$ 930,000	\$ 681,308	\$ 248,692
Expenditures				
Operations	888,390	888,390	681,308	207,082
Excess (deficiency) of revenues over expenditures	41,610	41,610	-	41,610
Other financing sources (uses)				
Transfers out	(41,610)	(41,610)	-	(41,610)
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

1 () indicates revenue/expenditures in excess budget

City of Salem, Oregon
Parking Leasehold
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget¹
	Original	Final		
Revenues				
Rents	\$ 606,670	\$ 606,670	\$ 596,985	\$ 9,685
Interest on investments	13,000	13,000	4,891	8,109
Total revenues	<u>619,670</u>	<u>619,670</u>	<u>601,876</u>	<u>17,794</u>
Expenditures				
Operations	493,180	493,180	431,766	61,414
Contingency	197,690	197,690	-	197,690
Total expenditures	<u>690,870</u>	<u>690,870</u>	<u>431,766</u>	<u>259,104</u>
Excess (deficiency) of revenues over expenditures	(71,200)	(71,200)	170,110	(241,310)
Other financing sources (uses)				
Transfers out	<u>(215,000)</u>	<u>(215,000)</u>	<u>(215,000)</u>	<u>-</u>
Net change in fund balance	(286,200)	(286,200)	(44,890)	(241,310)
Fund balance - beginning of year	371,200	371,200	386,902	(15,702)
Fund balance - end of year	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>\$ 342,012</u>	<u>\$ (257,012)</u>

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 6,241,770	\$ 6,241,770	\$ 6,619,979	\$ (378,209)
Grants	-	-	383	(383)
Intergovernmental	148,480	148,480	148,888	(408)
Interest on investments	97,370	97,370	187,364	(89,994)
Total revenues	6,487,620	6,487,620	6,956,614	(468,994)
Expenditures				
Operations	5,597,820	5,597,820	4,752,803	845,017
Contingency	300,000	300,000	-	300,000
Total expenditures	5,897,820	5,897,820	4,752,803	1,145,017
Excess (deficiency) of revenues over expenditures	589,800	589,800	2,203,811	(1,614,011)
Other financing sources (uses)				
Transfers out	(500,000)	(500,000)	(500,000)	-
Net change in fund balance	89,800	89,800	1,703,811	(1,614,011)
Fund balance - beginning of year	12,237,360	12,237,360	12,295,027	(57,667)
Fund balance - end of year	\$ 12,327,160	\$ 12,327,160	\$ 13,998,838	\$ (1,671,678)

1 () indicates revenue/expenditure in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and penalties	\$ 1,168,950	\$ 1,168,950	\$ 990,762	\$ 178,188
Interest on investments	-	-	3,326	(3,326)
Total revenues	1,168,950	1,168,950	994,088	174,862
Expenditures				
Operations	850,340	850,340	675,488	174,852
Excess (deficiency) of revenues over expenditures	318,610	318,610	318,600	10
Other financing sources (uses)				
Transfers out	(318,610)	(318,610)	(318,610)	-
Net change in fund balance	-	-	(10)	10
Fund balance - beginning of year	-	-	10	(10)
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 185,000	\$ 185,000	\$ 342,118	\$ (157,118)
Special assessments	-	-	18,353	(18,353)
Rents	-	-	1,403	(1,403)
Grants	30,000	30,000	30,607	(607)
Intergovernmental	-	-	52,770	(52,770)
Fines and penalties	4,000	4,000	27,724	(23,724)
Interest on investments	311,620	311,620	214,141	97,479
Other	1,631,500	1,631,500	739,808	891,692
Total revenues	<u>2,162,120</u>	<u>2,162,120</u>	<u>1,426,924</u>	<u>735,196</u>
Expenditures				
Operations	<u>6,042,580</u>	<u>6,042,580</u>	<u>2,192,245</u>	<u>3,850,335</u>
Excess (deficiency) of revenues over expenditures				
	(3,880,460)	(3,880,460)	(765,321)	(3,115,139)
Other financing sources (uses)				
Transfers in	1,517,500	1,517,500	17,500	1,500,000
Transfers out	<u>(245,770)</u>	<u>(245,770)</u>	<u>(220,770)</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>1,271,730</u>	<u>1,271,730</u>	<u>(203,270)</u>	<u>1,475,000</u>
Net change in fund balance	(2,608,730)	(2,608,730)	(968,591)	(1,640,139)
Fund balance - beginning of year	<u>14,324,790</u>	<u>14,324,790</u>	<u>13,530,563</u>	<u>794,227</u>
Fund balance - end of year	<u>\$ 11,716,060</u>	<u>\$ 11,716,060</u>	<u>\$ 12,561,972</u>	<u>\$ (845,912)</u>

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest on investments	\$ 6,790	\$ 6,790	\$ 4,394	\$ 2,396
Other	8,500	8,500	17,219	(8,719)
Total revenues	<u>15,290</u>	<u>15,290</u>	<u>21,613</u>	<u>(6,323)</u>
Expenditures				
Operations	<u>5,000</u>	<u>5,000</u>	<u>855</u>	<u>4,145</u>
Excess (deficiency) of revenues over expenditures	10,290	10,290	20,758	(10,468)
Other financing sources (uses)				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Fund balance - beginning of year	<u>289,010</u>	<u>289,010</u>	<u>293,145</u>	<u>(4,135)</u>
Fund balance - end of year	<u>\$ 249,300</u>	<u>\$ 249,300</u>	<u>\$ 263,903</u>	<u>\$ (14,603)</u>

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 16,855,280	\$ 16,855,280	\$ 15,931,086	\$ 924,194
Interest on investments	198,000	198,000	152,696	45,304
Total revenues	<u>17,053,280</u>	<u>17,053,280</u>	<u>16,083,782</u>	<u>969,498</u>
Expenditures				
Debt service	<u>16,970,820</u>	<u>16,970,820</u>	<u>15,625,827</u>	<u>1,344,993</u>
Excess (deficiency) of revenues over expenditures	82,460	82,460	457,955	(375,495)
Other financing sources (uses)				
Issuance of debt	1,300,000	1,300,000	966,800	333,200
Fund balance - beginning of year	<u>5,564,160</u>	<u>5,564,160</u>	<u>4,728,768</u>	<u>835,392</u>
Fund balance - end of year	<u>\$ 6,946,620</u>	<u>\$ 6,946,620</u>	<u>\$ 6,153,523</u>	<u>\$ 793,097</u>

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 13,723,980	\$ 13,723,980	\$ 12,518,839	\$ 1,205,141
Special assessments	-	-	67,735	(67,735)
Rents	-	-	18,300	(18,300)
Grants	2,165,990	2,165,990	409,777	1,756,213
Intergovernmental	2,500,000	2,500,000	-	2,500,000
Interest on investments	-	-	526,421	(526,421)
Other	-	-	2,852	(2,852)
Total revenues	<u>18,389,970</u>	<u>18,389,970</u>	<u>13,543,924</u>	<u>4,846,046</u>
Expenditures				
Operations	<u>43,162,470</u>	<u>43,162,470</u>	<u>10,183,427</u>	<u>32,979,043</u>
Excess (deficiency) of revenues over expenditures	(24,772,500)	(24,772,500)	3,360,497	(28,132,997)
Other financing sources (uses)				
Transfers in	500,000	500,000	500,000	-
Transfers out	<u>(375,000)</u>	<u>(375,000)</u>	<u>(375,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Net change in fund balance	(24,647,500)	(24,647,500)	3,485,497	(28,132,997)
Fund balance - beginning of year	<u>24,647,500</u>	<u>24,647,500</u>	<u>33,923,217</u>	<u>(9,275,717)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>37,408,714</u>	<u>\$ (37,408,714)</u>

Reconciliation to generally accepted accounting principles:

Transfer of net activity and fund balance to Utility fund (page 157)	<u>(20,107,257)</u>
Net position at end of year	<u>\$ 17,301,457</u>

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 1,000,000	\$ 1,000,000	\$ 913,628	\$ 86,372
Interest on investments	-	-	100,037	(100,037)
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,013,665</u>	<u>(13,665)</u>
Expenditures				
Operations	<u>5,281,460</u>	<u>5,281,460</u>	<u>225,722</u>	<u>5,055,738</u>
Excess (deficiency) of revenues over expenditures	(4,281,460)	(4,281,460)	787,943	(5,069,403)
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Fund balance - beginning of year	<u>4,781,460</u>	<u>4,781,460</u>	<u>6,160,267</u>	<u>(1,378,807)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,448,210</u>	<u>\$ (6,448,210)</u>

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>with</u> <u>Final</u> <u>Budget</u> ¹
Revenues				
Sales, fees, licenses, and permits	\$ 100,511,870	\$ 100,511,870	\$ 103,206,045	\$ (2,694,175)
Special assessments	7,220	7,220	2,746	4,474
Rents	18,450	18,450	25,856	(7,406)
Grants	-	-	39,485	(39,485)
Intergovernmental	6,412,390	6,412,390	6,318,258	94,132
Interest on investments	980,930	980,930	957,613	23,317
Loan payments received	1,001,880	1,001,880	957,817	44,063
Other	208,450	208,450	122,146	86,304
Total revenues	109,141,190	109,141,190	111,629,966	(2,488,776)
Expenditures				
Operations	80,654,290	80,654,290	71,571,711	9,082,579
Debt service	19,023,240	19,077,540	19,077,515	25
Contingency	3,000,000	2,945,700	-	2,945,700
Total expenditures	102,677,530	102,677,530	90,649,226	12,028,304
Excess (deficiency) of revenues over expenditures	6,463,660	6,463,660	20,980,740	(14,517,080)
Other financing sources (uses)				
Sale of property	2,686,200	2,686,200	2,691,200	(5,000)
Transfers in	360,400	360,400	360,400	-
Transfers out	(23,248,440)	(23,248,440)	(19,485,440)	(3,763,000)
Total other financing sources (uses)	(20,201,840)	(20,201,840)	(16,433,840)	(3,768,000)
Net change in fund balance	(13,738,180)	(13,738,180)	4,546,900	(18,285,080)
Fund balance - beginning of year	44,795,160	44,795,160	52,219,009	(7,423,849)
Fund balance - end of year	<u>\$ 31,056,980</u>	<u>\$ 31,056,980</u>	56,765,909	<u>\$ (25,708,929)</u>

Continued

1 () indicates revenue/expenditures in excess of budget

City of Salem, Oregon
Utility
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2021

Reconciliation to generally accepted accounting principles:

Utility ending fund balance (previous page)	\$ 56,765,909
Net activity and fund balance from Capital Improvements (page 138)	46,674,942
Net activity and fund balance from Extra Capacity Facilities (page 154)	20,107,257
Inventories	1,184,025
Advance to Capital Improvements fund (page 138)	4,318,267
Note receivable	2,686,200
Net OPEB asset	283,814
Capital assets	709,535,729
Deferred charge on refunding	3,136,170
Deferred outflows related to pensions	14,553,639
Deferred outflows related to OPEB	1,152,346
Interest payable	(369,442)
Long-term obligations	(119,992,921)
Net OPEB liability	(4,937,505)
Net pension liability	(43,633,714)
Deferred inflows related to OPEB	(386,619)
Deferred inflows related to pensions	(1,196,499)
Accrued revenue from deferred inflows	1,752,883
Net position at end of year	<u>\$ 691,634,481</u>

Concluded

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ 790,530	\$ 790,530	\$ 780,384	\$ 10,146
Intergovernmental	10,000	10,000	11,990	(1,990)
Fines and penalties	100,000	100,000	42,950	57,050
Interest on investments	80,000	80,000	54,132	25,868
Other	1,000	1,000	1,226	(226)
Total revenues	<u>981,530</u>	<u>981,530</u>	<u>890,682</u>	<u>90,848</u>
Expenditures				
Operations	851,170	851,170	737,654	113,516
Contingency	60,000	60,000	-	60,000
Total expenditures	<u>911,170</u>	<u>911,170</u>	<u>737,654</u>	<u>173,516</u>
Excess (deficiency) of revenues over expenditures	70,360	70,360	153,028	(82,668)
Other financing sources (uses)				
Transfers out	(150,000)	(150,000)	-	(150,000)
Net change in fund balance	6,187,060	6,187,060	153,028	6,034,032
Fund balance - beginning of year	<u>3,212,990</u>	<u>3,212,990</u>	<u>3,359,059</u>	<u>(146,069)</u>
Fund balance - end of year	<u>\$ 9,400,050</u>	<u>\$ 9,400,050</u>	3,512,087	<u>\$ 5,887,963</u>
Reconciliation to generally accepted accounting principles:				
Net OPEB asset			1,905	
Capital assets			562,712	
Deferred outflows related to pensions			201,136	
Deferred outflows related to OPEB			7,733	
Net pension liability			(614,889)	
Net OPEB liability			(33,138)	
Deferred inflows related to pensions			(14,904)	
Deferred inflows related to OPEB			(2,595)	
Net position at end of year			<u>\$ 3,620,047</u>	

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Sales, fees, licenses, and permits	\$ 22,800	\$ 22,800	\$ 21,610	\$ 1,190
Rents	8,760	8,760	8,760	-
Grants	-	-	9,885	(9,885)
Intergovernmental	12,219,260	12,219,260	12,342,140	(122,880)
Interest on investments	60,000	60,000	38,235	21,765
Other	-	-	3,465	(3,465)
Total revenues	12,310,820	12,310,820	12,424,095	(113,275)
Expenditures				
Operations	11,891,880	11,951,880	11,293,939	657,941
Contingency	500,000	440,000	-	440,000
Total expenditures	12,391,880	12,391,880	11,293,939	1,097,941
Excess (deficiency) of revenues over expenditures	(81,060)	(81,060)	1,130,156	(1,211,216)
Other financing sources (uses)				
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Net change in fund balance	(69,960)	(69,960)	130,156	(200,116)
Fund balance - beginning of year	1,586,610	1,586,610	1,686,699	(100,089)
Fund balance - end of year	\$ 1,516,650	\$ 1,516,650	1,816,855	\$ (300,205)
Reconciliation to generally accepted accounting principles:				
Transfer of net activity and fund balance from Capital Improvements (page 138)			1,918,961	
Net OPEB asset			71,430	
Capital assets			198,572	
Deferred outflows related to pensions			4,010,932	
Deferred outflows related to OPEB			290,020	
Net OPEB liability			(1,242,661)	
Net pension liability			(11,984,525)	
Deferred inflows related to OPEB			(97,303)	
Deferred inflows related to pensions			(349,121)	
Net position at end of year			\$ (5,366,840)	

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 324,620	\$ 324,620	\$ 324,620	\$ -
Member agencies	112,500	112,500	112,750	(250)
Interest on investments	6,520	6,520	15,125	(8,605)
Total revenues	<u>443,640</u>	<u>443,640</u>	<u>452,495</u>	<u>(8,855)</u>
Expenditures				
Operations	479,140	479,140	359,570	119,570
Contingency	71,870	71,870	-	71,870
Total expenditures	<u>551,010</u>	<u>551,010</u>	<u>359,570</u>	<u>191,440</u>
Excess (deficiency) of revenues over expenditures	(107,370)	(107,370)	92,925	(200,295)
Fund balance - beginning of year	<u>651,960</u>	<u>651,960</u>	<u>909,396</u>	<u>(257,436)</u>
Fund balance - end of year	<u>\$ 1,633,770</u>	<u>\$ 1,633,770</u>	1,002,321	<u>\$ 631,449</u>
Reconciliation to generally accepted accounting principles:				
Capital assets			<u>956,397</u>	
Net position at end of year			<u>\$ 1,958,718</u>	

1 () indicates revenue/expenditures in excess of budget

City of Salem, Oregon
Salem Convention Center
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget ¹
	Original	Final		
Revenues				
Sales, fees, licenses, and permits	\$ 4,000,000	\$ 4,000,000	\$ 15,539	\$ 3,984,461
Rents	1,875,000	1,875,000	205,558	1,669,442
Other	309,090	309,090	99,308	209,782
Total revenues	6,184,090	6,184,090	320,405	5,863,685
Expenditures				
Operations	5,420,460	5,420,460	537,769	4,882,691
Contingency	65,160	65,160	-	65,160
Total expenditures	5,485,620	5,485,620	537,769	4,947,851
Excess (deficiency) of revenues over expenditures	698,470	698,470	(217,364)	915,834
Other financing sources (uses)				
Transfers out	(1,500,000)	(1,500,000)	-	(1,500,000)
Net change in fund balance	(801,530)	(801,530)	(217,364)	(584,166)
Fund balance - beginning of year	801,530	801,530	195,483	606,047
Fund balance - end of year	\$ -	\$ -	(21,881) ²	\$ 21,881
Reconciliation to generally accepted accounting principles:				
Capital assets			24,531,790	
Net position at end of year			\$ 24,509,909	

1 () indicates revenue/expenditures in excess of budget

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

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>with</u> <u>Final</u> <u>Budget</u> ¹
Revenues				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 80	\$ (80)
Rents	1,821,340	1,821,340	1,840,025	(18,685)
Grants	-	-	1,170	(1,170)
Intergovernmental	9,149,260	9,149,260	8,056,873	1,092,387
Interest on investments	38,920	38,920	124,203	(85,283)
Loan payments received	45,400	45,400	44,446	954
Other	5,500	5,500	5,794	(294)
Total revenues	<u>11,060,420</u>	<u>11,060,420</u>	<u>10,072,591</u>	<u>987,829</u>
Expenditures				
Operations	<u>11,400,020</u>	<u>11,400,020</u>	<u>9,070,466</u>	<u>2,329,554</u>
Excess (deficiency) of revenues over expenditures				
	(339,600)	(339,600)	1,002,125	(1,341,725)
Other financing sources (uses)				
Transfers in	25,000	25,000	-	25,000
Transfers out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(50,000)</u>	<u>(300,000)</u>
Net change in fund balance	6,311,460	6,311,460	952,125	5,359,335
Fund balance - beginning of year	<u>7,640,660</u>	<u>7,640,660</u>	<u>8,123,297</u>	<u>(482,637)</u>
Fund balance - end of year	<u>\$ 13,952,120</u>	<u>\$ 13,952,120</u>	<u>9,075,422</u>	<u>\$ 4,876,698</u>

Reconciliation to generally accepted accounting principles:

Transfer of net activity and fund balance from Capital Improvements (page 138)	890,988
Advance From Capital Improvements fund (page 138)	86,557
Inventories	512,293
Net OPEB asset	17,143
Capital assets	12,049,882
Deferred outflows related to pensions	1,081,558
Deferred outflows related to OPEB	69,605
Net OPEB liability	(298,239)
Net pension liability	(3,141,805)
Deferred inflows related to OPEB	(23,353)
Deferred inflows related to pensions	(114,313)
Net position at end of year	<u>\$ 20,205,738</u>

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 250,916	\$ (250,916)
Intergovernmental	3,366,510	3,366,510	2,153,421	1,213,089
Interest on investments	158,540	158,540	173,153	(14,613)
Other	-	-	6,343	(6,343)
Total revenues	<u>3,525,050</u>	<u>3,525,050</u>	<u>2,583,833</u>	<u>941,217</u>
Expenditures				
Operations	<u>15,474,360</u>	<u>15,474,360</u>	<u>3,642,288</u>	<u>11,832,072</u>
Excess (deficiency) of revenues over expenditures	(11,949,310)	(11,949,310)	(1,058,455)	(10,890,855)
Other financing sources (uses)				
Sale of property	200,040	200,040	229,586	(29,546)
Transfers in	<u>1,089,250</u>	<u>1,089,250</u>	<u>639,250</u>	<u>450,000</u>
Total other financing sources (uses)	<u>1,289,290</u>	<u>1,289,290</u>	<u>868,836</u>	<u>420,454</u>
Net change in fund balance	(10,660,020)	(10,660,020)	(189,619)	(10,470,401)
Fund balance - beginning of year	<u>10,660,020</u>	<u>10,660,020</u>	<u>10,350,618</u>	<u>309,402</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	10,160,999	<u>\$ (10,160,999)</u>
Reconciliation to generally accepted accounting principles:				
Capital assets			<u>20,888,539</u>	
Net position at end of year			<u>\$ 31,049,538</u>	

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants	\$ -	\$ -	\$ 287	\$ (287)
Intergovernmental	25,480,690	25,480,690	25,218,621	262,069
Interest on investments	114,000	114,000	180,685	(66,685)
Other	1,544,060	1,544,060	1,811,924	(267,864)
Total revenues	<u>27,138,750</u>	<u>27,138,750</u>	<u>27,211,517</u>	<u>(72,767)</u>
Expenditures				
Operations	<u>38,411,100</u>	<u>38,411,100</u>	<u>27,221,162</u>	<u>11,189,938</u>
Excess (deficiency) of revenues over expenditures	(11,272,350)	(11,272,350)	(9,645)	(11,262,705)
Fund balance - beginning of year	<u>11,272,350</u>	<u>11,272,350</u>	<u>11,784,074</u>	<u>(511,724)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	11,774,429	<u>\$ (11,774,429)</u>
Reconciliation to generally accepted accounting principles:				
Deferred outflows related to pensions			101,474	
Deferred outflows related to OPEB			1,123	
Deferred OPEB outflow-City			10,478	
Net OPEB Liability			(46,849)	
Net pension liability			(335,407)	
Deferred OPEB inflow-RHIA			(445)	
Deferred inflows related to OPEB			(3,447)	
Deferred inflows related to pensions			(10,977)	
Net position at end of year			<u>\$ 11,490,379</u>	

1 () indicates revenue/expenditures in excess of budget

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

For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget ¹</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales, fees, licenses, and permits	\$ -	\$ -	\$ 57,225	\$ (57,225)
Intergovernmental	2,141,590	2,141,590	2,141,510	80
Interest on investments	120,000	120,000	146,526	(26,526)
Total revenues	<u>2,261,590</u>	<u>2,261,590</u>	<u>2,345,261</u>	<u>(83,671)</u>
Expenditures				
Operations	<u>11,503,440</u>	<u>11,503,440</u>	<u>3,868,634</u>	<u>7,634,806</u>
Excess (deficiency) of revenues over expenditures	(9,241,850)	(9,241,850)	(1,523,373)	(7,718,477)
Fund balance - beginning of year	<u>9,241,850</u>	<u>9,241,850</u>	<u>10,028,737</u>	<u>(786,887)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	8,505,364	<u>\$ (8,505,364)</u>
Reconciliation to generally accepted accounting principles:				
Net OPEB asset			3,810	
Deferred outflows related to pensions			177,361	
Deferred outflows related to OPEB			1,497	
Deferred OPEB outflow-City			13,971	
Claims and judgments			(6,345,000)	
Net OPEB liability			(66,275)	
Net pension liability			(585,162)	
Deferred OPEB inflow-RHIA			(594)	
Deferred inflows related to OPEB			(4,596)	
Deferred inflows related to pensions			(18,356)	
Net position at end of year			<u>\$ 1,682,020</u>	

1 () indicates revenue/expenditures in excess of budget



Other Financial Schedules

City of Salem, Oregon
Schedule of Bond Principal and Bond Interest Transactions
For the fiscal year ended June 30, 2021

	<u>Issued/ Maturity Date</u>	<u>True Interest Cost</u>	<u>Original Amount</u>	<u>Principal Balance June 30, 2020</u>	<u>Additions</u>
<u>Governmental activity</u>					
General obligation bonds					
Streets-Bridges, Series 2012	1/26/12-26	2.62	\$ 25,000,000	\$ 8,150,000	\$ -
Streets-Bridges, Series 2013	8/20/13-24	2.83	43,665,000	23,925,000	-
Police Facility, Series 2017	8/24/17-37	2.71	74,775,000	68,635,000	-
Library, Series 2018	3/22/18-31	2.68	18,600,000	17,430,000	-
Refunding Streets-Bridges, Series 2021	6/1/2021-26	2.89	24,735,000	-	24,735,000
Subtotal general obligation bonds				118,140,000	24,735,000
Premium				8,904,888	2,843,359
Total general obligation bonds				127,044,888	27,578,359
Limited tax pension obligation, Series 2005	9/23/05-28	5.04	61,685,000	38,055,000	-
Urban renewal bonds					
Riverfront/Downtown, Series 2009	9/17/09-24	4.35	3,660,000	1,200,000	-
Riverfront/Downtown, Series 2020A	12/17/20-24	1.66	7,445,000	-	7,445,000
Riverfront/Downtown, Series 2020B	12/17/20-24	1.75	2,223,000	-	2,223,000
Total urban renewal bonds				1,200,000	9,668,000
Total governmental bonds				166,299,888	37,246,359
Notes					
HUD Sec 108, Series 2015A	5/28/15-23	2.80	2,730,000	835,000	-
OECDL L06001A, Mill Creek, Series 2007	6/23/11-35	4.41	3,999,999	3,547,915	-
OECDL L06001B, Mill Creek, Series 2007	10/20/10-21	4.41	1,000,000	185,820	-
OECDL L06001C, Mill Creek, Series 2007	10/17/13-33	5.00	3,772,081	5,000,000	-
Total notes				9,568,735	-
Total governmental activity long-term debt				\$ 175,868,623	\$ 37,246,359
<u>Business-type activity</u>					
Revenue bonds - water and sewer					
Series 2012 A refunding	10/16/12-25	2.22	63,360,000	\$ 21,311,000	\$ -
Series 2017 refunding	7/8/17-27	1.74	55,990,000	46,215,000	-
Series 2020	4/2/20-40	3.58	56,925,000	56,925,000	-
Subtotal revenue bonds				124,451,000	-
Premium				10,171,164	-
Total revenue bonds				134,622,164	-
Total business-type activity long-term debt				\$ 134,622,164	\$ -
Total long-term debt				\$ 310,490,787	\$ 37,246,359

Continued

City of Salem, Oregon
Schedule of Bond Principal and Bond Interest Transactions
For the fiscal year ended June 30, 2021

Principal Paid	Principal Balance June 30, 2021	Interest Paid	Total Principal and Interest Paid	Current Portion	
				Principal	Interest
\$ 8,150,000	\$ -	\$ 213,530	\$ 8,363,530	\$ -	\$ -
23,925,000	-	523,700	24,448,700	-	-
6,080,000	62,555,000	2,653,550	8,733,550	4,660,000	2,349,550
785,000	16,645,000	793,800	1,578,800	870,000	754,550
265,000	24,470,000	161,465	426,465	6,470,000	1,223,500
39,205,000	103,670,000	4,375,412	43,580,412	12,000,000	4,327,600
2,208,620	9,539,627	-	2,208,620	-	-
41,413,620	113,209,627	4,375,412	45,789,032	12,000,000	4,327,600
3,595,000	34,460,000	1,904,272	5,499,272	3,995,000	1,724,378
280,000	920,000	52,000	332,000	295,000	40,020
-	7,445,000	-	-	-	179,888
-	2,223,000	-	-	829,000	56,625
280,000	10,588,000	52,000	332,000	1,124,000	276,533
45,288,620	158,257,627	6,331,684	51,620,304	17,119,000	6,328,511
379,000	456,000	14,549	393,549	379,000	6,343
230,014	3,317,901	156,463	386,477	240,158	146,319
185,820	-	-	-	-	-
-	5,000,000	506,650	506,650	223,098	283,552
794,834	8,773,901	677,662	1,286,676	842,256	436,215
<u>\$ 46,083,454</u>	<u>\$ 167,031,528</u>	<u>\$ 7,009,346</u>	<u>\$ 52,906,980</u>	<u>\$ 17,961,256</u>	<u>\$ 6,764,726</u>
\$ 5,323,000	\$ 15,988,000	\$ 473,104	\$ 5,796,104	\$ 5,423,000	\$ 354,934
6,775,000	39,440,000	2,220,500	8,995,500	7,115,000	1,881,750
1,410,000	55,515,000	2,875,911	4,285,911	1,885,000	2,400,450
13,508,000	110,943,000	5,569,515	19,077,515	14,423,000	4,637,134
1,121,244	9,049,920	-	1,121,244	-	-
14,629,244	119,992,920	5,569,515	20,198,759	14,423,000	4,637,134
<u>\$ 14,629,244</u>	<u>\$ 119,992,920</u>	<u>\$ 5,569,515</u>	<u>\$ 20,198,759</u>	<u>\$ 14,423,000</u>	<u>\$ 4,637,134</u>
<u>\$ 60,712,698</u>	<u>\$ 287,024,448</u>	<u>\$ 12,578,861</u>	<u>\$ 73,105,739</u>	<u>\$ 32,384,256</u>	<u>\$ 11,401,860</u>

Concluded

City of Salem, Oregon
Schedule of Future Long-term Debt Service Requirements
June 30, 2021

Governmental Activities

Fiscal Year	Notes		Obligation Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
	General Obligation, Urban Renewal, & Limited Tax Pension					
2021-22	\$ 842,256	\$ 436,214	\$ 17,119,000	\$ 6,328,511	\$ 17,961,256	\$ 6,764,725
2022-23	646,144	323,943	18,723,000	5,427,238	19,369,144	5,751,181
2023-24	594,723	299,418	14,329,000	4,522,729	14,923,723	4,822,147
2024-25	618,280	274,848	11,660,000	3,838,930	12,278,280	4,113,778
2025-26	643,855	249,272	12,695,000	3,287,445	13,338,855	3,536,717
2026-27	670,493	222,634	12,296,000	2,684,690	12,966,493	2,907,324
2027-28	698,236	194,891	9,718,000	2,102,398	10,416,236	2,297,289
2028-29	727,132	165,996	6,729,000	1,713,794	7,456,132	1,879,790
2029-30	757,228	135,900	7,191,000	1,480,011	7,948,228	1,615,911
2030-31	788,572	104,555	7,683,000	1,216,497	8,471,572	1,321,052
2031-32	830,580	71,907	4,295,000	960,200	5,125,580	1,032,107
2032-33	469,159	37,491	4,625,000	788,400	5,094,159	825,891
2033-34	487,243	19,100	4,925,000	649,650	5,412,243	668,750
2034-35	-	-	5,245,000	501,900	5,245,000	501,900
2035-36	-	-	5,570,000	344,550	5,570,000	344,550
2036-37	-	-	5,915,000	177,450	5,915,000	177,450
Totals	\$ 8,773,901	\$ 2,536,169	\$ 148,718,000	\$ 36,024,393	\$ 157,491,901	\$ 38,560,562

Business-type Activities

Fiscal Year	Bonds	
	Principal	Interest
2021-22	\$ 14,423,000	\$ 4,637,134
2022-23	14,988,000	4,066,743
2023-24	13,847,000	3,471,438
2024-25	11,510,000	2,888,259
2025-26	10,940,000	2,343,200
2026-27	2,530,000	2,007,700
2027-28	2,525,000	1,759,950
2028-29	2,650,000	1,633,700
2029-30	2,785,000	1,501,200
2030-31	2,895,000	1,389,800
2031-32	3,010,000	1,274,000
2032-33	3,130,000	1,153,600
2033-34	3,255,000	1,028,400
2034-35	3,385,000	898,200
2035-36	3,520,000	762,800
2036-37	3,660,000	622,000
2037-38	3,810,000	475,600
2038-39	3,960,000	323,200
2039-40	4,120,000	164,800
Totals	\$ 110,943,000	\$ 32,401,724



City of Salem, Oregon
Schedule of Internal Service Funds Adjustments
for Preparation of Government-wide
Statement of Net Position
June 30, 2021

Assets

Current assets

Cash and investments	\$	39,459,428
Accounts receivable, net		31,834
Inventories and prepayments		1,266,453
Advances to other funds		86,557
		40,844,272

Total current assets

Noncurrent assets

Restricted cash		896,879
Net OPEB asset		23,810
Capital assets:		
Land and construction in progress		11,793,036
Other capital assets, net		21,145,385

Total noncurrent assets

Total assets

33,859,110

74,703,382

Deferred outflows of resources:

Deferred outflows related to pensions		1,360,393
Deferred outflows related to OPEB		96,674
Total deferred outflows of resources		1,457,067

Continued

City of Salem, Oregon
Schedule of Internal Service Funds Adjustments
for Preparation of Government-wide
Statement of Net Position
June 30, 2021

Liabilities

Current liabilities

Accounts payable and accrued liabilities	\$ 483,611
Claims and judgments due within one year	1,450,000
Total current liabilities	1,996,242

Noncurrent liabilities

Net OPEB liability	414,220
Net pension liability	4,062,374
Claims and judgments payable	4,895,000
Compensated absences payable	188,857
Total noncurrent liabilities	9,560,451

Total liabilities	11,556,693
-------------------	------------

Deferred inflows of resources:

Deferred inflows related to pensions	143,646
Deferred inflows related to OPEB	32,435
Total deferred inflows of resources	176,081

Net position

Net investment in capital assets	32,938,421
Restricted for capital projects	890,989
Unrestricted	30,598,265
Total net position	\$ 64,427,675

Tie to Government-wide statement

Total net position	\$ 64,427,675
Back out:	
Amount reflected in capital assets	(32,938,421)
Deferred outflows	(1,457,067)
Add in:	
Amount due from (to) Business-type funds, June 30, 2020	(5,447,940)
Amount due from (to) Business-type funds for current year	1,064,540
Compensated absences	251,488
Net OPEB asset/liability	390,410
Net pension liability	4,062,374
Deferred inflows	176,081
Amount reflected from Internal Service funds (page 40)	\$ 30,529,140

Concluded

City of Salem, Oregon
Schedule of Internal Service Funds Adjustments
for Preparation of Government-wide
Statement of Activities
For the fiscal year ended June 30, 2021

	Internal Service Funds	Governmental Funds	Business-type Funds
Operating revenues			
Sales, fees, licenses, and permits	\$ 308,221	\$ 200,184	\$ 86,497
Rents	1,840,025	1,195,064	516,371
Grants	1,457	-	-
Internal and intergovernmental	37,570,425	24,401,326	10,543,490
Other revenue	1,826,101	-	-
	<u>41,546,229</u>	<u>25,796,574</u>	<u>11,146,358</u>
Operating expenses			
Personal services	3,884,078	2,522,640	1,089,999
Materials and services	36,819,665	23,913,721	10,332,802
Depreciation	2,808,287	1,823,933	788,097
Allocated to programs in governmental activities			
Business type	-	-	-
General governmental	-	-	-
Community development	-	-	-
Community services	-	-	-
Public safety	-	-	-
Transportation	-	-	-
Library	-	-	-
	<u>43,512,030</u>	<u>28,260,294</u>	<u>12,210,898</u>
Total operating expenses	43,512,030	28,260,294	12,210,898
Operating income (loss)	<u>(1,965,801)</u>	<u>(2,463,720)</u>	<u>(1,064,540)</u>
Non-Operating revenues (expenses)			
Interest on investments	660,593	-	-
Other revenue (expenses)	74,892	-	-
	<u>735,485</u>	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	735,485	-	-
Income (loss) before transfers	(1,230,316)	-	-
Capital contributions	529,818	-	-
Transfers in	941,478	-	-
Transfers out	(50,000)	-	-
	<u>190,980</u>	<u>-</u>	<u>-</u>
Change in net position	190,980	-	-
Total net position - beginning of year	64,087,944	-	-
Prior period adjustment	148,751	-	-
	<u>64,236,695</u>	<u>-</u>	<u>-</u>
Total net position - end of year	<u>\$ 64,427,675</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

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

For the fiscal year ended June 30, 2021

Other Outside	Allocation Of Loss / Gain To Programs	Governmental Government- wide Statement	Business-type Government- wide Statement
\$ 21,540	\$ -	\$ 21,540	\$ -
128,590	-	128,590	-
1,457	-	1,457	-
2,625,609	-	2,625,609	-
1,826,101	-	1,826,101	-
4,603,297	-	4,603,297	-
271,439	-	271,439	-
2,573,142	-	2,573,142	-
196,257	-	196,257	-
-	-	-	1,064,540
-	534,134	534,134	-
-	194,634	194,634	-
-	203,257	203,257	-
-	1,218,310	1,218,310	-
-	259,922	259,922	-
-	53,463	53,463	-
3,040,838	2,463,720	5,504,558	1,064,540
1,562,459	(2,463,720)	(901,261)	(1,064,540)
-	-	660,593	-
-	-	74,892	-
-	-	735,485	-
-	-	(165,776)	(1,064,540)
-	-	529,818	-
-	-	941,478	-
-	-	(50,000)	-
-	-	1,255,520	(1,064,540)
-	-	64,087,944	-
-	-	148,751	-
\$ -	\$ -	\$ 65,492,215	\$ (1,064,540)

Concluded



Statistical Section

STATISTICAL STATEMENTS

This part of the City of Salem’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents

Financial trends – Schedules 1-5

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

Revenue capacity – Schedules 6-8

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

Debt capacity – Schedules 9-13

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

Demographic and economic information – Schedules 14-16

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

Operating information – Schedules 17-18

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

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

SCHEDULE 1

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

As of June 30	2012	2013	2014	2015	2016
Governmental activities					
Net investment in capital assets	\$ 421,436,571	\$ 427,554,634	\$ 435,779,633	\$ 446,247,364	\$ 461,124,572
Restricted	77,665,043	78,206,939	79,809,835	87,107,980	88,589,657
Unrestricted ¹	39,406,449	41,659,637	46,783,853	(15,683,375)	(38,572,412)
Total governmental activities net position	538,508,063	547,421,210	562,373,321	517,671,969	511,141,817
Business-type activities					
Net investment in capital assets	472,165,125	474,358,737	487,328,016	502,345,165	515,232,134
Restricted	22,901,553	10,592,627	11,344,749	16,242,400	15,955,649
Unrestricted	35,778,358	53,878,267	51,883,370	46,486,440	40,847,394
Total business-type activities net position	530,845,036	538,829,631	550,556,135	565,074,005	572,035,177
Primary government					
Net investment in capital assets	893,601,696	901,913,371	923,107,649	948,592,529	976,356,706
Restricted	100,566,596	88,799,566	91,154,584	103,350,380	104,545,306
Unrestricted	75,184,807	95,537,904	98,667,223	30,803,065	2,274,982
Total primary government net position	\$ 1,069,353,099	\$ 1,086,250,841	\$ 1,112,929,456	\$ 1,082,745,974	\$ 1,083,176,994

Continued

SCHEDULE 1

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

As of June 30	2017	2018	2019	2020	2021
Governmental activities					
Net investment in capital assets	\$ 469,688,116	\$ 486,192,364	\$ 513,764,853	\$ 538,552,046	\$ 565,499,786
Restricted	90,895,275	101,208,199	109,621,306	106,802,948	109,477,858
Unrestricted ¹	(51,923,202)	(56,962,990)	(60,208,953)	(65,490,270)	(72,380,877)
Total governmental activities net position	508,660,189	530,437,573	563,177,206	579,864,724	602,596,767
Business-type activities					
Net investment in capital assets	541,522,659	559,922,636	583,866,415	618,782,483	641,118,546
Restricted	21,197,516	31,438,499	37,671,221	33,651,779	66,782,199
Unrestricted	47,348,468	45,605,799	40,439,162	36,592,904	12,838,970
Total business-type activities net position	610,068,643	636,966,934	661,976,798	689,027,166	720,739,715
Primary government					
Net investment in capital assets	1,011,210,775	1,046,115,000	1,097,631,268	1,157,334,529	1,206,618,332
Restricted	112,092,791	132,646,698	147,292,527	140,454,727	176,260,057
Unrestricted	(4,574,734)	(11,357,191)	(19,769,791)	(28,897,366)	(59,541,907)
Total primary government net position	\$ 1,118,728,832	\$ 1,167,404,507	\$ 1,225,154,004	\$ 1,268,891,890	\$ 1,323,336,482
					Concluded

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

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

SCHEDULE 2

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

As of June 30	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 21,514,149	\$ 21,296,860	\$ 23,128,615	\$ 19,569,966	\$ 25,795,167	\$ 21,541,066	\$ 23,284,124	\$ 23,834,836	\$ 25,484,400	\$ 33,544,932
Public safety	59,245,778	58,805,455	60,447,533	48,297,656	83,670,810	76,681,588	79,538,208	83,490,651	97,193,289	101,932,771
Community development	23,353,314	20,991,991	22,641,646	25,640,012	25,365,523	28,815,600	25,993,916	28,676,371	42,204,461	31,725,690
Community services	8,077,160	7,903,455	8,315,343	7,413,884	10,845,896	10,130,824	11,484,088	10,749,116	13,343,669	14,901,391
Transportation	26,825,997	27,175,114	20,886,835	21,531,878	30,036,926	33,579,815	30,745,887	27,855,642	28,184,620	28,667,000
Library services	4,490,150	4,535,827	4,525,863	3,357,157	5,766,700	4,951,828	4,159,416	4,448,388	5,757,029	6,073,307
Interest on debt	7,014,742	6,699,240	8,005,607	7,063,013	6,267,919	5,494,769	7,560,950	7,890,417	7,268,602	6,875,063
Total governmental activities	150,521,290	147,407,942	147,951,442	132,873,566	187,748,941	181,195,490	182,766,589	186,945,421	219,436,070	223,720,154
Business-type activities:										
Water and sewer	67,641,644	72,271,694	78,156,729	70,951,961	90,890,450	88,133,117	94,629,758	97,593,037	100,993,381	100,979,876
Emergency services	1,055,673	1,294,706	1,093,116	860,417	928,245	765,666	675,440	681,058	806,352	847,535
WVPS communications center	7,075,463	8,875,249	8,869,085	7,329,036	12,533,464	10,847,295	10,866,965	11,043,665	12,288,120	12,670,874
Police regional records system	309,859	249,368	239,226	168,121	149,157	260,572	355,390	301,791	174,181	366,386
Salem Convention Center	3,551,405	3,763,233	3,876,195	4,114,169	4,002,023	4,540,244	4,567,157	4,987,614	4,226,454	1,256,563
Total business-type activities	79,634,044	86,454,250	92,234,351	83,423,704	108,503,339	104,546,894	111,094,710	114,607,165	118,488,488	116,121,234
Total expenses	\$ 230,155,334	\$ 233,862,192	\$ 240,185,793	\$ 216,297,270	\$ 296,252,280	\$ 285,742,384	\$ 293,861,299	\$ 301,552,586	\$ 337,924,558	\$ 339,841,388
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 8,416,253	\$ 9,051,015	\$ 9,727,451	\$ 9,721,341	\$ 8,489,920	\$ 10,762,231	\$ 11,484,550	\$ 12,433,547	\$ 10,887,952	\$ 9,798,453
Public safety	2,702,450	2,954,822	3,036,252	3,122,368	3,296,684	3,457,819	3,694,160	4,054,512	4,830,837	4,693,925
Community development	8,647,772	9,913,422	13,035,916	10,758,042	14,672,898	11,308,266	12,344,210	15,116,452	15,963,121	15,013,896
Community services	4,963,753	4,720,655	5,453,282	5,711,620	2,181,302	2,955,417	2,641,432	3,276,041	2,685,600	3,432,479
Transportation	8,702,792	8,673,693	3,086,927	3,437,418	7,924,516	4,796,272	7,212,753	4,609,077	4,273,383	5,543,341
Library services	842,339	845,041	839,415	826,307	857,018	869,078	909,075	850,939	744,945	683,863
Interest on debt	2,804,660	2,757,900	2,469,450	4,353,300	4,529,500	4,707,090	4,897,030	5,091,950	5,296,110	5,499,520
Operating grants and contributions	12,395,767	11,438,240	13,339,534	13,840,258	12,551,092	14,032,904	13,933,773	15,461,861	17,781,469	27,724,481
Capital grants and contributions	7,004,622	7,854,947	10,630,480	12,487,837	14,084,952	11,302,693	17,559,819	23,081,026	30,551,438	17,691,624
Total governmental activities	56,480,408	58,209,735	61,618,707	64,258,491	68,587,882	64,191,770	74,676,802	83,975,405	93,014,855	90,081,582
Business-type activities:										
Charges for services										
Water and sewer	71,066,622	74,458,723	84,279,309	88,106,019	90,920,920	94,173,227	99,448,400	101,762,054	104,165,185	109,624,097
Emergency services	1,119,374	1,117,833	858,984	862,363	726,734	775,125	909,589	893,713	824,961	836,550
WVPS communications center	6,789,803	8,479,940	8,377,806	8,785,249	9,775,246	10,094,981	10,529,057	11,081,288	11,440,456	12,375,975
Police regional records system	318,694	324,853	311,775	322,900	348,058	359,880	377,870	396,750	416,570	437,370
Salem Convention Center	3,216,611	3,425,715	3,476,830	3,739,372	3,729,105	4,631,840	4,652,705	5,212,461	3,848,954	320,405
Operating grants and contributions	48,828	111,221	62,804	-	-	-	-	-	159,720	49,370
Capital grants and contributions	3,372,399	5,568,746	5,527,869	6,247,189	10,050,339	18,221,138	16,965,678	16,918,149	17,527,474	17,520,269
Total business-type activities	85,932,331	93,487,031	102,895,377	108,063,092	115,550,402	128,256,191	132,883,299	136,264,415	138,383,320	141,164,036
Total program revenues	\$ 142,412,739	\$ 151,696,766	\$ 164,514,084	\$ 172,321,583	\$ 184,138,284	\$ 192,447,961	\$ 207,560,101	\$ 220,239,820	\$ 231,398,175	\$ 231,245,618
Net (expense)/revenue										
Governmental activities	\$ (94,040,882)	\$ (89,198,207)	\$ (86,332,735)	\$ (68,615,075)	\$ (119,161,059)	\$ (117,003,720)	\$ (108,089,787)	\$ (102,970,016)	\$ (126,421,215)	\$ (133,638,572)
Business-type activities	6,298,287	7,032,781	10,661,026	24,639,388	7,047,063	23,709,297	21,788,589	21,657,250	19,894,832	25,042,802
Total net expense	\$ (87,742,595)	\$ (82,165,426)	\$ (75,671,709)	\$ (43,975,687)	\$ (112,113,996)	\$ (93,294,423)	\$ (86,301,198)	\$ (81,312,766)	\$ (106,526,383)	\$ (108,595,770)

Continued

SCHEDULE 2

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

As of June 30	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues										
Governmental activities:										
Property tax	\$ 77,131,275	\$ 77,692,414	\$ 77,784,406	\$ 82,194,991	\$ 84,316,404	\$ 87,593,537	\$ 94,348,418	\$ 98,789,963	\$ 101,928,266	\$ 106,036,841
Transient occupancy tax	2,239,286	2,445,339	2,730,822	3,125,123	3,612,596	3,943,285	3,922,627	4,088,110	3,374,954	3,095,121
Other taxes	-	-	-	-	-	121,502	758,247	1,004,285	1,160,850	1,584,048
Shared state revenue	4,349,029	4,494,802	4,686,535	4,821,232	4,805,808	5,175,176	6,277,293	6,240,284	6,800,456	7,576,469
Franchise fees based on gross receipts	14,452,337	15,403,281	15,401,430	16,142,631	16,565,567	16,991,335	17,833,089	17,857,777	17,943,929	18,667,017
City operations fee	-	-	-	-	-	-	-	-	3,563,046	7,205,667
Payment in lieu of taxes	97,194	94,504	102,646	99,835	96,571	106,006	117,226	134,763	122,921	99,146
Investment earnings	759,531	692,002	776,162	1,024,656	1,354,500	1,901,542	3,339,012	5,182,765	5,033,622	3,290,559
Gain on sale of assets	-	3,490	13,160	48,197	166,457	239,594	23,640	639,153	336,350	159,308
Miscellaneous	501,675	269,034	217,028	593,905	869,803	1,478,317	1,851,020	1,749,388	1,386,609	1,329,778
Transfers in (out)	(9,150)	(2,983,512)	(427,343)	(585,500)	911,634	625,778	1,104,688	158,550	1,457,730	(1,050,003)
Total governmental activities	99,521,177	98,111,354	101,284,846	107,465,070	112,699,340	118,176,072	129,575,260	135,845,038	143,108,733	147,993,951
Business-type activities:										
Investment earnings	258,335	238,187	315,511	383,525	529,852	791,230	1,385,091	2,228,266	2,354,591	1,779,618
Gain or (loss) on sale of assets	6,358	16,818	8,150	13,049	-	16,217,200	872,567	-	255,623	5,000
Miscellaneous	315,563	284,196	314,474	795,832	295,891	308,438	3,899,140	1,282,898	1,013,206	1,135,268
Transfers in (out)	9,150	2,983,512	427,343	585,500	(911,634)	(625,778)	(1,104,688)	(158,550)	(1,457,730)	1,050,003
Total business-type activities	589,406	3,522,713	1,065,478	1,777,906	(85,891)	16,691,090	5,052,110	3,352,614	2,165,690	3,969,889
Total primary government	\$ 100,110,583	\$ 101,634,067	\$ 102,350,324	\$ 109,242,976	\$ 112,613,449	\$ 134,867,162	\$ 134,627,370	\$ 139,197,652	\$ 145,274,423	\$ 151,963,840
Change in Net Position										
Governmental activities	\$ 5,480,295	\$ 8,913,147	\$ 14,952,111	\$ 38,849,995	\$ (6,461,719)	\$ 1,172,352	\$ 21,485,473	\$ 32,875,022	\$ 16,687,518	\$ 14,355,379
Business-type activities	6,887,693	10,555,494	11,726,504	26,417,294	6,961,172	40,400,387	26,840,699	25,009,864	22,060,522	29,012,691
Total	\$ 12,367,988	\$ 19,468,641	\$ 26,678,615	\$ 65,267,289	\$ 499,453	\$ 41,572,739	\$ 48,326,172	\$ 57,884,886	\$ 38,748,040	\$ 43,368,070

Concluded

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

SCHEDULE 3

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

As of June 30	2012	2013	2014	2015	2016
General fund					
Nonspendable:					
Prepaid items	\$ 409	\$ 420	\$ 452	\$ 484	\$ 517
Long-term receivable	373	-	-	-	-
Restricted to:					
Library services	10	-	-	-	-
Assigned to:					
General government	-	-	-	-	-
Community development	-	-	-	-	-
Community services	-	-	-	-	-
Library services	-	-	-	-	-
Public safety	-	-	-	-	-
Unassigned	17,779	20,379	20,545	23,516	26,264
Total General Fund	\$ 18,571	\$ 20,799	\$ 20,997	\$ 24,000	\$ 26,781
All other governmental funds					
Nonspendable:					
Prepaid items	\$ 87	\$ 87	\$ 63	\$ 64	\$ 48
Permanent fund principal	11	11	11	11	11
Restricted for:					
Capital projects	54,021	32,438	69,176	65,503	58,916
Community renewal	-	35	25	47	15
Debt service	17,550	17,604	17,121	16,331	17,729
Permanent funds - spendable	217	232	240	245	248
General government	179	179	181	59	58
Community development-SCC Gain/Loss	3,827	3,980	4,065	4,217	4,305
Community development-Other	-	67	67	68	68
Community services	612	685	733	676	634
Library services	28	28	39	36	40
Public safety	582	497	405	544	528
Transportation services	1,792	1,701	1,549	1,448	1,648
Committed for:					
Transportation services	2,495	1,687	2,024	3,208	5,557
Capital projects	-	-	-	-	-
Airport	531	564	631	683	952
Downtown parking	516	326	376	622	935
Economic improvement	77	183	173	99	33
Cultural/Tourism	557	882	1,266	1,216	1,219
Public Art	1	1	4	1	32
Parking leasehold	500	548	573	783	669
Building & safety	3,555	3,748	4,789	4,987	5,359
General government-replace phone system	1,652	1,692	1,704	1,683	1,502
Community services	-	43	45	25	30
Library services	950	975	881	924	970
Public safety	22	15	16	16	17
Total all other governmental funds	\$ 89,762	\$ 68,208	\$ 106,157	\$ 103,496	\$ 101,523

Continued

SCHEDULE 3

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

As of June 30	2017	2018	2019	2020	2021
General fund					
Nonspendable:					
Prepaid items	\$ 9	\$ -	\$ 132	\$ 252	\$ 135
Long-term receivable	-	-	-	-	-
Restricted for:					
Library services	-	-	-	-	-
Assigned to:					
General government	299	242	1,043	988	638
Community development	302	816	174	148	37
Community services	35	-	-	19	-
Library services	-	-	-	-	285
Public safety	372	186	121	209	132
Unassigned	24,728	22,967	20,309	23,324	29,818
Total General Fund	\$ 25,745	\$ 24,211	\$ 21,779	\$ 24,940	\$ 31,045
All other governmental funds					
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ -	\$ 7	\$ -
Permanent fund principal	11	11	11	11	11
Restricted for:					
Capital projects	48,447	142,135	138,699	112,243	88,134
Community renewal	284	2,180	1,704	1,299	867
Debt service	19,198	8,631	7,329	6,085	7,341
Permanent funds - spendable	201	216	269	282	253
General government	58	64	64	56	50
Community development-SCC Gain/Loss	4,397	4,872	6,220	5,443	4,213
Community development-Other	69	70	71	42	2
Community services	565	670	861	1,091	1,112
Library services	48	37	40	43	61
Public safety	706	1,022	1,410	1,084	681
Transportation services	1,627	4,237	4,428	4,747	5,384
Committed for:					
Transportation services	4,880	4,647	4,129	4,321	7,012
Capital projects	-	-	-	-	-
Airport	921	1,137	1,186	1,209	1,005
Downtown parking	669	308	186	74	174
Economic improvement	-	-	-	-	-
Cultural/Tourism	546	789	661	382	1,837
Public Art	43	33	39	49	40
Parking leasehold	748	647	534	387	342
Building & safety	6,156	7,690	9,592	12,295	13,999
General government-replace phone system	1,545	-	-	-	-
Community services	42	24	39	47	42
Library services	937	939	958	954	992
Public safety	6	5	8	24	25
Total all other governmental funds	\$ 92,104	\$ 180,364	\$ 178,438	\$ 152,175	\$ 133,577
					Concluded

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

SCHEDULE 4

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

As of June 30	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Property taxes	\$ 77,310,933	\$ 77,798,977	\$ 78,604,201	\$ 82,717,374	\$ 84,241,245	\$ 87,742,137	\$ 92,645,504	\$ 100,896,795	\$ 101,855,593	\$ 106,488,044
Other taxes	2,292,159	2,500,211	2,788,858	3,177,422	3,612,596	4,064,787	4,680,874	5,092,395	4,535,804	4,679,169
Sales, fees, licenses, and permits	22,154,528	24,878,758	27,040,176	25,511,801	33,693,610	32,589,112	39,613,747	38,357,918	46,415,904	48,422,259
Special assessments	678,843	618,003	767,990	476,972	514,942	487,167	3,899,954	469,202	759,550	1,100,485
Rents	2,922,831	3,222,814	3,281,528	3,552,864	3,518,821	4,235,080	2,917,512	4,617,136	4,133,667	2,860,572
Grants	5,823,954	4,773,444	8,631,220	8,140,701	6,837,612	7,084,125	34,253,598	9,618,698	10,020,216	18,739,613
Intergovernmental	35,150,303	35,784,928	32,002,982	38,282,094	32,524,245	30,743,901	2,897,346	35,152,033	43,822,612	37,611,112
Fines and penalties	3,067,266	2,547,538	2,712,724	2,772,139	3,023,850	2,973,024	502,411	2,981,148	2,652,267	2,650,205
Interest on investments	636,903	577,575	642,954	855,930	1,116,741	1,575,317	5,173,757	4,384,477	4,157,024	2,630,388
Loan payments received	979,261	888,884	1,723,421	1,608,618	2,694,311	2,305,210	963,207	1,824,844	675,788	1,111,130
Other	1,298,618	1,114,307	1,026,446	946,805	1,297,748	1,164,904	1,753,005	1,131,585	1,727,362	1,279,517
Total revenues	152,315,599	154,705,439	159,222,500	168,042,720	173,075,721	174,964,764	189,300,915	204,526,231	220,755,787	227,572,494
Expenditures										
General government	17,072,868	17,044,104	18,640,507	19,637,379	17,018,725	16,759,280	17,870,705	19,087,011	18,775,452	22,872,613
Community development	16,239,064	15,490,499	16,418,121	17,661,782	16,373,289	17,285,934	17,151,459	20,304,596	19,732,560	20,472,387
Community service	7,038,423	6,550,095	7,055,808	7,059,393	7,812,249	8,461,793	9,433,816	9,099,012	10,182,769	11,172,820
Public safety	57,952,163	57,116,459	59,453,631	60,321,502	61,933,220	68,442,395	73,199,690	77,756,426	81,079,973	86,187,869
Transportation	16,745,253	16,563,872	10,692,492	10,193,376	12,004,928	13,804,079	15,003,447	15,088,642	14,545,764	14,643,629
Library	4,232,024	4,260,510	4,386,708	4,356,433	4,433,093	4,842,454	4,748,270	4,654,437	4,587,789	4,747,772
Capital outlay	28,361,412	35,162,576	32,666,666	27,065,092	29,581,071	33,768,435	35,218,713	43,639,379	73,445,521	63,403,677
Debt service										
Principal retirement	15,530,579	16,535,545	15,754,955	14,016,503	23,068,458	16,197,993	12,957,373	13,697,205	30,249,427	16,559,014
Interest and fiscal charges	6,976,146	6,669,810	7,886,344	6,777,542	6,502,290	5,486,003	6,843,051	8,032,148	7,853,769	6,960,709
Total expenditures	170,147,932	175,393,470	172,955,232	167,089,002	178,727,323	185,048,366	192,426,524	211,358,856	260,453,024	247,020,490
Excess (deficiency) of revenues over (under) expenditures	(17,832,333)	(20,688,031)	(13,732,732)	953,718	(5,651,602)	(10,083,602)	(3,125,609)	(6,832,625)	(39,697,237)	(19,447,996)
Other financing sources (uses)										
Issuance of debt	26,283,080	2,335,090	49,461,855	-	6,130,000	-	93,375,000	905,808	15,673,031	9,668,000
Issuance of refunding bonds	18,289,298	-	-	-	-	-	-	-	-	24,735,000
Bond issuance premium	-	-	2,928,425	-	-	-	9,485,781	-	-	2,843,359
Payments to refunded bond escrow agents	(18,289,298)	-	-	-	-	-	(14,933,756)	-	-	(27,469,644)
Sale of capital assets	34,056	25,000	17,329	6,247	166,347	210,397	18,623	559,722	207,500	84,416
Transfers in	7,565,121	6,780,093	7,494,154	11,899,729	12,729,116	14,398,749	30,047,440	24,426,500	5,733,079	5,810,971
Transfers out	(7,782,861)	(7,777,958)	(8,022,063)	(12,517,834)	(12,496,891)	(14,980,843)	(30,121,091)	(23,282,530)	(5,018,472)	(7,752,452)
Total other financing sources (uses)	26,099,396	1,362,225	51,879,700	(611,858)	6,528,572	(371,697)	87,871,997	2,609,500	16,595,138	7,919,650
Net change in fund balances	\$ 8,267,063	\$(19,325,806)	\$ 38,146,968	\$ 341,860	\$ 876,970	\$(10,455,299)	\$ 84,746,388	\$ (4,223,125)	\$ (23,102,099)	\$ (11,528,346)
Debt service as a percentage of noncapital expenditures	15.06%	15.51%	16.05%	13.65%	18.25%	12.75%	11.61%	12.25%	17.75%	12.29%

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

SCHEDULE 5

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

Fiscal Year Ended June 30	Residential Property	Farm Property	Commercial Property¹	Industrial Property¹	Personal Property	Utility Property	Total Taxable Assessed Value	Total Direct Tax Rate	Measure 5 Taxable RMV	Estimated Real Market Value	Assessed Value as a Percentage of Est. Real Market Value
2012	\$ 6,445,378	\$ 11,802	\$ 2,492,669	\$ 721,290	\$ 324,688	\$ 293,778	\$ 10,289,605	7.80	\$ 12,756,685	\$ 16,259,047	63.29%
2013	6,452,158	15,708	3,050,982	259,270	329,907	276,354	10,384,379	7.82	12,267,502	15,967,484	65.03%
2014	6,589,878	16,044	3,223,771	134,585	324,092	270,290	10,558,660	7.71	12,243,883	16,055,929	65.76%
2015	6,942,528	16,764	3,300,222	108,190	320,313	276,310	10,964,327	7.77	12,917,229	16,845,667	65.09%
2016	7,250,682	16,588	3,191,346	333,536	332,086	296,494	11,420,732	7.61	13,697,349	17,708,784	64.49%
2017	7,554,460	16,767	3,309,878	369,023	351,886	331,795	11,933,809	7.60	14,782,422	18,870,599	63.24%
2018	7,861,190	15,652	3,401,610	350,969	363,044	346,130	12,338,595	7.75	16,198,654	20,375,366	60.56%
2019	8,191,263	15,076	3,547,737	344,476	369,725	407,284	12,875,561	7.94	17,807,969	22,106,668	58.24%
2020	8,559,295	13,902	3,789,205	348,741	358,479	393,543	13,463,165	7.85	19,617,176	24,059,913	55.96%
2021	8,947,689	13,806	3,880,201	373,362	380,053	433,087	14,028,198	7.84	20,690,977	25,392,655	55.25%

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

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

SCHEDULE 6

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

Fiscal Year Ended June 30	City Direct Rates				Salem/ Keizer School District	Marion County	Other Agencies	Total
	Basic Rate	General Obligation Rate	Urban Renewal Rate	Total Direct				
2012	\$ 5.53	\$ 0.96	\$ 1.31	\$ 7.80	\$ 6.11	\$ 2.85	\$ 1.97	\$ 18.73
2013	5.52	0.96	1.34	7.82	6.35	2.85	1.98	19.00
2014	5.54	0.95	1.22	7.71	6.38	2.86	1.96	18.91
2015	5.54	0.97	1.26	7.77	6.12	2.86	1.99	18.74
2016	5.54	1.00	1.07	7.61	6.26	2.86	2.02	18.75
2017	5.54	1.00	1.06	7.60	5.61	2.86	2.05	18.12
2018	5.53	1.14	1.08	7.75	5.81	2.86	2.04	18.46
2019	5.50	1.26	1.18	7.94	7.06	2.84	2.02	19.86
2020	5.47	1.15	1.23	7.85	6.85	2.83	2.01	19.54
2021	5.48	1.17	1.19	7.84	6.97	2.84	2.01	19.66

Source: Marion County Summary of Tax Roll

SCHEDULE 7

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

Property Taxpayers	2021			2012		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total County Taxable Assessed Valuation
Portland General Electric Company	\$ 124,369,555	1	0.89%	\$ 86,892,900	1	0.84%
Northwest Natural Gas Company	78,065,086	2	0.56%	56,425,300	3	0.55%
CenturyLink	75,288,000	3	0.54%			
Comcast Corporation	56,564,890	4	0.40%	29,368,780	8	0.29%
State Accident Insurance Fund	55,532,740	5	0.40%	27,839,500	9	0.27%
Lancaster Development Company	54,313,000	6	0.39%	60,195,480	2	0.59%
Metropolitan Life Insurance Company	49,117,420	7	0.35%	39,838,290	6	0.39%
State Investments LLC	42,824,529	8	0.31%	26,659,739	10	0.26%
5639 HD LLC	37,599,430	9	0.27%			
Wal-Mart Real Estate Business	36,930,570	10	0.26%	31,118,130	7	0.30%
Qwest Corporation (US West Comm)				52,835,600	4	0.51%
HD Salem Or Landlord LLC				40,422,290	5	0.39%
All other taxpayers	13,417,593,812		95.63%	9,838,009,312		95.61%
Total	\$ 14,028,199,032		100.00%	\$ 10,289,605,321		100.00%

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

SCHEDULE 8

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

Fiscal Year of Levy	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments and Discounts	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections, Discounts, and Adjustments in Subsequent Years	Total Collections to Date		Outstanding Taxes Levied by Fiscal Year
				Amount Collected	Percent of Original Levy		Amount	Percent of Adjusted Levy	
2014-15	\$ 84,192,771	\$ 2,433,706	\$ 81,759,065	\$ 79,532,985	94.47%	\$ 2,028,501	\$ 81,561,486	99.76%	\$ 197,579
2015-16	86,416,824	2,413,221	84,003,603	81,875,741	94.75%	2,085,084	83,960,825	99.95%	42,778
2016-17	90,160,345	2,718,367	87,441,978	85,404,556	94.73%	1,971,579	87,376,135	99.92%	65,843
2017-18	95,271,746	2,665,202	92,606,544	90,442,603	94.93%	1,984,697	92,427,300	99.81%	179,244
2018-19	101,644,856	2,862,986	98,781,870	96,762,295	95.20%	1,580,633	98,342,928	99.56%	438,942
2019-20	104,952,393	2,923,310	102,029,083	99,954,690	95.24%	1,295,597	101,250,287	99.24%	778,796
2020-21	109,396,127	3,105,856	106,290,271	104,409,545	95.44%	-	104,409,545	98.23%	1,880,726

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

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

SCHEDULE 9

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

Fiscal Year Ended June 30	General Government				Business-type Activities			Total	Percent of Total Personal Income ²	Per Capita ²
	General Obligation Bonds ³	Limited Tax Pension Obligation Bonds	Urban Renewal Bonds	Notes	Water/Sewer Revenue Bonds	Water/Sewer Revenue / Full Faith and Credit Bonds	Notes			
2012	\$ 65,054,925	\$ 55,510,000	\$ 27,470,000	\$ 7,661,036	\$ 83,979,304	\$ 89,780,000	\$ 32,139,966	\$ 361,595,231	6.97%	\$ 2,322
2013	56,850,076	54,240,000	21,230,000	9,048,890	102,609,214	86,060,000	5,287,907	335,326,087	6.31%	2,143
2014	96,754,845	52,750,000	15,956,000	12,330,992	88,081,263	82,230,000	5,130,308	353,233,408	6.21%	2,239
2015	89,597,612	51,015,000	11,527,000	11,280,992	75,569,312	78,285,000	4,966,743	322,241,659	5.29%	2,023
2016	82,108,916	49,020,000	5,975,000	8,305,501	63,970,361	74,180,000	4,797,035	288,356,813	4.54%	1,794
2017	71,650,013	46,750,000	2,128,000	8,445,555	48,980,000	73,145,410	-	251,098,978	3.77%	1,549
2018	149,857,523	44,180,000	1,730,000	9,578,919	101,701,286	4,660,000	-	311,707,728	4.43%	1,907
2019	138,815,050	41,290,000	1,470,000	9,845,923	89,872,744	-	-	281,293,717	3.81%	1,702
2020	127,044,888	38,055,000	1,200,000	9,568,735	134,622,164	-	-	310,490,787	3.89%	1,855
2021	113,209,627	34,460,000	10,588,000	8,773,901	119,992,920	-	-	287,024,448	N/A	1,699

Source: City of Salem Finance Division

Notes:

1. Details regarding the City's outstanding debt can be found in the notes to the financial statements.
2. See Statistical Schedule 14 *Demographic and Economic Statistics* for total personal income and population.
3. Matches general obligation bonds plus premium found in the notes to the financial statements.

SCHEDULE 10

**City of Salem, Oregon
Ratios of General Bonded Debt Outstanding^{1,3}
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Population	Assessed Value	General Obligation Bonds²	Full Faith and Credit backed revenue bonds³	Less: Amounts Available in General Debt Service Fund⁴	Total³	Percentage of Estimated Actual Taxable Value of Property	General Bonded Debt Per Capita
2012	155,710	\$ 10,289,605,321	\$ 65,054,925	\$ 89,780,000	\$ 448,927	\$ 154,385,998	1.50%	\$ 991
2013	156,455	10,384,378,954	56,850,076	86,060,000	129,392	142,780,684	1.37%	913
2014	157,770	10,558,660,293	96,754,845	82,230,000	307,721	178,677,124	1.69%	1,133
2015	159,265	10,964,326,873	89,597,612	78,285,000	693,010	167,189,602	1.52%	1,050
2016	160,690	11,420,731,864	82,108,916	74,180,000	1,680,942	154,607,974	1.35%	962
2017	162,060	11,933,809,181	71,650,013	69,870,000	533,726	140,986,287	1.18%	870
2018	163,480	12,338,595,882	149,857,523	4,660,000	851,050	153,666,473	1.25%	940
2019	165,265	12,875,560,229	138,815,050	-	1,732,365	137,082,685	1.06%	829
2020	167,400	13,463,164,493	127,044,888	-	1,206,431	125,838,457	0.93%	752
2021	168,970	14,028,199,032	113,209,627	-	1,011,103	112,198,524	0.80%	664

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

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

SCHEDULE 11

**City of Salem, Oregon
Computation of Direct and Overlapping Debt
As of June 30, 2021
(dollars in thousands)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Chemeketa Community College	\$ 81,424	18.6395%	\$ 15,177
Marion County	49,008	9.8147%	4,810
Marion County School District 24J	939,021	60.6993%	569,979
Marion County School District 5	17,496	0.0343%	6
Polk County	14,330	32.6029%	4,672
Willamette ESD	18,368	11.0573%	2,031
Subtotal, overlapping debt			<u>596,675</u>
General obligation bonds ²			113,210
Limited tax pension obligation bonds ³			34,460
Urban renewal bonds ⁴			10,588
Notes ⁵			8,774
Subtotal, City direct debt ⁶			<u>167,032</u>
			<u><u>\$ 763,707</u></u>

Sources: City of Salem Finance Division
Oregon State Treasury

Notes:

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

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

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

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

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

5. All governmental activities notes. \$8.3 million of the total \$8.8 million is currently Urban Renewal Agency notes and therefore are not obligations of the City.

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

SCHEDULE 12

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

As of June 30,	2012	2013	2014	2015	2016
Real market value (RMV)	\$ 12,756,684,966	\$ 12,267,501,849	\$ 12,243,883,002	\$ 12,917,229,291	\$ 13,697,349,090
Legal debt margin:					
Debt limit (3% of RMV) ¹	382,700,549	368,025,055	367,316,490	387,516,879	410,920,473
Debt applicable to limit:					
General Obligation Bonds	65,054,925	56,850,076	96,754,845	89,597,612	82,108,916
Less:					
Funds applicable to the payment of principal ²	(448,927)	(129,392)	(307,721)	(693,010)	(1,680,942)
Premium received on issuance for Streets-Bridges, Police Facility, and Library Facility, Series 2013, 2017, & 2018	(1,518,487)	(1,391,946)	(4,003,673)	(3,648,943)	(3,294,213)
Total net debt applicable to limit	<u>63,087,511</u>	<u>55,328,738</u>	<u>92,443,451</u>	<u>85,255,659</u>	<u>77,133,761</u>
Legal debt margin ³	<u>\$ 319,613,038</u>	<u>\$ 312,696,317</u>	<u>\$ 274,873,039</u>	<u>\$ 302,261,220</u>	<u>\$ 333,786,712</u>
Total net debt applicable to limit as a percentage of limit	<u>16.48%</u>	<u>15.03%</u>	<u>25.17%</u>	<u>22.00%</u>	<u>18.77%</u>

Continued

SCHEDULE 12

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

As of June 30,	2017	2018	2019	2020	2021
Real market value (RMV)	\$ 14,782,421,957	\$ 16,198,654,069	\$ 17,807,968,607	\$ 19,617,175,751	\$ 20,690,976,632
Legal debt margin:					
Debt limit (3% of RMV) ¹	443,472,659	485,959,622	534,239,058	588,515,273	620,729,299
Debt applicable to limit:					
General Obligation Bonds	71,650,013	149,857,523	138,815,050	127,044,888	113,209,627
Less:					
Funds applicable to the payment of principal ²	(533,726)	(851,050)	(1,732,365)	(1,206,431)	(1,011,103)
Premium received on issuance for Streets-Bridges, Police Facility, and Library Facility, Series 2013, 2017, & 2018	(2,818,866)	(10,966,105)	(9,880,842)	(8,904,888)	(9,539,627)
Total net debt applicable to limit	<u>68,297,421</u>	<u>138,040,368</u>	<u>127,201,843</u>	<u>116,933,569</u>	<u>102,658,897</u>
Legal debt margin ³	<u>\$ 375,175,238</u>	<u>\$ 347,919,254</u>	<u>\$ 407,037,215</u>	<u>\$ 471,581,704</u>	<u>\$ 518,070,402</u>
Total net debt applicable to limit as a percentage of limit	<u>15.40%</u>	<u>28.41%</u>	<u>23.81%</u>	<u>19.87%</u>	<u>16.54%</u>
					<u>Concluded</u>

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

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

SCHEDULE 13

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

Water and Sewer Revenue Bonds

Fiscal Year Ended June 30	Utility Service Charges²	Less: Operating Expenses³	Net Available Revenue	Debt Service		Coverage¹
				Principal⁴	Interest	
2012	\$ 69,291	\$ 45,073	\$ 24,218	\$ 9,510	\$ 4,093	1.78
2013	75,489	45,698	29,791	14,479	1,178	1.90
2014	85,322	53,515	31,807	14,255	1,708	1.99
2015	89,213	55,242	33,971	12,239	1,570	2.46
2016	91,241	55,663	35,578	11,326	1,451	2.78
2017	94,762	62,001	32,761	11,442	1,341	2.56
2018	100,502	65,657	34,845	12,025	3,443	2.25
2019	103,334	65,365	37,969	10,613	3,480	2.69
2020	105,440	68,788	36,652	14,806	3,202	2.04
2021	110,825	70,434	40,391	13,508	5,570	2.12

Source: City of Salem Finance Division

Notes:

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

SCHEDULE 14

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

Fiscal Year Ended June 30	Population¹	Per Capita Personal Income²	Total Personal Income (dollars in thousands)	Area (square miles)³	Average density (persons/ square mile)	Average Unemployment⁴
2012	155,710	\$ 33,301	\$ 5,185,299	49	3,178	10.0%
2013	156,455	33,953	5,312,117	49	3,193	9.3%
2014	157,770	36,046	5,686,977	49	3,220	8.0%
2015	159,265	38,242	6,090,612	49	3,250	6.5%
2016	160,690	39,521	6,350,629	49	3,279	5.5%
2017	162,060	41,055	6,653,373	49	3,307	4.6%
2018	163,480	43,030	7,034,544	49	3,336	4.3%
2019	165,265	44,709	7,388,833	49	3,373	4.2%
2020	167,400	47,638	7,974,601	49	3,416	5.8%
2021	168,970	N/A	N/A	49	3,448	6.2%

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

N/A = Information not available.

SCHEDULE 15

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

Employer	2021			2012		
	Number of Employees	Rank	Percentage of Salem (MSA) Labor Force ¹	Number of Employees	Rank	Percentage of Salem (MSA) Labor Force ²
State of Oregon	20,800	1	24.89%	19,300	1	24.99%
Salem Health/Salem Hospital ³	5,200	2	6.22%	2,850	3	3.69%
Salem-Keizer School District ³	5,181	3	6.20%	4,000	2	5.18%
Marion County ³	1,742	4	2.08%	1,438	6	1.86%
Federal Government	1,600	5	1.91%	1,500	5	1.94%
City of Salem ³	1,301	6	1.56%	1,354	7	1.75%
Chemeketa Community College ³	988	7	1.18%	1,597	4	2.07%
Amazon Fulfillment Center	800	8	0.96%	-		0.00%
State Accident Insurance Fund (SAIF)	788	9	0.94%	807	10	1.04%
Wal-Mart	761	10	0.91%	-		0.00%
Norpac Foods Incorporated ³	-		0.00%	1,097	8	1.42%
May Trucking Company	-		0.00%	900	9	1.17%
Total	39,161		46.85%	34,843		45.11%

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

Notes: 1. U.S. Department of Labor, Bureau of Labor, Salem, OR (MSA) - The average labor force for fiscal year 2020-21 was 83,571.
 2. U.S. Department of Labor, Bureau of Labor, Salem, OR (MSA) - The average labor force for fiscal year 2012 was 77,219
 3. Includes full and part-time positions.

SCHEDULE 16

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

Function / Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
General government										
City manager's office ³	16	9	9	10	9	12	7	8	7	7
Human resources ³	8	8	8	8	8	8	9	9	9	10
Legal	14	13	13	15	15	15	15	15	14	14
Facilities	27	27	27	27	27	27	27	27	27	32
Finance	35	33	33	33	33	30	32	32	32	31
Municipal court	13	13	14	14	14	14	14	14	15	15
City services	36	32	29	29	29	29	29	26	26	26
Self insurance	7	7	7	7	7	7	8	9	9	10
Information technology ³	33	33	35	37	40	42	47	50	48	54
Public safety										
Police	237	227	228	228	228	230	233	234	233	241
Fire	168	160	154	152	152	164	165	177	177	177
Community development										
Administrative/planning	36	30	30	30	30	31	31	34	33	36
Airport	4	5	5	5	4	4	4	4	4	4
Building and safety	19	19	21	22	21	23	25	25	27	29
Urban development	45	32	30	29	33	33	33	32	31	31
Public works ^{1,2,4}	135	126	77	73	48	53	53	56	57	60
Library services	48	45	45	45	45	45	44	43	41	45
Recreation services ^{1,4}	-	10	10	10	42	49	50	50	50	51
Business-type activities										
Utility ²	244	246	296	294	300	304	310	317	323	332
Emergency services	5	6	6	2	2	2	2	2	2	2
WVPS center	60	60	70	70	73	73	73	73	73	76
Total	1,190	1,141	1,147	1,140	1,160	1,195	1,211	1,237	1,238	1,282

Source: City of Salem Budget

Notes:

1. Recreation services separated from Public Works in FY 2013.
2. Engineering services moved from Public Works to Utility fund in FY 2014.
3. Facilities Services was under Information Technology until FY 2014, was part of City Manager's Office in FY 2015 and 2016, and has been part of Human Resources from FY 2017 onward.
4. Parks maintenance moved from Public Works to Recreation services in FY 2016.

SCHEDULE 17

**City of Salem, Oregon
Operating Indicators by Function/Program
Last Ten Fiscal Years
As of June 30, 2021**

Function / Program	2012	2013	2014	2015	2016
Public safety					
Police					
F.B.I. Index Crimes reported ¹	6,671	7,482	7,476	7,684	7,417
F.B.I. Index Crimes cleared by arrest	1,790	2,021	1,831	1,935	1,882
Citations and warnings issued	30,145	25,773	25,224	25,059	30,785
Fire					
Emergency & non-emergency responses	17,124	16,723	17,960	19,592	20,927
Fires extinguished	390	434	401	476	477
Inspections-buildings, hazardous use, etc	1,066	1,435	1,344	1,312	1,201
Community development					
Plan checks	2,992	3,254	3,858	3,807	4,262
Inspections completed	21,233	19,957	22,487	22,372	22,097
Building permits issued	1,556	1,726	1,892	1,814	1,979
Community services					
Recreation participant/registrations ^{2,5}	216,970	217,121	220,005	238,583	246,390
Special activities permits issued ^{3,5}	757	613	893	963	1,174
Senior Center average daily attendance	708	726	742	806	856
Ball fields and gymnasiums (hrs used) ⁵	54,530	53,917	55,148	55,719	59,324
Transportation					
Street cut permit inspections	325	357	533	406	477
Street resurfacing (miles)	8	8	3	4	3
Potholes repaired	2,844	1,522	1,638	1,388	1,764
Library services					
Volumes in collection	477,873	481,393	404,617	376,016	341,088
Items in circulation	1,421,544	1,336,215	1,226,379	1,235,209	1,203,686
Utility					
Citizens served-water	187,863	188,443	189,829	191,388	192,835
Water utility accounts	50,232	51,532	51,491	52,107	52,725
New water connections	192	249	327	278	308
Water lines repaired	401	213	235	223	267
Average daily consumption	26	27	26	26	26
Citizens served-sewer	227,775	228,188	229,666	231,152	232,855
Sewer utility accounts	60,850	61,772	61,988	62,649	63,320
New sewer connections	44	67	88	40	79
Sewer lines repaired	375	330	322	785	244
Average daily sewage treatment (ccf)	54,177	38,770	48,342	49,719	55,614
Emergency services					
Total medical aid responses	13,018	12,566	13,503	14,638	15,490
Billings ⁴	\$ 239,057	\$ 199,304	\$ 177,296	\$ 219,841	\$ 42,844
WVPS communications center ⁶					
Emergency calls taken	138,771	140,773	145,899	181,789	182,487
Dispatches issued	262,743	292,492	300,580	312,108	331,356

Continued

Source: Various City of Salem departments

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

1. F.B.I. Index Crimes include:
 - a. the violent crimes of murder, forcible rape, robbery and aggravated assault, and
 - b. the property crimes of burglary, larceny-theft, motor vehicle theft, and arson.
2. Program registrations from Recreation, Teen Programs, and Center 50+.
3. Permits issued for public use of city parks, streets, senior center, and open spaces.

SCHEDULE 17

**City of Salem, Oregon
Operating Indicators by Function/Program
Last Ten Fiscal Years
As of June 30, 2021**

Function / Program	2017	2018	2019	2020	2021
Public safety					
Police					
F.B.I. Index Crimes reported ¹	7,386	8,596	8,081	8,058	7,906
F.B.I. Index Crimes cleared by arrest	1,832	1,861	1,773	N/A ⁷	7,119
Citations and warnings issued	30,913	32,202	28,205	24,250	22,226
Fire					
Emergency & non-emergency responses	22,862	24,093	26,311	25,039	27,788
Fires extinguished	468	565	564	482	791
Inspections-buildings, hazardous use, etc	1,965	479	907	591	537
Community development					
Plan checks	4,791	5,161	5,310	5,605	4,716
Inspections completed	24,884	26,980	28,791	25,611	30,934
Building permits issued	2,135	2,294	2,356	2,375	2,033
Community services					
Recreation participant/registrations ^{2,5}	251,091	253,663	269,972	176,533	172,915
Special activities permits issued ^{3,5}	1,562	1,734	1,056	1,356	93
Senior Center average daily attendance	851	854	904	800	800
Ball fields and gymnasiums (hrs used) ⁵	65,351	58,281	30,437	42,359	3,767
Transportation					
Street cut permit inspections	523	519	520	432	506
Street resurfacing (miles)	3	4	3	3	3
Potholes repaired	2,868	1,531	2,510	2,271	1,699
Library services					
Volumes in collection	337,373	323,808	314,724	301,170	312,863
Items in circulation	1,226,790	1,334,705	1,351,684	1,063,744	611,610
Utility					
Citizens served-water	194,440	196,050	197,500	199,820	202,770
Water utility accounts	52,895	55,446	55,931	54,641	55,407
New water connections	420	407	478	493	479
Water lines repaired	154	83	122	118	93
Average daily consumption	26	29	28	28	28
Citizens served-sewer	234,820	237,040	238,905	241,413	245,275
Sewer utility accounts	63,547	65,229	65,925	66,772	67,527
New sewer connections	95	122	131	145	115
Sewer lines repaired	442	292	245	267	142
Average daily sewage treatment (ccf)	64,856	52,403	47,797	47,594	50,382
Emergency services					
Total medical aid responses	17,214	17,840	19,588	18,613	19,636
Billings ⁴	\$ 56,151	\$ 84,262	\$ 94,089	\$ 73,085	\$ 148,515
WVPS communications center ⁶					
Emergency calls taken	214,040	217,788	214,267	218,192	203,253
Dispatches issued	325,628	334,012	342,162	341,057	306,544
					Concluded

Source: Various City of Salem departments

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

SCHEDULE 18

**City of Salem, Oregon
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
As of June 30, 2021**

Function / Program	2012	2013	2014	2015	2016
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	50	50	50	53	53
Fire					
Fire stations	11	11	11	11	11
Fire trucks ¹	17	17	17	17	17
Community services					
Parks and recreation areas ²	93	93	93	93	93
Parks and recreation acreage ²	1,903	1,903	1,903	2,238	2,265
Senior community centers	1	1	1	1	1
Transportation					
Streets (miles) ⁴	688	633	639	663	637
Bridges	57	57	57	57	57
Street lights	10,578	11,478	11,500	11,543	11,626
Traffic signals	255	259	266	266	259
Library services					
Buildings	2	2	2	2	2
Utility					
Water main (miles)	737	750	749	754	758
Fire hydrants	4,863	4,885	4,930	4,963	4,963
Water storage capacity (ccf)	180,749	180,481	181,818	181,818	181,818
Sanitary sewer lines (miles)	799	800	800	785	796
Storm sewer (miles) ⁵	607	618	620	611	633
Treatment capacity winter (ccf)	274,064	274,064	274,064	274,064	274,064
Emergency services					
Ambulances - reserve ³	4	3	3	2	2
WVPS communications center					
Mobiles	10	10	10	10	10
Base stations	3	3	3	3	3

Continued

Source: City of Salem departments

Notes: No capital asset indicators are available for the general government function.

1. Includes staffed and unstaffed engines and ladder trucks, including reserves.
2. Includes developed and undeveloped parks (neighborhood, community, large urban), special use facilities, historic areas, natural areas, and connector trails.

SCHEDULE 18

**City of Salem, Oregon
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
As of June 30, 2021**

Function / Program	2017	2018	2019	2020	2021
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	48	48	54	52	48
Fire					
Fire stations	11	11	11	11	11
Fire trucks ¹	17	17	17	17	17
Community services					
Parks and recreation areas ²	93	94	94	89	90
Parks and recreation acreage ²	2,265	2,310	2,310	2,326	2,338
Senior community centers	1	1	1	1	1
Transportation					
Streets (miles) ⁴	640	645	646	651	651
Bridges	57	57	57	57	58
Street lights	11,453	11,408	11,422	12,093	12,265
Traffic signals	261	266	266	265	269
Library services					
Buildings	2	2	2	2	2
Utility					
Water main (miles)	761	765	767	814	817
Fire hydrants	5,056	5,136	5,182	5,231	5,258
Water storage capacity (ccf)	181,818	181,818	181,818	181,818	181,818
Sanitary sewer lines (miles)	799	802	811	817	821
Storm sewer (miles) ⁵	662	651	651	493	501
Treatment capacity winter (ccf)	274,064	274,064	274,064	274,064	274,064
Emergency services					
Ambulances - reserve ³	2	2	2	2	2
WVPS communications center					
Mobiles	10	10	12	10	10
Base stations	3	3	3	3	3
				Concluded	

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

4. Street measurement method was improved in 2016.

5. Includes storm pipe, ditches, stream channels, detention pipes, and culverts.



SEC Rule 15c2-12 Disclosures



SCHEDULE A

GENERAL INFORMATION

General Obligation Bonds

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

BASIS OF ACCOUNTING

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

FISCAL YEAR

July 1 through June 30.

AUDITS

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

The City’s audit for fiscal year 2020-21 was performed by Grove, Mueller and Swank, Salem, Oregon, Certified Public Accountants. The auditors did not review the statistical tables or the information provided in the SEC 15c2-12 disclosure section, and therefore offer no opinion regarding this information. A complete copy of the City’s annual financial statements is available on the City of Salem website, www.cityofsalem.net.

DEBT INFORMATION – AS OF JUNE 30, 2021

Debt Summary

Outstanding debt

Long-term:

Gross bonded debt (certain debt with a general obligation excluding issuance premium)	\$ 103,670,000
Net direct debt (debt paid in whole or in part by taxes)	103,670,000
Net overlapping debt	596,674,470
Total net direct and overlapping debt	\$ 700,344,470

Debt Ratio

	Values	Per Capita	Percent of RMV
2020 estimated population	168,970		
2020-21 real market value	\$ 20,690,976,632	\$ 122,454	
Net direct debt (G.O. debt excluding issuance premium)	\$ 103,670,000	\$ 614	0.50%
Net overlapping debt	596,674,470	3,531	2.88%
Net direct debt (G.O.) and overlapping debt	\$ 700,344,470	\$ 4,145	3.38%

Continued

SCHEDULE A

Debt Limitations

ORS 287A.050(2) limits the general obligation (G.O.) debt which an Oregon city may have outstanding at any time to three percent of the real market value (RMV) of the city. This limitation does not apply to general obligation bonds issued for certain local improvements or to finance capital construction or improvements for water supply, treatment, or distribution; sanitary or storm sewage collection or treatment; hospitals or infirmaries; gas, power, or lighting; or off street motor vehicle parking facilities. Applicable bonded debt is net of funds on hand at June 30 restricted for general obligation debt service.

Debt Limitation	
2020-21 RMV	\$ 20,690,976,632
Debt limitation (3.00 % of RMV)	<u>\$ 620,729,299</u>
Applicable bonded debt	102,658,897
Debt margin	<u>\$ 518,070,402</u>
Percent of limit issued	17%

Debt Management

The City has not defaulted on any debt or lease obligation and has not used bond proceeds for operational purposes.

CUSIP numbers by general obligation bond series are as follows (794454__ __):

2017	2018	2021
U22	W53	X78
U30	W61	X86
U48	W79	X94
U55	W87	Y28
U63	W95	Y36
U71	X29	
U89	X37	
U97	X45	
V21	X52	
V39		
V47		
V54		
V62		
V70		
V88		
V96		

Concluded

SCHEDULE B

TAX COLLECTION RECORD

Fiscal Year	Assessed Value			Percent change	Total Levy ¹	Tax Rate Per \$1000	Percent Collected Year of Levy	Percent Collected to Date ²
	Marion County	Polk County	Total					
2012	\$ 8,601,970,661	\$1,687,634,660	\$ 10,289,605,321	5.01%	\$66,220,745	\$ 6.44	93.30%	N/A
2013	8,673,851,504	1,710,527,450	10,384,378,954	0.92%	66,271,177	6.38	93.51%	N/A
2014	8,829,264,169	1,729,396,124	10,558,660,293	1.68%	67,531,726	6.40	94.06%	N/A
2015	9,169,796,837	1,794,530,036	10,964,326,873	3.84%	70,769,411	6.45	94.47%	99.76%
2016	9,536,890,110	1,883,841,574	11,420,731,684	4.16%	74,406,467	6.52	94.75%	99.95%
2017	9,930,071,244	2,003,737,937	11,933,809,181	4.49%	77,766,683	6.52	94.73%	99.92%
2018	10,250,553,534	2,088,042,348	12,338,595,882	3.39%	82,193,282	6.66	94.93%	99.81%
2019	10,733,515,398	2,142,044,831	12,875,560,229	4.35%	86,852,570	6.75	95.20%	99.56%
2020	11,227,739,757	2,235,424,736	13,463,164,493	4.56%	88,828,322	6.60	95.24%	99.24%
2021	11,667,575,355	2,360,623,677	14,028,199,032	4.20%	93,026,123	6.63	95.44%	95.44%

1. These figures exclude urban renewal tax increments.

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

N/A = Information not available

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

SCHEDULE C

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

*2020-21 REPRESENTATIVE CONSOLIDATED
TAX RATE FOR MARION COUNTY CODE AREA
924-01-00-0*

Municipal Corporation	Tax Rate For Operations	Tax Rate For Bonds	Total
Schools	\$ 5.1184	\$ 2.9744	\$ 8.0928
Local government	5.2783	1.1705	6.4488
Urban Renewal Special Levy	1.1915	0.0000	1.1915
Totals	<u>\$ 11.5882</u>	<u>\$ 4.1449</u>	<u>\$ 15.7331</u>

Source: Marion County Assessor's Office

*2020-21 REPRESENTATIVE CONSOLIDATED
TAX RATE FOR POLK COUNTY CODE AREA
3201*

Municipal Corporation	Tax Rate For Operations	Tax Rate For Bonds	Total
Schools	\$ 5.1184	\$ 2.9744	\$ 8.0928
Local government	8.4483	1.1705	9.6188
Urban Renewal Special Levy	1.0792	0.0000	1.0792
Totals	<u>\$ 14.6459</u>	<u>\$ 4.1449</u>	<u>\$ 18.7908</u>

Source: Polk County Assessor's Office

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

As of June 30,	2017	2018	2019	2020	2021
Assets					
Cash and investments	\$ 27,588,352	\$ 25,754,571	\$ 22,771,759	\$ 22,864,398	\$ 30,537,407
Receivables	6,675,314	8,611,652	7,239,377	9,743,694	8,618,326
Due from other agencies	103,402	117,758	188,842	-	-
Prepaid items	8,767	-	132,242	252,355	135,214
Total assets	\$ 34,375,835	\$ 34,483,981	\$ 30,332,220	\$ 32,860,447	\$ 39,290,947
Liabilities					
Accounts payable	\$ 1,228,851	\$ 1,734,544	\$ 1,509,967	\$ 1,610,292	\$ 2,062,627
Accrued payroll liabilities	3,695,382	3,756,799	3,925,206	3,528,429	3,899,440
Due to other funds	1,076,426	813,506	551,817	279,670	-
Due to other agencies	5,634	5,424	4,553	6,090	21,599
Security deposit payable	10,600	10,035	8,988	3,392	1,734
Total liabilities	6,016,893	6,320,308	6,000,531	5,427,873	5,985,400
Deferred inflows of resources					
Unavailable revenue	2,614,111	3,952,770	2,552,928	2,492,730	2,260,826
Fund balance					
Nonspendable	8,767	-	132,242	252,355	135,214
Assigned	1,008,040	1,244,020	1,337,900	1,363,070	1,091,940
Unassigned	24,728,024	22,966,883	20,308,619	23,324,419	29,817,567
Total fund balance	25,744,831	24,210,903	21,778,761	24,939,844	31,044,721
Total liabilities, deferred inflows of resources, and fund balance	\$ 34,375,835	\$ 34,483,981	\$ 30,332,220	\$ 32,860,447	\$ 39,290,947

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

Source: Derived from audited annual financial statements.

SCHEDULE E

FIVE-YEAR GENERAL FUND* CONSECUTIVE STATEMENT OF REVENUES AND EXPENDITURES (Modified accrual)

For fiscal year ending June 30,	2017	2018	2019	2020	2021
Revenues					
Property taxes	\$ 63,986,373	\$ 66,128,401	\$ 70,028,752	\$ 71,146,768	\$ 74,536,268
Other taxes	121,502	758,247	1,004,285	1,160,850	1,584,048
Franchise fees	17,323,953	18,001,644	18,003,359	18,091,467	18,818,078
Licenses and permits	983,431	1,069,803	1,522,440	1,406,990	1,588,726
Fees	1,152,094	1,270,388	1,186,425	840,037	664,479
Fines and penalties	2,963,967	2,891,761	2,977,913	2,039,690	1,631,719
Special assessments	-	-	1,409	10,405	1,232
Rents	1,807,586	1,619,906	2,161,366	1,582,858	538,882
Charges for services	2,499,466	2,472,631	2,746,109	6,280,103	10,460,517
Other revenues	337,952	221,416	171,856	339,432	200,570
Intergovernmental	7,250,602	8,827,876	8,476,183	9,065,844	9,619,997
Federal grants	1,270,677	558,579	458,039	3,849,001	10,634,332
State grants	40,374	3,500	21,504	-	10,230
Intrafund reimbursements	5,264,853	6,493,026	6,797,043	6,795,935	7,087,614
Loan payments received	18,226	9,625	(126)	302	-
Interest on investments	395,561	510,207	767,042	699,802	503,134
Total revenues	105,416,617	110,837,010	116,323,599	123,309,484	137,879,826
Expenditures					
Personal services	85,900,025	93,170,801	98,596,858	103,118,277	108,298,680
Materials and services	18,522,995	17,929,127	19,147,985	17,620,842	23,219,611
Capital outlay	280,882	610,969	579,588	189,928	764,835
Debt service	10,151	15,566	20,829	13,295	47,494
Total expenditures	104,714,053	111,726,463	118,345,260	120,942,342	132,330,620
Excess (deficiency) of revenues over expenditures	702,564	(889,453)	(2,021,661)	2,367,142	5,549,206
Other financing sources (uses)					
Sale of capital assets	-	2,417	-	-	-
Transfers in	1,250,800	1,075,947	1,320,470	1,625,201	1,894,460
Transfers out	(2,989,660)	(1,722,840)	(1,730,950)	(831,260)	(1,338,789)
Total other financing sources (uses)	(1,738,860)	(644,476)	(410,480)	793,941	555,671
Excess (deficiency) of revenues over expenditures and other sources (uses)	(1,036,296)	(1,533,929)	(2,432,141)	3,161,083	6,104,877
Fund balance - beginning of year	26,781,127	25,744,831	24,210,902	21,778,761	24,939,844
Prior period adjustment					
Fund balance - end of year	\$ 25,744,831	\$ 24,210,902	\$ 21,778,761	\$ 24,939,844	\$ 31,044,721

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

Source: Derived from audited annual financial statements.

SCHEDULE F

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

As of June 30,	2017	2018	2019	2020	2021
Assets					
Cash and investments	\$ 464,421	\$ 780,171	\$ 1,691,060	\$ 1,209,753	\$ 1,025,312
Receivables	529,615	804,800	568,711	573,209	418,687
Total assets	\$ 994,036	\$ 1,584,971	\$ 2,259,771	\$ 1,782,962	\$ 1,443,999
Liabilities					
Payables	\$ -	\$ 400	\$ -	\$ -	\$ -
Deferred inflows of resources					
Unavailable revenue	409,595	660,885	415,986	426,863	256,122
Fund balance					
Restricted for debt service	584,441	923,686	1,843,785	1,356,099	1,187,877
Total liabilities, deferred inflows of resources, and fund balance	\$ 994,036	\$ 1,584,971	\$ 2,259,771	\$ 1,782,962	\$ 1,443,999

Source: Derived from audited annual financial statements.

SCHEDULE G

FIVE-YEAR GENERAL DEBT SERVICE FUND
 CONSECUTIVE STATEMENT OF REVENUES AND EXPENDITURES
 (Modified accrual)

For fiscal year ending June 30,	2017	2018	2019	2020	2021
Revenues					
Property taxes	\$ 11,670,914	\$ 13,787,258	\$ 16,175,501	\$ 15,083,157	\$ 16,020,690
Interest on investments	79,399	106,173	193,258	195,111	140,840
Intergovernmental	4,707,090	4,897,039	5,091,950	5,296,110	5,499,520
Other revenue					27,469,644
Total revenues	<u>16,457,403</u>	<u>18,790,470</u>	<u>21,460,709</u>	<u>20,574,378</u>	<u>49,130,694</u>
Expenditures					
Debt service	<u>17,591,290</u>	<u>18,451,225</u>	<u>20,540,610</u>	<u>21,062,064</u>	<u>49,298,916</u>
Excess (deficiency) of revenues over expenditures	<u>(1,133,887)</u>	<u>339,245</u>	<u>920,099</u>	<u>(487,686)</u>	<u>(168,222)</u>
Fund balance - beginning of year	<u>1,718,328</u>	<u>584,441</u>	<u>923,686</u>	<u>1,843,785</u>	<u>1,356,099</u>
Fund balance - end of year	<u>\$ 584,441</u>	<u>\$ 923,686</u>	<u>\$ 1,843,785</u>	<u>\$ 1,356,099</u>	<u>\$ 1,187,877</u>

Source: Derived from audited annual financial statements.

SCHEDULE H

INVESTMENTS

ORS 294 authorizes the City to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances, commercial paper, repurchase agreements, State of Oregon Local Government Investment Pool, and various municipal bonds.

The City's investment objectives are a) preservation and protection of investment principal, b) conformance with federal and state statutes and the City's investment policy, c) maintenance of sufficient liquidity to meet operating requirements, d) diversification to avoid unreasonable risks, and e) attainment of an investment return appropriate for the portfolio. Investments are limited to the instruments allowed by ORS. The combination of certificates of deposit, bankers' acceptances, and commercial paper may not exceed 33 percent with any single financial institution.

INVESTMENTS HELD BY THE CITY AS OF JUNE 30, 2021

	<u>Book Value</u>
Commercial Paper	\$ 5,358,381
Corporate Bonds	37,924,844
Local Government Investment Pool	95,245,155
U.S. Agencies	18,535,607
U.S. Treasury	<u>135,736,450</u>
Total	<u><u>\$ 292,800,437</u></u>

SCHEDULE I

ANNUAL DISCLOSURE INFORMATION

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

BASIS OF ACCOUNTING

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

FISCAL YEAR

July 1 through June 30.

AUDITS

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

The City’s audit for fiscal year 2020-21 was performed by Grove, Mueller and Swank, Salem, Oregon, Certified Public Accountants. The auditors did not review the statistical tables or the information provided in the SEC 15c2-12 disclosure section, and therefore offer no opinion regarding this information. A complete copy of the City’s annual financial statements is available on the City of Salem website www.cityofsalem.net.

COST OF SERVICE RATE STUDY

City Council has been following a cost of service model as the method of establishing utility rates for the past 20 years. Salem provides services to various customer classes and areas inside and outside of Salem city limits. Under a cost of service methodology, the costs to provide treated drinking water, remove and treat wastewater, and collect and convey stormwater to the Willamette River are analyzed, and relevant costs are assigned to the groups of customers in proportion to the service provided. Salem’s Cost of Service Analysis (COSA) was updated and adopted by Council in October 2018. Changes in the rate structure resulting from the update were reflected in rates beginning January 1, 2021, and reflect industry standard technical approaches, as well as the local policy framework. Assumptions for the financial planning model were updated in 2018 and are reviewed at least annually.

CUSIP numbers by revenue bond series are as follows (794481 ___):

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

SCHEDULE J

THE WATER SYSTEM

Service Area and Customers

The system provides water service to a total population of approximately 202,770. The total number of accounts was 55,407 at the end of the fiscal year 2020-21, including customers within the City of Salem, the City of Turner, Suburban East Salem Water District, the Jan Ree Area, and Orchard Heights Water District. Average base water use is 27.9 million gallons, and peak water use is 48.7 million gallons.

Water Rates

The City reviews its water rates and charges periodically to determine if they are sufficient to cover annual operation and maintenance, capital expenditures, and debt coverage requirements. The most recent change in rates took effect January 1, 2021. The adopted rates for inside-city customers are shown on the facing page. The rates for outside-city customers vary depending on the level of service received.

Five-Year Water System Billed Consumption (cubic feet by customer class)

Customer Class	2016-17	2017-18	2018-19	2019-20	2020-21
1. Residential	410,790,100	429,997,200	439,616,600	415,173,400	458,382,200
2. Multiple dwellings	185,310,000	187,068,500	196,655,900	192,958,000	206,393,700
3. Commercial	146,954,000	151,515,700	146,079,300	139,734,700	140,022,500
4. Industrial	50,490,900	47,104,300	43,458,000	38,857,700	37,454,200
5. Institutional	43,488,500	45,480,500	41,953,900	45,934,100	38,699,800
6. Wholesale ¹	75,044,300	75,678,800	78,504,300	79,829,500	90,321,570
7. Irrigation	40,682,800	44,575,200	51,819,700	39,932,500	47,458,000
8. Public building	19,834,400	18,874,400	18,011,300	15,633,600	12,415,300
Total	<u>972,595,000</u>	<u>1,000,294,600</u>	<u>1,016,099,000</u>	<u>968,053,500</u>	<u>1,031,147,270</u>

1. East Salem, Orchard Heights, and Turner.

Continued

Source: City of Salem

SCHEDULE J

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

	Fiscal Year					Council
	2016-17	2017-18	2018-19	2019-20	2020-21	Adopted
Rates Implemented on:	1/1/2017	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022
<u>Customer Class:</u>						
Residential, Single Family						
Base Rate - 5/8 - 3/4" Meter	\$ 7.72	\$ 9.18	\$ 10.15	\$ 11.38	\$ 11.72	\$ 12.07
Volume rate - per ccf ¹	2.63	2.62	2.56	2.54	2.62	2.70
Monthly Bill @ 11 ccf	36.65	38.00	38.31	39.32	40.54	41.77
Multiple Dwellings						
Base Rate - 1" Meter	8.42	10.02	12.83	15.41	15.87	16.35
Volume rate - per ccf	2.13	2.12	2.16	2.14	2.20	2.27
Complex @ 82 ccf	183.08	183.86	189.95	190.89	196.27	202.49
Cost Per Unit	18.31	18.39	19.00	19.09	19.63	20.25
Commercial						
Base Rate - 2" Meter	19.23	22.87	32.24	40.23	41.44	42.68
Volume rate - per ccf	2.17	2.16	2.26	2.24	2.31	2.38
Monthly Bill @ 65 ccf	160.28	163.27	179.14	185.83	191.59	197.38
Number of Customers	52,725	52,895	55,446	55,931	54,641	55,407

1. Billing volumes are examples for each customer class and include both a fixed and variable charge. The variable fee is charged per one hundred cubic feet (ccf) of metered water. The fixed component is based on meter size and billing.

Ten Largest Water System Customers

Customer	2020-21 Annual Revenue	Percent of Total Gross Water System Revenue*
Suburban East Salem Water	\$ 922,515	2.9%
State of Oregon Corrections	713,639	2.2%
Salem-Keizer School District	352,185	1.1%
Salem Hospital	222,054	0.7%
Creekside Golf Course LLC	166,043	0.5%
Truitt Bros Inc.	161,333	0.5%
City of Turner	153,319	0.5%
Pacific Coast Producers	116,648	0.4%
Shelter Management Inc.	92,624	0.3%
Americold	92,495	0.3%
	<u>\$ 2,992,856</u>	<u>9.3%</u>
*Total gross water system revenue	<u>\$ 32,122,838</u>	

Concluded

SCHEDULE K

WASTEWATER SYSTEM

Service Area and Customers

The system provides wastewater service to a population of approximately 245,275, including customers in the City of Salem, the City of Keizer, the City of Turner, Labish Village Sewer District, Eola-Chatnika Sewer District, and the East Salem Service District. The total number of wastewater accounts billed in fiscal year 2020-21 was 67,527, which includes the City of Keizer, which billed 11,647, and the City of Turner, which billed 1,068.

Wastewater Rates

The City reviews its wastewater rates and charges periodically to determine if they are sufficient to cover expenses of operations and maintenance as well as debt service coverage. The most recent change in rates took effect January 1, 2021. The following table shows historical and current rates, by customer class, within the City. Industrial and institutional customers are monitored and flows are measured. These customers pay a base rate as well as charges for volume and strength. Volumes for other classifications are set annually based on individual customer's average winter water usage.

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

	Fiscal Year					Council
	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>Adopted</u>
	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-2022</u>
Rates implemented on:	1/1/2017	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022
<u>Customer Class:</u>						
Residential, Single Family						
Base Rate - per account	\$ 14.02	\$ 14.44	\$ 14.88	\$ 15.01	\$ 15.46	\$ 15.92
Volume Rate - per ccf ¹	3.31	3.41	3.49	3.60	3.71	3.82
Monthly Bill @ 6.5 ccf ¹	35.54	36.61	37.57	38.41	39.58	40.75
Multiple Dwellings						
Base Rate - per account	18.90	19.46	19.97	20.12	20.72	21.34
Additional Base Rate - per unit over five	1.22	1.26	1.27	1.28	1.32	1.36
Volume Rate - per ccf ¹	3.31	3.41	3.49	3.60	3.71	3.82
Monthly Billing for 10 unit @ 82 ccf ¹	296.42	305.38	312.50	321.72	331.54	341.38
Cost Per Unit	29.64	30.54	31.25	32.17	33.15	34.14
Commercial						
Base Rate - per account	21.00	21.63	21.91	22.45	23.12	23.81
Volume Rate - per ccf ¹	4.56	4.70	4.80	4.95	5.09	5.24
Monthly Bill @ 65 ccf ¹	317.40	327.13	333.91	344.20	353.97	364.41
Number of Customers	63,320	63,550	65,229	65,925	66,772	67,527

1. Water volumes are measured in cubic feet. One unit of water is one hundred cubic feet (ccf). Wastewater volumes are estimated based on water meter readings from November through February.

Continued

SCHEDULE K

Ten Largest Wastewater System Customers

Customer	2020-21 Annual Revenue	Percent of Total Gross Wastewater Revenue ¹
City of Keizer	\$ 5,995,537	12.6%
State of Oregon Corrections	1,757,900	3.7%
Pacific Coast Producers	778,656	1.6%
Yamasa	437,829	0.9%
Salem Hospital	384,898	0.8%
Kerr Concentrates	352,118	0.7%
Snyders-Lance Inc	317,887	0.7%
City of Turner	310,005	0.7%
Salem-Keizer School District	299,919	0.6%
Oregon Fruit Products LLC	183,517	0.4%
Totals	\$ 10,818,268	22.8%
¹ Total gross wastewater revenue	\$ 47,521,411	

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

Concluded

Source: City of Salem

SCHEDULE L

STORMWATER SYSTEM

Service Area and Customers

The system provides stormwater services to 45,644 stormwater accounts inside the Salem City limits. Of these, 41,206 are single family residential accounts and 4,438 are commercial, public, industrial, institutional, or multi-family accounts. Stormwater fees are not applied to accounts outside the city limits.

Stormwater Rates

The City reviews its stormwater rates and charges periodically to determine if they are sufficient to cover expenses of operations and maintenance as well as debt service coverage. The most recent change in rates took effect January 1, 2021. The following table shows historical and current rates, by customer class, within the City. The adopted rates for inside-city customers are shown below.

	Fiscal Year					Council
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Rates implemented on:	1/1/2017	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022
Customer Class:						
Residential, Single Family						
Base Rate - per account	\$ 10.08	\$ 10.39	\$ 10.63	\$ 11.09	\$ 11.64	\$ 12.22
Volume Rate - per EDU	5.22	5.38	5.76	6.08	6.38	6.70
Monthly Bill @ 1 EDU	15.30	15.77	16.39	17.17	18.02	18.92
All Other Classes (Commercial, Multifamily, Industrial, Institutional)						
Base Rate - per account	10.08	10.39	10.63	11.09	11.64	12.22
Volume Rate - per EDU	5.22	5.38	5.76	6.08	6.38	6.70
Monthly Bill @ 20 EDU	114.48	117.99	125.83	132.69	139.24	146.22
Number of Customers	43,625	43,627	44,048	44,508	44,918	45,644

Ten Largest Stormwater System Customers

Customer	2020-21 Annual Revenue	Percent of Total Gross Stormwater Revenue
Salem-Keizer School District	\$ 251,769	1.8%
State of Oregon, Department of Corrections	123,167	0.9%
Oregon State Fair	90,138	0.6%
Lancaster Development Co.	61,179	0.4%
State of Oregon, Military Department	59,323	0.4%
Amazon.com Services Inc	53,651	0.4%
State of Oregon, Department of Administrative Serv	52,313	0.4%
Pacific Realty Associates LP	52,064	0.4%
River Bend Sand and Gravel	49,607	0.3%
Oregon State Hospital	48,157	0.3%
Totals	\$ 841,368	5.9%
Total gross stormwater revenue	\$ 14,234,558	

Source: City of Salem

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

As of June 30,	2017	2018	2019	2020	2021
Assets					
Current assets					
Cash and investments	\$ 38,917,405	\$ 41,646,988	\$ 39,910,576	\$ 46,917,522	\$ 50,808,982
Accounts receivable, net	12,714,741	13,875,778	13,970,863	13,805,787	14,969,775
Due from other agencies	57,236	45,790	34,344	22,898	11,452
Inventories and prepayments	1,012,475	947,438	1,106,734	1,080,687	1,232,787
Advances to other funds	3,076,426	2,632,016	2,171,299	1,701,872	4,318,267
Total current assets	<u>55,778,283</u>	<u>59,148,010</u>	<u>57,193,816</u>	<u>63,528,766</u>	<u>71,341,263</u>
Noncurrent assets					
Restricted cash and investments ¹	22,165,185	32,293,611	42,358,151	94,730,288	73,426,304
Notes receivable	11,877,069	9,085,917	6,308,673	3,530,903	804,684
Deferred assessments	3,391,917	3,167,855	3,397,056	3,558,608	3,373,298
Net OPEB asset	-	82,901	235,379	412,038	283,814
Capital assets:					
Land and construction in progress	37,256,164	40,471,112	54,627,212	84,558,279	119,754,106
Other capital assets, net	597,454,393	596,134,097	590,649,510	583,737,458	589,781,623
Total noncurrent assets	<u>672,144,728</u>	<u>681,235,493</u>	<u>697,575,981</u>	<u>770,527,574</u>	<u>787,423,829</u>
Total assets	<u>727,923,011</u>	<u>740,383,503</u>	<u>754,769,797</u>	<u>834,056,340</u>	<u>858,765,092</u>
Deferred outflows of resources					
Deferred outflows related to OPEB	134,111	99,471	479,957	530,687	1,040,827
Deferred OPEB outflow-City				10,645	111,519
Deferred outflows related to pensions	15,924,949	9,803,841	11,445,747	11,287,089	14,553,639
Deferred charge on refunding	3,655,332	4,704,255	4,181,560	3,658,865	3,136,170
Total deferred outflows of resources	<u>19,714,392</u>	<u>14,607,567</u>	<u>16,107,264</u>	<u>15,487,286</u>	<u>18,842,155</u>
Total assets and deferred outflows of resources	<u>\$ 747,637,403</u>	<u>\$ 754,991,070</u>	<u>\$ 770,877,061</u>	<u>\$ 849,543,626</u>	<u>\$ 877,607,247</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	\$ 4,093,685	\$ 4,254,262	\$ 7,137,942	\$ 7,020,160	\$ 9,249,101
Interest payable	350,958	292,094	271,149	1,016,792	369,442
Long-term debt-due within one year	14,720,000	15,273,000	14,806,000	13,508,000	14,423,000
Compensated absences-due within one year	489,311	474,051	562,069	604,861	640,235
Total current liabilities	<u>19,653,954</u>	<u>20,293,407</u>	<u>22,777,160</u>	<u>22,149,813</u>	<u>24,681,778</u>
Noncurrent liabilities					
Security deposit payable	36,597	36,572	36,547	36,547	36,547
Unearned revenue	1,148,793	1,108,489	1,109,281	1,043,721	1,555,882
Developer reimbursement payable ²	2,093,239	1,912,634	2,157,377	2,512,254	1,692,636
Long-term debt	107,405,410	91,088,286	75,066,744	121,114,164	105,569,921
Net OPEB obligation/liability	3,263,493	3,157,247	3,742,858	3,936,104	4,937,505
Net pension liability	31,008,547	27,164,286	29,705,049	34,296,954	43,633,714
Compensated absences payable	1,442,467	1,741,071	1,748,689	1,885,655	2,281,665
Total noncurrent liabilities	<u>146,398,546</u>	<u>126,208,585</u>	<u>113,566,545</u>	<u>164,825,399</u>	<u>159,707,870</u>
Total liabilities	<u>166,052,500</u>	<u>146,501,992</u>	<u>136,343,705</u>	<u>186,975,212</u>	<u>184,389,648</u>
Deferred inflows of resources					
Deferred inflows related to pensions	85,334	198,798	367,040	410,056	342,387
Deferred inflows related to OPEB				80,138	44,232
Deferred inflows related to pensions	695,103	911,283	2,352,357	1,879,567	1,196,499
Total deferred inflows of resources	<u>780,437</u>	<u>1,110,081</u>	<u>2,719,397</u>	<u>2,369,761</u>	<u>1,583,118</u>
Net position					
Net investment in capital assets	516,240,479	534,948,178	559,585,538	594,257,438	614,869,075
Restricted for:					
Capital projects	21,197,516	31,438,499	37,671,221	33,651,779	43,096,471
Unrestricted					
Water and sewer rate stabilization	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000
Other unrestricted	36,466,471	34,092,320	27,657,200	25,389,436	26,768,935
Total net position	<u>580,804,466</u>	<u>607,378,997</u>	<u>631,813,959</u>	<u>660,198,653</u>	<u>691,634,481</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 747,637,403</u>	<u>\$ 754,991,070</u>	<u>\$ 770,877,061</u>	<u>\$ 849,543,626</u>	<u>\$ 877,607,247</u>

1. Amount represents bond proceeds, system development charges, and rate payer funds set aside specifically for capital projects.

2. Deferred development - connections for water and sewer.

Source: Derived from audited annual financial statements.

SCHEDULE N**FIVE-YEAR UTILITY FUND HISTORICAL OPERATING RESULTS**Reported in Accordance with Bond Master Resolution¹

For fiscal year ending June 30,	2017	2018	2019	2020	2021
Gross Revenues	\$ 94,761,786	\$ 100,502,165	\$ 103,334,021	\$ 105,439,681	\$ 110,824,916
Operating Expenses	62,000,484	65,656,871	65,365,081	68,787,591	70,433,956
Net Revenues	32,761,302	34,845,294	37,968,940	36,652,090	40,390,960
Annual Debt Service					
<i>Parity Obligations</i>					
Series 2012 Bonds A & B (Refinance)	12,783,368	11,322,356	9,943,139	9,009,496	5,796,104
Series 2017 Bonds (Refinance 2009 Full Faith & Credit bond)	-	4,145,542	4,149,750	8,998,250	8,995,500
Series 2017 Bonds (Refinance 2009 Full Faith & Credit bond)	-	-	-	-	4,285,911
Total Parity Annual Debt Service	12,783,368	15,467,898	14,092,889	18,007,746	19,077,515
Parity Debt Service Coverage ¹	2.56	2.25	2.69	2.04	2.12
Net Revenues less Parity Debt Service	\$ 19,977,934	\$ 19,377,396	\$ 23,876,051	\$ 18,644,344	\$ 21,313,445
<i>Subordinate Obligations</i>					
OECD	\$ 5,192,283	\$ -	\$ -	\$ -	\$ -
Full Faith and Credit Bond	7,800,175	4,850,800	4,846,400	-	-
Total Subordinate Debt Service	\$ 12,992,458	\$ 4,850,800	\$ 4,846,400	\$ -	\$ -
Debt Service Coverage (incl. RSA Transfer) ²	1.54	3.99	4.93	N/A	N/A

1. The Master Resolution requires the debt coverage ratio on Parity Obligations (Net Revenues/Annual Debt Service on Parity Debt) be equal to or greater than 1.25.
2. Subordinate Debt Service Coverage Ratio (Net Revenues Less Parity Debt Service/Total Subordinate Debt Service) is not required by the Master Resolution.

Source: City of Salem

Auditor's Comments and Disclosures



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the City of Salem, Oregon (the City) as of and for the year ended June 30, 2021 and have issued our report thereon dated December 30, 2021.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials – no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting

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

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

Restriction on Use

This report is intended solely for the information and use of the Honorable Mayor, City Council and management of the City of Salem, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

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

By: 
Ryan T. Pasquarella, A Shareholder
December 30, 2021